

Economic Assessment of Corridor G Racetrack Facility

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Executive Summary

To assist partners including the West Virginia Division of Energy Office of Coalfield Community Development (OCCD), Mingo County Redevelopment Authority (MCRA), the Logan County Development Authority (LCDA) and the Corridor G Regional Development Authority (CGRDA), the Center for Business and Economic Research (CBER) conducted an updated economic and fiscal impact analysis of a proposed multi-purpose racetrack facility to be located on post-mined land in Mingo County, WV.

The study examined the potential impact within an 8-county region of West Virginia, including Boone, Cabell, Lincoln, Logan, McDowell, Mingo, Wayne and Wyoming counties. The market area for the racetrack was assumed to be these counties, as well as Floyd, Johnson, Lawrence, Martin and Pike counties in Kentucky and Buchanan and Dickenson counties in Virginia.

Non-local visitors were assumed to come from within this area for lower profile events. The analysis considered the regional economic impacts from estimated construction expenditures, and one year of operational spending based on a previous market analysis. Further, CBER considered the impacts of off-site, regional spending by new, non-local visitors. The tables below contain the results of the analysis.

The construction of the racetrack facility is estimated to generate a one-time total impact in the region of \$6.0 million in economic output, as well as \$1.8 million in labor income and 42 full-time equivalent jobs. One-year of operations and visitor spending together support an estimated \$1.1 million in economic activity, more than \$375,000 in labor income and 12 full-time equivalent positions.

Table 1: Economic Impact Summary

Economic Impacts	Employment	Labor Income	Output
Construction	41.5	\$ 1,819,715	\$6,053,753
One-Year Operations	4.8	\$ 198,534	\$ 674,283
One-Year Visitor Spending	7.5	\$ 176,819	\$ 499,307

Further, the construction and operations of the racetrack will generate tax revenues for the state and localities. Estimated tax revenues from the one-time construction impacts are \$235,000. One-year operations and visitor spending impacts generate almost \$90,000 in tax revenues.

Table 2: Fiscal Impact Summary

Economic Impacts	Tax Revenues
Construction	\$ 235,495
One-Year Operations	\$ 89,713
One-Year Visitor Spending	\$ 403

Introduction

In the early 2000s, proposed plans were established to construct a multi-purpose racetrack facility, to be called the Twin Branch Motorsports Complex, on post-mined land in Mingo County, West Virginia. The West Virginia Motorsports Council prepared an evaluation of staffing requirements and operating cost estimates of the facility and a number of events to be held annually.¹ In its first phase, the facility was expected to include a 3/8 mile clay oval track, grandstand seating for 20,000 spectators and on-site camping facilities. Despite much discussion, including a report to the West Virginia Tourism Commission, further development of the facility was not pursued.

In early 2015, a group of partners including the West Virginia Division of Energy Office of Coalfield Community Development (OCCD), Mingo County Redevelopment Authority (MCRA), the Logan County Development Authority (LCDA) and the Corridor G Regional Development Authority (CGRDA) contracted with the Center for Business and Economic Research at Marshall University (CBER) to conduct an updated assessment of the economic and fiscal impacts of building the facility but focusing the efforts on a 1/8 mile drag strip. This report is the result of those discussions and provides economic and fiscal estimates of construction and operation costs of and spectator spending while visiting the facility, as well as an assessment of peer facilities in the region.

Data and Methods

Assessment of the economic and fiscal impacts related to the construction and operation of the racetrack facility is largely dependent on estimates of construction costs, expected event attendance and visitor spending approximations. Where possible, secondary data is used to provide guidance to the operations of peer facilities in the area.

Study Areas

Two study areas were identified for use in this analysis. The first comprises 15 counties in a three-state area within a 50-mile radius of the approximate site of the racetrack facility (see Figure 1).² The 50-mile radius was selected as the likely area for “day travelers”, with “overnight travelers” assumed to be those from outside this area.

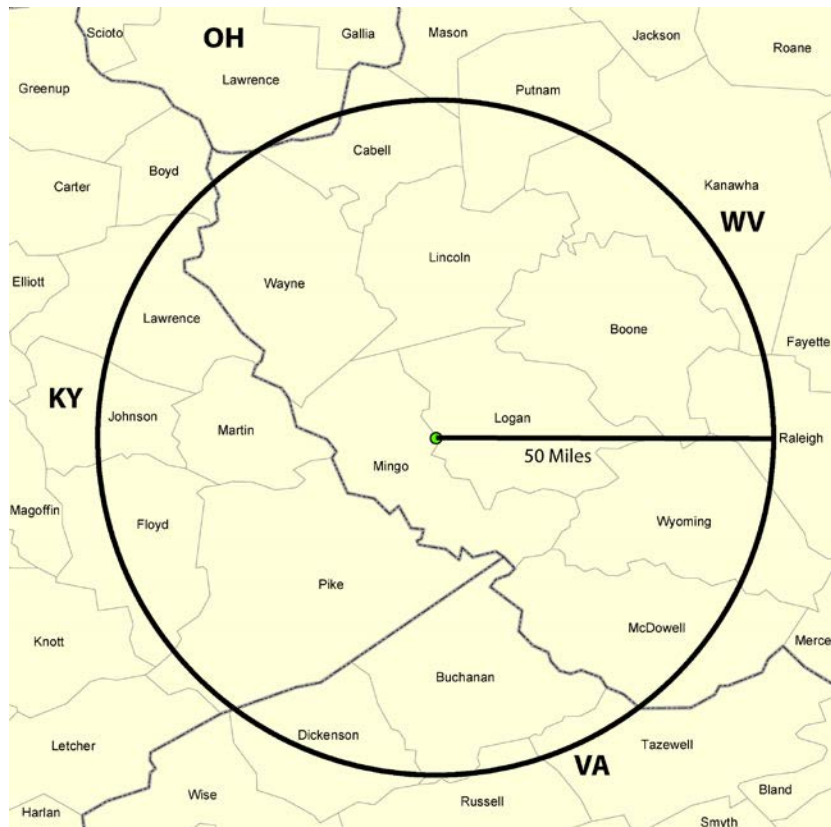
While this radius reaches other counties as well, criteria used to select the 15 core counties was dependent on whether the majority of the land area falls within that radius. These counties include five in Kentucky (Floyd, Johnson, Lawrence, Martin and Pike), two in Virginia (Buchanan and Dickenson) and eight in West Virginia (Boone, Cabell,

¹ West Virginia Motorsports Council, 2005.

² Resulting from information provided by the MCRA, among other partners, the approximate site used for this radius is along U.S. Route 119/Corridor G near the Mingo-Logan border.

Lincoln, Logan, McDowell, Mingo, Wayne and Wyoming). These counties are considered within the likely driving distance of local spectators who might attend events at the proposed facility, and is referred to as the “catchment area” in this report, or the boundary of the likely market area. Figure 1 illustrates a 50-mile radius from the anticipated project site, while Figure 2 graphically depicts the study area counties.

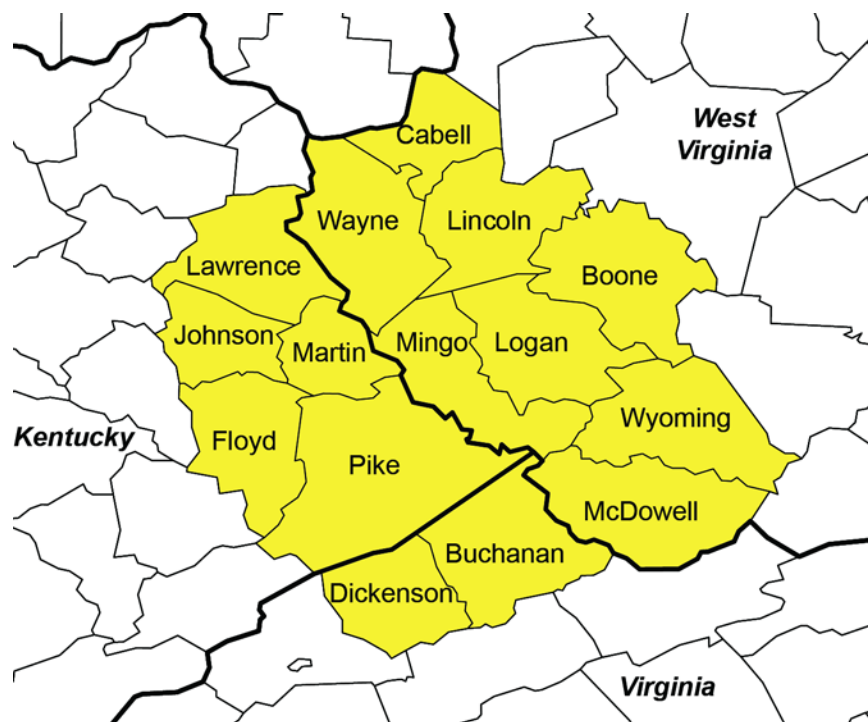
Figure 1: 50-Mile Radius from Approximate Site



The second study area is used only with respect to the IMPLAN[®] analysis. This study area includes only the eight West Virginia counties and forms the basis for the input-output (I-O) model framework.³ These counties will be referred to as the “impact area” in this report. Thus, the relevant impact area for the analysis is the West Virginia portion of the larger catchment area. More detail on this model is provided in a following subsection.

³ It should be noted that some leakages may occur outside this seven-county area. “Leakages” refer to monies being lost outside the study area, such as through the purchase of goods and services beyond the bounds of the specified region. Leakages are relatively inconsequential in the overall estimate, and IMPLAN[®] accounts for these losses within the modeling software.

Figure 2: Catchment Area



Data

CBER used construction estimates completed in July 2012 to estimate the impacts related to building the round oval racetrack facility which were modified to determine the estimated costs for completion of a 1/8 mile drag strip. These estimates detail costs for site preparation and construction of the pit area, track and other facility amenities such as grandstands, a press box, concessions, restrooms and timing tower. Estimates were inflated to 2015 dollars using the Producer Price Index (PPI) for construction categories produced from the U.S. Bureau of Labor Statistics (BLS).

A 2005 report of the Twin Branch Motorsports Complex provided specifications of the proposed facility; details on motorsport and other events anticipated to be held at the facility; estimates of staffing requirements and utility usage; and estimated operating expenses.⁴ Similar to construction estimates, operating expenses were inflated to 2015 dollars using CPI.

To approximate spectator spending habits off-site while attending facility events, CBER employed out-of-area⁵ visitor spending estimates from a 2013 analysis of an event venue⁶. Spending categories considered include out-of-facility purchases at restaurants, area attractions, retail and souvenir shopping, and fuel for vehicles. Estimates from the

⁴ West Virginia Motorsports Council, 2005.

⁵ In-area visitors are those who live in the study area. Out-of-area visitors are those who travel into the study area to attend events at the racetrack facility.

⁶ Sowards, et al. 2013.

2013 study were adjusted for inflation. To approximate lodging costs, CBER referred to a 2014 rural tourism report⁷.

Additionally, CBER analyzed data on population, income and industry characteristics for the study from Economic Modeling Specialists, Inc. (EMSI), as well as data from the US Census Bureau. Industry data were used to characterize and assess the extent of complementary establishments, such as accommodations, food services and drinking places, within the immediate impact area. Demographic data are used to characterize the market of likely visitors.

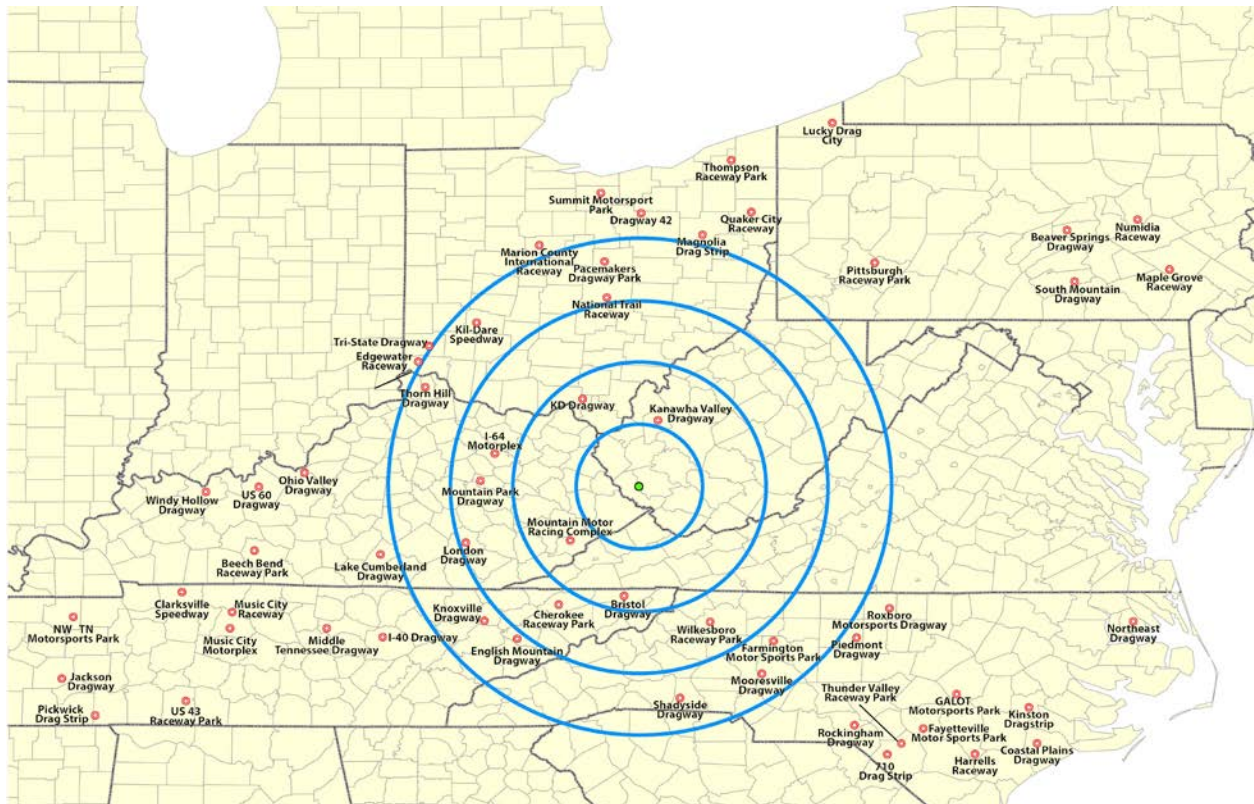
Peer Facilities

Peer facilities were identified from a listing of facilities in West Virginia, Kentucky, Pennsylvania, Ohio, Tennessee and North Carolina collected from the North American Motorsports Pages.⁸ Facilities were first screened to select only those with a 1/8 mile drag strip. Figure 3 contains the locations of these dirt oval facilities. From this list, peers were selected on the basis of their location (proximity to the proposed Twin Branch facility), types of events, size, and county characteristics such as rurality and income.

⁷ Pardue and Shand, 2014.

⁸ North American Motorsports, <http://www.na-motorsports.com/index.html>

Figure 3: Regional Cities and Raceway Facilities



Economic Impact Model Inputs and Assumptions

CBER used the IMPLAN⁹ regional economic input-output (I-O) software to analyze the impact of facility construction costs on the area. IMPLAN[®] analyzes the relationships between industries and socioeconomic characteristics of the local economy.¹⁰ The resulting economic impact provides estimates of income, output and employment as they directly and indirectly affect the area economy. For the purpose of this analysis, monetary output values represent 2015 dollars.¹¹

⁹ IMPLAN[®] stands for IMPact analysis for PLANning. For more information please visit the IMPLAN Group, LLC website at <http://implan.com/>.

¹⁰ This model uses a Type SAM (Social Accounting Matrix) multiplier. A Type SAM multiplier represents the direct, indirect and induced effects of spending and re-spending \$1 in the regional economy (IMPLAN 2014). Further detail is provided in the “Measuring Direct, Indirect and Induced Effects” subsection.

¹¹ The IMPLAN[®] model is based on 2011 economic data.

Two models were constructed for this analysis. The first considers only expenses related to the construction of the racetrack facility. The second considers expenses related to facility operations once open, and includes estimates of patron spending in the I-O model study area. These expenses are portioned within the software based on the local purchase percentage (LPP).¹²

Measuring Direct, Indirect and Induced Effects

In general, the economic impacts consist of three components: direct, indirect and induced effects. Each component illustrates how money moves through the regional economy by re-spending, known as the multiplier effect.

- Direct effect. The **value of the output** (spending on goods and services such as supplies, equipment and labor) from the construction and operation of the racetrack facility in the local economy represents **direct spending**.
- Indirect effect. The **money used by the facility and contractors building facility amenities to purchase goods and services is re-spent elsewhere** in the economy as **indirect spending**. For example, a local business that sold construction supplies to build the concession stand would use the money collected in that sale to pay employee wages.
- Induced effect. Households receive income from employment as a result of direct and indirect spending. **Induced spending** represents this **income being spent in the local economy**. In the above example, employees will use wages to purchase household goods, such as groceries, fuel and entertainment.

Fiscal Impact Analysis

The potential fiscal benefit of the Twin Branch Motorsports Complex is considered in two ways. The first, state and local tax impact, is calculated using a tax model developed by CBER. Data are based on budgeting estimates for FY 2013 as provided by the West Virginia Department of Taxation¹³, and represent a portion of total State taxes based on direct and total employment related to the presence of the raceway. The model considers business, consumer sales and use, personal, excise and other taxes and fees with respect to total FTE employment sustained in the State and by the facility directly. State and local tax benefits are estimated separately for the construction and operation and is not intended to represent a full fiscal impact of the facility on state and local economies, but rather provide a basis for illustrating fiscal benefit.

The second benefit is considered with respect to non-local visitor spending. Non-local visitors (those who do not reside in the State) provide fiscal benefit to West Virginia and regional economies through increased sales taxes. When these visitors purchase fuel,

¹² The local purchase percentage (LPP) represents the portion of expenditures that will remain within the local economy (IMPLAN 2014).

¹³ West Virginia Department of Taxation, 2013.

prepared food, souvenirs and other goods and services within the State as a result of their visit to the raceway, sales taxes are collected that would likely not have been realized otherwise. This tax is approximated based on sales tax rates for each expenditure category and the estimated local spending attributed to non-local visitors.

Market Scan

To provide context for the economic impact results CBER analyzed demographic and industry data along with facility characteristics for the Twin Branch Motorsports Complex. This brief market scan also aided in identifying characteristics for selecting peer facilities for comparison.

Twin Branch Facility Market Area

The area surrounding the Twin Branch Motorsports Complex is comprised of 15 counties in West Virginia, Kentucky and Virginia. Table 3 contains population and income estimates for the counties. In total, about 420,000 people reside in the area with a per capita income of nearly \$32,000. Thus, these counties are predominantly rural, with a lower income than West Virginia on average.¹⁴

Table 3: Catchment Area Demographics

County	State	Population 2013	Per Capita Personal Income 2013	Rurality 2010 (%)*
Floyd	KY	38,728	\$ 32,230	83.9%
Johnson	KY	23,449	\$ 28,304	73.0%
Lawrence	KY	15,856	\$ 27,969	77.1%
Martin	KY	12,647	\$ 26,110	100.0%
Buchanan	VA	23,597	\$ 36,897	100.0%
Dickenson	VA	15,486	\$ 29,828	100.0%
Boone	WV	24,224	\$ 29,999	81.4%
Cabell	WV	97,133	\$ 35,779	21.6%
Lincoln	WV	21,559	\$ 26,339	100.0%
Logan	WV	35,987	\$ 33,317	70.8%
McDowell	WV	20,876	\$ 28,280	86.0%
Mingo	WV	25,900	\$ 29,864	89.7%
Wayne	WV	41,437	\$ 32,245	65.2%
Wyoming	WV	23,019	\$ 29,691	88.9%
<i>Regional Total</i>		<i>419,898</i>	<i>\$ 31,842</i>	<i>69.4%</i>

Sources: US Department of Commerce, Bureau of Economic Analysis, Regional Income Division; US Census Bureau Summary File 1, 2010

*Rurality is the rural population as a share of the total population

¹⁴ The per capita income in West Virginia for 2013 was \$35,533 (BEA REIS 2013).

Industry data for the region indicate the extent of relevant industry presence, both in terms of potential competing attractions and complementary businesses for visitors such as accommodation and food services. As noted in Table 4, there are only 14 establishments in the region considered in the *Performing Arts, Spectator Sports and Related Industries* category, a subset of which is racetracks (NAICS 711212)¹⁵ which currently has no significant presence in the region.

When considering complementary industries for visitors, the West Virginia portion of the catchment area contains roughly two-thirds of the employment and establishments Accommodations (NAICS 721), Food Services and Drinking Places (NAICS 722), and Miscellaneous Store Retailers (NAICS 453) ; however, the immediate area surrounding the proposed facilities – Logan and Mingo Counties – only contain about 30 percent of the West Virginia accommodations establishments, fewer than 20 percent of the total catchment area. Similarly, only 19 percent of the West Virginia Food Services and Drinking Places establishments are located within these two counties, and only 8 percent of Miscellaneous Store Retailers for the West Virginia area and 5 percent of the total market area. Thus, at current, while the larger catchment area possesses businesses and services for visitors to support the proposed racetrack, relatively few of these establishments are located in the two-county area immediately surrounding the racetrack.

Table 4: Regional Industry Characteristics

NAICS	Industry Description	Region	Employment*	Establishments	Earnings
711	Performing Arts, Spectator Sports, and Related Industries	15 – County Region	208	14	\$ 14,635
		WV portion	51	9	\$ 10,655
		Mingo/Logan	<10	3	-
711212	Racetracks	15 - County	<10	N/A	-
		WV portion	0	0	\$ 0
		Mingo/Logan	0	0	\$ 0
721	Accommodations	15 – County Region	980	70	\$ 14,700
		WV portion	616	44	\$ 16,978
		Mingo/Logan	111	13	\$ 13,427
722	Food Services and Drinking Places	15 – County Region	11,246	682	\$ 13,794
		WV portion	7,185	456	\$ 13,360
		Mingo/Logan	1,103	89	\$ 13,011
543	Miscellaneous Store Retailers	15 - County	684	146	\$ 20,296
		WV portion	471	85	\$ 17,859
		Mingo/Logan	39	15	\$ 5,769

Source: EMSI, Q1 2015 estimates

*Employment for counties with fewer than 10 employees is set at 9 to facilitate estimating industry employment. This convention is observed for the Mingo and McDowell counties for estimating miscellaneous store retail employment for the West Virginia and Mingo/Logan portions of the market area.

¹⁵ NAICS 711212 includes automobile, dog, greyhound, harness, horse, motorcycle, stock car, snowmobile and thoroughbred race tracks, as well as drag strips and speedways.

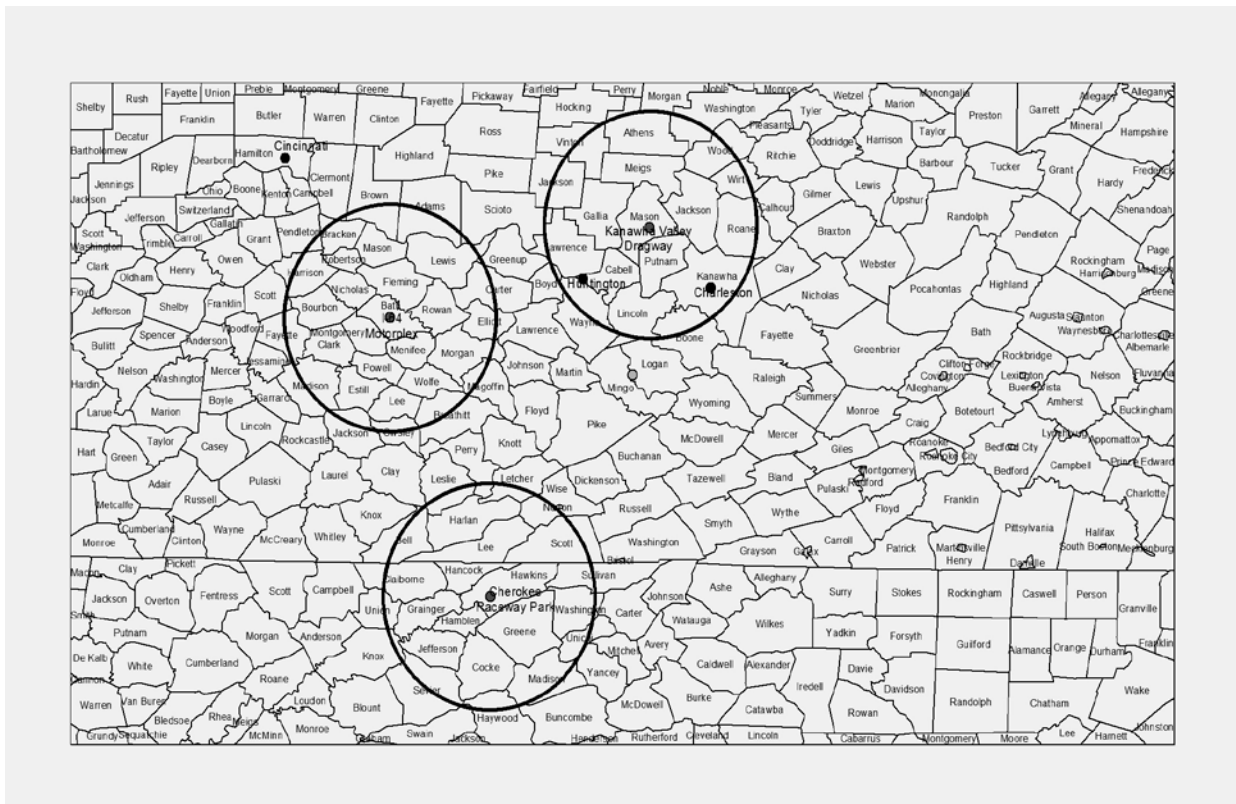
Peer Facilities

Location, raceway and county characteristics were used to develop screening criteria for identifying peer facilities. Three facilities were chosen for comparison:

- Kanawha Valley Dragway
- I-64 Motorplex
- Cherokee Raceway Park

Two of these facilities, I-77 Speedway and Portsmouth Raceway Park, are within the 100-mile radius surrounding the proposed Twin Branch Motorsports Complex, as displayed in Figure 3. Similar to the Twin Branch facility, each of these peers has a multi-state 50-mile catchment area. The Kanawha Valley Dragway catchment area contains Huntington, WV and Charleston, WV just barely within its boundaries, similar to Twin Branch. Figure 4 displays the selected facilities and their catchment areas.

Figure 4: Peer Facilities, Location and 50-mile Catchment Areas



Basic demographic characteristics of the catchment areas are depicted in Table 5. In terms of income and rurality the I-64 Motorplex serves an area most similar to the Twin Branch facility, while the Cherokee Raceway Park in Tennessee serves the largest area.

Table 5: Peer Facility Catchment Area Demographics

Raceway Facility	State	Population 2013	Per Capita Personal Income 2013	Rurality 2010 (%)*
Kanawha Valley Dragway	WV	932,678	\$ 35,604	44.9%
I-64 Motorplex	KY	821,681	\$ 34,278	45.8%
Cherokee Raceway Park	TN	1,485,869	\$ 35,366	41.3%

Sources: US Department of Commerce, Bureau of Economic Analysis, Regional Income Division; US Census Bureau Summary File 1, 2010

*Rurality is the rural population as a share of the total population

Economic and Fiscal Assessment of Proposed Facility

The economic impact of the construction and operation of the racetrack facility is based on the direct, indirect and induced spending and is measured in three main categories:

- **Output.** Total output reflects **the dollar value of industry production and represents the total effect of direct, indirect and induced spending** on the regional economy.¹⁶ Output is represented as an annual estimate of the impact of economic activity.
- **Employment.** IMPLAN measures employment in **full-time equivalent (FTE) positions** and reflects the number of FTEs directly and indirectly supported by the facility, as well as FTEs supported by induced spending. Thus, employment numbers provided in the following results section reflect both full-time and part-time positions and are not a count of individual jobs.
- **Labor income.** Labor income is inclusive of **all types of employment income.** This includes employee compensation, such as wages and benefits, as well as income received by those who are self-employed and unincorporated business owners.¹⁷

For this report, two separate impact estimates are provided. The first focuses solely on one-time cost estimates related to the construction of the racetrack facility. The second focuses on both anticipated costs for operating the facility and estimates of spectator spending while attending facility events for a single year. These impacts are separated due to the fact that construction of the facility will occur only once, while impacts will result annually from operations and visitors; although subsequent annual impacts may differ if operational spending changes.

¹⁶ IMPLAN, 2014.

¹⁷ IMPLAN, 2014.

Input Assumptions

Construction

To calculate the construction impact, estimates from an assessment in 2012 were updated to 2015 dollars and assigned to relevant industry sectors. Construction spending and impacts are “one-time” as the activities only occur during the construction period. Construction for the facility includes the pit area, track, and facility. Table 6 contains the total estimated construction costs in 2015 dollars by activity.

Table 6: Total Construction Expenditures

Construction Category	2015 Spending Estimate
Incidental Project Costs	\$ 181,055
Pit Area (Approximately 4 Acres) & Return Road	\$ 1,609,522
Track (4000 FT Long Track 60 FT Wide)	\$ 1,392,928
Facility Items	\$ 598,013
Project Subtotal	\$ 3,781,518
10% contingency	\$ 378,152
Construction Cost	\$ 4,159,670
Soft Cost	\$ 852,022
<i>Project Total</i>	<i>\$ 5,011,692</i>

Total estimated construction costs are approximately \$5 million, much of which is the construction of the track itself at \$1.3 million. As noted previously, however, not all dollars will necessarily be spent within the impact area. Some will accrue to firms outside the region. Only locally retained spending will generate an impact in the region.

Operations

Table 7 contains the estimates for one year of operations. Based on the original market analysis from 2005, the largest operating expenditures consist of employee compensation and advertising. Annual operating costs are estimated in total to be almost \$724,000. For the analysis, impact estimates will be calculated for a single year. As with the construction impact, only operational spending that accrues to the impact area will generate an economic impact.

Table 7: Estimated Annual Total Operating Costs

Category	2015 Estimated Costs
Employee Compensation	\$ 230,577
Water	\$ 40,998
Sewer	\$ 54,937
Electricity	\$ 16,506
Telephone	\$ 7,352
Printing	\$ 12,914
Advertising	\$ 266,041
Contract Services	\$ 6,532
Fuel	\$ 16,762
Parts and Repairs	\$ 4,082
Insurance	\$ 67,225
<i>Non-employment Costs Total</i>	<i>\$ 493,349</i>
Total	\$ 723,926

While purchases of some items for operations may occur outside of the region, it is also possible that some employees may be from outside the eight West Virginia counties that comprise the impact area, thus not all employee compensation will necessarily accrue to non-residents. To account for this possibility, employee compensation will be adjusted by the share of the West Virginia population inside the catchment area (60%), producing a conservative estimate of the labor income impact of the racetrack. This calculation yields an estimated local labor income of \$138,346 from racetrack operations.

Further, as noted in the original market study many of the positions at the racetrack are part-time or event day only, with the exception of three full-time positions. To assess the employment impact of operations, racetrack employment in FTEs was approximated based on the 2005 market analysis and anticipated staffing costs for different types of events. Table 8 contains the estimated racetrack employment in FTEs.¹⁸

Table 8: Estimated Racetrack Employment (FTEs)

Event/Category	Annual Hours	Estimated FTEs
Weekly Racing	17,052	8.5
Full-time positions	-	3
Total	17,052	11.5

¹⁸ FTEs were estimated using annual hours per event and the \$5.15 minimum wage noted in the report, assuming that 2000 hours constitutes one FTE.

Visitor Spending

To develop estimates of visitor spending, attendance estimates from the 2005 analysis were used in conjunction with the spending estimates from previous CBER reports. Attendance was approximated based on staffing costs for the different types of events outlined. Table 9 contains the estimated attendance per event type.

Table 9: Event Attendance Estimates

Event/Category	Type	#/year	Estimated Attendance	
			Per Event	Annual
Weekly Racing	Low Profile	20	750	15,000

To better approximate likely visitor spending to the area, and taking facility size into consideration, event types are assumed to be weekly racing events. These low profile events are assumed to be those that will most likely draw visitors from within the 50-mile radius, representing day-trip visits. Higher profile events are assumed to draw overnight visitors from outside the area and day-trip radius. Thus the primary difference between high and low profile events is assumed to be spending on lodging.

In total, the original market analysis suggests that approximately 46,000 people will attend high profile events annually, and about 47,000 will attend low profile events. Unfortunately a drag facility of this size is unable to accommodate high profile events and the attendance estimates. Many of these attendees will be from the local area, and thus their spending would not be considered “new” but substituted away from other local activities. Only “new” spending by visitors to the area is considered for the impact analysis.

To estimate the number of “new” visitors the facility may bring for weekly events, the non-West Virginia share of the counties’ population (40%) in the catchment area was used. Table 10 contains the estimates of non-local visitors, average spending and total “new” spending to the region used in the impact analysis. As noted, the total annual new visitor spending is estimated to be \$187,608.

Table 10: Estimated Non-Local Visitors and Spending Patterns

	Weekly Events
Total Estimated Attendance	15,000
Non-Local Visitors	6,000
<i>Spending Category</i>	
Restaurant	\$ 104,193
Souvenir	\$ 10,159
Hotel	-
Other Attractions	\$ 4,210
Fuel	\$ 68,923
Other	\$ 123
Total	\$ 187,608

Similar to construction and operational spending, the new visitor spending that occurs within the impact region will be influenced by the presence of relevant establishments. While new visitors may spend on restaurants and lodging, for example, some of that spending may occur outside the impact area. Again, only locally retained spending will be considered for the impact estimates.

Economic Impact Analysis Results

Construction

Table 11 contains the economic impact results from the construction of the facility. As noted previously, total construction costs are estimated to be about \$5 million; however, after assigning construction costs to IMPLAN sectors¹⁹, about \$4.5 million is expected to be spent locally and represents the direct spending impact. This direct spending is estimated to generate a little under \$1.5 million in indirect and induced spending in the region, **for a one-time total impact of \$6 million in economic activity or output.**

Table 11: Estimated Construction Impacts

Economic Impacts	Employment	Labor Income	Output
Direct Effect	30	\$ 1,353,495	\$ 4,571,561
Indirect Effect	5.1	\$ 236,773	\$ 738,332
Induced Effect	6.4	\$ 229,447	\$ 743,860
Total	41.5	\$ 1,819,715	\$ 6,053,753

Additionally, facility construction is estimated to support about 42 FTEs regionally, 30 of which are direct employment for construction. Similarly, construction activities are estimated to generate about \$1.8 million in earnings, or labor income, in the region principally from wages paid to construction and related workers.

Operations

Table 12 contains the one-year operational impact of the facility, based on estimated operational expenditures. One-year operating expenses were about \$724,000, about \$494,000 is non-employment costs. The locally retained costs of \$479,000 represent the direct effect operational spending. **One year of operational spending generates an estimated additional \$195,000 in the impact area, for a total annual impact of \$674,000.**

Direct labor income includes the estimated \$138,000 accruing to local racetrack employees as well as the wages paid to other local industries as a result of the direct effect spending. Direct labor income is an estimated \$131,000 in the region, with an additional \$68,000 generated as a result of the activity. Annual operations are estimated to support 3.2 FTEs directly and an additional 2 FTEs in the region.

¹⁹ See the appendix for IMPLAN sectors used for construction impact.

Table 12: Estimated One-Year Operational Impacts

Economic Impacts	Employment	Labor Income	Output
Direct Effect	3.2	\$ 130,961	\$ 479,018
Indirect Effect	1	\$ 42,248	\$ 113,034
Induced Effect	0.7	\$ 25,326	\$ 82,231
Total	4.8	\$ 198,534	\$ 674,283

Visitor Spending

Visitor spending impacts result from the locally retained expenditures made by non-local visitors to the region that occur outside the racetrack facility. As mentioned previously, approximately 40 percent of spectators are assumed to be non-local and off-site spending categories considered were restaurants, lodging, souvenir and retail shopping, other attractions, and fuel. Table 13 contains the total estimated impacts.

In total, approximately \$372,000 of the spending is estimated to occur within the impact area and constitutes the direct effect spending. This **visitor off-site visitor spending generates an additional estimated \$95,000 for a total impact of almost \$499,000.** Visitor spending in the region supports approximately 12 FTEs, most of which are at the directly affected industries, such as restaurants and retail establishments. Further, new visitor spending is estimated to generate \$177,000 in labor income within the eight-county impact area.

Table 13: Estimated Total One-Year Visitor Spending Impacts

Economic Impacts	Employment	Labor Income	Output
Direct Effect	6.4	\$ 134,223	\$ 371,709
Indirect Effect	0.5	\$ 20,463	\$ 55,883
Induced Effect	0.6	\$ 22,133	\$ 71,715
Total	7.5	\$ 176,819	\$ 499,307

Total Estimated One-Year Impact

When combining operations and visitor spending, the **total estimated impact to the region for one-year is approximately \$1.2 million in economic output**, \$514,000 in labor income and nearly 24 FTEs. Table 14 contains the total estimated impacts from one-year of operations.

Table 14: Total One-Year Impacts

Economic Impacts	Employment	Labor Income	Output
Direct Effect	21.1	\$ 403,530	\$ 850,727
Indirect Effect	1.5	\$ 62,711	\$ 168,917
Induced Effect	1.3	\$ 47,459	\$ 153,946
Total	23.9	\$ 513,700	\$ 1,173,590

The main components of the output and income impacts are the direct effects – racetrack facility purchases and operations of establishments patronized by new visitors to the region. Similarly, most of the employment impact is concentrated at the racetrack and establishments that serve visitors. To the extent that the one-year operational and visitor spending estimates represent a typical year, similar impacts may be expected to occur annually.

Fiscal Impact Estimates

Construction

Construction of the racetrack facility would also provide a fiscal benefit to state and local economies in the form of tax revenue.²⁰ The fiscal impact is based on direct and total sustained employment for construction of the facility. The analysis indicates that **construction of the facility directly generates \$168,000 in tax revenue** (see Table 15). When considering indirect and induced effects, **total estimated tax revenues generated amount to more than \$235,000.**

Table 15: Estimated Tax Revenues from Construction

	<i>Direct</i>	<i>Total</i>
Initial Business Taxes	\$ 27	\$ 38
Business Taxes	\$ 27,410	\$ 38,374
Consumer Sales & Use Taxes	\$ 47,023	\$ 65,832
Personal Taxes	\$ 70,774	\$ 99,083
Excise Taxes	\$ 21,982	\$ 30,774
Miscellaneous Fees and Transfers	\$ 732	\$ 1,025
Taxes Collected by Counties	\$ 263	\$ 368
<i>Total</i>	\$ 168,211	\$ 235,495

Operations

Similarly, racetrack operations will generate fiscal revenues for the state and local economies. **Estimated tax revenues from direct operational spending for one year are \$84,000.** When considering the total impact, the economic activity generated by operations yields an additional estimated \$5,000 in tax revenues for a **total impact of \$89,000**, as noted in Table 16.

²⁰ Fiscal impact estimates in this analysis do not consider property taxes collected or home equity wealth.

Table 16: Estimated Tax Revenues from One-Year Operations

	<i>Direct</i>	<i>Total</i>
Initial Business Taxes	\$ 14	\$ 15
Business Taxes	\$ 13,705	\$ 14,619
Consumer Sales & Use Taxes	\$ 23,512	\$ 25,079
Personal Taxes	\$ 35,387	\$ 37,746
Excise Taxes	\$ 10,991	\$ 11,724
Miscellaneous Fees and Transfers	\$ 366	\$ 391
Taxes Collected by Counties	\$ 132	\$ 140
<i>Total</i>	<i>\$ 84,105</i>	<i>\$ 89,713</i>

Visitor Spending

Sales taxes resulting from non-local visitor direct effect spending were also estimated.²¹ Tax rates for each expense categories were applied to the approximated total expenses for non-local visitors, including:

- Prepared food: 6 percent
- Accommodations: 3 percent²²
- Retail shopping: 6 percent

Fuel tax revenues were estimated by calculating the gallons of gasoline estimated expenditures would yield at a price of \$2.77 per gallon²³ and applying the \$0.54 per gallon tax rate. Additionally, as the analysis indicated that about only one-third of the direct visitor spending is retained in the impact area, local, taxable spending assumed to be 38 percent of retail, restaurants, gasoline, and lodging expenditures. Using these conservative assumptions yields the estimated tax revenues from one year of non-local visitors to the area contained in Table 17. Local spending by visitors to the area is **estimated to generate about \$403 in tax revenues** from the categories considered.

²¹ Sales tax estimates for local visitor spending were excluded as West Virginia residents are likely to spend money in the State regardless of the presence of the facility.

²² Hotel/motel taxes are set at a minimum of 3 percent, not to exceed 6 percent, in West Virginia Code. Counties and municipalities have the option to increase this tax up to the maximum. The minimum tax was imposed on accommodations expenses as (a) it would be difficult to determine what portion of the spending habits were taxed at what rate and (b) this provides a conservative estimate of taxes levied.

²³ AAA Fuel Gauge Report as of 6/5/15. <http://fuelgauge.report.aaa.com/todays-gas-prices/>

Table 17: Estimated Tax Revenues from One-Year Visitor Spending

	Weekly Events
Restaurant	\$ 123
Souvenir	\$ 11
Hotel	\$ 0
Other Attractions	\$ 5
Fuel	\$ 264
Other	\$ 0
Total	\$ 403

Taken together, operational and visitor spending impacts may generate almost \$90,000 in tax revenues for one year. As with the economic impact, to the extent that the estimates represent a typical year of operations and attendance similar revenues may be generated on an annual basis.

Conclusions

The proposed Twin Branch Motorsports Complex will be a unique facility within the Mingo/Logan County region of West Virginia. Hosting a variety of events, the facility may draw visitors from neighboring states and counties to the area. Estimated annual attendance at the facility may be as much as 15,000 during the year, with nearly 6,000 of those attendees being new visitors to the impact area.

Construction of the proposed facility has a total estimated project cost of nearly \$5 million, about \$4.5 million of which is estimated to be spent locally. This \$4.5 million in construction spending may generate an additional \$1.5 million for a one-time total impact of \$6 million in the eight county impact area. Construction is also estimated to support 42 FTEs in the region and \$1.8 million in labor income.

Operations will generate an impact from facility spending and the new visitors to the area. Local operational spending for one year is an estimated \$479,000 for purchases and \$138,000 for employment costs. Total output for the region from one year of operations is estimated to be \$674,000. The facility is expected to support 5 FTE positions in the region and \$198,000 in income from one year of operations.

Non-local visitors to the facility are estimated to spend about \$372,000 locally on restaurants, retail, accommodations and fuel outside of the racetrack. This new visitor spending in the region generates an additional \$71,000 for a total impact on output of \$499,000 for one year. This visitor spending also supports almost 8 FTE positions and \$176,000 in local labor income for one year.

Construction, operations and visitor spending also yield tax revenues. The one-time construction expenditures produce an estimated \$235,000 in tax revenues. Similarly, one year of operations also produces about \$90,000 in tax revenues, the combined effects of racetrack spending and non-local visitor purchases.

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Appendix

Table A1 IMPLAN Sectors for Construction Impact Analysis

Sector	Description
26	Mining and quarrying sand, gravel, clay, and ceramic and refractory minerals
36	Construction of other new nonresidential structures
116	Asphalt paving mixture and block manufacturing
149	Other plastics product manufacturing
160	Cement manufacturing
162	Concrete pipe, brick, and block manufacturing
194	Spring and wire product manufacturing
256	Watch, clock, and other measuring and controlling device manufacturing
260	Lighting fixture manufacturing
314	Sign manufacturing
319	Wholesale trade businesses
357	Insurance carriers
369	Architectural, engineering, and related services
375	Environmental and other technical consulting services
388	Services to buildings and dwellings

Table A2 IMPLAN Sectors for Operations Impact Analysis

Sector	Description
31	Electric power generation, transmission, and distribution
33	Water, sewage and other treatment and delivery systems
113	Printing
326	Retail Stores--Gasoline stations
351	Telecommunications
357	Insurance carriers
377	Advertising and related services
389	Other support services
416	Electronic and precision equipment repair and maintenance
5001	Employee Compensation

Table A3 IMPLAN Sectors for Operations Impact Analysis

Sector	Description
326	Retail Stores--Gasoline stations
329	Retail Stores--General merchandise
410	Other amusement and recreation industries
411	Hotels and motels, including casino hotels
413	Food services and drinking places