

ECONOMIC IMPACT

Younger Associates has performed an analysis of the probable economic impact on Dyer, Lake and Obion Counties in Tennessee from the construction of a slackwater port and the development of a 1,000-acre industrial park at Cates Landing. Based upon a model of the local economy, which uses RIMS II input-output multipliers, the potential economic impact, jobs and new local tax revenues have been projected.

The development of the industrial park is estimated to create 3,000 new jobs directly and would result in the creation of another 2,604 jobs indirectly for a total of 5604 jobs. Wages and benefits paid to these new jobs will result in an annual economic impact of \$206.4 million generating \$4 million in new local tax revenues annually.

New capital investments for the industrial park estimated at \$100 million will create a one-time impact of \$558,173 in new local tax revenues during the construction and set-up period.

Real and personal property taxes paid directly by the park could exceed \$1.5 million over a ten-year period, not considering tax incentives.

The investment of \$41 million for the construction of the port will generate a one-time impact of \$715,762 in local taxes.

Cates Landing Port Economic Impact Analysis Assumptions

- **Cost to construct port facility, rail extension and utilities is projected at \$41 million.**
- **1,000 acres of land surrounding the port will be acquired and developed as an industrial park**
- **For each acre of industrial land, 3 jobs will be created and \$100,000 of capital investments will be made by private industry. These are conservative projections based on the low end of the range of historic development in Tennessee.**

See endnotes for sources and other factors used in calculations.

**Industrial Park Development
in Conjunction with
the Proposed Northwest Tennessee Port
Economic Impact Analysis**

Annual Impact of Operations

Employment, Direct		3,000
Wages & Benefits, Direct	\$	121,830,000
Employment Multiplier ¹		1.8680
Total Employment		5,604
Employment, Indirect		2,604
Annual Average Wage ²	\$	32,488
Wages, Indirect	\$	84,598,752
Total Wages	\$	206,428,752
Sales Tax Revenue ³	\$	1,986,877
Other Tax Revenue ⁴	\$	566,260
Residential/Commercial Property Tax Revenue ⁵	\$	1,494,363
Total Tax Revenue	\$	4,047,499

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Property Taxes Generated by Industrial Park	10 Year	
Real Property	\$	50,000,000
Assessment Rate		0.40
Tax Rate		0.0240
Annual Tax	\$	480,000
10-Year Total Tax - Real Property		4,800,000
Personal Property		50,000,000
Assessment Rate		0.30
Tax Rate		0.0240
Annual Tax <small>(before depreciation)</small>	\$	360,000
10-Year Total Tax - Personal Property <small>(after depreciation)</small>	\$	1,508,400

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One Time Construction Impact

Construction And Site Work	\$	50,000,000
Economic Impact Multiplier ⁶		1.4115
Economic Impact	\$	70,575,000
Equipment Purchase/Set-up	\$	50,000,000
Economic Impact Multiplier ⁷		1.4911
Economic Impact	\$	74,555,000
Total Economic Impact	\$	145,130,000
Sales Tax Revenue ³	\$	434,376
Other Tax Revenue ⁴	\$	123,797
Total Tax Revenue	\$	558,173

Notes for Northwest Tennessee Port and Industrial Park Development Economic Impact Analysis:

1. US Bureau of Economic Analysis, RIMS II direct-effect employment multiplier for Dyer County, Tennessee. Number of Indirect Jobs Created Per Direct Job, average of aggregate multipliers for manufacturing.
2. Projection based upon data from Tennessee Department of Labor; Annual Average Wage/Salary for Manufacturing in Dyer County, 1998 based upon an assumption of 4.5% average wage increase for 1999 and 2000.
3. US Department of Labor, "Consumer Expenditure Survey, Southern US" 1997; factor applied to determine the rate of indirect or "downstream" expenditures on sales and taxable goods and services at the local option tax rate of .0275. It is assumed all purchases associated with construction and equipment will be sales tax exempt.
4. Based upon June 1995, July 1996 collections of Business, Alcohol, Motor Vehicle and other taxes compared to sales tax.
5. U.S. Bureau Data for median value of housing in Dyer County, Tennessee. This ratio indicates the new property value created within Dyer County per each new job created in the local workforce based upon historical trend. The new property value may be new single family home, new rental property, expansions or improvements to existing property. A portion of commercial property value would also be included, however, for the sake of conservatism only the residential rate of assessment is used. Also based upon an assessment rate of 25% and Dyer County tax rate of \$2.40 per \$100 of assessed value.
6. US Bureau of Economic Analysis, RIMS II final-demand aggregate multiplier for Dyer County, Tennessee for construction.
7. US Bureau of Economic Analysis, RIMS II final-demand aggregate multiplier for Dyer County, Tennessee for wholesale trade.

*All calculations are in constant 2000 dollars. No tax rate increases are assumed.