

# **PORT OF HUNTSVILLE ECONOMIC IMPACT**

**Prepared for**

**The Huntsville-Madison County Airport Authority**

**Niles C. Schoening**

**Emeritus Professor of Economics**

**University of Alabama in Huntsville**

**Huntsville Alabama**

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**Highlights of the Economic Impact Study**

- Firms and government agencies at Huntsville International Airport and the Intermodal Center employed 761 persons in 2008 and tenants of the Jetplex Industrial Park employed another 6,334. An additional 597 persons were employed on construction projects during the year. The total number of jobs at the Port of Huntsville in 2008 was 7,692. Payrolls at the Airport were \$42.4 million in 2008 and were \$431.9 million in the Jetplex for a total of \$474.3 million. These employment and payroll figures are larger than those reported in similar impact studies for the airports in Birmingham, Nashville and the passenger-only part of the Memphis Airport.
- Visitors passing through Huntsville International and spending at least one night in the 10 county North Alabama and South Central Tennessee Region generated an estimated 5,314 jobs and \$23.6 million in payroll.
- The total multiplied impact of the Port of Huntsville, including the Airport, the Jetplex and local visitors to the Region was 24,293 jobs and \$942.8 million in payroll. These numbers were substantially higher than the reported multiplied impacts of the airport in Birmingham and the passenger-only operations in Memphis and slightly smaller than the multiplied impact of the airport in Nashville.
- The economic impact of the Port of Huntsville was spread throughout the Region. Workers at the Port of Huntsville lived in all of the counties in the Region and some visitors stayed at least one night in each of the 10 counties. The greatest impact occurred in Madison County where the Port of Huntsville directly accounted for 5,239 jobs and indirectly accounted for another 11,283 jobs. The total multiplied payroll was \$646.1 million. These figures represent 7% of all wage and salary employment and 11% of total payrolls in the County.
- The total tax impact of the Port of Huntsville was estimated to be \$241.0 million. This includes \$161.5 million in taxes paid by businesses, employees and visitors to the federal government, \$49.7 million paid to the State of Alabama, and \$29.8 million paid to local governments in the Region.
- The tax impact of the Port of Huntsville was spread throughout the Region. Businesses, employees and visitors paid \$14.9 million in sales taxes, \$9.3 million in property taxes and \$5.6 million in lodging taxes to local governments in North Alabama and South Central Tennessee.

## **Introduction**

This economic impact report supersedes the one prepared for the Huntsville-Madison County Airport Authority in 2004, but is not directly comparable to it because of significant

changes in the method used to find the economic impact in 2008. These changes were adopted to make the new report comparable to recent economic impact studies done for nearby airports in Birmingham, Nashville and Memphis. The most important of these changes is including for the first time the impact of visitors coming to North Alabama and South Central Tennessee through Huntsville International Airport. A second change was to separately calculate the impact of the airport and Jetplex tenants and then add them to the impact of visitors to find the total impact of the Port of Huntsville on the Region. Also, several businesses located beyond the boundaries of Port of Huntsville property which were included in the 2004 impact study, such as Intergraph, were eliminated from this report in order to make it conform to the studies done for the other airports. The new report also provides a more geographically detailed look at both the economic and tax impact of the Port of Huntsville on the region.

### **Total Economic Impact**

The Port of Huntsville is one of the most important centers of economic activity in the North Alabama and South Central Tennessee Region. The Airport itself, including the airlines, shippers, the Intermodal Center and concessionaires employed 761 persons in 2008. An additional estimated 597 persons were employed working on various construction projects. Added to this total of 1,358 jobs located at the Airport are 6,334 more jobs at firms in the Jetplex giving a grand total of 7,692 jobs. Payrolls at the Airport equaled \$42,443,000 in 2008 and \$431,884,000 at the Jetplex. This represents an hourly wage of \$29.65 which is 30% more than the present average of \$22.87 in the County. Spending by visitors who came to the region through the Airport created another 5,314 estimated jobs and \$23,592,000 in payroll. Adding the jobs and payroll from the Airport, Jetplex and visitors gives the Port of Huntsville a direct impact of 13,006 jobs and \$497,919,000 in payroll. These direct impact figures compare favorably with the ones reported for nearby airports. The 2007 impact study for Birmingham International counted 2,255 direct jobs and \$105 million in direct payroll. The 2006 study for Nashville reported 5,690 direct jobs and \$292 million in payroll. Just looking at passenger operations only in Memphis, the number of direct jobs was 9,500 and payroll was \$340 million.

Spending by jobholders who worked at the Airport and the Jetplex and visitors who traveled through Huntsville International generated another 11,287 jobs and \$444,909,000 in payroll across the 10 county North Alabama and South Central Tennessee Region. When this induced impact is added to the direct impact, the resulting multiplied impact is 24,293 jobs and \$942,828,000 in payroll. The total regional impact of the Port of Huntsville and visitors is displayed in Table 1.

<b>Table 1</b>		
<b>TOTAL REGIONAL IMPACT INCLUDING VISITORS</b>		
	Employment	Payroll
Port of Huntsville	7,692	\$ 474,327,000
Visitors	5,314	\$ 23,592,000
Total Direct Impact	13,006	\$ 497,919,000
Induced Impact	11,287	\$ 444,909,000
Total Multiplied Impact	24,293	\$ 942,828,000

<b>Table 2</b>		
<b>PORT OF HUNTSVILLE IMPACT</b>		
	Employment	Payroll
Port of Huntsville	7,692	\$ 474,327,000
Total Direct Impact	7,692	\$ 474,327,000
Induced Impact	10,101	\$ 415,419,000
Total Multiplied Impact	17,799	\$ 889,746,000

The multiplied impact of the Port of Huntsville is higher than the figures of 16,000 jobs and \$444 million in payroll reported for Birmingham and slightly lower than the figures of 25,100 jobs and \$1,084 million reported for Nashville. Table 2 shows the impact of the Port of Huntsville and excludes the visitors.

### Location of Impact

The distribution of the Port of Huntsville’s economic impact across North Alabama and South Central Tennessee is shown in Table 2. Madison County accounted for 68% of the direct and induced jobs and payroll with Huntsville being the location of 37%, Madison 18% and the remainder of Madison County 13%. Next in importance were Morgan and Limestone Counties with each accounting for about 9%. All of the counties in North Alabama, along with Giles and Lincoln County in Tennessee, received significant economic benefits from operations at the Port of Huntsville and from visitors who arrived at the Airport during 2008.

Table 2			
MULTIPLIED IMPACT ACROSS NORTH ALABAMA AND SOUTH CENTRAL TENNESSEE			
Location	Port of Huntsville Direct Impact: Employment	Total Multiplied Impact: Employment	Total Multiplied Impact: Payroll
Huntsville	2,206	9,009	\$ 287,414,000
Madison	1,680	4,304	\$ 206,345,000
Rest of Madison County	1,353	3,209	\$ 152,383,000
<b>Total Madison County</b>	<b>5,239</b>	<b>16,522</b>	<b>\$ 646,142,000</b>
Decatur	401	1,157	\$ 45,378,000
Rest of Morgan County	427	1,009	\$ 45,472,000
<b>Total Morgan County</b>	<b>828</b>	<b>2,166</b>	<b>\$ 90,850,000</b>
Athens	437	1,146	\$ 52,174,000
Rest of Limestone County	390	966	\$ 45,485,000
<b>Total Limestone County</b>	<b>827</b>	<b>2,112</b>	<b>\$ 97,659,000</b>
Marshall County			\$ 23,811,000

	181	745	
Cullman County	48	368	\$ 7,455,000
Lawrence County	36	117	\$ 4,557,000
Colbert County	16	164	\$ 2,578,000
Lauderdale County	70	493	\$ 11,414,000
Jackson County	55	391	\$ 8,888,000
Lincoln County, TN	70	224	\$ 8,333,000
Giles County, TN	41	156	\$ 4,952,000
All Other Counties	281	835	\$ 36,189,000
Grand Total	7,692	24,293	\$ 942,828,000

### Port of Huntsville Tax Impact

Travelers using the Airport and workers at the Jetplex pay a variety of taxes to federal, state and local government. Air travel passengers directly pay the ticket tax and departure tax to the federal government and indirectly pay fuel taxes levied on airlines and aircraft operators. They also pay sales taxes to state and local government when they lease a motor vehicle or make purchases locally. They pay lodging taxes to state and local governments when they stay in a hotel or motel.

Employees at the Airport and the Jetplex pay income taxes to the state and federal government and sales taxes to state and local government when they make local purchases of taxable items. If they are homeowners, employees directly pay property taxes levied on their homes to both state and local government.

Spending by workers at the Airport and the Jetplex and visitors to the Region generates further taxable spending through the multiplier effect. Total tax collections to federal, state and local government attributable to the Port of Huntsville were estimated to be \$240,995,500 in 2008. Payments to the federal government represented 67% of the total; payments to state government 21%; and payments to local government 12%. The payment total is broken down by tax and level of government and displayed in Table 3.

Because of the widespread impact of the Port of Huntsville, nearly all local governments in the region probably receive some tax revenue that can be attributed to spending by either

employees of the Airport or of firms in the Jetplex. Some governments may also receive payments from visitors who are staying within their jurisdictions. The distribution of local sales, property and lodging tax payments across North Alabama and South Central Tennessee are shown in Table 4. To make the estimates for visitors, it was assumed that most business travelers stayed in the Huntsville, Decatur and Athens areas while the destinations of leisure travelers were assumed to be more widespread. Huntsville accounted for 34% of total tax collections from visitors or Airport and Jetplex employees; Decatur and Morgan County 8.6%; and Limestone County 7.7%. The most important source of revenue was local sales taxes followed by local property taxes and lodging taxes.

<b>Table 3</b>	
<b>PORT OF HUNTSVILLE TAX IMPACT</b>	
<b>Tax and Level of Government</b>	<b>Tax Revenue</b>
<b>Federal Taxes:</b>	
Passenger Ticket Tax	\$ 21,927,000
Passenger Departure Tax	\$ 1,257,000
Fuel Taxes	\$ 4,828,000
Employee Federal Income Tax	\$ 71,149,000
Induced Federal Income Taxes	\$ 62,313,000
<b>Total Federal Taxes</b>	<b>\$ 161,474,000</b>
<b>State Taxes:</b>	
Fuel Taxes	\$ 378,000
Lodging Tax	\$ 4,206,100
State Sales Tax- Airport Concessionaires	\$ 885,000
State Sales Tax- Employees	\$ 15,245,000
Auto Leasing Tax	\$ 328,000
Employee Income Tax	\$ 26,692,000
State Property Tax	\$ 1,965,500
<b>Total State Taxes</b>	<b>\$ 49,699,600</b>
<b>Local Taxes:</b>	
Local Sales Tax- Airport Concessionaires	\$ 885,000
Local Sales Tax- Employees	\$ 13,727,000
Auto Leasing Tax	\$ 328,000
Local Lodging Tax	\$ 5,552,100
Local Property Tax	\$ 9,329,800
<b>Total Local Taxes</b>	<b>\$ 29,821,900</b>
<b>Grand Total</b>	<b>\$ 240,995,500</b>

Table 4

## LOCAL TAX IMPACT ACROSS NORTH ALABAMA AND SOUTH CENTRAL TENNESSEE

Location	Local Sales Tax	Local Property Tax	Local Lodging Tax	Total
Huntsville	\$ 5,811,600	\$ 875,500	\$ 3,533,100	\$ 10,220,200
Madison	\$ 3,301,500	\$ 1,251,200	\$ 252,400	\$ 4,805,100
Rest of Madison County	\$ 1,828,600	\$ 555,000	\$ 100,900	\$ 2,484,500
Total Madison County	\$ 10,941,700	2,681,700	\$ 3,886,400	\$ 17,509,800
Decatur	\$ 726,000	\$ 582,000	\$ 201,900	\$ 1,509,900
Rest of Morgan County	\$ 545,700	\$ 465,000	\$ 50,500	\$ 1,061,200
Total Morgan County	\$ 1,271,700	1,047,000	\$ 252,400	\$ 2,571,100
Athens	\$ 834,800	\$ 569,500	\$ 100,900	\$ 1,505,200
Rest of Limestone County	\$ 336,900	\$ 399,500	\$ 50,500	\$ 786,900
Total Limestone County	\$ 1,171,700	969,000	\$ 151,400	\$ 2,292,100
Marshall County	\$ 381,000	\$ 476,000	\$ 252,400	\$ 1,109,400
Cullman County	\$ 119,300	\$ 480,000	\$ 201,900	\$ 801,200
Lawrence County	\$ 54,700	\$ 427,000	\$ 25,200	\$ 506,900
Colbert County	\$ 36,100	\$ 469,000	\$ 100,900	\$ 606,000
Lauderdale County	\$ 114,100	\$ 595,000	\$ 252,400	\$ 961,500
Jackson County	\$ 106,700	\$ 574,000	\$ 201,900	\$ 882,600
Lincoln County, TN	\$ 83,300	\$ 505,400	\$ 50,500	\$ 639,200
Giles County, TN	\$ 54,500	\$ 599,600	\$ 50,500	\$ 704,600
All Other Counties	\$ 605,200	\$ 506,100	\$ 126,200	\$ 1,237,500
Total	\$ 14,940,000	\$ 9,329,800	\$ 5,552,100	\$ 29,821,900

### Study Methodology

Data for the 2008 Economic Impact Study came from a number of sources. The most important source was a survey sponsored by the Airport Authority and sent to 55 tenants and government offices located at the Port of Huntsville. The firms and agencies participating in these surveys are listed in the Appendix. These firms and agencies were asked how many employees they had in 2008, what their payroll was in that year, and in what counties and cities their employees lived. The survey data were then used to measure the direct impact of the Port of Huntsville on the Region's economy.

Data on visitors was collected from the 2008 Huntsville International Airport Passenger Survey. Passengers whose home address was outside the North Alabama and South Central



Tennessee Region were asked how many days they were going to be in the Region and whether they would be staying in a hotel or motel. Of the 280 persons answering the survey 111 or 40% were not from the Region and 83 or 30% were going to stay in a hotel or motel. The average length of stay was 4.4 days. It was assumed that most business passengers (70% of all respondents) would stay in the Huntsville-Athens-Decatur Area and leisure travelers (30% of all respondents) would be distributed in all the counties of the Region.

Multipliers for the study were derived from the Regional Information Management System (RIMS II) supplied by the U. S. Bureau of Economic Analysis. The multiplier for the Airport was for air transport services. The one for the Jetplex was a composite multiplier weighted according to employment at the firms located in the Industrial Park in 2008. The multiplier for visitors was for the hotel, restaurant and recreation industries in North Alabama. The construction multiplier was for heavy construction in Madison County. The multipliers used in the study are displayed in the table below.

**Multipliers**

	Payroll	Employment
Huntsville International Airport	1.489	1.609
Jetplex Industrial Park	1.908	2.456
Visitors	1.443	1.222
Construction	1.650	1.705

## Appendix

### Port of Huntsville Economic Impact Survey Participants

<p><b>Airport</b></p> <p>Advantage Rent A Car</p> <p>Air Host</p> <p>Airport Terminal Services</p> <p>Avis Rent A Car</p> <p>DAL Global Services</p> <p>Hertz</p> <p>Delta Airlines</p> <p>DHL Express</p> <p>Executive Connection</p> <p>Continental Express</p> <p>Fed Ex</p> <p>Four Points Sheraton</p> <p>Huntsville Air Traffic Control Tower</p> <p>Janett Shoe Shine and Repair</p> <p>Page &amp; Jones, Inc.</p> <p>Panalpina Inc.</p> <p>Paradies Gift Shop</p> <p>Port of Huntsville</p> <p>Signature Flight Support</p> <p>Tennessee Valley Golf Management</p> <p>Total Airport Services</p> <p>Graham Medical Clinic</p>	<p>Transportation Security Administration</p> <p>United Airlines</p> <p>US Airways</p> <p>US Dept. of Agriculture</p> <p><b>Jetplex Industrial Park</b></p> <p>Adept Technologies</p> <p>Aerobotix, Inc.</p> <p>AIDT</p> <p>Aldridge Inc.</p> <p>Armstrong Relocation</p> <p>Arrowsight Inc.</p> <p>ATI Engineered Products</p> <p>Boeing Company</p> <p>Brenntag Mid-South, Inc.</p> <p>Continental Automotive Corp.</p> <p>Cope Plastics, Inc.</p> <p>Futaba Corporation of America</p> <p>GFH Services</p> <p>Graham &amp; Company</p>
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Ferrante Professional Properties	
LG Electronics of Alabama, Inc.	
Mayne McKenney, Inc.	
Navistar Diesel of Alabama, LLC	
New York Energy Group, Inc.	
Okaya (USA) Inc.	
Parfums de Coeur, Ltd.	
Parksite, Inc.	
Perez Services, Inc.	
R. O. Deaderick Company, Inc.	
Raytheon Company	
T-H Marine Supplies, Inc.	
Team Worldwide	
Turner Universal Co.	
Universal Lighting Technologies	
Westwind Technologies	

## **Sources**

### **Airport Impact Reports**

*The Impacts of Metro Nashville Airport Authority Airports*, Wilbur Smith Associates, November, 2007.

*The Economic Impact of Memphis International Airport*, Sparks Bureau of Business and Economic Research, University of Memphis, May, 2005.

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### **State and Local Tax Rates**

Alabama Department of Revenue Website ([www.ador.state.al.us/advalorem](http://www.ador.state.al.us/advalorem))

*2007 Tax Aggregate Report of Tennessee*, Tennessee Board of Equalization, 2008

### **Tourist Spending**

*2008 Economic Impact of the Alabama Travel Industry*, Keivan Deravi, School of Business, Auburn University at Montgomery, April, 2009.