

Center for Economic Development and Business Research

School of Business and Industry
Jacksonville State University

Economic Impact of New General Services Administration (GSA) Federal Courthouse Anniston, Alabama



Prepared for:

City of Anniston, Alabama
1128 Gurnee Avenue
Anniston, AL 36201

ECONOMIC IMPACT OF NEW GENERAL SERVICES ADMINISTRATION (GSA) FEDERAL COURTHOUSE ANNISTON, ALABAMA

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I. Executive Summary

The city of Anniston has requested JSU's Center for Economic Development and Business Research to perform an economic impact analysis on the construction and initial capital expenditures of the new Federal Courthouse to be built by the General Services Administration (GSA) in Anniston, AL. The Economic Impacts represented in this report are the estimated economic impacts on Calhoun County, Alabama only.

On December 6, 2018 the Public Buildings Service of the GSA provided the following data for the new Federal Courthouse. The courthouse will be 63,000 square feet and is to be in Block 148, Gurnee Avenue, Anniston, Alabama. Only high-level total expenses were provided under each spending category.

- Construction is to begin in August 2019 and be finished by approximately September in 2021.
- Construction expenditures are approximated at \$30.8 million.
- All other capital expenditures are approximated at \$11.7 million.
- Total project cost is approximated at \$42.5 million.

By the year 2021, this project offers encouraging opportunities to generate positive economic impact effects. Our analysis utilizes an input-output model that produces outputs through multiplier analysis of given inputs (listed above). Thus, economic impacts may be expressed beyond the initial direct impact from constructing the facility and hiring those workers for that task.

The factor that generates the greatest impact is that this project introduces new (federal) money into our local economy. True impact is incurred when new money is introduced into the economy vs. existing money within the economy being circulated within that same economy (money just being spent somewhere else).

The total economic impact to Calhoun County as a result of the construction and initial capital expenditures will be approximately \$45,750,323 with an impact of 427 employment positions during the construction phase and capital expenditure outfitting of the facility.

Following are the details of the estimated economic impacts on both Construction and Capital Expenditures.

II. Construction

~ Total Impact Summary – Construction ~

Impact Type	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	279	\$ 9,985,029	\$ 10,649,523	\$ 29,410,410
Indirect Effect	54	\$ 2,161,387	\$ 3,809,910	\$ 7,736,796
Induced Effect	59	\$ 2,020,013	\$ 3,886,869	\$ 7,121,359
Total Effect	392	\$ 14,166,430	\$ 18,346,302	\$ 43,332,589

~ Estimated State and Local Taxes – Construction ~

Description	Tax on Production and Imports	Households	Corporations
Dividends			\$ 3,433.14
Social Ins Tax- Employee Contribution			
Social Ins Tax- Employer Contribution			
TOPI: Sales Tax	\$ -		
TOPI: Property Tax	\$ 245,848.62		
TOPI: Motor Vehicle Lic	\$ 9,141.25		
TOPI: Severance Tax	\$ 5,181.06		
TOPI: Other Taxes	\$ 88,078.79		
TOPI: S/L Non-Taxes	\$ -		
Corporate Profits Tax			\$ 20,698.73
Personal Tax: Income Tax		\$ 208,448.89	
Personal Tax: Non-Taxes (Fines- Fees)		\$ 71,394.42	
Personal Tax: Motor Vehicle License		\$ 9,352.38	
Personal Tax: Property Taxes		\$ 2,474.27	
Personal Tax: Other Tax (Fish/Hunt)		\$ 6,928.83	
Total	\$ 348,249.73	\$ 298,599.00	\$ 24,132.00

A total of \$670,980 dollars in state and local tax. Sales tax was backed out of the total because it is a federally funded project and is not subject to sales tax.

~ Top Ten Industries Effectuated by Construction Impacts ~

Description	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Construction of other new nonresidential structures	279	\$ 9,985,029	\$ 11,585,499	\$ 29,410,410
Wholesale trade	9	\$ 563,971	\$ 1,130,622	\$ 1,885,514
Full-service restaurants	5	\$ 89,046	\$ 101,790	\$ 222,102
Limited-service restaurants	5	\$ 81,452	\$ 179,335	\$ 357,048
Truck transportation	4	\$ 218,859	\$ 265,873	\$ 637,137
Services to buildings	4	\$ 53,004	\$ 56,763	\$ 116,819
Employment services	4	\$ 109,580	\$ 149,762	\$ 222,241
Real estate	4	\$ 37,433	\$ 256,804	\$ 475,263
Retail - Miscellaneous store retail	4	\$ 52,907	\$ 72,523	\$ 124,808
Retail - Building material	3	\$ 103,207	\$ 181,659	\$ 287,151

III. Capital Expenditures

~ Total Impact Summary – Capital Expenditures ~

Impact Type	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	23	\$ 1,706,598	\$ 2,843,280	\$ 992,702
Indirect Effect	3	\$ 114,815	\$ 179,306	\$ 369,062
Induced Effect	9	\$ 299,671	\$ 575,736	\$ 1,055,970
Total Effect	35	\$ 2,121,083	\$ 3,598,322	\$ 2,417,734

~ Estimated State and Local Taxes – Capital Expenditures ~

Description	Tax on Production and Imports	Households	Corporations
Dividends			\$ 1,083
Social Ins Tax- Employee Contribution			
Social Ins Tax- Employer Contribution			
TOPI: Sales Tax	\$ -		
TOPI: Property Tax	\$ 151,828		
TOPI: Motor Vehicle Lic	\$ 5,645		
TOPI: Severance Tax	\$ 3,200		
TOPI: Other Taxes	\$ 54,394		
TOPI: S/L Non-Taxes	\$ -		
Corporate Profits Tax			\$ 6,531
Personal Tax: Income Tax		\$ 30,365	
Personal Tax: Non-Taxes (Fines-Fees)		\$ 10,400	
Personal Tax: Motor Vehicle License		\$ 1,362	
Personal Tax: Property Taxes		\$ 360	
Personal Tax: Other Tax (Fish/Hunt)		\$ 1,009	
Total	\$ 160,672.60	\$ 43,497.00	\$ 7,615.00

A total of \$211,785 dollars in state and local tax. Sales tax was backed out of the total because it is a federally funded project and is not subject to sales tax.

~ Top Ten Industries Effected by Capital Expenditure Impacts ~

Description	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Wholesale trade	28.7	\$ 1,733,498	\$ 3,475,236	\$ 1,660,665
Limited-service restaurants	0.7	\$ 12,236	\$ 26,941	\$ 53,638
Full-service restaurants	0.7	\$ 12,330	\$ 14,094	\$ 30,754
Real estate	0.5	\$ 5,717	\$ 39,221	\$ 72,586
Employment services	0.5	\$ 16,346	\$ 22,340	\$ 33,152
Offices of physicians	0.4	\$ 33,243	\$ 32,102	\$ 51,620
Services to buildings	0.4	\$ 5,571	\$ 5,966	\$ 12,279
Retail - General merchandise stores	0.4	\$ 9,690	\$ 17,654	\$ 26,099
All other food and drinking places	0.3	\$ 6,937	\$ 4,721	\$ 9,937
Retail - Food and beverage stores	0.3	\$ 7,107	\$ 11,611	\$ 17,619

IV. Economic Terminology Glossary

Direct Effect - The set of expenditures applied to the predictive model (i.e., I/O multipliers) for impact analysis. It is a series (or single) of production changes or expenditures made by producers/consumers as a result of an activity or policy. These initial changes are determined by an analyst to be a result of this activity or policy. Applying these initial changes to the multipliers in an IMPLAN model will then display how the region will respond, economically to these initial changes.

Indirect Effect - The impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money leaks from the local economy, either through imports or by payments to value added. The impacts are calculated by applying Direct Effects to the Type I Multipliers.

Induced Effect - The response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added. IMPLAN's default multiplier recognizes that labor income (employee compensation and proprietor income components of value added) is not a leakage to the regional economy. This money is recirculated through the household spending patterns causing further local economic activity.

Economic Impact Modeling - Economic Impact Modeling is a software, data or even a technique that allows an analyst to trace spending through an economy and measure the cumulative effects of that spending. The need for an EIA is normally triggered by an economic event, catastrophe, change in government policy, justification for funding, or as needed for planning (schools, streets, sewers, public utilities).

Labor Income - All forms of employment income, including Employee Compensation (wages and benefits) and Proprietor Income.

Output - Output represents the value of industry production. In IMPLAN these are annual production estimates for the year of the data set and are in producer prices. For manufacturers this would be sales plus/minus change in inventory. For service sectors production = sales. For Retail and wholesale trade, output = gross margin and not gross sales.

Value Added - The difference between an industry's or an establishment's total output and the cost of its intermediate inputs. It equals gross output (sales or receipts and other operating income, plus inventory change) minus intermediate inputs (consumption of goods and services purchased from other industries or imported). Value added consists of compensation of employees, taxes on production and imports less subsidies (formerly indirect business taxes and nontax payments), and gross operating surplus (formerly other value added). (BEA) Gross value added is the value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector; gross value added is the source from which the primary incomes of the SNA are generated and is therefore carried forward into the primary distribution of income account. (SNA)

Sources:

IMPLAN Group, LLC. IMPLAN [Data and/or Application]. Huntersville, NC. IMPLAN.com.

Marinaccio P.E., CCM, Joseph. "Re: City of Anniston – US Courthouse Economic Impact." Message to Toby Bennington. 6 December 2018. E-mail.