

The Economic Impacts of the Ports of Indiana

EXECUTIVE SUMMARY

Martin Associates was retained by the Ports of Indiana to measure the local, regional and state economic impacts generated by maritime and industrial activity at the Port of Indiana-Burns Harbor, Port of Indiana-Jeffersonville and Port of Indiana-Mount Vernon in the 2014 Calendar Year. Economic impacts generated at the cargo and industrial facilities include the impacts generated by steel products, cement, coal/coke, fertilizer, grain/soybean products, limestone, as well as other dry and liquid bulk cargoes. Companies included in the economic impact analysis operate facilities at Indiana's ports and have a significant connection with port businesses, facilities or harbor operations. This report is based on interviews conducted in 2014 of 106 firms with operations at the ports or providing services for cargo and vessels/barges handled at Ports of Indiana's terminals. These 106 firms represent 99 percent of the business operations in the Ports of Indiana's three port facilities, underscoring the defensibility of the study. While the balance of this report details the economic impact of the Ports of Indiana's facilities, key findings from the CY2014 analysis include:

- **59,932 direct, induced, indirect and related jobs;**
 - **40,504 jobs dependent upon marine terminals**
- **\$3.5 billion of total wages and salaries;**
- **\$7.8 billion of total economic activity; and**
- **\$328 million of total state and local taxes.**
 - **\$9.7 million of local property taxes**

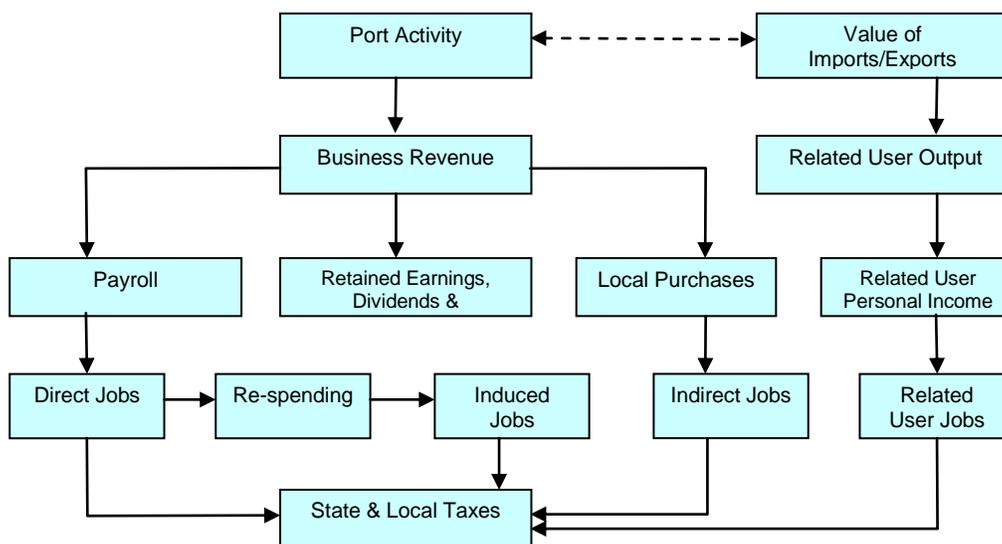
Economic Impacts of Ports of Indiana Cargo Activity				
	BURNS HARBOR	JEFFERSONVILLE	MOUNT VERNON	TOTAL
DEPENDENT JOBS	29,825	7,204	3,476	40,504
RELATED JOBS	<u>9,692</u>	<u>5,988</u>	<u>3,748</u>	<u>19,428</u>
TOTAL JOBS	39,516	13,192	7,224	59,932
DEPENDENT PERSONAL INCOME	\$2,144,532,384	\$452,308,989	\$225,002,365	\$2,821,843,737
RELATED PERSONAL INCOME	<u>\$344,975,523</u>	<u>\$163,498,359</u>	<u>\$122,739,227</u>	<u>\$631,213,109</u>
TOTAL INCOME	\$2,489,507,906	\$615,807,348	\$347,741,592	\$3,453,056,847
LOCAL PURCHASES	\$1,046,033,444	\$300,050,518	\$57,415,143	\$1,403,499,105
DEPENDENT STATE & LOCAL TAXES	\$203,730,576	\$42,969,354	\$21,375,225	\$268,075,155
RELATED STATE & LOCAL TAXES	<u>\$32,772,675</u>	<u>\$15,532,344</u>	<u>\$11,660,227</u>	<u>\$59,965,245</u>
TOTAL STATE & LOCAL TAXES	\$236,503,251	\$58,501,698	\$33,035,451	\$328,040,400
LOCAL PROPERTY TAXES	\$4,058,019	\$4,354,736	\$1,309,125	\$9,721,880
DEPENDENT VALUE OF ECONOMIC AC	\$3,410,393,576	\$592,967,918	\$257,831,729	\$4,261,193,223
RELATED VALUE OF ECONOMIC ACTIVI	<u>\$1,460,735,466</u>	<u>\$1,313,174,907</u>	<u>\$803,315,110</u>	<u>\$3,577,225,483</u>
TOTAL VALUE OF ECONOMIC ACTIVITY	\$4,871,129,043	\$1,906,142,825	\$1,061,146,839	\$7,838,418,707

Notes:

- *Totals may be rounded.*
- *Property Tax Source: Indiana Department of Local Government Finance. It must be noted that the property taxes presented are a subset of the State and Local Tax impact and adding the two together would result in double-counting. The numbers are presented separately to illustrate the property tax contributions made by port companies and tenants.*
- *The total impacts include related jobs which are not dependent upon marine terminals to the same extent as are the direct, induced and indirect jobs since it is the demand for the final products which creates the demand for the employment with these shippers/consignees, not the use of a particular port or maritime terminal, and therefore these firms can, and do use other ports.*

Waterborne cargo activity at a port contributes to the state economy by generating business revenue to local and national firms providing vessel and cargo handling services at the port terminals. These firms, in turn, provide employment and income to individuals, and pay taxes to state and local governments. Exhibit ES-2 shows how activity at port terminals generates impacts throughout the local, state and national economies. As this exhibit indicates, the impact of a port on a local, state or national economy cannot be reduced to a single number, but instead, the port activity creates several impacts. These are the revenue impact, employment impact, personal income impact, and tax impact. These impacts are non-additive. For example, the income impact is a part of the revenue impact, and adding these impacts together would result in double-counting.

Exhibit ES-2 Flow of Economic Impacts of Port Activity through the Economy



The following university professors provided input and peer reviews of the analysis. Letters of Endorsement can be found in Appendix G of the full study:

- Bruce Jaffee, Professor/Chairperson, Dept. of Economics & Public Policy, Indiana University
- Richard Jensen, Professor of Economics, Dept. of Economics, University of Notre Dame
- Amlan Mitra, Professor of Economics, Dept. of Finance and Economics, Purdue University Calumet; Member, Transportation Research Board, National Academy of Sciences

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