

The Economic Impacts of the Indiana Maritime Industry

EXECUTIVE SUMMARY

Martin Associates was retained by the Ports of Indiana to measure the local, regional and state economic impacts generated by maritime activity at Indiana’s public and private maritime terminals along the 400 miles of navigable waterways bordering the state on the Ohio River and Lake Michigan. Economic impacts generated at the cargo and industrial facilities include the impacts generated by steel products, steel input commodities such as iron ore and coal/coke, cement, fertilizer, grain/soybean products, limestone, as well as other dry and liquid bulk cargoes. In 2013, according to the U.S. Army Corps of Engineers Waterborne Commerce Statistics, about 64.9 million tons of foreign and domestic maritime cargoes were handled by Indiana terminals on Lake Michigan and the Ohio River. Approximately 34.6 million tons of cargo were handled by Indiana terminals on the Ohio River and 30.3 million tons were handled by the state’s Lake Michigan terminals. It should be noted that 2013 was the most current year of data available for all shipping modes at the time of this study. One-Hundred-Forty-Seven terminals, industrial tenants, and service providers on Lake Michigan and the Ohio River were interviewed. Tonnages were estimated based upon these interviews and U.S. Army Corps of Engineers statistics.

Indiana waterways are unique in the fact that three separate modes of waterborne commerce are currently used in the shipment and receipt of raw materials and finished product. These include: international ships moving cargo through the St. Lawrence Seaway (“salties”), lake ships moving international and domestic shipments throughout the Great Lakes (“lakers”), and barges of international and domestic cargoes moving along the Inland Waterways System. It is this unique convergence of water transportation modes that provides steel mills and other industries with the ability to use cost-effective methods for receiving raw materials such as iron ore, coal and limestone and for shipping finished products to domestic and international markets. Without water transportation, production costs would undoubtedly increase and therefore potentially hinder future operations and negatively impact the state’s levels of manufacturing.

While the balance of this report details the economic impact of Indiana waterway’s waterborne shipping activity, key findings from the CY2013 analysis include the following:

Annual Economic Impact of Waterborne Shipping on Indiana’s Waterways:

- 155,169 direct, induced, indirect and related jobs;
 - 115,613 jobs dependent upon marine terminals
- \$9.9 billion of total income and re-spending;
- \$21.5 billion of total economic activity to the state; and
- \$936.9 million of total state and local tax revenue.

Exhibit ES-1 Economic Impacts of Waterborne Shipping Activity on Indiana’s Waterways

Based on economic data from CY2013

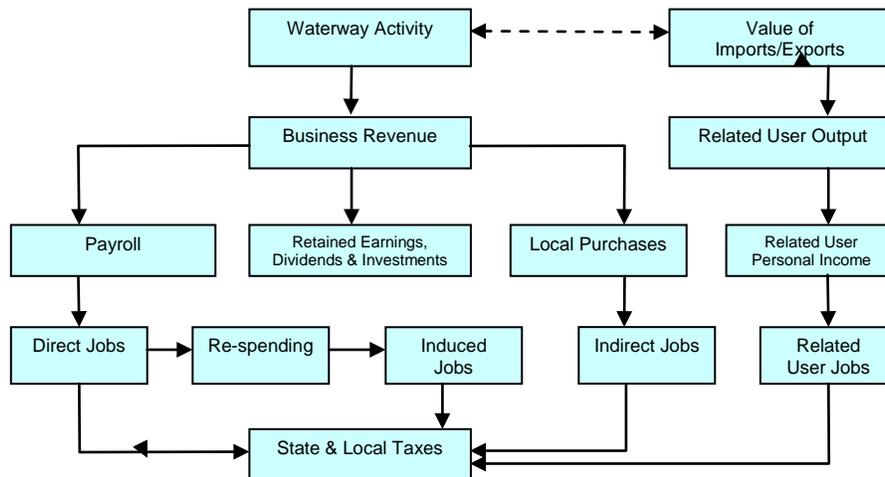
	LAKE MICHIGAN	OHIO RIVER	TOTAL INDIANA
DEPENDENT JOBS	84,112	31,501	115,613
RELATED JOBS	27,634	11,922	39,557
TOTAL JOBS	111,746	43,423	155,169
DEPENDENT PERSONAL INCOME	\$6,443,928,082	\$2,043,103,649	\$8,487,031,730
RELATED PERSONAL INCOME	<u>\$1,028,237,591</u>	<u>\$346,999,353</u>	<u>\$1,375,236,944</u>
TOTAL INCOME/RE-SPENDING	\$7,472,165,673	\$2,390,103,002	\$9,862,268,674
LOCAL PURCHASES	\$2,802,772,293	\$1,047,406,579	\$3,850,178,872
DEPENDENT STATE & LOCAL TAXES	\$612,173,168	\$194,094,847	\$806,268,014
RELATED STATE & LOCAL TAXES	<u>\$97,682,571</u>	<u>\$32,964,939</u>	<u>\$130,647,510</u>
TOTAL STATE & LOCAL TAXES	\$709,855,739	\$227,059,785	\$936,915,524
DEPENDENT VALUE OF ECONOMIC ACT	\$11,769,336,407	\$2,907,270,917	\$14,676,607,325
RELATED VALUE OF ECONOMIC ACTIVITY	<u>\$4,021,814,057</u>	<u>\$2,798,599,038</u>	<u>\$6,820,413,096</u>
TOTAL VALUE OF ECONOMIC ACTIVITY	\$15,791,150,465	\$5,705,869,955	\$21,497,020,420

Notes:

- Totals may be rounded.
- Total impacts include related jobs which are not dependent upon the port 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 related 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 maritime 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 maritime terminals generates impacts throughout the local, state and national economies. As this exhibit indicates, the impact of waterborne shipping on a local, state or national economy cannot be reduced to a single number, but instead, 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.

ES-2 Flow of Economic Impacts of Waterway Activity through the Economy



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