

The Economic Impact of Bowman Field on the Louisville Economy, 2005

INTRODUCTION

Some two dozen firms and government agencies currently conduct business at Bowman Field with nearly 250 employees. Over 105,000 aircraft land and take off from Bowman annually. And, over 325 aircraft are based at Bowman Field. The activity combined generates a direct impact on the local economy. But, the total economic impact of Bowman Field does not stop at the runway's end or the T-hangar doors. Business activity at Bowman generates additional jobs, payroll, business expenditures, and state and local taxes to the local community as demonstrated in the chart below. Future growth at Bowman Field may generate an even greater economic impact, resulting in increasing benefits to the community.

MEASURING ECONOMIC ACTIVITY

Measuring the economic impact of Bowman Field may appear to be simple—adding employment, payroll, expenditures, and taxes generated by airport businesses to capital investments and construction for facility and airfield improvements. However, measuring economic impact actually is an exercise in multiplication. Why? Because, one person's spending is another person's income. This leads to the measurement of three types of economic impacts: *direct*, *indirect* and *induced*. The sum of these produces the total economic impact of Bowman Field.

Direct

Direct economic activity includes the jobs, payroll, expenditures, and taxes generated by the business and government entities located at the airport. This includes all air transportation and operations and associated training, maintenance, and support services at the airport.

Indirect

Indirect economic activity includes materials and services supplied to airport businesses by industries that are *not* located at the airport, such as suppliers of fuel and food.

Induced

Induced economic activity represents additional household expenditures for food, clothing, housing, and all other purchased goods and services by people employed in the air transportation industry, and those employed by airport suppliers, as well as further rounds of spending that they, in turn, generate.

Total

The *total economic impacts* of Bowman Field are much like the ripple effect from a stone tossed into a still pond. The ripples spread, encompassing a much larger area. The total impact is, therefore, a multiple of the original direct impact. And, the economic impacts in the chart below are of a recurring nature, with some increasing commensurate with the cost of living index.

RECURRING ECONOMIC IMPACT OF BOWMAN FIELD ACTIVITY, 2005

	Jobs	Payroll (\$ millions)	Business Expenditures (\$ millions)	State and Local Taxes (\$ millions)
Impact				
Direct	245	\$7.53	\$25.0	\$1.0
Indirect	50	\$1.63	\$4.0	\$.2
Induced	80	\$2.25	\$6.0	\$.3
Total Impact	375	\$11.4	\$35.0	\$1.5

BUILDING FOR THE FUTURE

In addition to the recurring economic impact Bowman Field has upon the economy, there are additional one-time economic impacts related to capital and construction projects. For example, in 2005, over \$6.1 million was invested in enhancements at Bowman Field. This capital investment, like all other direct business activity, created additional jobs, payroll, business expenditures, and local and state taxes beyond that reflected in the chart above.

ONE-TIME ECONOMIC IMPACT OF BOWMAN FIELD CAPITAL PROJECTS, 2005

	Jobs	Payroll (\$ thousands)	Business Expenditures (\$ thousands)	State and Local Taxes (\$ thousands)
Impact				
Direct	53	\$2.14	\$6.60	\$0.18
Indirect	26	\$0.93	\$2.32	\$0.08
Induced	25	\$0.76	\$2.02	\$0.06
Total	104	\$3.83	\$10.94	\$0.32

Taxes

Along with jobs and payroll, business activity at Louisville's Bowman Field contributes to state and local tax revenues, generating \$1.5 million annually from direct, indirect, and induced activities.

	2005 Local Tax	2005 State Tax	2005 Total Tax
Bowman Field	\$503,634	\$1,022,134	\$1,525,767

THE BOTTOM LINE

Louisville's airports together comprise the largest employment center in the region. As such, they are the economic engines powering the region's economy. Without Bowman Field to serve as a general aviation reliever airport, Louisville International Airport may be less efficient, possibly experiencing significant flight delays. Therefore, Bowman Field is an essential partner in meeting the region's aviation transportation needs. And, as such, is also an important contributor to the region's economic vitality and quality of life.

Sources and Methods

Information for this report was provided by the University of Louisville's College of Urban and Economic Research for the Louisville Regional Airport Authority. It summarizes the economic impact of Bowman Field on the Louisville metropolitan economy. (Numbers may not total due to rounding.)