

Louisville's Airports: Powering the Regional and Statewide Economy (2005)

Louisville's Airports Power the Economy

Louisville International Airport and Bowman Field comprise the largest employment center among private operations in the area. As such, they are primary economic engines powering the region's and state's economy. The airports also fuel the economy by: (1) providing a strategic transportation link that is international in scope; (2) accessing world markets overnight; (3) connecting passengers to world destinations quickly; and (4) helping retain and attract businesses, conventions and tourists.

Many benefit from the airports robust economic activity, whether they work at the airport or not. How? Growth at the airports translates into additional jobs, payroll, business expenditures, and construction projects, as well as generates additional local and state tax revenues.

Therefore, local, state and federal investment in Louisville's airports pays immediate dividends by generating additional tax revenues for projects locally and statewide. Support for projects such as the Airport's Voluntary Residential Relocation Program, the Renaissance Zone, Beyond 2010 (the Crittenden Drive Relocation) and UPS expansions, to name a few, is vital to growing the regional and state economy.

Together, Louisville's airports generate a total of 43,589 jobs in the community; nearly \$1.8 billion in total payroll; over \$4.5 billion total in economic activity; and over \$246 million annually in recurring state and local tax revenues. Louisville's airports enhance the quality of life for the region and the Commonwealth.

In addition, Louisville International Airport handles over: 3.8 million passengers; 178,000 landings and take offs; and 4.2 billion pounds of cargo annually, making it the 4th largest cargo airport in the U.S. and 11th in the world.* The volume of goods shipped through Louisville International Airport more than tripled from 1986 to 2005.

Bowman Field, an essential reliever airport for Louisville International, handles over 105,000 landings and take offs annually.

* *Airports Council International 2005 Cargo Report rankings*

What the numbers really mean

Because the economic impact of the airports reaches far beyond the facilities themselves, a true picture of their total value becomes clearer when *direct*, *indirect*, and *induced* economic activities are combined.

Direct

Direct economic activity includes the jobs, payroll, expenditures, and taxes generated by the business and government entities located at the airports. This includes, but is not limited to, all air and ground transportation operations and associated maintenance, shipping, and support services having a presence at the airports.

Indirect

Indirect economic activity includes material and services supplied to businesses on the airport by industries that are not located on the airport premises, such as fuel and food suppliers. This total also includes activity increases in businesses, hotels, restaurants, entertainment, travel agencies, local transportation, and the like.

Induced

Induced impact represents additional household expenditures for food, clothing, shelter, and other 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.

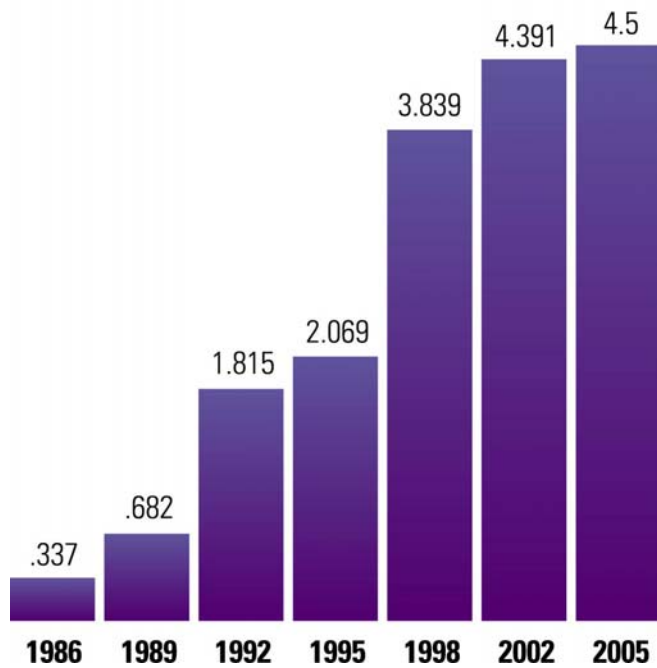
Added together, these numbers are indeed impressive (see following charts). *Even more impressive is that the airports reached and exceeded growth projected in 1988 over 12 years ahead of schedule, and continue to exceed projected growth in the 21st century.*

Recurring Economic Impact of Airport Activity, 2005

Impact	Jobs	Payroll (\$ millions)	Business Expenditures (\$ billions)	State and Local Taxes (\$ millions)
Direct	25,970	\$1,240.8	\$3,170.5	\$172.9
Indirect	5,221	\$179.4	\$398.4	\$25.0
Induced	12,398	\$346.9	\$933.6	\$48.3
Total	43,589	\$1,767.1	\$4,502.6	\$246.2

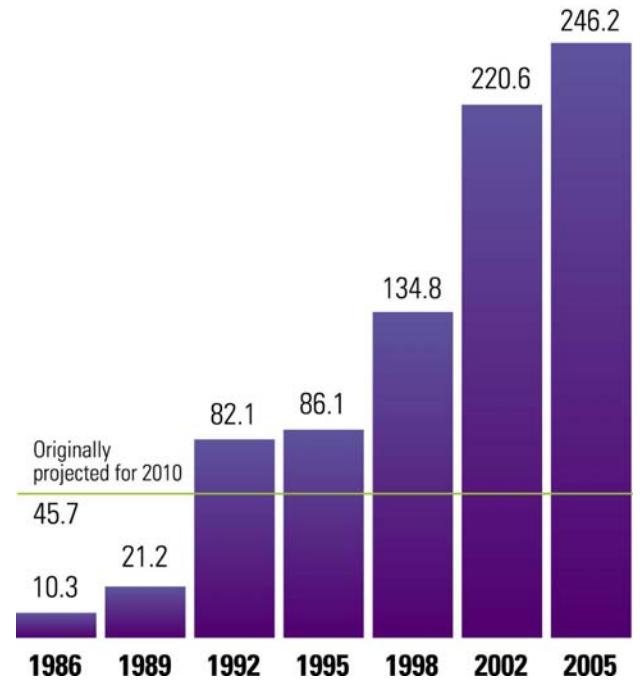
TOTAL ANNUAL BUSINESS EXPENDITURES

(in billions of dollars, rounded to the nearest million)

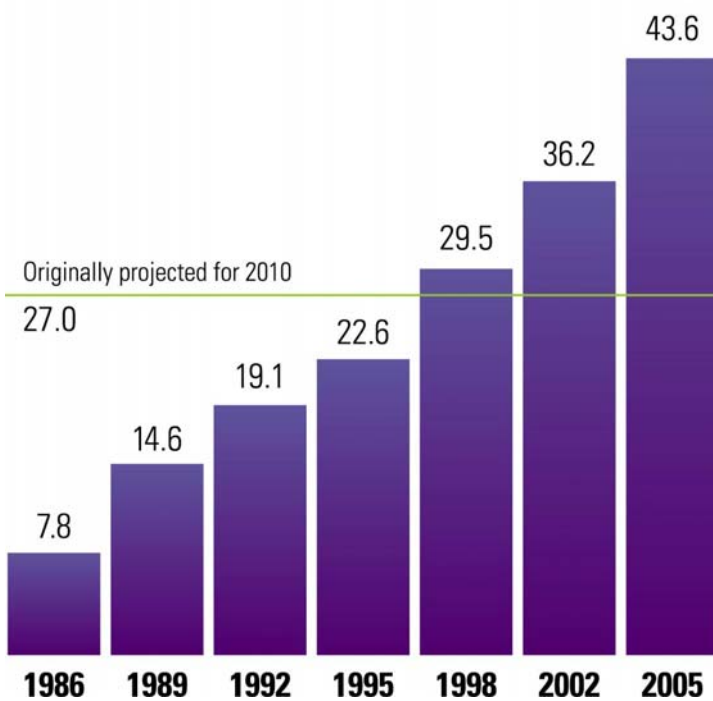


TOTAL ANNUAL STATE & LOCAL TAXES

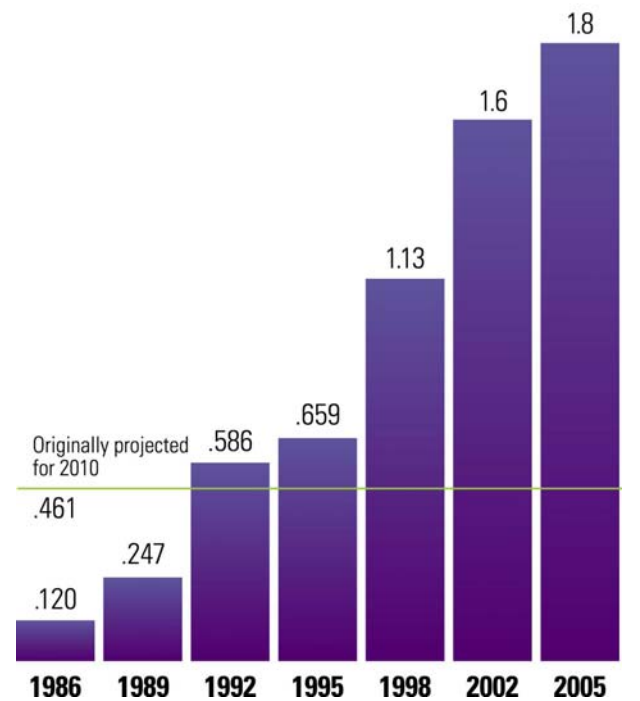
(in millions of dollars)



TOTAL ANNUAL JOBS (in thousands)



TOTAL ANNUAL PAYROLL (in billions of dollars)



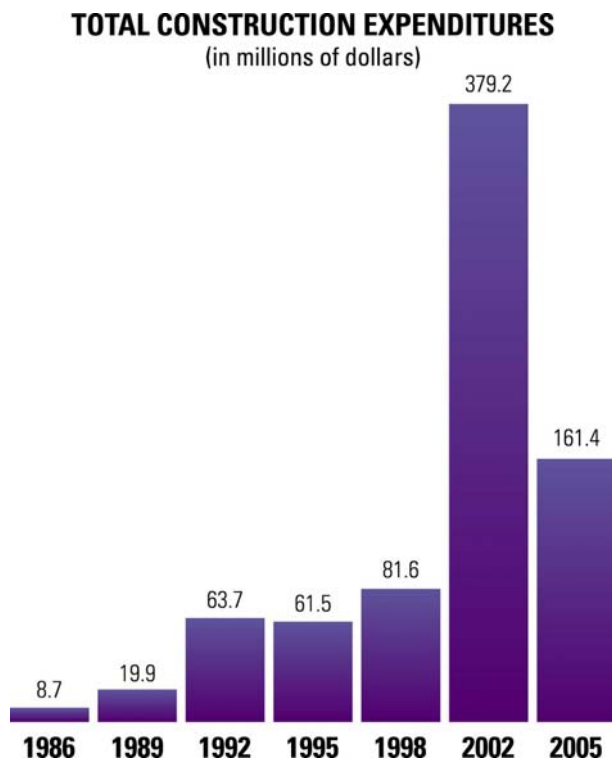
Building for the Future

The current, announced and planned construction at our airports generates significant additional economic impacts of a one-time nature. (See construction chart.) For example, in 2005, a “routine” construction year at our airports, Louisville International Airport invested more than \$156.9 million in new physical capital projects and Bowman Field an additional \$4.5 million for a total of almost \$161.4 million. This compares to \$8.7 million in 1986, the earliest “routine” construction year in which economic impacts were surveyed. The beginning of the Louisville Airport Improvement Program (LAIP) is reflected in the 1989 data, with 1992, 1995 and 1998 reflecting the LAIP in full production. UPS’s Worldport expansion is reflected in the 2002 data and we fully anticipate the Worldport II expansion will generate similar or even more significant construction-related economic impacts in 2007 and 2008. Certainly, airport construction is a significant economic generator, even if only as a one-time benefit.

This capital investment, like all other direct business activity, creates still additional jobs, payroll, business expenditures, and generates additional state and local taxes in the region beyond the recurring benefits of year-round jobs.

One-Time Economic Impacts of Airport Construction, 2005

Impact	Jobs	Payroll (\$ millions)	Business Expenditures (\$ millions)	State and Local Taxes (\$ millions)
Direct	1,363	\$54.3	\$167.0	\$4.63
Indirect	670	\$23.6	\$58.6	\$2.01
Induced	637	\$19.1	\$51.2	\$1.63
Total	2,660	\$96.9	\$276.8	\$8.3



Louisville's Airports as State & Local Tax Generators

Louisville's airports generate both state and local taxes as a result of payroll and business expenditures. These taxes are, in turn, reinvested by state and local governments, into additional services and capital projects. The airport impacts are recurring taxes -- generated each year from airport jobs, salaries and business expenditures. The construction impacts are one-time tax generators related to the specific construction projects in a given year.

2005 Airport Impacts – Recurring Taxes Generated

	Total	State Taxes	Local Taxes
Direct	\$172,890,767	\$117,463,692	\$55,427,075
Indirect	\$25,003,823	\$16,987,844	\$8,015,979
Induced	\$48,338,076	\$32,841,365	\$15,496,710
Total	\$246,232,668*	\$167,292,902	\$78,939,765

*Compared to only \$10.3 million in 1986.

2005 Construction Impacts – One Time Taxes Generated

	Total	State Taxes	Local Taxes
Direct	\$4,630,000	\$3,150,000	\$1,490,000
Indirect	\$2,010,000	\$1,370,000	\$650,000
Induced	\$1,630,000	\$1,110,000	\$520,000
Total	\$8,280,000	\$5,630,000	\$2,650,000

All results are drawn from data provided by the Louisville Regional Airport Authority and its airport business partners to the University of Louisville Urban Studies Institute. The report summarizes the economic impact of Louisville International Airport and Bowman Field on the Louisville metropolitan area economy. (Numbers may not total due to rounding.)

This report is available in a printer-friendly format at www.flylouisville.com or by calling Airport Public Relation's at (502) 363-8545.