

Alabama Shakes Event Economic and Fiscal Impact Analysis August 2016

Prepared for:

The Town of Taos

400 Camino de la Placita

Taos, N.M. 87571

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Executive Summary

On August 6th, 2016, the Alabama Shakes put on a musical performance at the Kit Carson Park in Taos, New Mexico. 7,573 visitors attended the event¹. Attendees reported spending \$176,161 dollars during the event, generating \$14,423 in Gross Receipt Tax (GRT).

Not including direct spending at the event, out-of-town visitors spent an estimated \$1,096,457 on lodging, food, outdoor recreation, entertainment, and shopping – generating \$79,478 in GRT. We estimate that Taos residents spent \$46,617 on outside activities resulting from the event, generating an estimated \$2,922 in GRT. Together, out-of-town and resident attendees spent an estimated total of \$1,143,074 and generated approximately \$82,400 in GRT.

The Town of Taos spent \$41,345 on marketing and production for the event. Amp Concerts spent an estimated \$46,000 in the Town of Taos. This generated an additional \$6,814 in GRT.

We estimate that the **direct economic impact** of the event on the local economy, including spending by event attendees outside of the event, and marketing and production, comes to an estimated total of \$1,319,235 and generated \$130,908 in direct tax benefits.

Utilizing an Indirect and Induced multiplier of 1.4², attendees generated a total of \$1,846,929 in direct, indirect and induced spending and generated \$183,271 in **direct, indirect and induced tax benefits**.

Economic Impact to the Region:

Out-of-town Visitor Spending at the Event:	\$155,316
Resident Spending at the Event:	\$20,845
Out-of-town Visitor Spending Outside the Event:	\$1,096,457
Resident Spending Outside the Event:	\$46,617
Marketing & Production Impact:	\$87,345
Total Direct Impact:	\$1,319,235
Induced and Indirect Impact:	\$527,694
Total Direct, Indirect and Induced Impact:	\$1,846,929

Total Tax Revenues Due to Event Spending:

GRT Revenues Generated from Event Spending:	\$14,423
GRT from out-of-town visitor spending outside the Event:	\$79,478
GRT from resident spending outside the Event:	\$2,922
GRT Revenue generated from marketing and producing the event:	\$6,814
Lodger's Tax Revenues	\$27,271
Total Tax Revenues:	\$130,908
Induced and Indirect Impact:	\$52,363
Total Economic Impact (induced and indirect):	\$183,271

Tax Revenues Generated for the Town of Taos:

GRT Revenues generated from event spending:	\$2,753
GRT Revenue generated from spending outside the event:	\$15,754
GRT Revenue generated from marketing and producing the event:	\$1,336
Town of Taos Lodger's Tax Revenues	\$27,271
Total Tax Revenues:	\$47,114
Induced and Indirect Impact:	\$18,846
Total Economic Impact (induced and indirect):	\$65,950

¹ Provided by Amp Promotions based on ticket sales

² Source: Tourism Economics-Tourism Economics utilizes a standard input-output model to generate the percentage of indirect/induced impact as a result of tourism; each directly affected sector also purchases goods and services as inputs into production (indirect impacts). Induced impact is generated when employees whose incomes are generated either directly or indirectly by tourism, spend those incomes in the local economy.

Methodology

Two days after the Alabama Shakes Concert, Southwest Planning & Marketing (SWPM) sent out an email survey an attendee email list that was provided by "Hold My Tickets-Amp Concerts." The survey was designed by SWPM and approved by the Town of Taos. The survey included questions about attendee party spending both at and outside of the event, as well as attendee average party size.

SWPM received attendance numbers from Amp Concerts. Officials from the Town of Taos provided marketing and production spending. SWPM used the average spending and party size, combined with total event attendance, to determine categorical total event spending. SWPM then determined tax on each of the spending categories analyzed. An indirect/induced multiplier of 1.4 was added to the direct impacts.

The survey had fifty-percent (49.7%) response rate, with a total sample size of 1039 completed surveys. The overall data for the entire sample is accurate to plus or minus 2.82% at the 95% confidence level. That means that 95% of the time the data for the entire visitor population would not vary by more than 2.82% from the result obtained from the sample in this survey.

Attendee Spending at the Event

Visitors to the event were asked to estimate their entire party's spending at the event itself in three categories: food and meals, concert merchandise, and other spending. The average party spending for each category was multiplied by the total number of parties to determine total spending in each area. Reported spending was \$137,998 for food and meals, \$22,234 for concert merchandise, and \$15,929 for other spending. Reported spending for all categories was \$176,161.

NOTE: Ticket revenue was not included as part of event expense as it was not taxed in the Town of Taos. There were a reported 7,319 paid attendees. Assuming a walkup of 319 attendees (\$65 a ticket) and 7,000 paid in advance (\$60 a ticket), total ticket revenue is estimated at \$444,635.

2016 Alabama Shakes Direct Attendee Spending							
Statistics	Party Size	Unique Attendee Numbers	Number of parties	Food and meals	Concert Merchandise	Other	Total
Mean (2016 overall)	3.4	7573	2228	\$62	\$8	\$7	\$77
Mean (in-town attendees)	3.38	1280	379	\$47	\$5	\$3	\$55
Mean (out-of-town attendees)	3.4	6293	1849	\$65	\$11	\$8	\$84
Total Spending (in-town attendees)				\$17,813	\$1,895	\$1,137	\$20,845
Total Spending (out-of-town attendees)				\$120,185	\$20,339	\$14,792	\$155,316
Total Spending				\$137,998	\$22,234	\$15,929	\$176,161

GRT Tax Revenue Generated at the Event

The total combined GRT tax rate for the Town of Taos is 8.1875% (1.5625% for the Town, 1.5% for the County, and 5.125% for the State). Total event spending for the Alabama Shakes show was \$176,161, generating **\$14,423** in GRT. Of that, \$2,753 went to the Town of Taos, \$2,642 went to Taos County, and \$9,028 went to the State of New Mexico.

Estimated GRT Revenue from Event Sales				
	Town	County	State	Total Taxes
Tax Rate	1.56%	1.50%	5.125%	8.1875%
Food and Meals	\$2,156	\$2,070	\$7,072	\$11,299
Concert Merchandise	\$347	\$334	\$1,139	\$1,820
Other	\$249	\$239	\$816	\$1,304
Total Estimated GRT	\$2,753	\$2,642	\$9,028	\$14,423

Attendee Spending Outside the Event

Visitors to the event were asked to estimate their entire party's spending at the event itself in six categories: lodging, food and meals, transportation, outdoor activities, attractions/entertainment, and shopping/miscellaneous. Total spending was \$397,535 for lodging, \$316,685 for food and meals, \$134,828 for transportation, \$31,100 for outdoor recreation, \$40,724 for attractions/entertainment, and \$222,202 for shopping/miscellaneous. Total spending for all categories was \$1,143,074.

Visitor Spending Outside The Event By Party (in-town vs. out-of-town) at the event								
Statistics	Party Size	Lodging	Food and Meals	Transportation	Outdoor Recreation	Attractions/Entertainment	Shopping/Miscellaneous	Total
Mean (2016 overall)	228		\$143	\$61	\$14	\$18	\$100	\$336
Mean (in-town visitors)	379		\$55	\$24	\$4	\$5	\$35	\$123
Mean (out-of-town visitors)	1849	\$215	\$160	\$68	\$16	\$21	\$113	\$594
Total Spending (in-town visitors)			\$20,845	\$9,096	\$1,516	\$1,895	\$13,265	\$46,617
Total Spending out-of-town visitors)		\$397,535	\$295,840	\$125,732	\$29,584	\$38,829	\$208,937	\$1,096,457
Total Spending		\$397,535	\$316,685	\$134,828	\$31,100	\$40,724	\$222,202	\$1,143,074

Tax Benefits from Outside Spending by Event Attendees

Taxation for spending on activities outside the event by out-of-town attendees was calculated in five economic segments: lodging, food, outdoor recreation, entertainment, and shopping. Spending in all five areas was estimated at \$1,096,457 for out-of-town. In addition, Taos residents who attended the Alabama Shakes show spent an estimated \$46,617 in food, entertainment, shopping, outdoor recreation, and transportation as a result of the event taking place, for a total of \$1,143,074 in total visitor spending outside the event.

Total GRT from out-of-town attendees was estimated at \$15,168 for the Town, \$14,561 for the County, and \$49,750 for the state. In addition, we estimate that resident attendees spent a total of \$46,617 on outside activities as a result of the event, generating a total of \$2,922 in GRT. Spending by out-of-town and resident attendees together generated an estimated total of \$82,400 in GRT.

Estimated GRT Due To Outside Spending By Out-of-town Attendees				
Tax Rate	1.56%	1.5%	5.125%	8.1875%
	Town	County	State	Total Taxes
Lodging (GRT)	\$6,211	\$5,963	\$20,374	\$32,548
Food	\$4,623	\$4,438	\$15,162	\$24,222
Outdoor Recreation	\$462	\$444	\$1,516	\$2,422
Entertainment	\$607	\$582	\$1,990	\$3,179
Shopping	\$3,265	\$3,134	\$10,708	\$17,107
Total Estimated GRT	\$15,168	\$14,561	\$49,750	\$79,478
Estimated GRT Due To Outside Spending By Resident Attendees				
	Town	County	State	Total Taxes
Lodging (GRT)	N/A	N/A	N/A	N/A
Food	\$326	\$313	\$1,068	\$1,707
Outdoor Recreation	\$24	\$23	\$78	\$124
Entertainment	\$30	\$28	\$97	\$155
Shopping	\$207	\$728	\$0	\$936
Total Estimated GRT	\$586	\$1,092	\$1,243	\$2,922
NET TOTAL GRT				
(Out-of-town and resident attendees)	\$15,754	\$15,653	\$50,993	\$82,400

Tax Benefits from Spending on Lodging by Visitors

Visitors to the Taos area are assessed a gross receipt's tax (GRT) as well as a lodger's tax. A percentage of the GRT goes to the state and a percentage to the town and/or county. Taxes paid by event visitors for lodging expenses is estimated below.

Out-of-town visitors to the event spent an average of \$215 on lodging during their stay. Based on this number, we estimate that total spending on lodging by out-of-town visitors was \$389,584. Combined estimated GRT on lodging and lodger's tax paid by out-of-towers was \$33,358 to the Town of Taos.

GRT (Lodging) and Lodger's Tax Paid to the Town			
Total Attendance = 1,849 out-of-town visitor parties	Estimated Gross Receipts Tax Paid to Town for Lodging	Estimated Lodger's Tax for Town	Total Estimated Tax Benefit to Town from Lodging
98% stayed in the Town (2% Taos County)	$1,849 \text{ parties} \times \$ \text{ average spent} = \$397,535$ $\times 98\% = \$389,584$ Net Estimated Town GRT generated: (1.5625%) = \$6,087	$1,849 \text{ parties} \times \$ \text{ average spent} = \$397,535$ $\times 98\% = \$389,584$ Total Estimated Town Revenue in Lodger's Tax (7%) = \$27,271	GRT (lodging) + Lodger's Tax = \$33,358 TOTAL

Marketing & Production Impact of the Event

The Town of Taos spent money in two categories in order to make the event happen: marketing and production. Marketing included advertising, photography, social media, and this event report. Production included a variety of categories such as security and rentals. The spending by the Town of Taos was \$8,000 for marketing and \$33,345 for production. Total spending on marketing and production was **\$41,345**.

Amp Concerts estimated that they spent \$56,000 in producing and promoting the Alabama Shakes concert. The promoters are estimating that they will be reimbursed \$10,000 by the Town of Taos. This is an additional net contribution to the Town of Taos of **\$46,000**.

Assuming that GRT is paid by both the Town and Amp Concerts for services and goods purchased in Taos, an additional \$1,346 is generated in GRT for the Town and a total of \$6,814 is generated in total GRT.

GRT Paid on Marketing and Production Costs					
Statistics	Direct Spending	Town	County	State	Total Taxes
Tax Rate		1.56%	1.50%	5.125%	8.1875%
Amp Concerts Spending	\$ 46,000	\$ 690	\$ 2,358	\$ 3,766	\$ 6,814
Town of Taos Marketing/Production Contribution	\$ 41,345	N/A	N/A	N/A	\$ -
TOTAL	\$ 87,345	\$ 690	\$ 2,358	\$ 3,766	\$ 6,814

Estimated Total Tax Revenues

Adding GRT revenues and lodger's tax revenues results in a total estimated tax impact of **\$130,908**. The Town of Taos received \$47,114 in tax benefits as a result of the concert.

Indirect and Induced Impact as a result of visitation to the local economy.

(Source: Tourism Economics- An Oxford Economics Company. The Economic Impact of Tourism in New Mexico, August 2015)

Travelers create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.

Indirect Impact - Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.

Induced Impact - Induced impact is generated when employees whose incomes are generated either directly or indirectly by tourism, spend those incomes in the local economy.

Tourism Economics utilizes a standard input-output model (Implan) to generate the percentage of indirect and induced impact as a result of tourism in New Mexico. Tourism economics estimates that for every dollar spent as a result of a visit or an event an additional forty cents is generated in local spending.

Direct	Indirect	Induced	Total
1	0.2	0.2	1.4

Generally, local residents impact is lower than visitors (1.3 versus 1,4). The attendees (locals and out-of-towners) all participated in similar spending behavior as a result of the concert. A multiplier of 1.4 was applied uniformly to both groups.

The following highlights the total impacts including direct, indirect and induced impact:

Economic Impact to the Region:

Total Direct Impact:	\$1,319,235
Induced and Indirect Impact:	\$527,694
Total Direct, Indirect and Induced Impact:	\$1,846,929

Total Tax Revenues Due to Event Spending:

Total Tax Revenues:	\$130,908
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Tax Revenues Generated for the Town of Taos:

Total Tax Revenues:	\$47,114
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