Report on the Economic Impacts

Of The Minnesota State Agricultural Society

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Submitted by:

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MINNESOTA STATE AGRICULTURAL SOCIETY
ECONOMIC IMPACT ANALYSIS

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SECTION I – EXECUTIVE SUMMARY

Markin consulting was engaged by the Minnesota State Agricultural Society (the MSAS) to identify, analyze and quantify economic benefits to the Twin Cities metropolitan area from the operation of the Minnesota State Fair and Fairgrounds. The MSAS, responsible for the operation and maintenance of the Fairgrounds, both operates the annual 12-day Minnesota State Fair (the Fair) and rents the Fairground's facilities for commercial, consumer, agricultural and equestrian events and activities on a year-round basis.

This section presents a summary of the estimated economic impacts of the MSAS as detailed in the remainder of this report.

EXPENDITURES IMPACTS

The operations of the MSAS including the annual Fair and non-Fair events and activities generate specific expenditure impacts, further explained in Section II. The estimated annual expenditure impacts are shown in Table 1.

Table 1

Minnesota State Agricultural Society
Summary of Estimated Annual Expenditure Impacts

Souce of Impact	Intitial Impacts	Induced Impacts	Total Impacts
Minnesota State Agricultural Society Operations	$28,000,000	$45,000,000	$73,000,000
Annual Fair Impacts			
Local concessionaire and ride/game operators	$15,200,000	$16,800,000	$32,000,000
Non-local concessionaires, ride and game operators and commercial exhibitors	4,100,000	3,700,000	7,800,000
Non-local competitive livestock exhibitors	2,100,000	2,300,000	4,400,000
	$21,400,000	$22,800,000	$44,200,000
Annual Non-Fair Impacts			
Event promoters	$400,000	$300,000	$700,000
Non-local participants and exhibitors	15,000,000	16,300,000	31,300,000
Local concessionaire	1,100,000	1,300,000	2,400,000
	$16,500,000	$17,900,000	$34,400,000
All Activities	$65,900,000	$85,700,000	$151,600,000

Due to the variability of events and activities in any given year and the margin of error of survey responses, the annual impacts are estimated to range between $147 million and $157 million.

EARNINGS IMPACTS

Included in the expenditure impacts shown in Table 1 are salaries and wages paid to MSAS employees, as well as to employees of local-area concessionaires and ride/game operators, hotels, restaurants and shops. These salaries and wages, referred to as earnings impacts, are presented in the table below.

Table 2

Minnesota State Agricultural Society Summary of Estimated Annual Earnings Impacts	
Source of Impact	Earnings Impacts
Operations	$19,140,000
Annual Fair Activities	14,070,000
Annual Non-Fair Activities	10,680,000
All Activities	$43,890,000

Of the $152 million of expenditure impacts shown in Table 1, almost $44 million of that amount represents earnings paid to employees both directly and subsequently involved in supporting the activities of the MSAS and its users through local businesses and their employees.

EMPLOYMENT IMPACTS

The employment impacts represent the number of jobs supported by the amount of salaries and wages paid, presented as earnings impacts in Table 2. The table below presents the estimated number of jobs, direct and induced, related to those activities.

Table 3

Minnesota State Agricultural Society Summary of Estimated Annual Employment Impacts			
Souce of Impact	Direct Jobs	Induced Jobs	Total Jobs
Operations	2,460	450	2,910
Annual Fair Activities	1,210	770	1,980
Annual Non-Fair Activities	80	580	660
All Activities	3,750	1,800	5,550

The 2,460 jobs shown as “Direct Jobs” for Operations represent the estimated number of employees (not all full-time equivalents) of the MSAS operations, including about 78 full-time, around 262 seasonal and about 2,120 Fair-time. The remaining direct jobs represent local employees who work for concessionaires, ride and game operators and event promoters during the Fair and year-round events.

The number of jobs shown as “Induced Jobs” represent the jobs that are supported by the re-spending of dollars in the local area, as well as staffing of hotels, restaurants and shops to support the non-local patrons and participants of events held at the Fairgrounds.

FISCAL IMPACTS

The operation of the Fair and Fairgrounds, as well as events held at the Fairgrounds, create certain fiscal impacts in the form of sales, lodging and fuel taxes. State sales taxes are generated by activities of the MSAS during the Fair and non-Fair events from admission sales, grandstand ticket sales, parking revenue and carnival sales, as well as concession sales. In addition, the off-grounds expenditures made by non-local patrons and participants of events held at the Fairgrounds generate sales, local option, fuel and lodging tax revenue for state and local governmental jurisdictions. Table 4 below presents the estimated annual taxes generated by the MSAS operations and events held at the Fairgrounds.

Table 4

Minnesota State Agricultural Society
Summary of Estimated Annual Tax Impacts

Souce of Impact	Tax Amount
State Sales Tax	$4,191,000
Local Option Tax	82,000
Fuel Tax	73,000
Lodging Tax	202,000
Total	$4,548,000

SECTION II – INTRODUCTION, APPROACH AND METHODOLOGY

INTRODUCTION

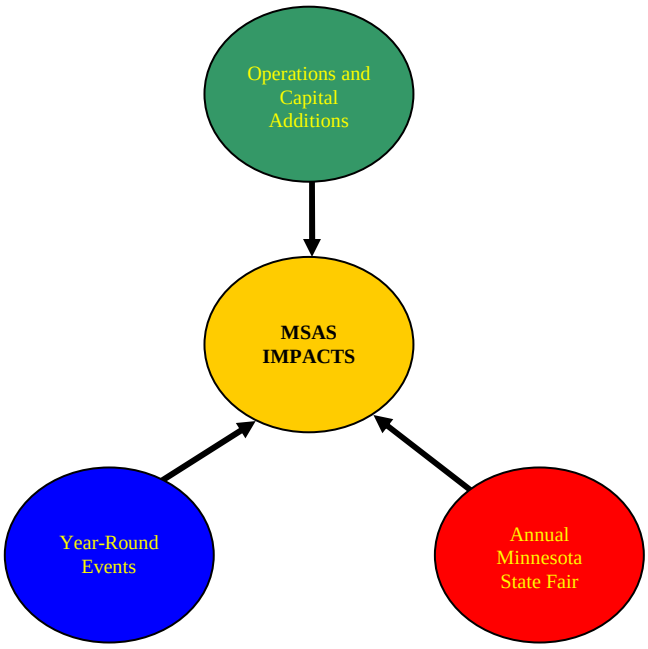
This section presents the approach and methodologies used in developing estimates of annual economic impacts of the MSAS. For purposes of this analysis and report, "local" refers to the seven-county Twin Cities area and "non-local" refers to areas outside of the seven-county Twin Cities area.

APPROACH

Economic impact analysis consists of identifying and quantifying economic activities that represent spending within a community or region from (1) the operation of a business or businesses within the community or region and (2) the expenditures in the community or region made by businesses and persons that reside outside of the area.

The MSAS generates economic impacts from three distinct sources – (1) operating revenues and resulting expenditures of its operations, (2) activities and expenditures of concessionaires, ride and game operators and exhibitors at the annual Minnesota State Fair, and (3) activities and expenditures of promoters, participants and exhibitors of year-round events. The graphic below illustrates these components of impact.

MSAS Economic Impact Components



Economic impacts are generally described as the amount of expenditures that occur in a defined geographic area, including subsequent re-spending of the initial expenditures. These impacts are referred to as **expenditure impacts**. A portion of the expenditure impacts is paid to local residents in the form of salaries and wages, referred to as **earnings impacts**. Similarly, the amount of earnings paid from the expenditures represent jobs to local residents – the number of jobs referred to as **employment impacts**. Lastly, certain expenditures made in the local economy by out-of-area visitors generate benefits in the form of state, local and lodging taxes – referred to as **fiscal impacts**.

Expenditure Impacts

MSAS Operation Impacts

The expenditure impacts of the MSAS operations consist of its operating revenues and local expenditures for salaries and wages, purchases of goods and services and capital additions. Salaries and wages include full and part time employees. Purchases of goods and services include utilities, supplies, materials, personal services and other expenditures. Capital additions include construction projects and the purchase of capital assets.

Minnesota State Fair Impacts

In addition to the revenues generated at the Minnesota State Fair (included in the MSAS operations impacts), other areas of activity that occur during the annual Fair support/generate economic impacts. These areas include:

- Revenues generated by local concessionaires and ride/game operators
- Expenditures made in the Twin Cities area by non-local concessionaires, ride and game operators and commercial exhibitors for lodging, meals, goods for resale, transportation expenses, entertainment, retail purchases, local payroll and other expenditures
- Expenditures made in the Twin Cities area by non-local competitive livestock exhibitors for lodging, meals materials, retail purchases, transportation and other expenditures

The graphic below illustrate the sources of these impacts.

Fair Impact Sources

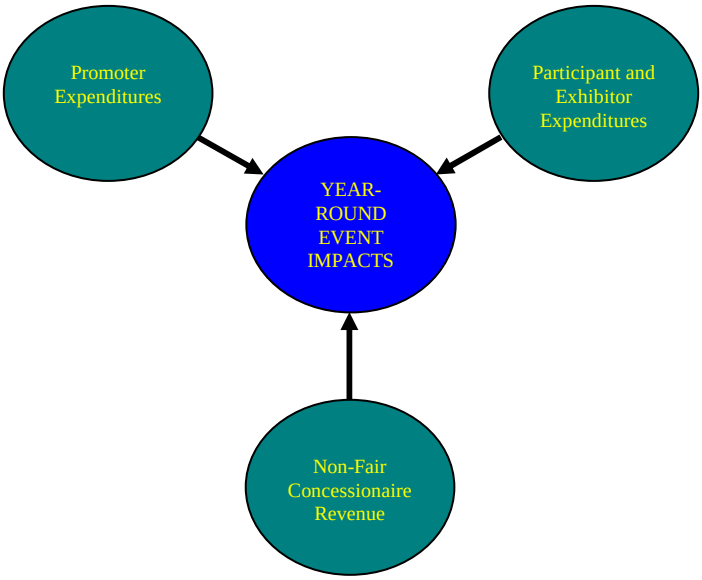
Year-Round Event Impacts

Expenditure impacts resulting from year-round events and activities consist of three sources:

- Expenditures of promoters to stage events at the Minnesota State Fairgrounds
- Expenditures of non-local event participants and exhibitors while in the Twin Cities area for lodging, meals, transportation, retail purchase and other expenditures
- Revenues generated by the locally-based, year-round food and beverage concessionaire

The graphic below illustrates the sources of impact from year-round activities held at the Fairgrounds.

Year-Round Event Impact Sources



Induced expenditures, earning and employment are quantified through an economic phenomenon known as the multiplier. The multiplier concept, based on the input/output economic theory, recognizes that there is a continued flow of money within and outside of a given area. Money is spent in successive rounds within a community, thus creating an economic impact in excess of the original direct expenditures.

Markin Consulting used the Regional Input-Output Modeling System (RIMS II)[1] developed by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) to estimate the indirect expenditures, earnings and employment resulting from the direct expenditures. RIMS II contains multipliers for all industries listed by the BEA's four-digit Standard Industrial Classification (SIC) such as hotels and lodging places, eating and drinking establishments, retail trade, utilities, business services, amusements and household wages. The RIMS II multipliers relevant to this analysis are output, earnings and employment.

[1] See Exhibit A for a narrative description of the RIMS II Modeling System.

The output multiplier represents the total dollar change in output (total expenditures) that occurs for each additional dollar of output (initial expenditures). The output multiplier includes the initial expenditure to which the multiplier is applied, except for the household multiplier (salaries and wages). For example, an output multiplier of 2.10 for hotels and lodging places means that for each $1.00 spent for lodging, an additional $1.10 is spent by the lodging establishment and supporting industries (wages, goods and services, capital improvements). The $1.00 is the direct expenditure, the $1.10 is the induced expenditure and $2.10 is the total expenditure impact.

Earnings Impacts

A part of the initial expenditures and resulting indirect impacts result in the payment of salaries and wages to local residents. As an example, out of the revenues received by the MSAS in operating the Fair and Fairgrounds it pays for labor costs in the form of salaries and wages; referred to as ***earnings***. In addition, as a result of the expenditures of its operations, a portion of those expenditures result in earnings to persons employed by utility companies, insurance companies, supply companies and other businesses.

Similarly, a portion of the initial expenditures of non-local users and participants for lodging, meals and other are paid to workers in the hotel, restaurant, retail and other industries in the form of earnings. RIMS II has an earnings multiplier that is applied to the initial impacts to estimate the amount of the initial and induced impacts that is paid out in earnings to local residents.

The earnings multiplier represents the estimated total salaries and wages that result from each additional dollar of direct expenditure. Assuming an earnings multiplier of .6594 for lodging places, for every dollar spent for lodging, almost 66 cents is paid to local households in earnings. These earnings are paid to employees of the hotel and to employees of businesses and industries that support the lodging industry.

Employment Impacts

Similar to the earnings impacts, the RIMS II model has specific multipliers that estimate the number of jobs supported for each $1 million of expenditures in any given industry. In the case of the MSAS, in addition to the number of jobs (full and part-time) to operate the Fair and Fairgrounds, there are jobs in the local community that are supported from the operating expenditures of the MSAS as well as a result of the initial expenditures of non-local promoters, users and participants. These impacts are expressed in terms of the number of jobs supported.

The employment multiplier represents the number of jobs that regional industries provide, both directly and indirectly, for each $1 million of output (direct expenditures) of a given industry. Continuing the hotel example, if the employment multiplier is 33.4, then for every $1 million dollars spent by patrons for lodging, 33.4 jobs are required - both at the lodging facility and at industries supporting the hotel such as the utility company, telephone company, laundries, delivery services, and others.

METHODOLOGY

This section describes the general methodologies used to develop estimates of expenditure, earnings, employment and fiscal impacts related to (1) the MSAS operations, (2) the annual Minnesota State Fair, and (3) year-round events held at the Fairgrounds.

MSAS Operations

As noted on page 5, the MSAS operating impacts consist of its operating revenues and local expenditures made by the MSAS for salaries and wages, purchases of goods and services and capital expenditures.

As more fully described in Section III of this report, to identify and quantify the operating impacts of the facilities, the following sources were obtained and analyzed to estimate the impacts of the MSAS operations. The revenue budget for MSAS's 2002 calendar year was provided by management, representing the initial impacts. Using the 2003 budget of the MSAS operations, MSAS accounting staff adjusted out all non-cash expenditures such as depreciation and amortization, and added any capital expenditures. For payroll related expenditures, accounting personnel estimated the amount of those expenditures paid to Twin City area residents. For the remaining non-payroll expenditures, MSAS accounting personnel developed estimates of the percentage of each expenditure account that would be spent in the Twin Cities metropolitan area.

Section III presents the details concerning the impacts of MSAS operations.

Annual Minnesota State Fair

To develop estimates of the impacts associated with the annual Minnesota State Fair (as described on page 6) we used the following sources of information:

- For local concessionaires and ride and game operator revenues, the MSAS provided us with reports that detailed the amount of gross sales/ticket revenue, the amount paid to the MSAS to operate at the Fair and the amount of state sales taxes.
- For expenditures made in the Twin Cities area by non-local concessionaires, ride and game operators, commercial exhibitors and competitive livestock exhibitors, we administered surveys as described below.

  Surveys of Non-Local Concessionaires, Ride and Game Operators and Commercial Exhibitors

  Using records provided by the Fair, we identified 485 non-local concessionaires, ride and game operators and commercial exhibitors that participated in the 2003 Fair. To gather data about the types and amounts of expenditures made by these participants, we administered on-site and mail surveys. Examples of the survey documents used are included in Exhibit B.

  Surveys of Non-Local Competitive Livestock Exhibitors

  To gather data concerning the types and amounts of expenditures made in the Twin Cities area by non-local competitive livestock exhibitors (4-H, FFA and Open Class) at the 2003 Fair, we conducted a mail survey that resulted in 198 usable responses out of 5,318 exhibitors. Exhibit C contains examples of the survey documents used to gather the expenditure information for the non-local livestock exhibitors.

  On the basis of the survey results from all non-local concessionaires, ride and game operators, commercial exhibitors and livestock exhibitors, the 400 responses represent a 4.7 percent margin of error.

  Section IV presents the results of the surveys and resulting application of these results to the total population of non-local participants and exhibitors at the 2003 Minnesota State Fair.

Year-Round Events

As described on page 7, impacts associated with year-round activities consist of revenues generated by the year-round concession operator and expenditures of event promoters and non-local participants and exhibitors of non-Fair events held at the Fairgrounds. To estimate the impacts generated by these sources, we used the following data sources:

- For year-round concession revenues, the MSAS provided us with gross and net revenues estimated for 2003.
- For event promoter expenditures, we reviewed the listing of events held in 2002 and 2003 and, for those held between September 1, 2002 and August 31, 2003, we identified 16 events that involved non-local promoters or local promoters that generate the vast majority of their revenue from non-local participants (mainly horse shows).

  We surveyed these 16 event promoters concerning the types and amounts of expenditures made for their respective event. Of the 20 surveys, we received 10 responses, the results of which were used to estimate the expenditures of the 6 promoters that did not respond.

  Exhibit D contains a sample of the survey document used for event promoters.

- For horse shows, we received mailing lists for 5 of the 9 horse shows that involve non-local participants. Using those mailing lists, we mailed surveys to non-local participants to obtain data about the types and amounts of expenditures made by non-local participants and persons accompanying the participants. The horse shows included in the survey mailings were:
  - State 4-H Horse Show
  - Harvest Horse Show
  - Minnesota AQHA Show
  - North Star Morgan Horse Show
  - Region X Arabian Horse Show

  Samples of surveys mailed to participants of these horse shows are included in Exhibit E.

  Of the 2,516 non-local horse show participants involved in the above listed shows, we received 195 usable responses, representing a 6.7 percent margin of error (95% confidence level).

- For non-local participants and exhibitors of non-horse show events, we surveyed (via mail, fax and telephone) 63 promoters of those events to ascertain the number of non-local participants and/or exhibitors at each event, the average number of persons traveling with each participant/exhibitor and the average number of days each party stayed in the Twin Cities area.

  We received 39 responses and used those responses to estimate exhibitor/participant expenditures for the other 24 events for which we did not received a response. On the basis of the survey responses, we estimated that these 63 events resulted in more than 160,000 person days (number of exhibitors/participants plus number of persons traveling with exhibitors/participants times number of days in the Twin Cities area).

  Using expenditure data for exhibitors/participants from similar studies and average lodging rates in the Twin Cities area, we developed estimates spending of about $79 per person per day - $34.00 for lodging, $25 for meals and $20 for retail purchases.

Fiscal Impacts

The operations of the Fair and Fairgrounds, as well as events held at the Fairgrounds, create certain fiscal impacts in the form of sales taxes, local option taxes, lodging taxes and fuel taxes. State sales taxes are generated by activities of the MSAS during the Fair and non-Fair events from admission sales, grandstand ticket sales, parking revenue as well as concession sales. In addition, the off-grounds expenditures made by non-local businesses, groups and participants of events held at the Fairgrounds generate sales, local option, lodging and fuel tax revenue for state and local governmental jurisdictions.

For purposes of this study, the sales tax impacts were based on the 2003 state sales tax of 6.5 percent, local option tax of 0.5 percent, additional lodging tax of 3.0 percent and fuel tax of $0.20 per gallon based on an average fuel price of $1.70 per gallon.

Multipliers

As presented on page 7, we purchased RIMS II multipliers for the Twin Cities metro area from the Bureau of Economic Analysis. The relevant multipliers used in this study are shown in Exhibit F.

SECTION III – ESTIMATED IMPACTS OF OPERATIONS OF THE MSAS

The Minnesota State Agricultural Society (the MSAS), operating the Minnesota State Fairgrounds on a year-round basis, is host to a variety of events and activities that appeal to local residents, as well as groups and persons who reside outside the Twin Cities metro area. The annual Minnesota State Fair, held in late August through Labor Day of each year, is the predominant generator of economic impacts by the MSAS's operations. During 2003, it is estimated that Fair and non-Fair activities will generate about $28 million in revenues for the MSAS operations that is used to pay for the cost of staging the Fair and operating the Fairgrounds, including the employment of 78 full-time persons, 262 seasonal hires and 2,120 Fair-time personnel at a total payroll cost of $6.05 million.

In addition to the costs of operating the Fair and Fairgrounds, the MSAS makes expenditures for capital additions and improvements. In 2003, the MSAS estimates that it will incur about $8.8 million in capital expenditures that involved purchases of goods and services from local contractors, suppliers and wholesalers.

MSAS OPERATING IMPACTS

To estimate the impacts associated with the operations of the MSAS, we utilized the "bill of goods" method as recommended by the Bureau of Economic Analysis in its RIMS II methodology guide (see Exhibit A). The "bill of goods" methodology entails the following steps:

1) Quantify the amount of operating revenue of the MSAS, excluding any public funds
2) For all operating and capital expenditures of the MSAS, estimate by type (excluding depreciation and amortizations) the amount of those expenditures made in the Twin Cities metro area
3) Multiply the appropriate multiplier from the RIMS II model for the seven-county metro area to the local operating expenditures
4) Add the resulting expenditure impacts of local expenditures to the operating revenue of the MSAS

The same approach was used for estimating the earnings and employment impacts.

On the basis of the detailed breakdown of local expenditures of the MSAS operations and capital additions and the application of the appropriate RIMS II multipliers, the estimated impacts are as shown in Table 5.

Table 5

Minnesota State Agricultural Society
Estimated Annual Operating Impacts

Input Type	Expenditure Impacts	Earnings Impacts	Employment Impacts
Initial impacts	$28,030,000	$6,050,000	2,460 jobs (1)
Induced impacts	45,000,000	13,090,000	450 jobs (2)
Total impacts	$73,030,000	$19,140,000	2,910 jobs

All expenditure amounts rounded to 10,000's of dollars
(1) Represents part-time employees
(2) Represents full-time equivalents

SECTION IV – ESTIMATED IMPACTS RELATED TO THE ANNUAL FAIR

The annual Minnesota State Fair is the largest, single source of revenue and expenditures of the MSAS's operations. Fair patrons can visit education and public service exhibits, view agricultural and homemaking competitions, enjoy carnival rides, games and shows, see nationally-known entertainers as well as local performers and choose from a variety of concession operations for food, drink and retail purchases.

In addition to revenues generated by the Fair to support its operations and employees, as presented in Section III, other areas of activity during the annual Fair both generate and support economic activity. These areas of activity include the following:

- Revenue generated by local concessionaires and ride/game operators
- Expenditures made in the Twin Cities area by non-locally-based concessionaires, ride and game operators and commercial exhibitors
- Expenditures made in the Twin Cities area by non-local competitive livestock exhibitors

LOCAL CONCESSIONAIRES AND RIDE/GAME OPERATORS

The net revenues of local concessionaires and ride/game operators have a significant economic impact in the Twin Cities metro area, accounting for more than $17 million in revenue in 2003. To estimate the total impact of these revenues to the Twin Cities area, the amounts paid to the MSAS by the local concessionaires and ride/game operators to operate at the Fair are deducted from the $17 million, because that amount is already included in the MSAS revenues presented in Section III. As a result, the local concessionaires and ride/game operators generated about $15,230,000 in net revenue that is estimated to result in the impacts shown in Table 6.

Table 6

Minnesota State Agricultural Society
Estimated 2003 Fairtime Impacts to Concessionaires and Ride/Game Operators

Input Type	Expenditure Impacts	Earnings Impacts	Employment Impacts(1)
Initial impacts	$15,230,000	N/A	N/A
Induced impacts	16,820,000	$9,650,000	610 jobs (2)
Total impacts	$32,050,000	$9,650,000	610 jobs

All expenditure amounts rounded to 10,000's of dollars
(1) Full-time equivalents
(2) Includes employees of the local concessionaires and ride and games operators

NON-LOCAL CONCESSIONAIRES, RIDE AND GAME OPERATORS AND COMMERCIAL EXHIBITORS

During the course of the annual Minnesota State Fair, non-local concessionaires, ride and game operators and commercial exhibitors make expenditures in the Twin Cities area for the purchase of goods for resale, lodging, meals, fuel, repairs and employment of local persons to work for them.

Based on the survey results of these participants in the 2003 Fair as described in Section II of this report, the average expenditures, including local payroll and employees, of these groups during their stay in the Twin Cities are as shown in Table 7.

Table 7

Minnesota State Agricultural Society
Average 2003 Fairtime Expenditures by Non-Local Group

	Non-Local Group		
Expenditure Type	Concessionaires	Ride/Game Operators	Commercial Exhibitors
Lodging	$682	$1,136	$1,045
Meals	276	706	377
Transportation and fuel	198	807	182
Retail	390	1,454	207
Materials and supplies	0	923	248
Repairs and maintenance	387	7,057	0
Entertainment	0	0	61
Other	116	577	132
Non-local employee expenditures	492	1,982	0
Goods for resale	4,161	3,182	0
Local payroll	1,284	4,983	0
Total	$7,986	$22,807	$2,252
Average number of local employees hired	2	7	N/A

"Non-local employee expenditures" represents the estimated off-Fairgrounds spending by employees traveling with the concessionaires and ride and game operators. "Goods for resale" represent food and beverage wholesale purchases while in the Twin Cities, such as pop, meat, breads, condiments and other food stuffs.

NON-LOCAL COMPETITIVE LIVESTOCK EXHIBITORS

A major part of the annual Fair is to provide a forum for competition in a variety of animal and non-animal categories. Competitive exhibitors who live outside the Twin Cities area travel to the Twin Cities for the Fair and stay overnight generate economic impact in the Twin Cities area. According to management of the Fair, non-local, non-livestock competitive exhibitors typically drop their entries off before the start of the Fair, return home and then come back to pick up their entries; all without staying overnight or making any material expenditures in the Twin Cities area.

The non-local livestock exhibitors, consisting of 4-H, FFA and Open Class entrants, have the most significant economic impacts because (1) they stay in the area for multiple days to care for and show their animals and (2) they typically have family and friends traveling with them.

According to the records from the 2003 Minnesota State Fair, 5,318 non-local persons were livestock exhibitors – 3,737 in 4-H, 419 in FFA and 1,162 in Open Class.

The results of the survey responses from 4-H, FFA and Open Class exhibitors (explained in Section II) indicated the following characteristics and expenditure pattern of non-local exhibitors in the Twin Cities area during the 2003 Fair.

Table 8

Minnesota State Agricultural Society
Average 2003 Fairtime Expenditures by Non-Local Competitive Livestock Exhibitors

Expenditure Type	4-H	FFA	Open Class	Weighted Average
Lodging	$117	$131	$128	$120
Meals	82	174	103	94
Fuel	48	55	60	51
Retail	79	38	59	71
Materials and supplies	21	46	64	32
Entertainment	9	10	13	10
Other	21	32	1	17
Total average expenditures	$377	$486	$428	$395
Average number of days in the Twin Cities area	3.7	4.9	5.1	4.1
Average number of people per exhibitor	5.1	6.3	5.0	5.2

The average expenditures, by group, shown in Table 8 represent the average expenditures made by both the exhibitor and person accompanying the exhibitor. For example, if an exhibitor in 4-H is accompanied by parents, siblings and/or others, the $377 represents the spending of everyone in that participant's party. The "average number of people per exhibitor" represents both the livestock exhibitor plus persons accompanying the exhibitor, such as parents, spouses, siblings, friends or colleagues.

By applying the average expenditures presented in Table 7 and Table 8 to the total number of concessionaires, operators and exhibitors, the results are the total local expenditures made during the Fair by these non-local participants and exhibitors. This calculation is presented in Table 9.

Table 9

Minnesota State Agricultural Society
Total 2003 Fairtime Expenditures by Non-Local Participants

Expenditure Type	Concessionaires	Ride/Game Operators	Commercial & Institutional Exhibitors	Competitive Livestock Exhibitors	Total
Total number of non-local participants	342	51	92	5,318	
Lodging	$233,000	$58,000	$96,000	$640,000	$1,027,000
Meals	94,000	36,000	35,000	499,000	664,000
Fuel and electricity	68,000	41,000	17,000	272,000	398,000
Retail	133,000	74,000	19,000	378,000	604,000
Materials and supplies	N/A	47,000	23,000	171,000	241,000
Repairs & maintenance	132,000	360,000	N/A	N/A	492,000
Entertainment	N/A	N/A	6,000	51,000	57,000
Goods for resale	1,423,000	162,000	N/A	N/A	1,585,000
Other	40,000	29,000	12,000	92,000	173,000
Non-local employee expenditures	168,000	101,000	N/A	N/A	269,000
Local payroll	439,000	254,000	N/A	N/A	693,000
Total	$2,730,000	$1,162,000	$208,000	$2,103,000	$6,203,000
Number of local employees	830	380	N/A	N/A	1,210

All expenditure amounts rounded to 1,000's of dollars

Table 10 presents the induced and total impacts after applying the appropriate RIMS II multipliers.

Table 10

Minnesota State Agricultural Society
Estimated 2003 Fairtime Impacts from Non-Local Groups

Input Type	Expenditure Impacts	Earnings Impacts	Employment Impacts
Initial impacts	$6,200,000	$690,000	1,210 jobs (1)
Induced impacts	5,930,000	$3,730,000	160 jobs (2)
Total impacts	$12,130,000	$4,420,000	1,370 jobs

All expenditure amounts rounded to 10,000's of dollars
(1) Represents part-time jobs
(2) Represents full-time equivalents

SUMMARY OF ESTIMATED IMPACTS RESULTING FROM THE MINNESOTA STATE FAIR

Table 11 below presents a summary of the estimated economic impacts resulting from the annual Minnesota State Fair (combination of Table 6 and Table 10).

Table 11

Minnesota State Agricultural Society Total Estimated 2003 Minnesota State Fair Impacts			
Input Type	Expenditure Impacts	Earnings Impacts	Employment Impacts
Initial impacts	$21,430,000	$690,000	1,210 jobs (1)
Induced impacts	22,750,000	13,380,000	770 jobs (2)
Total impacts	$44,180,000	$14,070,000	1,980 jobs

All expenditure amounts rounded to 10,000's of dollars

(1) Represents part-time jobs

(2) Represents full-time equivalents

SECTION V – ESTIMATED IMPACTS OF NON-FAIR ACTIVITIES

The Minnesota State Fairground facilities are rented throughout the year for a variety of events and activities, including consumer and public shows, car shows and testings, agricultural events, horse shows, sporting events and others. The economic impacts generated by year-round events and activities at the Fairgrounds include the following sources:

- Expenditures of event promoters
- Expenditures of non-local event participants and exhibitors
- Revenues of local concessionaires

This section presents the estimated annual impacts generated by the above listed groups.

EXPENDITURES OF EVENT PROMOTERS

Promoters make expenditures in the Twin Cities area to stage their respective event at the Fairgrounds. These expenditures include local advertising, lodging, meals, transportation, materials and supplies, local payroll and other items.

For purposes of the study, only non-local event promoters and local promoters of events that generate the majority of their revenue from non-local participants were included in the analysis. Exhibit G presents a listing of the events included in this analysis. On the basis of the event promoter survey responses (see page 10), these event promoters are estimated to make about $371,000 each year in local expenditures for lodging, meals, advertising, local payroll and other purchases as shown in Table 12 below.

Table 12

Minnesota State Agricultural Society
Estimated Annual Non-Fair Expenditures by Event Promoters

Expenditure Type	Amount
Lodging	$78,000
Meals	34,000
Transportation and fuel	11,000
Local payroll	35,000
Advertising	156,000
Materials and supplies	10,000
Other	47,000
Total	$371,000
Number of local employees	80

All expenditure amounts rounded to 1,000's of dollars

EXPENDITURES OF NON-LOCAL EVENT PARTICIPANTS AND EXHIBITORS

Most of the year-round events and activities held at the Fairgrounds attract participants and exhibitors who reside outside of the Twin Cities area. Participants and exhibitors include entrants and vendors at horse shows, car shows, dog shows and similar events and exhibitors who rent booth space at consumer and public shows.

For purposes of this study, we split these groups into two distinct categories – horse shows and all other events and shows. As detailed in Section II of this report, we performed the following work tasks in order to identify and quantify the estimated expenditures of non-local participants and exhibitors.

- Horse shows – Of the 9 horse shows held at the Fairgrounds between September 1, 2002 and August 31, 2003 (that involved non-local participants), we surveyed, via mail, participants of 5 of the shows. The results of those surveys, presented in Exhibit H, were applied to the other 4 shows.
- All other events and shows – We mailed/faxed surveys to promoters of 63 non-horse events, asking for information about (1) the number of non-local exhibitors and participants at each event, (2) the number of persons traveling with each exhibitor/participant and (3) the estimated number of days each exhibitor/participant group stayed in the Twin Cities area. We received 39 responses and used those responses to estimate exhibitor/participant data for the other 24 events for which we didn't receive a response. Exhibit I contains a list of the non-Fair events included in this analysis. Exhibit J presents a summary of the survey responses and calculations of total expenditure patterns for this category.

  On the basis of the survey responses, we estimated that these 63 events resulted in more than 160,000 person days (the number of exhibitors/participants plus number of persons traveling with exhibitors/participants times number of days in the Twin Cities area).

  Using expenditure data for exhibitors/participants from similar studies and average lodging rates in the Twin Cities area, we developed estimated spending of about $79 per person per day - $34 for lodging, $25 for meals and $20 for retail purchases.

On the basis of the estimated number of person days and daily expenditures per person for horse shows and all other events, the estimated expenditures of these non-local participants and exhibitors are as shown in Table 13.

Table 13

Minnesota State Agricultural Society
Estimated Annual Non-Fair Expenditures by Non-Local Group

Expenditure Type	Horse Show Participants and Exhibitors	All Other Event Participants and Exhibitors	Total
Lodging	$816,000	$5,489,000	$6,305,000
Meals	469,000	4,036,000	4,505,000
Transportation and fuel	206,000	N/A	206,000
Retail	348,000	3,229,000 (1)	3,577,000
Materials and supplies	319,000	N/A	319,000
Entertainment	70,000	N/A	70,000
Other	22,000	N/A	22,000
Total	$2,250,000	$12,754,000	$15,004,000

All amounts rounded to 1,000's of dollars
(1) Includes transportation and fuel expenditures

Combining the estimated annual local expenditures and employment resulting from promoters, participants and exhibitors of non-Fair events held at the Fairgrounds and applying the appropriate RIMS II multipliers to the expenditures, the estimated annual impacts of these events are shown in Table 14.

Table 14

Minnesota State Agricultural Society
Estimated Annual Non-Fair Impacts from Non-Local Groups

Input Type	Expenditure Impacts	Earnings Impacts	Employment Impacts
Initial impacts	$15,370,000	$30,000	80 jobs (1)
Induced impacts	16,590,000	9,930,000	530 jobs (2)
Total impacts	$31,960,000	$9,960,000	610 jobs

All expenditure amounts rounded to 10,000's of dollars
(1) Represents part-time jobs
(2) Represents full-time equivalents

CONCESSION OPERATIONS

The MSAS contracts with a locally-based area concessionaire to provide food and beverage services during non-Fair events held at the Fairgrounds. During 2002, the most recent data available, the total gross revenue generated by non-Fair concession sales was $1.39 million. After deducting the fee paid to the MSAS of just over $261,000, non-Fair concession revenue generated by the local concessionaire was approximately $1.13 million. Table 15 presents the initial and total impacts after applying the appropriate RIMS II multipliers for food and beverage operations.

Table 15

Minnesota State Agricultural Society
Estimated Annual Non-Fair Impacts from Concession Sales

Input Type	Expenditure Impacts	Earnings Impacts	Employment Impacts
Initial impacts	$1,130,000	N/A	N/A
Induced impacts	1,270,000	$720,000	50 jobs
Total impacts	$2,400,000	$720,000	50 jobs

All expenditure amounts rounded to 10,000's of dollars

SUMMARY OF ESTIMATED IMPACTS OF NON-FAIR ACTIVITIES

Table 16 below presents a summary of the estimated annual economic impacts resulting from non-Fair events and activities held at the Minnesota State Fairgrounds.

Table 16

Minnesota State Agricultural Society
Estimated Annual Impacts of Non-Fair Activities

Input Type	Expenditure Impacts	Earnings Impacts	Employment Impacts
Initial impacts	$16,500,000	$30,000	80 jobs (1)
Induced impacts	17,860,000	10,650,000	580 jobs (2)
Total impacts	$34,360,000	$10,680,000	660 jobs

All expenditure amounts rounded to 10,000's of dollars
(1) Represents part-time jobs
(2) Represents full-time equivalents

SECTION VI – FISCAL IMPACTS

The operations of the Fair and Fairgrounds, as well as events held at the Fairgrounds, create certain fiscal impacts in the form of sales and lodging taxes. State sales taxes are generated by activities of the MSAS during the Fair and non-Fair events from admission sales, grandstand ticket sales, parking revenue as well as concession sales. In addition, the off-grounds expenditures made by non-local businesses, groups and participants of events held at the Fairgrounds generate sales and lodging tax revenue for state and local governmental jurisdictions.

For purposes of this study, the tax rates were based on the 2003 state sales tax of 6.5 percent, local option tax of 0.5 percent, additional lodging tax of 3.0 percent and fuel tax of $0.20 per gallon based on an average fuel price of $1.70 per gallon. For retail purchases, it was assumed that half of those expenditures were for non-taxable clothing purchases. Consequently, a 3.5 percent tax rate was used for retail purchases. Table below presents the estimated tax impacts related to the MSAS operations and events held at the Fairgrounds.

Table 17

Minnesota State Agricultural Society
Summary of Estimated Tax Impacts of Fair and Non-Fair Activities

Activity	State Sales Tax	Local Option Tax	Fuel Tax	Lodging Tax	Total
Fair	$3,321,000	$15,000	$47,000	$28,000	$3,411,000
Non-Fair	870,000	67,000	26,000	174,000	1,137,000
Total	$4,191,000	$82,000	$73,000	$202,000	$4,548,000

All amounts rounded to 1,000's of dollars

Exhibits

RIMS II:

A Brief Description of Regional Multipliers from the Regional Input-Output Modeling System

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Overview

Effective planning for public and private-sector projects and programs at the State and local levels requires a systematic analysis of the economic impacts of these projects and programs on affected regions. A systematic analysis of economic impacts, in turn, must account for the inter-industry relationships within a region because these relationships largely determine how the regional economy will respond to project and program changes. Thus, regional input-output (I-O) multipliers, which account for inter-industry relationships within regions, are useful tools for conducting regional economic impact analysis.

In the mid-1970's, the Bureau of Economic Analysis (BEA) developed a method for estimating regional I-O multipliers known as RIMS (Regional Industrial Multiplier System), which was based on the work of Garnick and Drake./1/ In the mid-1980's, BEA completed an enhancement of RIMS, known as RIMS II (Regional Input-Output Modeling System), and published a handbook for RIMS II users./2/ In 1992, BEA published a second edition of the handbook, in which the multipliers were based on more recent data and improved methodology. Now, BEA is making available a third edition of the handbook, which provides more detail on the use of the multipliers and on the data sources and methods for estimating them.

RIMS II is based on an accounting framework called an I-O table, which shows, for each industry, the industrial distribution of inputs purchased and the output sold. A typical I-O table in RIMS II is derived mainly from two data sources: (1) BEA's national I-O table, which shows the input and output structure of more than 500 U.S. industries, and (2) BEA's four-digit Standard Industrial Classification (SIC) county wage-and-salary data, which is used to adjust the national I-O table to show a region's industrial structure and trading patterns./3/

Using RIMS II, multipliers can be estimated for any region composed of one or more counties and for any industry in the national I-O table. The accessibility of the main data sources for RIMS II keeps the cost of estimating regional multipliers relatively low. Empirical tests show that estimates based on relatively expensive surveys and RIMS II-based estimates are similar in magnitude. Moreover, RIMS II easily can incorporate project-specific data supplied by users; such data can improve the accuracy of the multiplier estimates./4/

I-O multipliers from RIMS II can be used to estimate the impacts of project and program expenditures by industry on regional output (gross receipts or sales), earnings (the sum of wages and salaries, proprietors' income, and other labor income, less employer contributions to private pension and welfare funds), and employment (number of jobs). In the public sector,
Federal, State, and local planners and analysts use RIMS II to estimate regional impacts. For example, the Department of Defense uses RIMS II to estimate the regional impacts of changes in defense expenditures; and the New York State Energy Office uses RIMS II to estimate the regional impacts of energy policies, ranging from the construction of facilities to energy conservation. Private-sector analysts, consultants, and economic development practitioners use RIMS II to estimate the regional impacts of a variety of projects, ranging from offshore drilling to the construction of transportation facilities.

RIMS II Methodology

RIMS II uses BEA's national I-O table, which shows the input and output structure for approximately 500 industries. Since a particular region may not contain all the industries found at the national level, some direct input requirements cannot be supplied by that region's industries. Input requirements that are not produced in a study region are identified using BEA's four-digit SIC county wage-and-salary data. (Currently, data for 1995 are used.)

The RIMS II method for estimating regional I-O multipliers can be viewed as a three-step process. In the first step, the producer portion of the national I-O table is made region-specific by using four-digit SIC location quotients (LQ's). The LQ's estimate the extent to which input requirements are supplied by firms within the region. RIMS II uses LQ's based on two types of data: BEA's personal income data, by place of residence, are used to calculate LQ's in the service industries; and BEA's wage-and-salary data, by place of work, are used to calculate LQ's in the nonservice industries.

In the second step, the household row and the household column from the national I-O table are made region-specific. The household row coefficients, which are derived from the value-added row of the national I-O table, are adjusted to reflect regional earnings leakage resulting from individuals working in the region but residing outside the region. The household column coefficients, which are based on the personal consumption expenditure column of the national I-O table, are adjusted to account for regional consumption leakage stemming from personal taxes and savings.

In the last step, the Leontief inversion approach is used to estimate multipliers. This inversion approach produces output, earnings, and employment multipliers, which can be used to trace the impacts of changes in final demand on directly and indirectly affected industries.

Accuracy of RIMS II

Empirical tests indicate that RIMS II yields multipliers that are not substantially different in magnitude from those generated by regional I-O models based on relatively expensive surveys. For example, a comparison of 224 industry-specific multipliers from survey-based tables for Texas, Washington, and West Virginia indicates that the RIMS II average multipliers overestimate the average multipliers from the survey-based tables by approximately 5 percent. For the majority of individual industry-specific multipliers, the difference between RIMS II and survey-based multipliers is less than 10 percent. In addition, RIMS II and survey multipliers show statistically similar distributions of affected industries.

Advantages of RIMS II

There are numerous advantages to using RIMS II. First, the accessibility of the main data sources makes it possible to estimate regional multipliers without conducting relatively expensive surveys. Second, the level of industrial detail used in RIMS II helps avoid aggregation errors, which often occur when industries are combined. Third, RIMS II multipliers can be compared across areas because they are based on a consistent set of estimating procedures nationwide. Fourth, RIMS II multipliers are updated to reflect the most recent local-area wage-and-salary and personal income data.

Applications of RIMS II

RIMS II multipliers can be used in a wide variety of impact studies. For example, the U.S. Nuclear Regulatory Commission has used RIMS II multipliers in environmental impact statements required for licensing nuclear electricity- generating facilities. The U.S. Department of Housing and Urban Development has used RIMS II multipliers to estimate the impacts of various types of urban redevelopment expenditures. In addition, BEA has provided RIMS II multipliers to numerous individuals and groups outside the Federal Government. RIMS II multipliers have been used to estimate the regional economic and industrial impacts of the following: opening or closing military bases, hypothetical nuclear reactor accidents, tourist expenditures, new energy facilities, energy conservation, offshore drilling, opening or closing manufacturing plants, and new airport or port facilities.

1. See Daniel H. Garnick, "Differential Regional Multiplier Models," Journal of Regional Science 10 (February 1970): 35-47; and Ronald L. Drake, "A Short-Cut to Estimates of Regional Input-Output Multipliers," International Regional Science Review 1 (Fall 1976): 1-17.

2. See U.S. Department of Commerce, Bureau of Economic Analysis, Regional Input-Output Modeling System (RIMS II): Estimation, Evaluation, and Application of a Disaggregated Regional Impact Model (Washington, DC: U.S. Government Printing Office, 1981). Available from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161; order no. PB-82-168-865; price $26.

3. See U.S. Department of Commerce, Bureau of Economic Analysis, The Detailed Input-Output Structure of the U.S. Economy, Volume II (Washington, DC: U.S. Government Printing Office, November 1994); and U.S. Department of Commerce, Bureau of Economic Analysis, State Personal Income, 1929-93 (Washington, DC: U.S. Government Printing Office, June 1995).

4. See U.S. Department of Commerce, Regional Input-Output Modeling System (RIMS II), chapter 5. Also see Sharon M. Brucker, Steven E. Hastings, and William R. Latham III, "The Variation of Estimated Impacts from Five Regional Input-Output Models," International Regional Science Review 13 (1990): 119-39.

SAMPLES OF CONCESSIONAIRE, RIDE AND GAME OPERATOR AND COMMERCIAL EXHIBITOR SURVEYS

This exhibit presents samples of the surveys that were administered during the 2003 Fair to non-local concessionaires, ride and game operators and commercial exhibitors.

Concessionaire Survey

Thank you for taking the time to complete this survey. Your responses are greatly appreciated.

1. What is your business or company name? _____

2. How many days were you in the Twin Cities Metro Area for the 2003 Minnesota State Fair?
   _____ days

3. How many employees from outside the Twin Cities area traveled with you for the 2003 Minnesota State Fair? _____

4. Can you estimate the total amount spent by employees traveling with you for goods and services while working at the Fair? These would be purchases made at local stores and restaurants (not on the Fairgrounds). $_____.00

5. As a concessionaire, please estimate the amount you spent (excluding employee expenditures) while in the Twin Cities for the Fair for:

   a. Lodging (off-grounds only) $_____.00
   b. Meals (excluding meals at the Fair) $_____.00
   c. Fuel and electricity $_____.00
   d. Retail purchases (excluding purchases at the Fair) $_____.00
   e. Raw materials, food and wholesale items for resale $_____.00
   f. Repairs and maintenance $_____.00
   g. Other (describe) _____ $_____.00
   h. Did you hire any local employees to work for you? ☐ Yes ☐ No
   i. If yes, how many did you hire? _____ local employees and
      about how much did you pay those local employees (total) $_____

Ride and Game Operator Survey

Thank you for taking the time to complete this survey. Your responses are greatly appreciated.

1. What is your business or company name? _____

2. How many days were you in the Twin Cities area for the Fair? _____ days

3. How many employees traveled with you for the 2003 Minnesota State Fair? _____

4. Can you estimate the total amount spent by employees for goods and services while working at the Fair? These would be purchases made at local stores and restaurants (not on the Fairgrounds). $_____.00

5. As an operator of rides and/or games, please estimate the amount your company spent (excluding employee expenditures) in the Twin Cities area for:

   a. Lodging (off-grounds only) $_____.00
   b. Meals (excluding meals at the Fair) $_____.00
   c. Fuel and electricity $_____.00
   d. Retail purchases (excluding purchases at the Fair) $_____.00
   e. Materials and supplies $_____.00
   f. Food and wholesale items for resale/prizes $_____.00
   g. Repairs and maintenance $_____.00
   h. Other (describe) _____ $_____.00
   i. Did you hire any local employees to work for you? ☐ Yes ☐ No
   j. If yes, how many did you hire? _____ local employees and about how much did you pay those local employees (total) $_____

Commercial/Institutional Exhibitor Survey

Thank you for taking the time to complete this survey. Your responses are greatly appreciated.

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1. How many people were in your group or party while you were exhibiting at the Fair?
   ☐ 1 person ☐ 2 persons ☐ 3 persons ☐ 4 persons ☐ 5 persons ☐ ____ persons

2. How many days did you stay in the Twin Cities area for the Fair? _____days

3. Please estimate the amount your group/party spent in the Metro Area for:

a. Lodging	
Hotel / Motel	$ _____ .00
Camping (not at Fairgrounds)	$ _____ .00
b. Meals (excluding meals at the Fair)	$ _____ .00
c. Fuel costs (gas/diesel)	$ _____ .00
d. Retail purchases (excluding purchases at the Fair)	$ _____ .00
e. Materials and supplies	$ _____ .00
f. Entertainment (excluding Fair entertainment)	$ _____ .00
g. Other (describe) _____	$ _____ .00

SAMPLE OF COMPETITIVE LIVESTOCK EXHIBITOR SURVEY

This exhibit presents a sample of the survey that was administered to non-local competitive livestock exhibitors that participated in the 2003 Fair. These exhibitors consisted of 4-H, FFA and Open Class participants.

2003 Minnesota State Fair Livestock Exhibitor(s)

Thank you for taking the time to complete this survey. Your responses are greatly appreciated.

4. Please indicate where you live.

   County _____

   State _____

5. How many people were in your group or party while you or a family member exhibited at the 2003 Fair?

   ☐ 1 person ☐ 2 persons ☐ 3 persons ☐ 4 persons ☐ 5 persons ☐ ____ persons

6. How many days did your group/party stay in the Twin Cities area for the Fair?

   ☐ 1 day ☐ 2 days ☐ 3 days ☐ 4 days ☐ 5 days ☐ ____ days

7. If you stayed overnight, did you stay…?

   ☐ At an area hotel/motel ☐ At area campgrounds

   ☐ At the Fairgrounds ☐ With friends/family

8. Please estimate the amount <u>your group/party</u> spent in the Metro Area for:

   a. Lodging

      Hotel / Motel $ _____ .00

      Camping (not at Fairgrounds) $ _____ .00

   b. Meals (excluding meals at the Fair) $ _____ .00

   c. Fuel costs (gas/diesel) $ _____ .00

   d. Retail purchases (excluding purchases at the Fair) $ _____ .00

   e. Materials and supplies $ _____ .00

   f. Entertainment (excluding Fair entertainment) $ _____ .00

   g. Other (describe) _____ $ _____ .00

Please return in the enclosed envelope by September 18, 2003.

SAMPLES OF LOCAL AND NON-LOCAL PROMOTER SURVEYS

This exhibit presents samples of surveys that were administered to promoters of non-Fair events. The non-local promoters were asked additional questions regarding their expenditures while in the Twin Cities for their event.

August 22, 2003

Dear Local Promoter:

The Minnesota State Fair has hired Markin Consulting to conduct a detailed study of the economic impacts to the Minneapolis-St.Paul metropolitan area resulting from the annual State Fair and non-fair events held at the Fairgrounds. Your involvement as an event promoter has particular and specific economic benefits to the area. As such, it will be extremely beneficial to the study process to obtain key economic impact data from you. Information of this nature is invaluable to us as we seek continued support from sponsors and the general public.

Please take a few moments to complete this form as best as possible and return it to Markin Consulting, using the enclosed envelope. All responses will be kept confidential by Markin Consulting and will only be combined with other survey responses to quantify total impacts. If you have any questions concerning this survey, please contact Adam Heffron at the Fair office – phone (651) 642-2200.

Event: <XYZ Event> occurring on <Date>

1. How many participants/exhibitors attended your event(s)? _____
    a. Of those, approximately how many reside outside of the Metro Area*? _____
2. What is the approximate number of persons per participant/exhibitor? _____persons
3. What is the average number of days each participant/exhibitor stayed in the Metro Area for your event(s)? _____days

Please return this survey in the self-addressed, stamped envelope provided by September 15, 2003.

Your help in this effort is very much appreciated. Thank you!

* The Metro Area refers to the seven county Twin Cities metropolitan area including Anoka, Carver, Dakota, Hennepin, Scott, Washington, and Wright counties.

August 22, 2003

Dear Non-Local Promoter:

The Minnesota State Fair has hired Markin Consulting to conduct a detailed study of the economic impacts to the Minneapolis-St.Paul area resulting from the annual State Fair and non-fair events held at the Fairgrounds. Your involvement as an event promoter has particular and specific economic benefits to the area. As such, it will be extremely beneficial to the study process to obtain key economic impact data from you. Information of this nature is invaluable to us as we seek continued support from sponsors and the general public.

Please take a few moments to complete this form as best as possible and return it to Markin Consulting, using the enclosed envelope. All responses will be kept confidential by Markin Consulting and will only be combined with other survey responses to quantify total impacts. If you have any questions concerning this survey, please contact Adam Heffron at the Fair office – phone (651) 642-2200.

Event: <XYZ Event> from <Date>

1. How many participants/exhibitors attended your event(s)? _____
    a. Of those, approximately how many reside outside of the Metro Area*? _____
2. What is the approximate number of persons per participant/exhibitor? _____persons
3. What is the average number of days each participant/exhibitor stayed in the Metro Area for your event(s)? _____days

* The Metro Area refers to the seven county Twin Cities metropolitan area including Anoka, Carver, Dakota, Hennepin, Scott, Washington, and Wright counties.

4. Please complete the following information about your expenditures as promoter/sponsor of the event(s) within the Twin Cities metro area.

Amount of Dollars Spent By Promoter/Sponsor in Metro Area for:	
Lodging	$ .00
Meals	$ .00
Transportation	$ .00
Local payroll, if any	$ .00
Number of local persons employed	persons
Advertising	$ .00
Materials and supplies	$ .00
Other _____	$ .00
Number of days spent in the Metro Area	days

Please return this survey in the self-addressed, stamped envelope provided by September 15, 2003.

Your help in this effort is very much appreciated. Thank you!

SAMPLES OF HORSE SHOW SURVEYS

This exhibit presents samples of surveys administered to non-local participants of horse shows held at the Fairgrounds. The five shows surveyed include:

- State 4-H Horse Show
- Harvest Horse Show
- Minnesota AQHA Show
- North Star Morgan Horse Show
- Region X Arabian Horse Show

Minnesota State Fairgrounds Economic Impact Survey
Horse Show Participant Survey

Minnesota State 4-H Horse Show on September 13 – 16, 2002

Please take a few minutes to complete this form as best as possible and return it in the enclosed envelope. Providing this information will be of great value in demonstrating the important benefits of these types of events held at the Minnesota State Fairgrounds. We appreciate your help in this matter.

1. Please indicate where you live.

   City _____

   State _____

2. How many people were in your group/party, including yourself, for this horse show?

   ☐ 1 person ☐ 2 persons ☐ 3 persons ☐ 4 persons ☐ 5 persons ☐ ____ persons

3. How many days did your group/party stay in the Minneapolis/St. Paul area while attending this horse show?

   ☐ 1 day ☐ 2 days ☐ 3 days ☐ 4 days ☐ 5 days ☐ ____ days

4. If you stayed overnight, did you stay…?

   ☐ At an area hotel/motel ☐ At area campgrounds

   ☐ At the Fairgrounds ☐ With friends/family

5. Please estimate the amount your group/party spent in the Minneapolis/St. Paul area for:

   a. Lodging

Hotel/Motel	$ _____ .00
Camping (not at Fairgrounds)	$ _____ .00
b. Meals (excluding purchases at the Fairgrounds)	$ _____ .00
c. Fuel costs (gas/diesel)	$ _____ .00
d. Retail purchases (excluding purchases at the Fairgrounds)	$ _____ .00
e. Materials and supplies (feed, tack, etc.)	$ _____ .00
f. Entertainment	$ _____ .00
g. Other (describe) _____	$ _____ .00

Minnesota State Fairgrounds Economic Impact Survey

Horse Show Participant Survey

Minnesota Harvest Horse Show on October 1 – 6, 2002

Please take a few minutes to complete this form as best as possible and return it in the enclosed envelope. Providing this information will be of great value in demonstrating the important benefits of these types of events held at the Minnesota State Fairgrounds. We appreciate your help in this matter.

1. Please indicate where you live.

   City _____

   State _____

2. How many people were in your group/party, including yourself, for this horse show?

   ☐ 1 person ☐ 2 persons ☐ 3 persons ☐ 4 persons ☐ 5 persons ☐ ____ persons

3. How many days did your group/party stay in the Minneapolis/St. Paul area while attending this horse show?

   ☐ 1 day ☐ 2 days ☐ 3 days ☐ 4 days ☐ 5 days ☐ ____ days

4. If you stayed overnight, did you stay…?

   ☐ At an area hotel/motel ☐ At area campgrounds

   ☐ At the Fairgrounds ☐ With friends/family

5. Please estimate the amount your group/party spent in the Minneapolis/St. Paul area for:

   a. Lodging

Hotel/Motel	$ _____ .00
Camping (not at Fairgrounds)	$ _____ .00
b. Meals (excluding purchases at the Fairgrounds)	$ _____ .00
c. Fuel costs (gas/diesel)	$ _____ .00
d. Retail purchases (excluding purchases at the Fairgrounds)	$ _____ .00
e. Materials and supplies (feed, tack, etc.)	$ _____ .00
f. Entertainment	$ _____ .00
g. Other (describe) _____	$ _____ .00

Minnesota State Fairgrounds Economic Impact Survey

Horse Show Participant Survey

Minnesota Amateur Quarter Horse Show on May 23 – 26, 2003

Please take a few minutes to complete this form as best as possible and return it in the enclosed envelope. Providing this information will be of great value in demonstrating the important benefits of these types of events held at the Minnesota State Fairgrounds. We appreciate your help in this matter.

1. Please indicate where you live.

   City _____

   State _____

2. How many people were in your group/party, including yourself, for this horse show?

   ☐ 1 person ☐ 2 persons ☐ 3 persons ☐ 4 persons ☐ 5 persons ☐ ____ persons

3. How many days did your group/party stay in the Minneapolis/St. Paul area while attending this horse show?

   ☐ 1 day ☐ 2 days ☐ 3 days ☐ 4 days ☐ 5 days ☐ ____ days

4. If you stayed overnight, did you stay…?

   ☐ At an area hotel/motel ☐ At area campgrounds

   ☐ At the Fairgrounds ☐ With friends/family

5. Please estimate the amount your group/party spent in the Minneapolis/St. Paul area for:

   a. Lodging

Hotel/Motel	$ _____ .00
Camping (not at Fairgrounds)	$ _____ .00
b. Meals (excluding purchases at the Fairgrounds)	$ _____ .00
c. Fuel costs (gas/diesel)	$ _____ .00
d. Retail purchases (excluding purchases at the Fairgrounds)	$ _____ .00
e. Materials and supplies (feed, tack, etc.)	$ _____ .00
f. Entertainment	$ _____ .00
g. Other (describe) _____	$ _____ .00

Minnesota State Fairgrounds Economic Impact Survey

Horse Show Participant Survey

North Star Morgan Americana Horse Show on July 3 – 6, 2003

Please take a few minutes to complete this form as best as possible and return it in the enclosed envelope. Providing this information will be of great value in demonstrating the important benefits of these types of events held at the Minnesota State Fairgrounds. We appreciate your help in this matter.

1. Please indicate where you live.

   City _____

   State _____

2. How many people were in your group/party, including yourself, for this horse show?

   ☐ 1 person ☐ 2 persons ☐ 3 persons ☐ 4 persons ☐ 5 persons ☐ ____ persons

3. How many days did your group/party stay in the Minneapolis/St. Paul area while attending this horse show?

   ☐ 1 day ☐ 2 days ☐ 3 days ☐ 4 days ☐ 5 days ☐ ____ days

4. If you stayed overnight, did you stay…?

   ☐ At an area hotel/motel ☐ At area campgrounds

   ☐ At the Fairgrounds ☐ With friends/family

5. Please estimate the amount your group/party spent in the Minneapolis/St. Paul area for:

   a. Lodging

      Hotel/Motel $ _____ .00

      Camping (not at Fairgrounds) $ _____ .00

   b. Meals (excluding purchases at the Fairgrounds) $ _____ .00

   c. Fuel costs (gas/diesel) $ _____ .00

   d. Retail purchases (excluding purchases at the Fairgrounds) $ _____ .00

   e. Materials and supplies (feed, tack, etc.) $ _____ .00

   f. Entertainment $ _____ .00

   g. Other (describe) _____ $ _____ .00

Minnesota State Fairgrounds Economic Impact Survey

Horse Show Participant Survey

Region X Arabian Horse Show on June 10 – 15, 2003

Please take a few minutes to complete this form as best as possible and return it in the enclosed envelope. Providing this information will be of great value in demonstrating the important benefits of these types of events held at the Minnesota State Fairgrounds. We appreciate your help in this matter.

1. Please indicate where you live.

   City _____

   State _____

2. How many people were in your group/party, including yourself, for this horse show?

   ☐ 1 person ☐ 2 persons ☐ 3 persons ☐ 4 persons ☐ 5 persons ☐ ____ persons

3. How many days did your group/party stay in the Minneapolis/St. Paul area while attending this horse show?

   ☐ 1 day ☐ 2 days ☐ 3 days ☐ 4 days ☐ 5 days ☐ ____ days

4. If you stayed overnight, did you stay…?

   ☐ At an area hotel/motel ☐ At area campgrounds

   ☐ At the Fairgrounds ☐ With friends/family

5. Please estimate the amount your group/party spent in the Minneapolis/St. Paul area for:

   a. Lodging

      Hotel/Motel $ _____ .00

      Camping (not at Fairgrounds) $ _____ .00

   b. Meals (excluding purchases at the Fairgrounds) $ _____ .00

   c. Fuel costs (gas/diesel) $ _____ .00

   d. Retail purchases (excluding purchases at the Fairgrounds) $ _____ .00

   e. Materials and supplies (feed, tack, etc.) $ _____ .00

   f. Entertainment $ _____ .00

   g. Other (describe) _____ $ _____ .00

RIMS II MULTIPLIERS USED IN ANALYSIS

Markin Consulting used the Regional Input-Output Modeling System (RIMS II) developed by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) to estimate the indirect expenditures, earnings and employment resulting from the direct expenditures. RIMS II contains multipliers for all industries listed by the BEA's four-digit Standard Industrial Classification (SIC) such as hotels and lodging places, eating and drinking establishments, retail trade, utilities, business services, amusements and household wages. The RIMS II multipliers relevant to this analysis are output, earnings and employment. The multipliers used in this analysis are shown in the tables below.

Minnesota State Agricultural Society
RIMS II Multipliers Used In Analysis

RIMS II Category #	Industry	Final-Demand Multiplier Output	Earnings	Employment
Multipliers Used For MSAS Operations				
11.0105	New additions & alterations, nonfarm	2.1829	0.5922	19.3113
12.0214	Maintenance and repair of highways and streets	2.2326	0.6513	18.9305
12.0300	Other maintenance and repair	2.1064	0.6433	19.6200
24.0000	Transportation	2.0998	0.6348	19.8218
26.0000	Electric, gas and sanitary services	1.6303	0.3451	8.8685
27.0000	Wholesale trade	1.9823	0.5869	16.4677
28.0000	Retail trade	2.0132	0.6338	28.6760
33.0000	Personal and repair services (except auto)	2.2621	0.7900	39.2137
34.0000	Business services	2.0875	0.7324	23.7072
37.0000	Miscellaneous services	1.9374	0.5209	22.9279
38.0000	Households	1.3209	0.3734	14.2093
65.0200	Local and suburban transit and interurban highway passenger transportation	1.9956	0.6624	29.8816
66.0100	Telephone, telegraph communications and communications services	1.9593	0.5072	13.4542
68.0301	Water supply and sewerage systems	2.2575	0.6107	17.8133
69.0100	Wholesale trade	1.9909	0.5964	17.0196
70.0500	Insurance agents, brokers and services	2.1374	0.7502	25.6052
73.0104	Computer and data processing services	2.1743	0.7402	18.1209
73.0109	Other business services	1.8510	0.5309	18.8716
73.0200	Advertising	2.0929	0.7720	20.9275
73.0301	Legal services	2.1936	0.9181	21.5278
73.0302	Engineering, architectural and surveying services	2.3138	0.8409	26.3879
75.0003	Automobile parking and car washes	1.9732	0.5587	29.9487
76.0201	Theatrical producers (except motion picture), bands, orchestras and entertainers	2.3900	0.7064	36.2302
77.0304	Veterinary services	2.2273	0.6719	28.9146
78.0100	U.S. Postal service	2.1262	0.8515	26.1389
79.0000	State and local government enterprises	1.9845	0.4169	13.4623
91.0000	Household industry	1.3352	0.3834	14.7331
Multipliers Used For Fair and Non-Fair Activities				
69.0200	Retail, fuel, materials and supplies and other	2.0295	0.6466	29.4414
72.0101	Lodging (hotel)	2.1064	0.6585	33.4133
72.0102	Camping	2.0674	0.5317	28.0541
73.0101	Repairs and maintenance	1.9199	0.6091	26.3773
73.0200	Advertising	2.0929	0.7720	20.9275
74.0000	Meals	2.1250	0.6369	41.2719
76.0206	Entertainment	1.8920	0.5516	35.3043
91.0000	Local payroll	1.3352	0.3834	14.7331

YEAR-ROUND EVENTS USED IN ANALYSIS

Event promoters from the following table of non-Fair events, occurring between September 1, 2002 and August 31, 2003, were surveyed about their expenditures in the Twin Cities area while staging their event at the Fairgrounds. Survey results from the ten responses received were then applied to the six event promoters from whom we didn't receive a response.

Minnesota State Agricultural Society
Non-Fair Events Used To Calculate Event Promoter Expenditures

Car Craft Car Show
Country Folk Art & Craft Show
Fall Arabian Horse Show
Gem, Mineral, Fossil, Jewelry Show & Sale
MAQHA Corporate Challenge
Mazda Ride & Drive
Minnesota Harvest Horse Show
Minnesota State 4-H Horse Show
Morgan Horse Show
Nissan Ride & Drive
Region X Arabian Horse Show
Reining Horse Show
Rubber Stamp & Scrapbook Expo
Saddlebred Horse Show
Tanbark Horse Show
Western Saddle Club Association Horse Show

YEAR-ROUND HORSE SHOW SURVEY RESULTS

Between September 1, 2002 and August 31, 2003, there were 9 horse shows held at the Fairgrounds that involved non-local participants. We surveyed, via mail, participants from 5 of those shows. The results of the surveys are in the table below. The weighted average of all the survey responses was then applied to the other 4 shows that we did not survey.

Minnesota State Agricultural Society
Non-Fair Horse Show Survey Results

	State 4-H Horse Show	Harvest Horse Show	MAQHA	North Star Morgan	Region X Arabian	Weighted Average
Number of survey responses	93	15	24	15	48	
Average number of people/participant	4.39	4.27	4.08	4.07	4.10	4.25
Average number of days in Metro Area	3.87	4.00	4.92	4.67	4.38	4.19
Total participant expenditures from surveys						
Lodging	$15,577	$13,250	$5,538	$9,885	$14,632	$58,882
Meals	11,407	6,635	3,310	4,579	8,564	34,495
Fuel	6,398	2,005	2,319	1,626	3,190	15,538
Retail	7,506	3,820	2,190	5,315	5,540	24,371
Materials and supplies	9,284	3,890	3,505	2,437	4,941	24,057
Entertainment	1,125	1,780	735	590	1,090	5,320
Other	1,030	150	110	0	430	1,720
Total	$52,327	$31,530	$17,707	$24,432	$38,387	$164,383
Average expenditures per person per day						
Lodging	$9.86	$51.72	$11.50	$34.67	$16.97	$16.96
Meals	7.22	25.90	6.87	16.06	9.94	9.93
Fuel	4.05	7.83	4.81	5.70	3.70	4.47
Retail	4.75	14.91	4.55	18.64	6.43	7.02
Materials and supplies	5.88	15.18	7.28	8.55	5.73	6.93
Entertainment	0.71	6.95	1.53	2.07	1.26	1.53
Other	0.65	0.59	0.23	0.00	0.50	0.50
Total	$33.12	$123.07	$36.75	$85.70	$44.53	$47.34

NON-FAIR EVENTS USED IN ANALYSIS

We mailed/faxed surveys to promoters of 63 non-horse events, asking for information about (1) the number of non-local exhibitors and participants at each event, (2) the number of persons traveling with each exhibitor/participant and (3) the estimated number of days each exhibitor/participant group stayed in the Twin Cities area. We received 39 responses and used those responses to estimate exhibitor/participant data for the other 24 events for which we didn't receive a response. The events used are listed below.

Minnesota State Agricultural Society
Non-Fair Events Used To Calculate Non-Local Participant and Exhibitor Expenditures

4-H State Dog Show	Military Relic Show - Fall
4-H Youth Leadership Extravaganza	Military Relic Show - Spring
Antique Spectacular Show & Flea Market - Fall	Minnesota Beef Expo
Antique Spectacular Show & Flea Market - Spring	Minnesota Deer Classic
Antique Spectacular Show & Flea Market - Summer	Model Railroad & Hobby Sale - Spring
Auto Dealers Fleet Services Used Car Sale - Fall	Motorcycle Skills Course
Car Craft Car Show	MSRA Back to the 50's Car Show
Children's Water Festival	NAPA Auto Parts Dealer Show
Comic Book Convention	Nissan Ride & Drive
Computer Gaming Tournament	Northland Antique Toy, Doll & Advertising Show
Computer Show & Sale - Fall	Parking for Education Minnesota
Computer Show & Sale - Spring	Radio Rey Mexican Rodeo
Computer Show & Sale - Summer	Roadsters Swapmeet
Country Folk Art & Craft Show	Rubber Stamp & Scrapbook Expo
Credit Union Used Car Sale - Spring	Shrine Circus
District 10 & 12 Neighborhood Clean-up	Shrine Imperial Camping
DNR Arbor Tree Distribution	Spring Extravaganza Car Show and Swap Meet
Feasts of the Lord	St. Paul Chamber of Commerce Trade Show
FFA Cattle and Livestock Show	Super Golf Sale - Winter
First Fifty Auto Parts Sale & Swap Meet	Twin Cities Arts & Crafts Show & Sale
Frigid 5K Running Race	Twin Cities Market 2002
Gem, Mineral, Fossil, Jewelry Show & Sale	Twin City Model Railroad & Hobby Sale - Fall
GMCCA Car Show & Swap Meet	U of M Vehicle Technology Demonstration
GSTA Car Show	Used Book Fair
Heart of the City Church Picnic	Watercolor Art Show
Horse Expo	Weapon Collectors Show and Sale - Fall
Junior League of St. Paul Garage Sale	Weapons Collectors Show and Sale - Spring
Living Green Expo	Weapons Collectors Show and Sale - Winter
Mazda Ride & Drive	Wilsons Leather Sale
Metro Transit Bus Rodeo	YMCA Garage Sale - Fall
Michelin Tire Demonstration	YMCA Garage Sale - Spring
Midwest Fall Swap Meet & Antique Auto Show	

NON-LOCAL PARTICIPANT AND EXHIBITOR EXPENDITURES

We mailed/faxed surveys to promoters of 63 non-horse events, asking for information about (1) the number of non-local exhibitors and participants at each event, (2) the number of persons traveling with each exhibitor/participant and (3) the estimated number of days each exhibitor/participant group stayed in the Twin Cities area. We received 39 responses and used those responses to estimate exhibitor/participant data for the other 24 events for which we didn't receive a response. This calculation is shown in the table below.

Minnesota State Agricultural Society
Non-Local Participant and Exhibitor Expenditures

	Surveyed	Not Surveyed	Total
Number of events	39	24	63
Average number of non-local exhibitors	396.41	121.68 (1)	
Weighted average number of people/exhibitor	2.69	2.35 (1)	
Weighted average number of days in Metro Area	3.44	2.68 (1)	
Total number of person days	143,000	18,431	161,431
Average exhibitor expenditures per event			
Lodging	$34.00	$34.00	$34.00
Meals	25.00	25.00	25.00
Retail	20.00	20.00	20.00
Total	$79.00	$79.00	$79.00
Total exhibitor expenditures			
Lodging	$4,862,000	$626,650	$5,488,650
Meals	3,575,000	$460,780	4,035,780
Retail	2,860,000	$368,620	3,228,620
Total	$11,297,000	$1,456,050	$12,753,050

(1) Adjusted to eliminate skewing due to a few high attendance events by exhibitors and participants in the survey responses