

Economic and Fiscal Impact Analysis

Barrett-Jackson Auction Company 2016

City of Scottsdale, Arizona



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Prepared for:



Barrett-Jackson Auction Company



City of Scottsdale

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Table of Contents

Executive Summary	i
1.0 Introduction	1
1.1 Purpose of Study	1
1.2 Economic & Fiscal Impact Definition	1
1.3 Limiting Conditions	1
2.0 Methodology & Assumptions	4
2.1 Analysis Assumptions	4
2.2 Economic Impact Methodology	4
2.3 Fiscal Impact Methodology	5
3.0 Impact of Construction	8
3.1 Construction Assumptions	8
3.2 Economic Impact of Construction	8
3.3 Fiscal Impact of Construction	9
4.0 Impact of Barrett-Jackson Annual Operations	12
4.1 Operating Assumptions	12
4.2 Economic impact of Operations	13
4.3 Fiscal Impact of Operations	13
5.0 Impact of Auction Activities Including Tourism	16
5.1 Assumptions Used in the Analysis	16
5.2 Economic Impact of Visitor Spending	19
5.3 Fiscal Impact during Auction	20
6.0 Summary of Total Impacts	22
6.1 Economic Impact Summary	22
6.2 Fiscal Impact Summary	23



Executive Summary

The Barrett-Jackson Auction Company generates a significant impact on the economy in Arizona, Maricopa County and specifically, the City of Scottsdale during its automobile auction held at WestWorld in January each year. In addition, the company operates in Scottsdale, Arizona on a year-round basis and plans to build a new showroom in 2016. This impact study includes the direct impact of the construction, operations, auction and auction activities along with the ripple effects throughout the economy. The following tables summarize the benefits in terms of jobs, wages and output (economic impact) along with the resulting government revenues (fiscal impact).

Economic Impact

In total, an estimated 911 direct jobs are projected to be created in 2016 due to new construction, operations and associated tourism impacts. Total wages for these jobs approximated \$35.2 million and the direct economic output was \$94.1 million. Using accepted economic multipliers, the indirect and induced economic output was \$73.6 million. This represents 526 indirect and induced jobs with wages of \$26.0 million. Total impacts for 2016 are projected at 1,437 jobs, \$61.2 million in wages and \$167.8 million in economic output.

Barrett-Jackson Auction Company Total Economic Impact 2016			
(2016 Dollars)			
	Jobs	Wages (\$ mil)	Output (\$ mil)
Direct	911	\$35.2	\$94.1
Indirect	231	\$11.9	\$33.3
Induced	295	\$14.1	\$40.3
Total	1,437	\$61.2	\$167.8

Source: EDP Co; Barrett-Jackson; Longwoods Travel; Behavior Research Center

The majority of the total impact is generated during the auction itself. In January 2016, the auction attracted 350,000 attendees, vendors, consignors and bidders, many from out-of-state and from outside the City of Scottsdale. These tourists inject new dollars into the economy and create a large impact on the State, Maricopa County and the City of Scottsdale from their tourist-type activities.

Barrett-Jackson Auction Company Economic Impact by Type 2016			
(2016 Dollars)			
	Jobs	Wages (\$ mil)	Output (\$ mil)
Construction	52	\$3.2	\$8.3
Operations	155	\$10.2	\$28.2
Auction Activity	1,230	\$47.8	\$131.2
Total	1,437	\$61.2	\$167.8

Note: The construction impact is a one-time impact projected for 2016 only.
Source: EDP Co; Barrett-Jackson; Longwoods Travel; Behavior Research Center



Fiscal Impact

Fiscal impact analysis studies the public revenues associated with a particular economic activity. For this study, the revenues generated for the State of Arizona, Maricopa County and the City of Scottsdale are calculated. Both primary (direct taxes generated by the company or tourist spending) and secondary revenues (taxes flow from the wages of those direct, indirect and induced employees who are supported by the company or tourism) are calculated. For example, the tourists visiting for the auction will generate “primary” revenues from spending on retail, restaurants, hotels and entertainment. The employees supported by the tourism would spend part of their salaries on local goods and services. These employees would also contribute to revenues collected by the State and that are ultimately shared with local counties and cities.

Arizona state government will receive an estimated \$6.2 million in revenue from the construction, operations and tourism impacts generated in 2016. This includes \$225,200 million during construction, \$329,330 from annual operations, \$1.1 million from direct auction activity and \$4.5 million generated by visitor spending.

The fiscal impact generated by Barrett-Jackson Auction Company to Maricopa County in 2016 is projected to approximate \$2.6 million. This includes the \$73,240 from construction, \$169,200 from annual operations, \$317,750 from direct auction sales and \$2.0 million from tourism spending.

The City of Scottsdale would receive similar revenues for a total \$1.8 million in 2016. Revenues generated during construction for the City of Scottsdale will reach an estimated \$56,100, an additional \$50,640 from operations, \$446,400 from direct auction activity and \$1.3 million from tourist spending including lodging. The construction impact is a one-time impact projected for the showroom construction in 2016. All other figures are representative of a typical year for Barrett Jackson operations.

Barrett-Jackson Auction Company Fiscal Impact Summary (2016 Dollars)					
	Construction	Operations	Auction Activity	Tourism	Total
<i>State of Arizona</i>					
Primary revenues	\$126,500	\$15,230	\$1,143,850	\$2,823,560	\$4,109,140
Secondary revenues from employment	\$98,700	\$314,100	N/A	\$1,687,500	\$2,100,300
Total	\$225,200	\$329,330	\$1,143,850	\$4,511,060	\$6,209,440
<i>Maricopa County</i>					
Primary revenues	\$35,140	\$53,950	\$317,750	\$1,168,960	\$1,575,800
Secondary revenues from employment	\$38,100	\$115,250	N/A	\$861,200	\$1,014,550
Total	\$73,240	\$169,200	\$317,750	\$2,030,160	\$2,590,350
<i>City of Scottsdale</i>					
Primary revenues	\$49,200	\$29,400	\$446,400	\$1,115,400	\$1,640,400
Secondary revenues from employment	\$6,900	\$21,240	N/A	\$136,900	\$165,040
Total	\$56,100	\$50,640	\$446,400	\$1,252,300	\$1,805,440

NOTE: The construction impact is a one-time impact projected for 2016 only.
Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan



1.0 Introduction

1.1 Purpose of Study

Elliott D. Pollack & Company was retained to perform an economic and fiscal impact analysis of the 2016 Barrett-Jackson Automobile Auction held at WestWorld in Scottsdale, Arizona. The Barrett-Jackson Automobile Auction is held in January each year and in 2016 attracted 350,000 attendees, vendors, consignors, marketers and bidders. This impact study includes the direct impact of the auction and auction activities along with the ripple effects throughout Maricopa County, and specifically the City of Scottsdale. The following impacts are generated:

1. Construction Impacts – the jobs, wages, economic output and fiscal revenues generated during the construction of the proposed new showroom.
2. Operations Impacts – the impacts of the direct jobs at Barrett-Jackson along with the impact of annual operating activities generated.
3. Auction Impacts (Including Tourism) – the impact of the visitation created by the auction held in January, including the influx of attendees, vendors, and consignors visiting for the auction.

The analysis was designed to estimate the impact on the economy and governmental revenues generated from each of the above categories. The 2016 results are meant to reflect a typical year. While dollar figures are expressed in current dollars, the results from year to year would vary based on attendance and tourism generated each year.

1.2 Economic and Fiscal Impact Definition

Economic impact analysis examines the regional implications of an activity in terms of three basic measures: output, earnings and job creation. Fiscal impact analysis, on the other hand, evaluates the public revenues and costs created by a particular activity. In fiscal impact analysis, the primary revenue sources of a city, county or state government are analyzed to determine how the activity may financially affect them.

1.3 Limiting Conditions

This study prepared by Elliott D. Pollack & Company is subject to the following considerations and limiting conditions.

- It is our understanding that this study is for the client's due diligence and other planning purposes. Neither our report, nor its contents, nor any of our work were intended to be included and, therefore, may not be referred to or quoted in whole or in part, in any registration statement, prospectus, public filing,



- private offering memorandum, or loan agreement without our prior written approval.
- The reported recommendation(s) represent the considered judgment of Elliott D. Pollack & Company based on the facts, analyses and methodologies described in the report.
 - Except as specifically stated to the contrary, this study will not give consideration to the following matters to the extent they exist: (i) matters of a legal nature, including issues of legal title and compliance with federal, state and local laws and ordinances; and (ii) environmental and engineering issues and the costs associated with their correction. The user of this study will be responsible for making his/her own determination about the impact, if any, of these matters.
 - This study is intended to be read and used as a whole and not in parts.
 - This study has not evaluated the feasibility or marketability of any site for planned uses.
 - All estimates regarding operating data and attendance were provided by Barrett-Jackson. Data has been reviewed and verified to determine its reasonableness and applicability to the study.
 - This economic and fiscal impact study evaluated the “gross impacts” of auction activities. The term “gross impacts” as used in this study refers to the total revenue, jobs and economic output that have been generated by operations and tourism. The study does not take into account the possible reduction in spending for other retail goods or entertainment events due to the impact of the auction on the economy. In addition, the study does not consider the costs to local governments associated with providing services to the event. Such analysis is beyond the scope of this study.
 - The analysis is based on the current tax structure and rates imposed by the State, Maricopa County and the City of Scottsdale. Changes in those rates would alter the findings of this study.
 - All dollar amounts are stated in current dollars and, unless indicated, do not take into account the effects of inflation. The results of this study are meant to reflect a typical year. While dollar figures are expressed in current dollars, the results from year to year would vary based on attendance at the auction each year.
 - Our analysis is based on currently available information and estimates and assumptions. Such estimates and assumptions are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be



achieved going forward. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary materially from the forecasted results. The assumptions disclosed in this study are those that are believed to be significant to the estimates of results.



2.0 Assumptions and Methodology

The following section outlines the assumptions used in the analysis along with the methodology of the economic and fiscal impact analysis. The results of the analysis are provided in the subsequent sections and are broken down by the economic and fiscal impact of following categories:

1. Construction of the proposed new showroom.
2. Operations of Barrett-Jackson on an annual basis including showroom sales.
3. Auction activity including tourism generated by the auction and the impact of the visitor spending.

2.1 Analysis Assumptions

The inputs of this analysis were based primarily on information provided by Barrett-Jackson including the value of construction of a new showroom, operating revenues, and auction sales and attendance. Additional assumptions were extracted from the 2015 Barrett-Jackson Attendee Survey conducted by Behavior Research Center and the City of Scottsdale 2014 Visitor Report produced by Longwoods Travel USA.

In addition, the analysis uses basic economic fundamentals regarding economic impact analysis such as using the Consumer Expenditure Survey to determine spending patterns of employees based on their respective wages and Census survey results used for calculating the percentage of employees that live within the county or city in which they work. All values are expressed in current dollars.

Detailed assumptions are provided within each section of this report in terms of construction, operations, and event impacts.

2.2 Economic Impact Methodology

Economic impact analysis examines the economic implications of an activity in terms of output, earnings and employment. For this study, the analysis focused on three separate impacts:

1. Construction of a new showroom
2. Operations of Barrett-Jackson
3. Auction activities (including tourism)

The different types of economic impacts are known as direct, indirect and induced, according to the manner in which the impacts are generated. For instance, direct employment consists of permanent jobs held by employees either at the offices or in the tourism industry. Indirect employment is those jobs created by businesses that provide goods and services essential to the operation of the company or tourism industry. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to janitorial firms (who clean the buildings). Finally, the spending of the



wages and salaries of the direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy, throughout the metropolitan area. These secondary effects are captured in the analysis conducted in this study.

Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. The Minnesota IMPLAN Group developed the multipliers used in this study. The economic impact is categorized into three types of impacts:

- (1) **Employment Impact** – the total wage and salary and self employed jobs in a region. Jobs include both part-time and full-time workers.
- (2) **Earnings Impact** – the personal income, earnings or wages, of the direct, indirect and induced employees. Earnings include total wage and salary payments as well as benefits of health and life insurance, retirement payments and any other non-cash compensation.
- (3) **Economic Output** – also referred to economic activity, relates to the gross receipts for goods or services generated by the company's operations.

Economic impacts are by their nature regional in character. Such impacts are best illustrated when not assigned to a specific city or locality, although clearly the primary impact of job creation would be on the city where the activity is located.

2.3 Fiscal Impact Methodology

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The primary revenue sources of local, county and state governments (i.e. taxes) are analyzed to determine how an activity may affect the various jurisdictions. This study will evaluate the impact on State and local government revenues.

The fiscal impact figures cited in this report have been generated from information provided by a variety of sources including the U.S. Bureau of the Census; the U.S. Department of Labor; the Internal Revenue Service; the State of Arizona; the Arizona Tax Research Association; and the U.S. Consumer Expenditure Survey. Elliott D. Pollack and Company has relied upon the estimates of operating revenues and event attendance provided by Barrett-Jackson. In addition, survey results were provided by the Behavior Research Center. Unless otherwise stated, all dollar values are expressed in current dollars.

Fiscal impacts are categorized by type in this study, similar to economic impact analysis. The major sources of revenue generation for governmental entities are related to the construction, ongoing operations and tourism spending.



The tourists visiting for the auction will generate “primary” revenues from spending on retail, restaurants, hotels and entertainment. The employees supported by the tourism would spend part of their salaries on local goods and services. These employees would also contribute to revenues collected by the State and that are ultimately shared with local counties and cities.

In terms of ongoing operations, the operations of Barrett-Jackson also create beneficial fiscal effects. Annual showroom sales along with direct taxable purchases by the organization generate sales taxes. In addition, employees will spend part of their salaries on local goods and services and pay taxes on the homes they occupy. This spending will contribute to revenues collected by the State that are ultimately shared with local governments.

The following is a description of the applicable revenue sources that will be considered for this analysis. These taxes are the major revenue sources and exclude certain taxes (such as corporate income tax) that would create additional impact. Thus, revenue estimates can be considered conservative.

- Construction Sales Tax

The state, counties and cities in Arizona levy a sales tax on materials used in the construction and development of land improvements. That tax is calculated by state law under the assumption that 65% of the construction cost of the facility and its land improvements are related to construction materials with the remaining 35% devoted to labor. The sales tax rate is then applied to the 65% materials figure. The sales tax on construction materials is a one-time collection by the governmental entity. Construction sales tax is generated during any new building construction. Scottsdale has a construction sales tax rate of 1.65%.

- Sales Tax

The State (5.6%), Maricopa County (0.7%), and City of Scottsdale (1.65%) charge transaction privilege tax on goods such as retail items, utility use and rental property. For this report, these tax rates are applied to taxable supplies, taxable spending as well as to the spending of direct, indirect and induced employees. Based on data from the U.S. Consumer Expenditure Survey, the projected extent of retail spending and resulting sales tax receipts was calculated.

- Bed Tax

The State (5.5%), Maricopa County (1.77%) and City of Scottsdale (6.65%) charge sales tax on hotel and motel revenues. This tax is levied on the room revenue estimates generated by the visitors to the Greater Phoenix area.

- Property Taxes

Barrett-Jackson pays property taxes on the office buildings they occupy. In addition, employees supported by the tourism and operations will pay property taxes on the homes they occupy. In order to estimate property taxes, the assessed value full cash value of a typical housing unit was calculated.



- State Unemployment Tax
Unemployment insurance tax for employees is 2.7% on the first \$7,000 of earned income. This factor is applied to the projected wages and earnings of direct and indirect employees.
- State Shared Revenues
Each city in Arizona receives a portion of State revenues from four different sources - State sales tax (see description above), State income tax, vehicle license tax and highway user tax. The formulas for allocating these revenues are primarily based on population. Counties also share in the revenue sources of the State, with the exception of income tax.

State Income Tax

The State of Arizona collects taxes on personal income. The tax rate used in the analysis averages about 1.6% for earnings. These percentages are based on the most recently available income tax data from the State and the projected wage levels of jobs created by the operations and tourism impact. This tax is applied to the wages and earnings of direct and indirect employment. Portions of this tax are redistributed through revenue sharing to cities throughout Arizona based on population.

HURF Taxes

The State of Arizona collects specific taxes for the Highway User Revenue Fund (HURF). Both the registration fees and the motor vehicle fuel tax (gas tax) are considered in this analysis. The motor vehicle fuel tax is \$0.18 per gallon and is calculated based on a vehicle traveling 12,000 miles per year at 20 miles per gallon. These factors are applied to the projected direct and indirect employee count. Portions of these taxes are distributed to cities and counties throughout Arizona based on a formula that includes population and the origin of gasoline sales.

Vehicle License Tax

The vehicle license tax is a personal property tax placed on vehicles at the time of annual registration. This factor is applied to the projected direct, indirect and induced employee count. The average tax used in this analysis is \$325 and portions of the total collections are distributed to the Highway User Revenue Fund. The remaining funds are shared between cities and counties in accordance with population-based formulas.

The above tax categories represent the largest sources of revenues that would be generated to City, County and State governments. This analysis considers gross tax collections and does not differentiate among dedicated purposes or uses of such gross tax collections.



3.0 Impact of Construction

This section of the report outlines the potential economic and fiscal impact of the construction of the proposed new showroom for Barrett-Jackson. Construction phase impacts are generally short-term effects related to on-site and off-site construction employment and other industries that support construction. The long-term or ongoing impacts are described in Sections 4.0 and 5.0 of this report.

3.1 Construction Assumptions

Barrett-Jackson plans to build a 41,240 square-foot showroom in 2016. The total cost for the project is estimated at \$4.5 million. These figures are in-line with the current industry standard rate of \$110 to \$150 per square foot.

Barrett-Jackson Auction Company Construction Assumptions (2016 Dollars)	
Proposed new showroom	
Total square feet	41,240
Total construction cost	\$4,536,400
<small>Source: EDP Co.; Barrett-Jackson</small>	

3.2 Economic Impact of Construction

Based on the cost of construction, the direct impact on the local economy is estimated to be \$4.5 million. In total, construction of the facility will generate an estimated 25 direct person years of employment with \$1.8 million in wages. Person years of employment represent the aggregate of each construction job that is recreated year after year throughout the construction period. To derive the annual average, employment, wages, and economic output is divided by the number of years it takes to complete the development. These economic impacts are expressed as a total impact, irrespective of how long construction takes to complete.

An additional 26 indirect and induced person years of employment are created from ripple effects throughout the economy. A total of 52 direct, indirect, and induced person years of employment are created during the construction period with \$3.2 million in wages and \$8.3 million in economic activity.



Barrett-Jackson Auction Company Economic Impact of Construction (2016 Dollars)			
	Person Years of Employment	Wages (\$ mil)	Output (\$ mil)
Direct	25	\$1.8	\$4.5
Indirect	11	\$0.6	\$1.7
Induced	15	\$0.7	\$2.1
Total	52	\$3.2	\$8.3

Source: Implan; Elliott D. Pollack & Company; Barrett-Jackson

3.3 Fiscal Impact of Construction

Construction activity creates revenues that would ultimately flow to the State of Arizona, Maricopa County and the City of Scottsdale. Some revenues are more direct and definable than others. Revenues have been defined in this analysis as either primary or secondary, depending on their source and how the dollars flow through the economy into government tax accounts. For instance, some revenues, such as construction sales taxes, are definable, straightforward calculations based on the cost of construction. These revenues are described in this study as primary revenues.

Secondary revenues, on the other hand, flow from the wages of those direct, indirect and induced employees who are supported by the project. Revenue projections are based on typical wages of the employees working on the project, their spending patterns, projections of where they might live, and other assumptions outlined earlier in this report.

The following tables illustrate the total fiscal impact of the construction of the proposed Barrett-Jackson showroom irrespective of how many years it will take to construct.

The State of Arizona will collect \$126,500 in construction sales taxes generated by the construction of the proposed showroom. In addition, the spending of construction employees on retail goods and similar items (secondary revenue) are estimated to be \$98,700 during the construction of the project. Overall, construction is estimated to generate \$225,200 in revenues for the State.



Barrett-Jackson Auction Company Fiscal Impact of Construction State of Arizona Revenues (2016 Dollars)	
Primary Impact	
Construction sales tax	\$126,500
Secondary impact from construction employees	
Employee spending sales tax	\$36,100
Personal Income Tax	\$40,500
Unemployment tax	\$9,800
VLT	\$7,500
HURF	\$4,800
Total State Revenues	\$225,200
<p>Note: Figures include direct, indirect and induced revenues. Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan</p>	

Maricopa County will also benefit from the construction of the proposed Barrett-Jackson showroom. In total, the County would collect \$73,240. This includes the \$35,140 in construction sales taxes and state shared construction sales tax.

Barrett-Jackson Auction Company Fiscal Impact of Construction Maricopa County Revenues (2016 Dollars)	
Primary Impact	
Construction sales tax	\$20,640
State shared revenue	\$14,500
Secondary impact from construction employees	
Employee spending sales tax	\$7,200
Residents property tax	\$30,300
State shared revenue	\$600
Total County Revenues	\$73,240
<p>Note: Figures include direct, indirect and induced revenues. Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan</p>	



Primary revenues (construction sales tax and state shared revenues) that will accrue to the City of Scottsdale total \$49,200. The secondary revenues generated by employees totals \$6,700. This takes into account that only a small portion of the construction employees will live, and spend their disposable income in the City of Scottsdale.

Barrett-Jackson Auction Company Fiscal Impact of Construction City of Scottsdale Revenues (2016 Dollars)	
<i>Primary Impact</i>	
Construction sales tax	\$48,700
State shared construction sales tax	\$500
<i>Secondary impact from construction employees</i>	
Employee spending sales tax	\$3,600
Residents property tax	\$2,300
State shared revenue	\$1,000
Total City Revenues	\$56,100
<p>Note: Figures assume no tax incentives or exemptions are offered. Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan</p>	



4.0 Impact of Barrett-Jackson Annual Operations

Barrett-Jackson Auction Company operates in Scottsdale, Arizona on a year-round basis. This section of the report focuses on the jobs, wages and economic output generated by the operations along with the fiscal impacts generated.

4.1 Operating Assumptions

Barrett-Jackson provided the number of full and part-time staff that is directly employed along with annual wages. These jobs then create ripple effects through the economy as well as fiscal impact on State and local governments.

In total, Barrett-Jackson employs 64 full-time equivalents throughout the year with annual wages of \$5.6 million. The estimated value of real property is about \$6.5 million and the company pays \$600,000 each year in rent. The local supplies purchased annually by the company approximate \$64,000 each year and the showroom has sales of about \$1.2 million. An estimated 25% of those sales are taxable in the State of Arizona.

Barrett-Jackson Auction Company Operating Assumptions (2016 Dollars)	
Annual employment	
FTE	64
Annual wages	\$5,600,000
Annual revenues	
Showroom sales	\$1,200,000
Percent taxable in-state	25%
State taxable sales	\$300,000
Operating costs assumptions	
Net assessed value for property tax	\$6,500,000
Annual rent	\$600,000
Locally purchased supplies	\$64,000

Source: EDP Co; Barrett-Jackson

Direct revenues generated by the auction held in January such as ticket sales, concessions, auction sales are not provided in the above table, but will be further explored when reviewing the impact of the auction. It is important to note that the data is excluded from fiscal impacts generated by tourists in order to not double count the impact from the spending estimates in other sections.



4.2 Economic Impact of Operations

The following table provides the economic impact resulting from the annual operations of Barrett-Jackson. This includes the number of jobs created, wages and economic output. The total number of full-time equivalent employees at Barrett-Jackson is 64. The total annual wages for these employees is \$5.6 million. This direct economic activity also creates ripple effects throughout the economy generating an additional 91 indirect and induced jobs that make a total of \$4.6 million in annual wages. Overall, the economic activity averages \$28.2 million each year.

Barrett-Jackson Auction Company Economic Impact of Operations (2016 Dollars)			
	Jobs	Wages (\$ mil)	Output (\$ mil)
Direct	64	\$5.60	\$15.53
Indirect	42	\$2.26	\$5.99
Induced	49	\$2.36	\$6.71
Total	155	\$10.22	\$28.23

Source: Implan; Elliott D. Pollack & Company; Barrett-Jackson

4.3 Fiscal Impact of Operations

Primary revenues generated by annual operations of Barrett-Jackson include sales taxes collected from auto sales as well as locally purchased supplies. In a typical year, the State collects an estimated \$15,230 from primary taxable sales. Secondary revenues generated by employees totals an estimated \$314,100. Overall, on an annual basis, Barrett-Jackson operations, excluding impacts during the auction itself, generate \$329,330 for the State of Arizona.



Barrett-Jackson Auction Company Fiscal Impact of Operations State of Arizona Revenues (2016 Dollars)	
Total Primary Operations Impact	
Sales Tax	\$15,230
Total Secondary impact from operations employees	
Employee spending sales tax	\$113,400
Personal Income Tax	\$134,100
Unemployment tax	\$29,400
VLT	\$22,800
HURF	\$14,400
Total State Revenues	\$329,330
<small>Note: Figures include direct, indirect and induced revenues. Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan</small>	

Maricopa County also benefits from the operations of the company throughout the year. In total, primary revenues approximate \$53,950 in sales taxes, lease tax, property tax and and state shared revenues. An additional \$115,250 in tax revenues is generated by the employees that will live in Maricopa County.

Barrett-Jackson Auction Company Fiscal Impact of Operations Maricopa County Revenues (2016 Dollars)	
Total Primary Operations Impact	
Sales tax	\$2,550
Lease tax	\$3,000
Property tax	\$46,900
State shared sales tax	\$1,500
Total Secondary impact from operations employees	
Employee spending sales tax	\$22,700
Residents property tax	\$90,900
State shared revenue	\$1,650
Total County Revenues	\$169,200
<small>Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan</small>	

Similarly, the City of Scottsdale will realize \$29,400 in direct sales tax, lease taxes, property taxes and state shared revenues along with \$21,240 each year from secondary impacts. Revenues generated during the auction will be accounted for in the final section of this report.



Barrett-Jackson Auction Company Fiscal Impact of Operations City of Scottsdale Revenues (2016 Dollars)	
Total Primary Operations Impact	
Sales tax	\$6,000
Lease tax	\$9,900
Property tax	\$13,400
State shared sales tax	\$100
Total Secondary impact from operations employees	
Employee spending sales tax	\$11,190
Residents property tax	\$6,830
State shared revenue	\$3,220
Total City Revenues	\$50,640
Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan	



5.0 Impact of Auction Activities and Tourism

The Barrett-Jackson auction is currently held each year at WestWorld, located in Scottsdale, Arizona. In January 2016, the auction attracted 350,000 attendees, vendors, consignors and bidders, many from out-of-state and from outside the City of Scottsdale. These tourists inject new dollars into the economy and create a large fiscal and economic impact on the State, Maricopa County and the City of Scottsdale from their tourist-type activities. These activities include staying at hotels, eating at local restaurants, and shopping at local stores.

In addition to the tourist spending in the economy, the spending at the auction itself includes auto sales, ticket sales, parking fees, registration fees, and vendor sales among other. This spending has a large fiscal impact on revenues because a sales tax can be levied on many of the purchases.

5.1 Assumptions Used in Analysis

Barrett-Jackson provided the information regarding direct auction activities. The table on the following page outlines the data for the auction held in January 2016.

In total, there were 296,563 attendees, 2,429 vendors, 38,531 consignors and 12,477 bidders and their guests, for a grand total of 350,000 people that visited the auction. The number of auto sales reached 1,502 this year with total receipts of \$101.6 million. Twelve percent of the purchases were made by local residents that will pay Arizona sales taxes on their purchase. A portion of the additional auction activities are taxable by the local governments including taxable gate sales (\$8.9 million), merchandise revenue (\$1.3 million), and food and beverage sales (\$3.3 million).

During the auction, the company temporarily employs 255 people at an hourly rate of \$15 per hour. On a FTE basis, this figure is relatively small, but is reflected in the jobs figures outlined in the economic impact of auction activities.



Barrett-Jackson Auction Company Auction Assumptions (2016 Dollars)	
Total attendance	350,000
Attendees	296,563
Vendors	2,429
Consignors / sponsors / media	38,531
Bidders & bidder guests	12,477
Auto Sales	
Auto Sales	1,502
Auto Sales Receipts	\$101,614,830
% In-State	12%
Taxable Auto Sales	\$11,924,465
Additional Auction Activities	
Taxable Gate Sales	\$8,855,000
Valet Parking	\$253,181
RV Parking	\$104,700
Bidder Registration Fees	\$1,464,650
Consignment Fees	\$1,393,740
Local Sponsorship Fees	\$2,310,130
Vendor Revenues	\$1,099,986
Merchandise Revenues	\$1,319,622
F&B Sales	\$3,289,785
Other Fees	\$175,657
Temporary Employment	
Number of Temps	255
Temp Hourly Rate	\$15
Hours/Temp	46
Temp - FTE Basis	0.022
Total Temp FTE	5.62
<small>Source: EDP Co; Barrett-Jackson</small>	

Based on the above figures along with survey data provided by Barrett-Jackson and the City of Scottsdale, the assumptions for the tourism impact are calculated. Indeed, total spending figures in the economy are calculated considering the number of unique visitors attending the auction, the length of stay, percent of the visitors that consider Barrett-Jackson a primary or major reason they are visiting the area and the average spending per person per day. In addition, lodging estimates are calculated using the percent of visitors that stay in a hotel, the average hotel rate and estimates for persons per room. For the City of Scottsdale impacts, this is further reduced by the percentage of visitors that stay in the City limits, rather than elsewhere in Greater Phoenix.



Barrett-Jackson Auction Company Visitor Assumptions (2016 Dollars)					
Overnight Visitors					
	Attendees	Vendors	Consignors	Bidders	Total
Overnight attendees	127,522	1,603	34,678	9,982	173,785
Number of days attended event	2.5	--	--	--	
Unique visitors to auction	51,009	1,603	34,678	9,982	
Length of Stay	5	8	8	7	
Primary or major reason	91%	100%	100%	100%	
Spending per person per day	\$55	\$55	\$75	\$100	
Total Spending	\$12,764,961	\$705,382	\$20,806,740	\$6,987,120	\$41,264,203
Percent that stay in hotel	46%	46%	46%	46%	
Persons / room	2.0	2.0	2.0	2.0	
Total room nights	53,381	2,950	63,807	16,070	136,208
Hotel rate	\$219	\$219	\$219	\$219	
Total lodging	\$11,690,384	\$646,001	\$13,973,807	\$3,519,412	\$29,829,604
Percent that stay in Scottsdale	40%	40%	40%	40%	
Total Scottsdale room nights	21,352	1,180	25,523	6,428	54,483
Daytrip Visitors					
	Attendees	Vendors	Consignors	Bidders	Total
Visitors	169,041	826	3,853	2,495	176,215
Number of days	1	10	10	7	
Spending per person per day	\$55	\$55	\$75	\$100	
Total Spending	\$9,297,250	\$454,223	\$2,889,825	\$1,746,780	\$14,388,078
Percent from Scottsdale	10%	5%	7%	8%	
Note: Vendors, consignors and bidders represent the total registered unique visitors.					
Source: EDP Co; Barrett-Jackson; Longwoods Travel; Behavior Research Center					

Based on the assumptions outlined in the above table(s), an estimate for total annual spending is calculated. Total spending estimates are then broken down into spending categories in order to run the economic and fiscal impact of the spending. The categories include lodging, food & beverage, entertainment, in-town transportation and retail.

Barrett-Jackson Auction Company Visitor Spending Assumptions Percent of Total Spending		
Spending by Category	Overnight Visitors	Daytrip Visitors
Lodging	42.0%	N/A
Food & Beverage	23.9%	39.5%
Entertainment	9.4%	16.0%
Transportation	8.2%	16.8%
Retail	16.5%	27.7%
Total	100.0%	100.0%
Source: EDP Co; Barrett-Jackson; Longwoods Travel; Behavior Research Center		



Overall, the overnight visitors generated by the auction spend an estimated \$41.3 million each year in the local economy and daytrip visitors spend an additional \$14.4 million. The total number of room nights demanded over the 10-day auction was 136,208 rooms, generating \$29.8 million in room revenues. Based on survey data and taking into consideration the room inventory in the City of Scottsdale, an estimated 40% of the visitors stayed in the City of Scottsdale, or a total of 54,483 rooms during the 10-day event.

5.2 Economic Impact of Visitor Spending

The following table provides the economic impact of the visitor spending including resulting wages and economic output. The tables list the equivalent annual jobs and wages for the level of direct, indirect and induced economic activity. In reality, during the 10-day, the head count of jobs created would be much larger for the short period. IMPLAN does not have a way to take into account productivity changes, so the jobs required cannot simply be multiplied by 52 (number of weeks in the year) as that would likely overestimate the number of jobs. This is especially true in industries with a large percentage of part-time workers, such as retail and restaurants. These industries have flexibility to handle increased productivity and a temporary increase in hours by shifting part time workers to full time for the week. Thus, the jobs and wages are listed as the equivalent annual impact.

The \$85.5 million in spending generates 822 direct jobs in the local economy with wages of \$27.8 million. Indirect and induced impacts include an additional 407 jobs with total wages of \$20.0 million and economic output of \$57.2 million. This equates to a total impact of 1,230 jobs created with wages of \$47.8 million and total annual economic output of \$131.2 million.

Barrett-Jackson Auction Company Economic Impact of Tourism (2016 Dollars)			
	Jobs	Wages (\$ mil)	Output (\$ mil)
Direct	822	\$27.8	\$74.1
Indirect	177	\$9.0	\$25.7
Induced	230	\$11.0	\$31.5
Total	1,230	\$47.8	\$131.2
Source: EDP Co; Barrett-Jackson; Longwoods Travel; Behavior Research Center			



5.3 Fiscal Impact during Auction

Primary revenues generated during the auction include the direct sales at the auction as well as by spending of the out-of-state visitors to Arizona on items such as bed taxes, car rental taxes, restaurant and bar taxes and sales tax revenues. This spending generated an estimated \$5.7 million in tax revenue for the State of Arizona during the auction. This includes \$1.1 million in sales taxes generated from auction sales and direct auction activity, \$2.8 million for direct primary impacts generated by visitor spending and an additional \$1.7 million in secondary revenues generated by visitor spending.

Barrett-Jackson Auction Company Fiscal Impact of Tourism State of Arizona Revenues (2016 Dollars)	
Direct Auction Activities	
Sales Tax	\$1,143,850
Tourism Impact	
Total Primary Impact	
Sales Tax	\$1,542,900
Bed Tax	\$1,103,240
Car Rental Tax	\$177,420
Total Secondary Impact	
Employee spending sales tax	\$631,900
Personal Income Tax	\$529,200
Unemployment tax	\$232,400
VLT	\$180,000
HURF	\$114,000
Total State Revenues	\$5,654,910
Note: Figures include direct, indirect and induced revenues.	
Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan	

Maricopa County collected an estimated total of \$2.3 million during the January 2016 auction. This includes \$317,750 from direct auction activity along with \$1.2 million in direct taxes generated by tourism spending and \$861,200 in secondary revenues generated by the spending of employees that supported by the tourism industry.



Barrett-Jackson Auction Company Fiscal Impact of Tourism Maricopa County Revenues (2016 Dollars)	
Direct Auction Activities	
Sales Tax	\$186,650
State shared revenue	\$131,100
Tourism Impact	
Total Primary Impact	
Sales Tax	\$251,800
Bed Tax	\$528,000
Car Rental Tax	\$28,950
State shared revenue	\$360,210
Total Secondary Impact	
Employee spending sales tax	\$129,100
Residents property tax	\$719,400
State shared revenue	\$12,700
Total County Revenues	\$2,347,910
Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan	

The City of Scottsdale revenues generated during the auction include \$446,400 from sales and state shared sales taxes from direct auction sales, \$1.1 million in direct tourism spending impacts and \$136,900 in secondary revenues from tourism-related employee spending.

Barrett-Jackson Auction Company Fiscal Impact during Auction City of Scottsdale Revenues (2016 Dollars)	
Direct Auction Activities	
Sales Tax	\$440,000
State shared revenue	\$6,400
Tourism Impact	
Total Primary Impact	
Sales Tax	\$313,700
Bed Tax (including sales tax on rooms)	\$793,500
State shared revenue	\$8,200
Total Secondary Impact	
Employee spending sales tax	\$63,600
Residents property tax	\$54,100
State shared revenue	\$19,200
Total City Revenues	\$1,698,700
Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan	



6.0 Summary of Total Impacts

Barrett-Jackson Auction Company operates in Scottsdale, Arizona on a year-round basis and hosts the auction in January each year. The company generates an impact in terms of operations as well as by the spending captured by visitors to the auction. In addition, the proposed new showroom will create an impact during construction. The following tables summarize the benefits in terms of jobs, wages and output (economic impact) along with the resulting government revenues (fiscal impact).

6.1 Economic Impact Summary

In total, an average 911 direct jobs are projected to have been created in 2016 due to new construction, operations and associated tourism impacts. Total wages for these jobs approximated \$35.2 million and the direct economic output was \$94.1 million.

Using accepted economic multipliers, the indirect and induced economic output was \$73.6 million. This represents 526 indirect and induced jobs with wages of \$26.0 million. Total impacts for 2016 are projected to have been 1,437 jobs, \$61.2 million in wages and \$167.8 million in economic output. The information is also provided by activity type, as the construction impact will take place in 2016 only while the operations and auction activity will occur annually.

Barrett-Jackson Auction Company Total Economic Impact 2016 (2016 Dollars)			
	Jobs	Wages (\$ mil)	Output (\$ mil)
Total Economic Impact 2016			
Direct	911	\$35.2	\$94.1
Indirect	231	\$11.9	\$33.3
Induced	295	\$14.1	\$40.3
Total	1,437	\$61.2	\$167.8
Economic Impact by Type			
Construction	52	\$3.2	\$8.3
Operations	155	\$10.2	\$28.2
Auction Activity	1,230	\$47.8	\$131.2
Total	1,437	\$61.2	\$167.8
<small>Note: The construction impact is a one-time impact projected for 2016 only. Source: EDP Co; Barrett-Jackson; Longwoods Travel; Behavior Research Center</small>			



6.2 Fiscal Impact Summary

Arizona state government will receive an estimated \$6.2 million in revenue from the construction, operations and tourism impacts generated in 2016. This includes \$225,200 during construction, \$329,330 from annual operations, \$1.1 million from direct auction activity and \$4.5 million generated by visitor spending.

Barrett-Jackson Auction Company Fiscal Impact Summary State of Arizona (2016 Dollars)					
	Construction	Operations	Auction Activity	Tourism	Total
<u>Primary Revenues</u>					
Sales	\$126,500	\$15,230	\$1,143,850	\$1,542,900	\$2,828,480
Bed Tax	N/A	N/A	N/A	\$1,103,240	\$1,103,240
Car Rental	N/A	N/A	N/A	\$177,420	\$177,420
Total Primary Impact	\$126,500	\$15,230	\$1,143,850	\$2,823,560	\$4,109,140
<u>Secondary Revenues</u>					
Employee spending sales tax	\$36,100	\$113,400	N/A	\$631,900	\$781,400
Personal Income Tax	\$40,500	\$134,100	N/A	\$529,200	\$703,800
Unemployment tax	\$9,800	\$29,400	N/A	\$232,400	\$271,600
VLT	\$7,500	\$22,800	N/A	\$180,000	\$210,300
HURF	\$4,800	\$14,400	N/A	\$114,000	\$133,200
Secondary impact from employees	\$98,700	\$314,100	N/A	\$1,687,500	\$2,100,300
Total Impact	\$225,200	\$329,330	\$1,143,850	\$4,511,060	\$6,209,440

Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan

The fiscal impact generated by Barrett-Jackson Auction Company to Maricopa County in 2016 is projected to approximate \$2.6 million. This includes the \$73,240 from construction, \$169,200 from annual operations, \$317,750 from direct auction sales and \$2.0 million from tourism spending.



Barrett-Jackson Auction Company Fiscal Impact Summary Maricopa County (2016 Dollars)					
	Construction	Operations	Auction Activity	Tourism	Total
Primary Revenues					
Sales Tax	\$20,640	\$2,550	\$186,650	\$251,800	\$461,640
Lease tax	N/A	\$3,000	N/A	N/A	\$3,000
Property Tax	N/A	\$46,900	N/A	N/A	\$46,900
Bed Tax	N/A	N/A	N/A	\$528,000	\$528,000
Car Rental Tax	N/A	N/A	N/A	\$28,950	\$28,950
State shared revenue	\$14,500	\$1,500	\$131,100	\$360,210	\$507,310
Total Primary Impact	\$35,140	\$53,950	\$317,750	\$1,168,960	\$1,575,800
Secondary Revenues					
Employee spending sales tax	\$7,200	\$22,700	N/A	\$129,100	\$159,000
Residents property tax	\$30,300	\$90,900	N/A	\$719,400	\$840,600
State shared revenue	\$600	\$1,650	N/A	\$12,700	\$14,950
Total Secondary impact from employees	\$38,100	\$115,250	N/A	\$861,200	\$1,014,550
Total Impact	\$73,240	\$169,200	\$317,750	\$2,030,160	\$2,590,350

Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan

The City of Scottsdale would receive similar revenues for a total \$1.8 million in 2016. Revenues generated during construction for the City of Scottsdale will reach an estimated \$56,100, an additional \$50,640 from operations, \$446,400 from direct auction activity and \$1.3 million from tourist spending including lodging.

Barrett-Jackson Auction Company Fiscal Impact Summary City of Scottsdale (2016 Dollars)					
	Construction	Operations	Auction Activity	Tourism	Total
Primary Revenues					
Sales	\$48,700	\$6,000	\$440,000	\$313,700	\$808,400
Lease tax	N/A	\$9,900	N/A	N/A	\$9,900
Property Tax	N/A	\$13,400	N/A	N/A	\$13,400
Bed Tax	N/A	N/A	N/A	\$793,500	\$793,500
State shared revenue	\$500	\$100	\$6,400	\$8,200	\$15,200
Total Primary Impact	\$49,200	\$29,400	\$446,400	\$1,115,400	\$1,640,400
Secondary Revenues					
Employee spending sales tax	\$3,600	\$11,190	N/A	\$63,600	\$78,390
Residents property tax	\$2,300	\$6,830	N/A	\$54,100	\$63,230
State shared revenue	\$1,000	\$3,220	N/A	\$19,200	\$23,420
Total Secondary impact from employees	\$6,900	\$21,240	N/A	\$136,900	\$165,040
Total Impact	\$56,100	\$50,640	\$446,400	\$1,252,300	\$1,805,440

Sources: Elliott D. Pollack & Company; Barrett-Jackson; ATRA; Implan

