

New Orleans Ernest N. Morial Convention Center

2017 Economic Impact Analysis

Prepared for



By



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Executive Summary

- The New Orleans Ernest N. Morial Convention Center (NOMCC) made a valuable contribution to the New Orleans metro area economy during 2017. In that year, the NOMCC held 134 conventions and trade shows, attracted 739,161 out-of-town visitors, and generated a total economic impact of \$2.3 billion. This impact comprises \$1.3 billion in direct expenditures and \$1.0 billion in secondary expenditures. The current NOMCC total economic impact represents an increase of 16% over that of 2016 (\$2.0 billion).
- During 2017, full-and part-time employment generated include 461 direct jobs and 22,229 secondary jobs. Total direct and secondary employment accounted for 22,690 jobs, an increase of 15% over the 19,734 jobs estimated in 2016. Direct and secondary employment was also responsible for the creation of \$709 million in additional earnings for residents of the New Orleans area, an increase of 16% over 2016 estimates (\$611 million).
- The NOMCC visitor and organizational spending generated \$175 million in tax revenue for state and local governments, representing a 11% increase from 2016 estimates (\$158 million). Of the total, \$105 million is allocated to state revenue, while \$70 million is allocated to revenue of local governments in the New Orleans area.
- The \$2.3 billion NOMCC economic impact estimated for 2017 represents about 3.0% of the New Orleans MSA GDP (\$77.2 billion). The same indicator was estimated at 2.5% during 2016.
- Total state taxes (\$105 million) generated by the NOMCC in 2017 represent 1.1% of the state's total general fund revenue (\$10 billion), a slight increase from the 1.0% estimated in 2016.
- Local tax revenue (\$70 million) accounted for 11% of the City of New Orleans' total general fund revenue (\$622 million), a modest increase from 10% estimated for 2016.
- The NOMCC has attracted 2,969 conventions and trade shows between 1985 and 2017. During the 33-year period, the NOMCC has attracted an estimate of 17.2 million registered delegates, guests, and exhibitors.
- The 33-year adjusted for inflation economic impact attributed to the NOMCC was estimated at \$85.7 billion. Visitors and organizations have generated \$37.2 billion in direct spending and \$48.5 billion in secondary spending.
- Spending has also resulted in the creation or support of full-and part-time jobs over the 33-year period. These jobs have created \$19.9 billion (adjusted for inflation) of new earnings for residents of the New Orleans area.
- A total of \$5.4 billion in tax revenue for state and local governments has been generated since the NOMCC opening. Of that total, \$3.1 billion corresponds to the state and \$2.3 billion to local governments. Both state and local tax revenues are also adjusted for inflation.

Introduction

The New Orleans Ernest N. Morial Convention Center (NOMCC) contracted with the Division of Business and Economic Research (DBER) at The University of New Orleans (UNO) to prepare a comprehensive study of the NOMCC economic activity. The purpose of this report is to provide a thorough economic impact analysis of the financial benefits generated by the NOMCC in 2017.

Methodology

This analysis measures the economic impact of the NOMCC on the 8-parish New Orleans Metropolitan Statistical Area (NOMSA) during the calendar year 2017. The economic impact comprises total spending, total income, total employment, and total state and local tax revenues created by the NOMCC.

The economic impact analysis includes direct and secondary spending generated by all out-of-town attendees and organizations that would have otherwise not spent these funds in the New Orleans metro economy. In evaluating the true economic impact, the spending of residents and local organizations is not factored into the assessment of the economic impact attributable to the NOMCC, since these funds may have been spent within the local economy in the absence of the city's convention center.

The analysis provides tables and graphs presenting the results from each factor influencing the economic impact. When available, the results include comparisons among data collected during the same period in previous years. It is important to note that all historical spending figures presented throughout the report are not adjusted for inflation. Furthermore, totals in some tables or graphs may not add up due to rounding.

All data presented in this study is based on information collected through secondary sources. That is, data provided by the NOMCC and external information available to the DBER. In an effort to produce valid results, the DBER applied its best judgment at every step of the analysis. In some cases, due to constraints in data availability, the DBER used assumptions from prior studies or external reports. Furthermore, this economic impact analysis was estimated using a different methodology from that of studies prepared by other professionals prior to 2015. Even though additional analysis was performed to ensure that figures remained comparable over the years, caution should be used when performing such comparisons.

Section I: Economic Impact

This section includes a detailed analysis, including historical and current trends, of the factors influencing the total economic impact. Although the economic impact attributed to the NOMCC depends on a wide range of aspects, the factors that will ultimately determine its magnitude comprise:

- Total attendance
- Number of exhibiting companies and sponsoring associations
- Individual expenditures of attendees
- Expenditures of companies and associations
- Operational and capital spending of the NOMCC
- Economic and tourism indicators

Attendance

Figure 1: Number of Conventions and Trade Shows

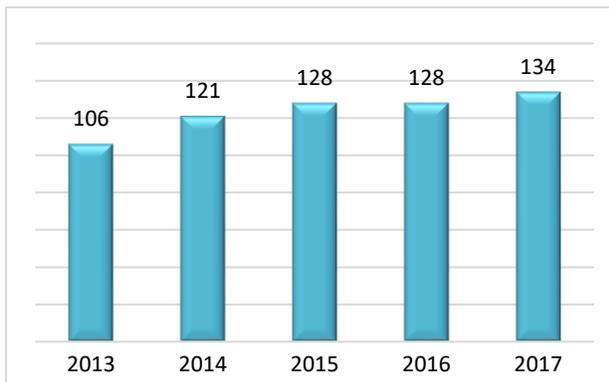
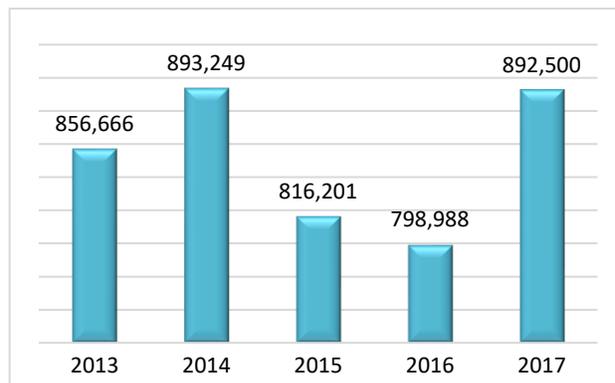


Figure 2: Number of Conventioneers



The NOMCC provided estimates of the number of conventions and attendance for the calendar year 2017. The attendance figures provided by the NOMCC correspond to unique people.

In 2017, a total of 134 conventions and trade shows took place at the NOMCC. This indicator represents an increase of nearly 5% from the 128 conventions reported in both 2016 and 2015 (Figure 1). In the same year, the total number of conventioneers was estimated at 892,500, representing an increase of about 12% over the figure reported in 2016 (798,988). The magnitude of the increase in attendance in relation to that of the number of conventions indicates that the NOMCC successfully attracted a greater fraction of larger conventions during 2017 than in the two prior years. The attendance recorded in 2017 was close to the figure reported in 2014 (893,249), which represents the largest number of conventioneers since 2012 (Figure 2).

Figure 3: Number of Out-of-Town Conventioneers

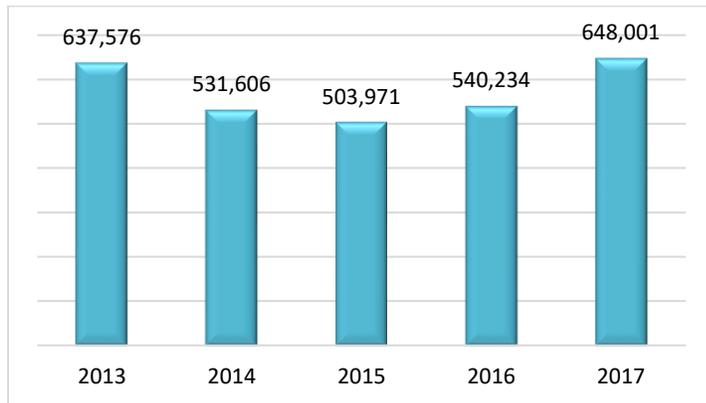
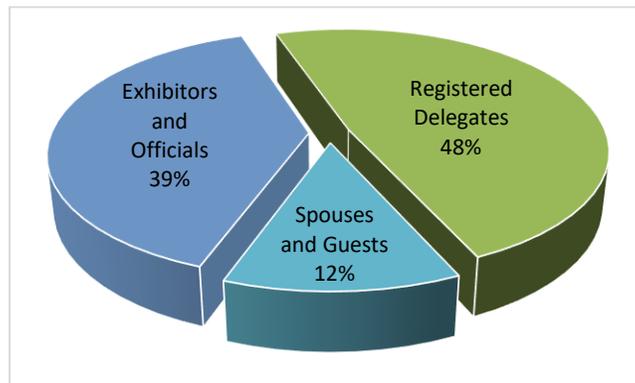


Table 1: Proportion of Out-of-Town Conventioneers

Year	Percentage
2013	74%
2014	60%
2015	62%
2016	68%
2017	73%

NOMCC representatives provided the total number of out-of-town conventioneers for 2017. In that year, 648,001 non-resident conventioneers participated in activities at the NOMCC, a substantial increase over the figure reported in the previous year (540,234). In 2017, out-of-town visitation growth represented almost 20%, while the same indicator was reported at 7% in 2016 and -5% in 2015. The number of out-of-town conventioneers reported in 2017 is comparable to estimates from 2013, and represents the largest figure since 2012 (Figure 3). Conversely, the fraction of out-of-town attendees remained lower than that of 2013 (Table 1). The increase in non-resident attendance indicates that during 2017, the NOMCC attracted a greater proportion of large out-of-town conventions than in the previous year.

Figure 4: Proportion of Out-of-Town Visitors



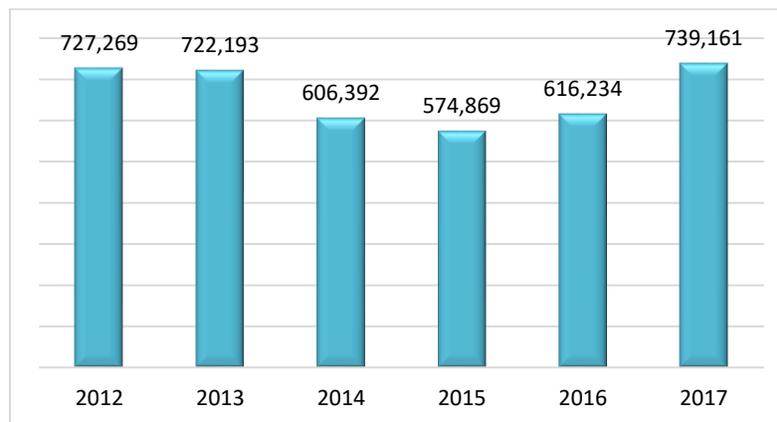
The total economic impact is based on total out-of-town visitation, which is derived from total NOMCC out-of-town attendance. As mentioned earlier in the report, local attendees are not included in this analysis. Total out-of-town visitation is comprised by three types of visitors: registered delegates, spouses and guests of delegates, and exhibitors and officials. The proportion of each type of visitor is based on past reports, including the 2014 report, along with a convention study prepared by the DBER in 2000. These historical proportions are assumed to be a valid representation of visitors associated to the NOMCC on any regular year (Figure 4).

Table 2: Total Number of Out-of-Town Visitors

Visitor Types	2013	2014	2015	2016	2017
Registered Delegates	349,284	293,277	278,031	298,037	357,490
Spouses and Guests	89,067	74,786	70,898	76,000	91,160
Exhibitors and Officials	283,842	238,329	225,940	242,197	290,511
Total Number of Visitors	722,193	606,392	574,869	616,234	739,161

The total NOMCC out-of-town attendance is assumed to consist of two of the three types of visitors, specifically registered delegates and exhibitors and officials. Therefore, total visitation can be estimated from the out-of-town attendance, along with the proportions of visitors included in the prior analysis (Figure 4). The total number of out-of-town visitors in 2017 was estimated at just over 739,000 individuals. As expected by the methodology used, total visitation is comprised by 48% registered delegates, 12% spouses and guests, and 39% exhibitors and officials. Table 2 contains a detailed count by type of visitor since 2013.

During 2012 and 2013, total out-of-town visitation remained relatively stable at around 725,000, followed by a decrease of 16% the following year. Between 2014 and 2016, visitation fluctuated at around 600,000. During 2017, visitation returned to levels of visitation reported 5 years ago, increasing almost 20% and representing the largest figure since 2012. Between 2012 and 2016, total NOMCC attendance and total out-of-town visitation presented opposite trends, while during 2017 both indicators had a positive growth (Figure 5).

Figure 5: Total Number of Out-of-Town Visitors

Direct and Secondary Spending

The total economic impact is comprised by direct and secondary spending. In order to assess the total spending, only the expenditures that stimulate the local economic activity were considered. The analysis includes spending of out-of-town registered delegates, spouses and guests, and exhibitors and officials while in the city. The spending generated by the three types of visitors include expenses for items such as food and lodging. Other applicable spending includes money that exhibiting companies and sponsoring associations spent in the city to prepare for the convention or trade show. Furthermore, the spending includes expenses originated from the daily operations at the NOMCC. The analysis of direct and secondary spending was categorized into two mutually exclusive groups:

- Delegates, guests, and exhibitors' spending
- Organizational spending

The two groups were analyzed individually to reflect differences in spending characteristics. The analysis of each group is presented in the following sections.

Delegates, Guests, and Exhibitors

Total direct spending for this group was estimated from average individual expenditures and out-of-town visitation. Individual spending corresponds to the average trip expenditures per person by type of visitor. Due to constraints in data availability, individual trip expenditures were estimated from information available to the DBER, along with assumptions used in studies prior to 2015. The methods applied to estimate the individual spending for each group are described below:

- Registered delegates spending was derived from average expenditures of traditional conventioners to the New Orleans area during 2017. Traditional conventioners include all visitors who were in the metro area for a convention, regardless of their participation in activities at the NOMCC. Based on data gathered during early 2018, it is assumed that about 70% of delegates stayed in hotels, while the remainder corresponds to visitors who stayed in other accommodations, and visitors who were in New Orleans just for the day.
- Spending of non-delegates, referred to as spouses and guests, was based on average expenditures of traditional leisure visitors to the New Orleans area during 2017. Total spending for these visitors excludes lodging, since spouses and guests are assumed to have lodged with registered delegates.

- Exhibitors expenditures (including officials) were derived as a proportion of registered delegates spending. The proportion was based on previous years' studies, along with current inflation indicators and other economic factors. Similar to delegates, it is assumed that about 70% of exhibitors stayed in hotels, while the remainder stayed in other accommodations or were in New Orleans just for the day.

Table 3: Average Individual Visitor Trip Expenditures - By Type of Visitor

Spending	Registered Delegates	Spouses and Guests	Exhibitors and Officials
Restaurants/Meals	\$253	\$191	\$329
Bars/Nightclubs	\$61	\$77	\$80
Recreation/Entertainment	\$70	\$76	\$92
Shopping	\$102	\$90	\$132
Local Transportation	\$56	\$39	\$73
Gambling	\$21	\$17	\$27
Lodging	\$432	\$0	\$561
Total	\$995	\$489	\$1,294

In 2017, the average trip spending of individual conventioners decreased over that of the prior year. Spending of delegates and exhibitors decreased 8%, while total expenses of guests decreased almost 12%. For both groups, the spending categories with the largest decrease include shopping and recreation/entertainment (Table 3). It is important to note that gambling expenditures presented in this study were not available in reports prior to 2015.

Table 4: Average Individual Visitor Trip Expenditures - Aggregate

Spending	2015	2016	2017
Restaurants/Meals	\$272	\$295	\$275
Bars/Nightclubs	\$72	\$78	\$70
Recreation/Entertainment	\$95	\$97	\$79
Shopping	\$161	\$142	\$112
Local Transportation	\$48	\$67	\$61
Gambling	\$28	\$24	\$23
Lodging	\$469	\$443	\$430
Total	\$1,146	\$1,146	\$1,050

As expected, during 2017, aggregate individual spending (\$1,050) for the three groups also decreased about 8% from the total spending reported in 2016 (\$1,146). Shopping decreased 21%, while recreation/entertainment decreased 19% (Table 4).

Based on the individual trip expenditures, estimates can be made of the total direct spending attributable to out-of-town visitors who came to New Orleans to participate in activities at the NOMCC. Total direct spending by type of visitor was determined for each expense category as the product of visitors' average trip expenditures and total number of out-of-town visitors.

Table 5: NOMCC Visitor Direct Spending

Spending	Total Delegates	Total Guests	Total Exhibitors and Officials	Direct Spending
Restaurants/Meals	\$90,380,700	\$17,407,423	\$95,481,468	\$203,269,591
Bars/Nightclubs	\$21,907,640	\$7,016,438	\$23,144,030	\$52,068,108
Recreation/Entertainment	\$25,191,069	\$6,884,269	\$26,612,764	\$58,688,102
Shopping	\$36,378,365	\$8,159,990	\$38,431,431	\$82,969,786
Local Transportation	\$20,059,311	\$3,574,026	\$21,191,388	\$44,824,726
Gambling	\$7,473,927	\$1,566,254	\$7,895,729	\$16,935,910
Lodging	\$154,399,653	-	\$163,113,425	\$317,513,078
Total	\$355,790,666	\$44,608,400	\$375,870,235	\$776,269,301

Exhibitors and officials made the largest contribution to direct spending at \$376 million (48%), followed closely by registered delegates at \$356 million (46%). A small fraction (6%) of the direct spending was generated by spouses and guests, who contributed \$45 million. In total, direct visitor spending among the three groups totaled \$776 million (Table 5).

For every new dollar of direct spending, additional dollars of secondary spending are generated in the economy. Secondary spending, or the ripple effect, is based on indirect and induced spending generated from direct spending. Indirect spending corresponds to changes in industry-to-industry spending, while induced spending corresponds to changes in household spending. Secondary spending was calculated as a proportion of direct spending using multipliers provided by the United States Department of Commerce, Bureau of Economic Analysis (BEA). The most recent (2016) BEA Regional Input-Output Modeling System (RIMS II) values for the New Orleans Metropolitan Statistical Area were used in this analysis. These multipliers are specific to each industry in a given area. The multipliers used in this report correspond to industries in the New Orleans metro area represented by each spending category.

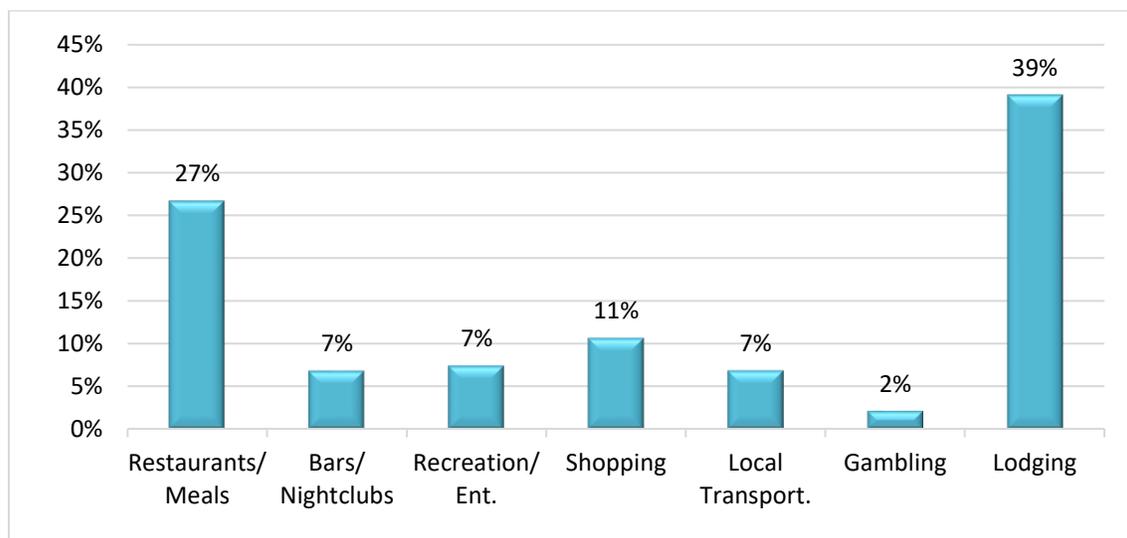
Table 6: NOMCC Total Visitor Spending

Spending	Direct Spending	Secondary Spending	Total Spending
Restaurants/Meals	\$203,269,591	\$166,945,315	\$370,214,907
Bars/Nightclubs	\$52,068,108	\$42,763,537	\$94,831,645
Recreation/Entertainment	\$58,688,102	\$44,233,223	\$102,921,325
Shopping	\$82,969,786	\$64,965,342	\$147,935,128
Local Transportation	\$44,824,726	\$50,687,800	\$95,512,525
Gambling	\$16,935,910	\$12,764,595	\$29,700,506
Lodging	\$317,513,078	\$224,322,989	\$541,836,067
Total	\$776,269,301	\$606,682,802	\$1,382,952,102

Total visitor impact attributed to out-of-town attendees to the NOMCC in 2017 was determined as the sum of direct and secondary spending. Visitors who came to the New Orleans area spent a total of \$776 million for direct or primary spending. Based on their primary spending, out-of-town visitors generated another \$607 million in secondary spending. Therefore, the total impact produced by visitors to the NOMCC in 2017 was almost \$1.4 billion (Table 6).

Proportionally, the largest spending category was lodging (39%), followed by restaurants/meals (27%), and shopping (11%). The lowest spending category was gambling at 2%. The proportions for spending in recreation/entertainment, local transportation, and bars/nightclubs were very similar at about 7% each. Compared to the prior year, total spending was proportionally lower for recreation/entertainment and shopping, but higher for restaurants/meals and lodging. The remainder categories were stable (Figure 6).

Figure 6: Proportion of Total Visitor Spending



Organizations

Spending at the organizational level includes expenses of exhibiting companies and sponsoring associations, along with operating and capital expenses at the NOMCC.

Exhibiting Companies

Other applicable spending that contributes to the total impact includes the money that exhibitors spent in the city to prepare for a convention or trade show. Examples of these expenditures include equipment rental, advertising, hospitality suites, items/services bought locally for events, among others.

The spending from exhibiting companies was estimated based on the number of companies and their individual spending. The number of exhibiting companies was estimated as a proportion of total out-of-town visitation. This proportion was derived from past reports, including the 2014 analysis, along with a convention study prepared by the DBER in 2000. While the exact number of exhibiting companies is not available, the total out-of-town attendance is assumed to be a valid indicator of the number of companies that are attracted to conventions and trade shows. In total, it was estimated that approximately 3.6% of the total visitation will translate into exhibiting companies. The average spending per exhibiting company was also derived from the 2014 study, along with inflation measured by the travel price index as defined by the Consumer Price Index (CPI), U.S. Bureau of Labor Statistics (BLS).

A total of 26,747 exhibiting companies were estimated from the total number of out-of-town visitors during 2017. This estimate represents an increase of 20% over the figure reported in 2016 (22,299). This total results in an average of 200 exhibiting companies per convention or trade show. In addition, it was estimated that exhibiting companies spent an average of over \$11,200, an increase of 2% over the 2016 estimate (Table 7). Individual spending, along with the number of exhibiting companies, determined the total direct expenditures for this group (Table 9).

Table 7: Exhibiting Companies

Exhibiting Companies	2015	2016	2017
Total no. of exhibiting cos.	20,802	22,299	26,747
Avg. no. per convention	163	174	200
Average spending	\$10,857	\$10,996	\$11,231
Total no. of conventions	128	128	134

Sponsoring Associations

Similar to exhibiting companies, sponsoring associations spent money in the local economy as a result of a convention or trade show. The nature of these expenditures is very similar to that of exhibiting companies. Due to data availability limitations, direct spending in this group was analyzed as a whole rather than individually. That is, spending represents the total expenditures among all sponsoring associations per convention or trade show, and not the sponsoring association's individual spending. Similar to exhibiting companies, spending for all associations was derived from total out-of-town visitation, along with previous years' reports and inflation measured by the travel price index.

Table 8: Sponsoring Associations

Sponsoring Associations	2015	2016	2017
Average spending	\$702,759	\$762,932	\$892,842
Total no. of conventions	128	128	134

Sponsoring associations spent nearly \$893,000 in total during a convention or trade show in 2017. This figure represents an increase of 17% over the indicator reported the previous year. The substantial growth in average spending was triggered mostly by the increase in out-of-town attendance (Table 8). Total direct spending attributed to sponsoring associations was determined as the product of total spending among all associations per convention, along with the total number of conventions. Total direct spending for this group is presented in Table 9.

NOMCC Operating and Capital Expenses

Total spending also includes the economic activity generated directly by the NOMCC operations. This spending was categorized into two mutually exclusive categories: operating and capital expenses. Operating expenditures comprise spending on administrative, marketing, building operations, event services, food services, and other activities required for the NOMCC's daily operations. Depreciation and similar expenses were not included in the analysis since they are not considered money generators from an economic perspective. Capital expenses are derived from spending generated by capital assets, including depreciated and non-depreciated assets. Expenditures presented in this section were provided by the NOMCC representatives. Total direct spending from both categories is presented in Table 9.

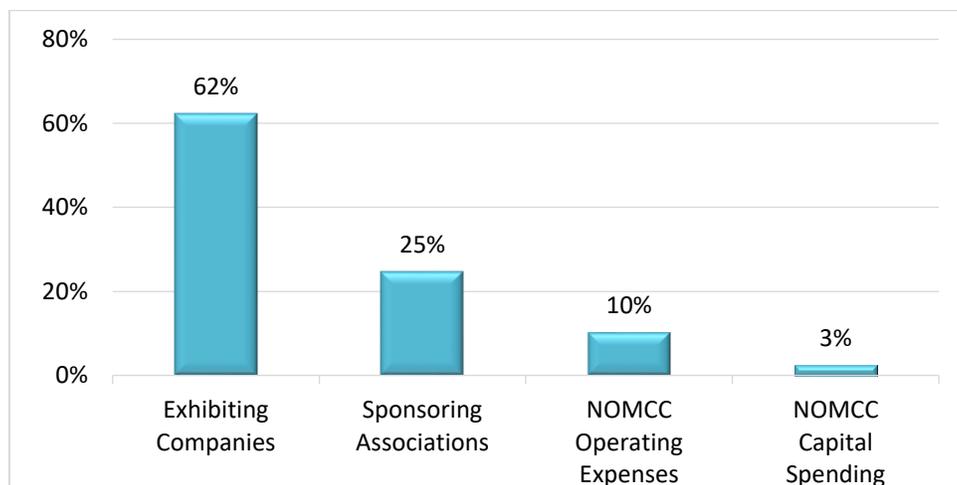
Similar to visitor spending, organizational secondary spending was based on the indirect and induced spending generated from direct spending. For every new dollar of direct spending, additional dollars of secondary spending are generated in the economy. Secondary spending was calculated as a proportion of direct spending using the 2016 BEA Regional Input-Output Modeling System (RIMS II) values for the New Orleans metro area.

Table 9: NOMCC Total Organizational Spending

Spending	Direct Spending	Secondary Spending	Total Spending
Exhibiting Companies	\$300,395,557	\$258,611,980	\$559,007,537
Sponsoring Associations	\$119,640,876	\$102,338,008	\$221,978,884
NOMCC Operating Expenses	\$49,806,720	\$42,102,371	\$91,909,091
NOMCC Capital Spending	\$12,418,488	\$10,325,973	\$22,744,461
Total	\$482,261,641	\$413,378,332	\$895,639,973

Total organizational impact during 2017 was determined as the sum of direct and secondary spending. Organizations spent a total of \$482 million for direct or primary spending. Based on their primary spending, organizations generated another \$413 million in secondary spending. Therefore, organizations associated to activities at the NOMCC during 2017 produced a total impact of \$896 million (Table 9).

Figure 7: Proportion of Total Organizational Spending



Similar to the previous year, exhibiting companies produced the largest fraction of spending at 62%, followed by sponsoring associations at 25%. Proportionally, NOMCC operating expenses decreased slightly, while capital expenditures increased (Figure 7).

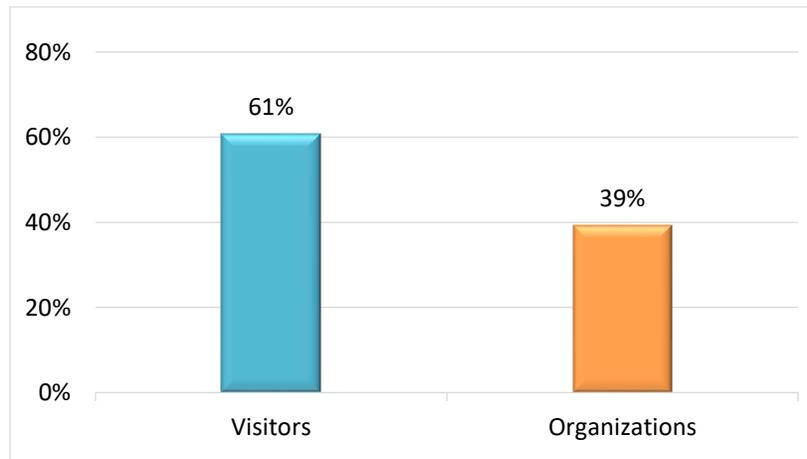
Total Economic Impact

Table 10 contains the total direct and secondary impact from both visitors and organizations. Total direct spending accounted for \$1.3 billion, resulting in \$1.0 billion in secondary spending. Therefore, the total economic impact attributed to the NOMCC during 2017 was estimated at \$2.3 billion. In total, visitors contributed close to two-thirds (61%) to the total economic activity generated by the NOMCC (Figure 8).

Table 10: NOMCC Total Visitor and Organizational Spending

Spending	Direct Spending	Secondary Spending	Total Spending
Visitors	\$776,269,301	\$606,682,802	\$1,382,952,102
Organizations	\$482,261,641	\$413,378,332	\$895,639,973
Total	\$1,258,530,942	\$1,020,061,134	\$2,278,592,076

Figure 8: Proportion of Total Spending



Comparison of Economic Impacts

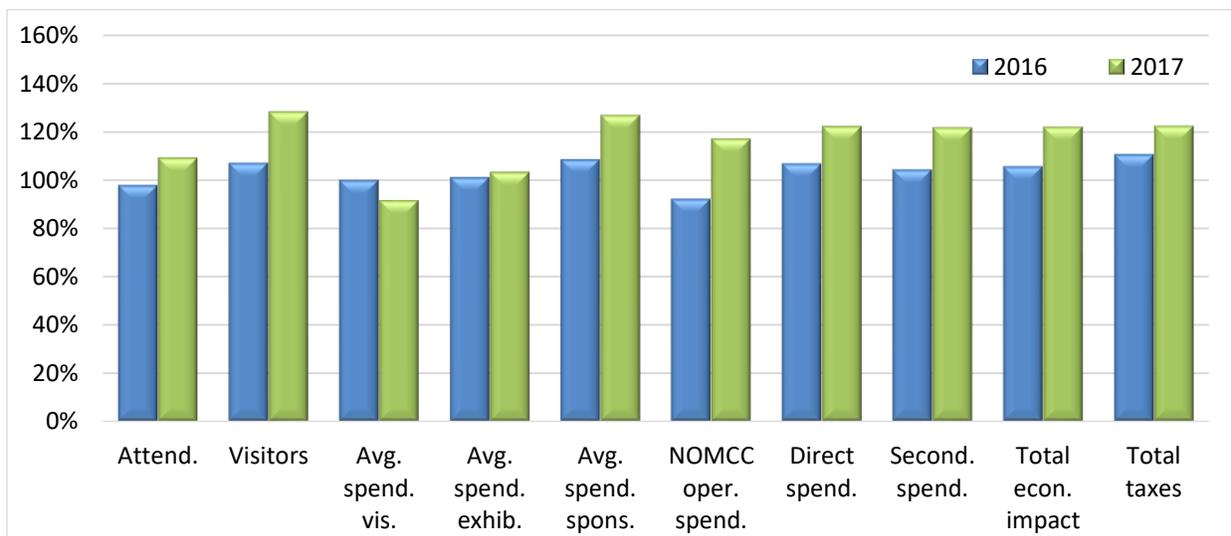
Table 11 provides a comparison of the NOMCC total spending over the last five years. In addition, Figure 9 includes a graphical representation of the growth rate of factors influencing the economic impact. This growth rate was estimated using 2015 as the base point.

In 2017, total economic impact was positively affected by the increase in total attendance (12%) and out-of-town attendance (20%). The increase in factors such as the NOMCC operational and capital spending also had a positive contribution to the estimates. Furthermore, the positive growth of the 2016 BEA multipliers used to determine the secondary impact, earnings, and jobs reflect a stronger economy compared to the prior year. Thus, after factoring in such positive contributions, and despite the decrease in individual visitor trip spending (-8%), the total economic impact of the NOMCC in 2017 increased almost 16% over that of the prior year. The total economic impact during 2017 represented the highest estimate since 2012. Additionally, the 2017 estimate (\$2.3 billion) was comparable to the economic activity recorded during 2013 (\$2.1 billion) and 2012 (\$2.2 billion).

Table 11: Historical Total Spending

Spending (Millions)	2013	2014	2015	2016	2017
Direct Spending	\$1,306	\$1,121	\$1,027	\$1,098	\$1,259
Secondary Spending	\$842	\$720	\$837	\$873	\$1,020
Total Spending	\$2,148	\$1,842	\$1,864	\$1,971	\$2,279

Figure 9: Economic Impact Variables



Section II: Earnings and Employment

Earnings

Direct spending also generates earnings or income in the economy. As visitor and organizational expenditures flow in the local economy, new jobs are generated, thus creating additional income for residents of the New Orleans area. These earnings are created across different employment industries, including non-tourism related sectors. The 2016 BEA RIMS II Multipliers were used to estimate the earnings created for each industry impacted by direct spending.

During 2017, spending from visitors and organizations generated \$709 million of new earnings for residents of the New Orleans metro area, representing an increase of 16% over the \$611 million estimated during 2016.

Employment

Employment figures include direct and secondary jobs. During 2017, the NOMCC employed an annual average of 461 full and part-time people, an increase of 5% over estimates in the prior year (437). These jobs were responsible for the daily operations at the NOMCC and are referred to as direct employment.

Direct spending generated by visitors and organizations is also responsible for the creation or support of full-and part-time jobs in the economy. These jobs are referred to as secondary employment. Similar to earnings, these jobs are part of different employment industries, including non-tourism related sectors. The respective 2016 BEA RIMS II Multipliers for employment were used to estimate the spin-off jobs that result from NOMCC visitor and organizational spending. This analysis was done for each industry impacted by direct spending.

In total, the NOMCC was responsible for the creation or support of 22,229 full-and part-time jobs in the New Orleans metro area economy. It is important to note that some of these were not new jobs necessarily, but rather existing jobs which are supported by the spending generated by visitors and organizations. Total direct and secondary employment generated by the NOMCC accounted for 22,690 jobs, an increase of 15% from 2016 estimates (19,734).

Section III: Taxes

State and Local Tax Revenues

Although the NOMCC does not pay local or state taxes, activities generated by the Convention Center bring taxes into the economy. Tax revenues presented in this analysis include only those taxes originated from activities directly associated with the NOMCC during 2017. Taxes paid directly by businesses (i.e. income and property taxes) are not included in this analysis.

Spending and employment created in the New Orleans area by the NOMCC generate taxes for state and local governments. There are two types of tax revenues estimated in this report: direct and indirect taxes.

Direct revenue includes taxes that visitors and organizations pay to state and local governments directly. Examples include occupancy taxes paid on hotel rooms and sales taxes paid on retail purchases, including food and drinks. The direct tax revenue in this analysis was measured by current lodging, sales, and gambling taxes. Hotel and food/beverage occupancy taxes are also part of this analysis. The current direct taxes include the statutory assessment implemented in mid-2015, the French Quarter security tax implemented in early 2016, and the increase in state sales tax implemented in 2016. Furthermore, the 2017 lodging taxes were revised to include taxes collected from both hotels and short term rentals.

Indirect taxes are paid on the revenue or earnings generated by direct spending. The revenue created by direct spending results in jobs and salaries, and on those salaries, the recipients pay state income taxes. In addition, the recipients buy goods and services and pay taxes that correspond to those transactions. The retail sales tax applies to the purchase of most goods and services. However, other items are not taxable under the retail sales tax, but are taxable under various other taxes. Examples of these are taxes on gasoline, insurance premiums, and alcohol. These are referred to as excise taxes. The assumption used to estimate the revenue from these indirect taxes is that the recipient of newly created income is no different from the average Louisiana consumer. Therefore, the proportion of taxes paid on secondary income is equivalent to the average values of the state as a whole. The indirect taxes for state and local governments in this analysis were measured by current income, sales, excise, and business taxes.

Total tax revenues are also classified by type of tax and government level (local or state). Taxes derived from primary spending are categorized by the entity receiving the funds, while taxes from secondary spending are presented as total revenues. It is important to note that the amount of revenues assigned to each entity represents an estimate and could differ from actual revenues collected.

Table 12: State and Local Direct Tax Revenue

Government and Tax	Sales Taxes	Lodging Taxes*	Occupancy Taxes*	Gambling Taxes	Total
State Taxes					
NOMCC	-	\$8,192,288	-	-	\$8,192,288
State General Fund	\$40,503,837	\$11,118,649	-	\$3,641,221	\$55,263,706
Superdome	-	\$10,923,050	-	-	\$10,923,050
Total State Taxes	\$40,503,837	\$30,233,987	-	\$3,641,221	\$74,379,044
Local Taxes					
City of N.O.	\$18,589,294	\$5,955,062	-	-	\$24,544,355
School Board	\$11,153,576	\$4,501,281	-	-	\$15,654,857
Regional Transit Auth.	\$7,435,718	\$3,000,854	-	-	\$10,436,572
City of N.O.**	\$1,858,929	-	-	-	\$1,858,929
NOCVB/NOTMC/FQ***	-	\$5,251,495	-	-	\$5,251,495
Other*	-	-	\$5,443,545	-	\$5,443,545
Total Local Taxes	\$39,037,517	\$18,708,691	\$5,443,545	-	\$63,189,754
Total Gov. Revenue	\$79,541,354	\$48,942,678	\$5,443,545	\$3,641,221	\$137,568,798

*Short term rental taxes were added to the analysis in 2017. Half of the lodging taxes from hotels collected for the state's general fund goes back to the NOCVB. About three-quarters of the short term rental taxes collected for the state's general fund go back to the city for code enforcement. Occupancy taxes of hotels are distributed to the NOMCC and NOTMC. Occupancy taxes of short term rentals are allocated to the city's budget and to the Neighborhood Housing Improvement Fund.

**French Quarter security tax implemented in 2016.

***Statutory tax assessment implemented in 2015.

Visitors and organizations contributed a total of \$138 million in direct state and local taxes during 2017. This figure represents an increase of 10% over 2016 estimates (\$125 million). The state collected \$74 million, while \$63 million was claimed by local governments in the New Orleans area. Furthermore, indirect taxes for state and local governments accounted for \$31 million and \$7 million, respectively. Detailed tax figures are presented in Table 12 and Table 13.

Table 13: State and Local Indirect Tax Revenue

Government and Tax	State	Local
Income Taxes	\$10,264,448	-
Sales Taxes	\$11,410,897	\$7,008,039
Excise Taxes	\$7,757,245	-
Business Taxes	\$1,433,038	-
Total Governmental Revenue	\$30,865,628	\$7,008,039

The economic activity associated with the NOMCC generated a total of \$105 million for the state of Louisiana, including direct and indirect taxes. In addition, \$70 million in tax revenue were created for local governments in the New Orleans area. Total tax revenue is the sum of state and local revenues. In summary, during 2017, NOMCC visitors and organizations generated a total of \$175 million in government tax revenue (Table 14).

Table 14: State and Local Total Tax Revenue

Government and Tax	Total Revenue
<u>State Taxes</u>	
Sales Taxes	\$51,914,734
Lodging Taxes	\$30,233,987
Excise Taxes	\$7,757,245
Gambling Taxes	\$3,641,221
Income Taxes	\$10,264,448
Business Taxes	\$1,433,038
Total State Taxes	\$105,244,672
<u>Local Taxes</u>	
Sales Taxes	\$46,045,556
Lodging Taxes	\$18,708,691
Occupancy Taxes	\$5,443,545
Total Local Taxes	\$70,197,793
Total Governmental Revenue	\$175,442,465

Comparison of Tax Revenues

In 2017, total governmental revenue increased 11%, growing to \$175 million from \$158 million reported in 2016. Tax revenue collections also represented the highest estimate since 2014 but remained lower than estimates from 2012 and 2013. Similar to total spending, the growth in tax revenue was mainly driven by the increase in out-of-town visitation (Table 15).

Table 15: Historical Total Taxes

Government and Tax (Millions)	2013	2014	2015	2016	2017
Total State Tax Revenue	\$113	\$97	\$82	\$94	\$105
Total Local Tax Revenue	\$84	\$72	\$61	\$64	\$70
Total Governmental Revenue	\$197	\$169	\$143	\$158	\$175

Section IV: Other Indicators

This section compares the economic activity generated by the NOMCC during 2017 to current economic indicators for the New Orleans area and the state of Louisiana.

GDP

The total economic impact, measured by direct and secondary spending, was estimated as a ratio of the total GDP in the New Orleans MSA. The most current (2016) GDP, adjusted to current dollars, measures the industry totals based on the 2007 North American Industry Classification System. It is important to note that GDP estimates are subject to yearly revisions.

- The \$2.3 billion NOMCC economic impact estimated for 2017 represents about 3.0% of the New Orleans MSA GDP (\$77.2 billion). The same indicator was estimated at 2.5% during 2016.

Government Budget

The NOMCC state and local tax revenues were compared to state and local budgets. The comparison was calculated as the ratio of the NOMCC tax revenues to current state and local budgets. The data used for the state analysis refers to the *State General Fund Revenue* obtained from the *2018-2019 Governor's Executive Budget*. Similarly, data for the local analysis corresponds to the *General Fund Revenue* derived from the adopted *2018 Annual Operating Budget, City of New Orleans*. It is important to note that the taxes in this report are estimated for the calendar year, while government entities report revenues for fiscal years. Furthermore, tax revenues included in the state and city budgets are subject to revisions in subsequent years.

- Total state taxes (\$105 million) generated by the NOMCC in 2017 represent 1.1% of the state's total general fund revenue (\$10 billion), a slight increase from the 1.0% estimated in 2016.
- Local tax revenue (\$70 million) accounted for 11% of the City of New Orleans' total general fund revenue (\$622 million), a modest increase from 10% estimated for 2016.

Section V: Historical Data

Nominal

This section includes an estimate of the total economic impact of the NOMCC since its opening year. Adding all comparable figures from 1985 through 2017 provides the 33-year economic activity. It is important to note that the sum of all economic activity through the end of the 30-year period was obtained from the 2014 report, which was prepared by other professionals. Furthermore, spending figures included in this analysis are not adjusted for inflation (Table 16).

- The NOMCC has attracted 2,969 conventions and trade shows between 1985 and 2017. During the 33-year period, the NOMCC has attracted an estimate of 17.2 million registered delegates, guests, and exhibitors.
- Since its opening, the NOMCC has produced an economic impact of \$58.0 billion. Total direct spending corresponds to \$25.9 billion, while secondary spending accounts for \$32.1 billion. During the same period, the NOMCC was responsible for generating \$13.9 billion of new earnings for residents of the New Orleans area.
- The NOMCC visitor and organizational spending also generated a total of \$3.8 billion in tax revenue for state and local governments over the 33 years of operations. The state of Louisiana and local governments have received \$2.2 billion and \$1.6 billion, respectively.

Table 16: Historical Indicators - Nominal

Historical Indicators	33-Year Impact
Conventions and trade shows	2,969
Visitors	17,218,445
Direct Spending	\$25,884,021,028
Secondary Spending	\$32,100,046,222
Total Economic Impact	\$57,984,067,250
Earnings	\$13,943,760,267
State Taxes	\$2,168,895,834
Local Taxes	\$1,600,959,671
Total Taxes	\$3,769,855,505

Real

Table 17 includes the 33-year economic impact of the NOMCC adjusted for inflation. All spending figures in this analysis are chained (adjusted) to 2017 U.S. dollars. Due to additional constraints in data availability, the payments for the first 25 years were derived from a simulation. The parameters of the simulation include 5 years of actual data (2005-2009), aggregated figures available in the 2005 report, and average inflation rates derived from the BLS. The 25-year spending adjusted for inflation derived from the simulation is constrained to an error rate in the range of +/-7%.

- The 33-year adjusted for inflation economic impact attributed to the NOMCC was estimated at \$85.7 billion. Visitors and organizations have generated \$37.2 billion in direct spending and \$48.5 billion in secondary spending.
- Spending has also resulted in the creation or support of full-and part-time jobs over the 33-year period. These jobs have created \$19.9 billion (adjusted for inflation) of new earnings for residents of the New Orleans area.
- A total of \$5.4 billion in tax revenue for state and local governments has been generated since the NOMCC opening. Of that total, \$3.1 billion corresponds to the state and \$2.3 billion to local governments. Both state and local tax revenues are also adjusted for inflation.

**Table 17: Historical Indicators - Real
(2017=100)**

Historical Indicators	33-Year Impact
Conventions and trade shows	2,969
Visitors	17,218,445
Direct Spending	\$37,193,809,945
Secondary Spending	\$48,510,510,607
Total Economic Impact	\$85,704,320,552
Earnings	\$19,863,375,530
State Taxes	\$3,102,978,076
Local Taxes	\$2,309,311,151
Total Taxes	\$5,412,289,227

Conclusion

The New Orleans Ernest N. Morial Convention Center (NOMCC) made a valuable contribution to the New Orleans metro area economy during 2017. In that year, the NOMCC held 134 conventions and trade shows, attracted 739,161 out-of-town visitors, and generated a total economic impact of \$2.3 billion. This impact comprises \$1.3 billion in direct expenditures and \$1.0 billion in secondary expenditures. The current NOMCC total economic impact represents an increase of 16% over that of 2016 (\$2.0 billion).

During 2017, full-and part-time employment generated include 461 direct jobs and 22,229 secondary jobs. Total direct and secondary employment accounted for 22,690 jobs, an increase of 15% over the 19,734 jobs estimated in 2016. Direct and secondary employment was also responsible for the creation of \$709 million in additional earnings for residents of the New Orleans area, an increase of 16% over 2016 estimates (\$611 million).

The NOMCC visitor and organizational spending generated \$175 million in tax revenue for state and local governments, representing a 11% increase from 2016 estimates (\$158 million). Of the total, \$105 million is allocated to state revenue, while \$70 million is allocated to revenue of local governments in the New Orleans area.