

THE 2012 REPUBLICAN NATIONAL
CONVENTION'S ECONOMIC IMPACT ON
TAMPA BAY

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Executive Summary

This study assesses the economic impact of the 2012 Republican National Convention (RNC) on Tampa Bay. Major findings include:

- Direct expenditures made in Tampa Bay for infrastructure improvements, planning, and production of the 2012 RNC plus direct expenditures made in Tampa Bay by visitors to the 2012 RNC totaled **\$214,145,340**.
- The total economic impact of the 2012 RNC on Tampa Bay was **\$404,391,774**. These results come from a well-known input-output model called IMPLAN.
- An analysis of taxable sales in Tampa Bay is also provided. The analysis reveals that after controlling for the growth rate in taxable sales observed in the rest of Florida, Tampa Bay's August 2012 taxable sales increased by **\$363,482,419** relative to August 2011.

Economic Impact of the 2012 Republican National Convention on Tampa Bay

Introduction

The purpose of this study is to measure the economic total impact of the 2012 Republican National Convention (RNC) on eight Florida counties: Citrus, Hernando, Hillsborough, Manatee, Pinellas, Polk, and Sarasota—hereafter referred to as *Tampa Bay*. This study uses data gathered by the 2012 Tampa Bay Host Committee and the City of Tampa. The data are then analyzed using modern economic tools to provide economic impact measures. Lastly, Florida Department of Revenue taxable sales data from August 2011 and August 2012 are analyzed to measure the observed economic impact of the 2012 RNC on Tampa Bay.

Description of the Study

This study uses direct expenditures made in Tampa Bay for infrastructure improvements, planning, and production of the 2012 RNC plus direct expenditures made in Tampa Bay by visitors to the 2012 RNC. Direct expenditures for the 2012 RNC made to parties outside the eight-country area of study are not included in this analysis.

The economic impact of the 2012 RNC is greater than the direct expenditures. The total economic impact is determined by using IMPLAN's economic model of Tampa Bay. IMPLAN—developed by MIG, Incorporated—looks at incremental impacts as economic activity increases or decreases via built-in multipliers based on input-output tables of the Tampa Bay economy.

Direct Expenditures

Direct expenditures made in Tampa Bay for the 2012 RNC totaled **\$214,145,340**. Table 1 shows, by source, the total direct expenditures made in all locations and the direct expenditures made in Tampa Bay.

In many cases, direct expenditures exceed those that are used in the IMPLAN model of the Tampa Bay economy. Before the data are added to the model, direct expenditures are adjusted for relevant margins. Retail trade and some other sectors are adjusted for the cost of goods sold when such goods are purchased outside the study area. This is referred to as adjusting for margins. The IMPLAN model then adjusts the direct expenditures for leakages. Leakages refer to dollars initially spent locally that are then spent again outside the study area.

When calculating direct expenditures made in Tampa Bay, a service provider whose business is legally located outside of Tampa Bay is excluded from the analysis. This is so even if all the economic activity took place inside Tampa Bay—say, driving delegates to and from their hotels. For example, the Tampa Bay Host Committee’s bus transportation expenditure of nearly \$6 million was excluded from the impact study because the procured company is legally located in Orlando, Florida.

Table 1: Total Direct Expenditures & Adjusted Direct Expenditures by Source

Category	Amount (\$)		Percent of Total (%)	
	All Locations	Tampa Bay Area (adjusted)	All Locations	Tampa Bay Area
Host Committee Activities & Administration	52,445,359	22,318,115	12.28%	10.42%
Hotels & Accommodations	17,969,007	17,969,007	4.21%	8.39%
City of Tampa	46,520,490	37,500,000	10.89%	17.51%
Tampa International Airport	1,900,000	1,690,768	0.44%	0.79%
Committee on Arrangements Activities & Administration	13,151,780	5,784,221	3.08%	2.70%
Infrastructure Upgrades	291,500,000	125,345,000	68.26%	58.53%
Host Committee Contribution to Foundations	3,000,000	3,000,000	0.70%	1.40%
Other Expenditures	2,869,300	2,838,229	0.67%	1.33%
Negative Substitution Effects	(2,300,000)	(2,300,000)	-0.54%	-1.07%
Total	427,055,936	214,145,340	100%	100%

The direct expenditures made in Tampa Bay, by category, are determined as follows:

Tampa Bay Host Committee Activities & Administration

The Tampa Bay Host Committee spent \$52,445,359 on activities and administration related to the 2012 RNC. After adjusting for margins and purchases made outside of Tampa Bay, the Tampa Bay Host Committee's adjusted direct expenditure in Tampa Bay totaled \$22,319,026.

Hotels & Accommodations

August is historically a slow month for tourism in Tampa Bay. Typically, Tampa Bay experiences greater than 50 percent excess capacity in its hotel inventory. Smith Travel Research, Inc., however, reports that Tampa Bay experienced less than 18 percent excess capacity in its hotel inventory during the 2012 RNC, with roughly 36,000 rooms sold on average each night of the convention—nearly 70 percent more than the same period in 2011.

The official online reservation management system—onPeak—was used for the 2012 RNC. onPeak booked 70,972 hotel room nights at an average night rate of \$236.52. In addition, it is estimated that an additional 5,000 hotel rooms nights were booked outside of the official reservation management system, for a total of 75,972 hotel room nights. This number is roughly a 70 percent increase relative to the same period in 2011. Thus, during the five-day period of the 2012 RNC, it is estimated that the adjusted direct expenditure on hotels in Tampa Bay totaled \$17,969,007.

The City of Tampa

The City of Tampa received a \$50 million federal grant to pay for security around the 2012 RNC. We estimate that the City of Tampa spent \$46,520,490 on activities and administration related to the 2012 RNC. After adjusting for margins and purchases made outside of Tampa Bay, it is estimated that the adjusted direct expenditure in Tampa Bay totaled \$37,500,000.

Tampa International Airport

Tampa International Airport (TPA) served 1,370,543 guests in August 2012, up 3.9 percent from August 2011. For the week of the 2012 RNC incremental gross sales to TPA and its vendors increased \$1.9 million relative to the same period in August 2011. After adjusting for margins, it is estimated that the adjusted direct expenditure in Tampa Bay totaled \$1,690,768.

Committee on Arrangements

The Committee on Arrangements (COA) organized the 2012 RNC. The COA's third quarter 2012 report to the Federal Election Commission states that its convention expenditures totaled \$13,151,780. After adjusting for margins and purchases made outside of Tampa Bay, it is estimated that the adjusted direct expenditure in Tampa Bay totaled \$5,784,221.

Infrastructure Upgrades

AT&T, Sprint, TECO Energy, and Verizon spent \$291.5 million on infrastructure improvements and upgrades for the 2012 RNC. After adjusting for margins purchases made outside of Tampa Bay, it is estimated that the adjusted direct expenditure in Tampa Bay totaled \$125,345,000.

Host Committee Contribution to Foundations

The Tampa Bay Host Committee will contribute \$3 million to Tampa Bay area charitable foundations.

Other Expenditures

It is estimated that 2012 RNC hotel guests spent an average of \$25 per day on goods and services in Tampa Bay. After adjusting for margins, it is estimated that the adjusted direct expenditure in Tampa Bay totaled \$1,868,229. In addition, the Tampa Bay History Center earned a \$350,000 rental fee. Meals provided at the Tampa Bay History Center totaled \$300,000. In sum, other adjusted direct expenditures totaled \$2,838,229.

Negative Substitution Effects

Although August is historically one of the slower tourist periods for Tampa Bay, the media attention given to the 2012 RNC certainly caused a marginal decrease in tourism that would have occurred but for the convention. In addition, residents of Tampa Bay likely changed their daily routines in an effort to avoid the inconvenience associated with the 2012 RNC or to participate in convention related activities. For example, many downtown Tampa employees worked from home during the week of the RNC. As a result, restaurant and related expenditures by Tampa Bay employees and residents were marginally lower than normal. All together then, it is estimated that substitution eliminated \$2.3 million in adjusted direct expenditures.

Estimates of Total Economic Impact

The total economic impact is greater than the initial dollars spent. In addition to the direct expenditures, the effects on local industries from inter-industry purchases of final demand—so-called *indirect expenditures*—and the economic activity stemming from the expenditures of new household income generated by the direct and indirect effects of final demand—so-called *induced expenditures*—are added to determine the total economic impact of the 2012 Republican National Convention.

Table 2 shows the total economic impact estimates of the 2012 Republican National Convention for Tampa Bay. The adjusted direct expenditure reported in table 1 is estimated to have generated \$88,338,305 in indirect expenditures and \$103,639,125 in induced expenditures. In summary, the total economic impact of the 2012 RNC on Tampa Bay was \$404,391,774.

Table 2: Total Economic Impact of the 2012 Republican National Convention on Tampa Bay

Category	Amount (\$)			
	Adjusted Direct	Indirect	Induced	Total
Host Committee Activities & Administration	22,318,115	8,672,183	15,519,381	46,509,680
Hotels & Accommodations	17,969,007	7,951,182	8,470,943	34,391,133
City of Tampa	37,500,000	11,280,496	29,779,487	78,559,983
Tampa International Airport	1,690,768	639,135	1,267,339	3,597,242
Committee on Arrangements Activities & Administration	5,784,221	2,240,413	4,608,311	12,632,945
Infrastructure Upgrades	125,345,000	55,552,760	41,630,448	220,797,209
Host Committee Contribution to Foundations	3,000,000	1,854,450	2,230,124	7,084,574
Other Expenditures	2,838,229	1,002,895	1,337,743	5,178,868
Negative Substitution Effects	-2,300,000	-855,209	-1,204,651	-4,359,860
Total	214,145,340	88,338,305	103,639,125	404,391,774

Impact on Taxable Sales in Tampa Bay

August 2012 taxable sales in Tampa Bay totaled \$12.58 billion—by way of comparison, the Tampa Bay area produced nearly \$158 billion in gross domestic product in 2011. Table 3 reports the August 2011-on-August 2012 percentage change in taxable sales for Tampa Bay by kind code (third column). The table also reports the change in taxable sales after controlling for the growth rate experienced in the rest of Florida (far right column).

During August 2012, Tampa Bay observed a 9.8 percent increase in taxable sales, while the rest of Florida observed a 6.7 percent increase in taxable sales. Thus, after controlling for the growth rate observed in the rest of Florida, Tampa Bay taxable sales increased by **3.2 percent** or **\$363,482,419**.

Table 3: August 2012-on-August 2011 Change in Tampa Bay Area & Rest-of-Florida
Taxable Sales

No.	Kind Code	Tampa Bay Area	Rest-of-Florida	Net Change Tampa Bay Area	Net Change * August 2011 Sales
		A	B	A-B	(A-B)*August 2011 Sales
1	Food & Beverage Stores	10.1%	6.0%	4.1%	\$38,602,186
2	Meat Markets, Poultry	20.3%	3.5%	16.9%	\$315,671
3	Seafood Dealers	293.3%	15.5%	277.8%	\$336,864
4	Vegetable & Fruit Markets, Fruit Juice Stands	15.1%	28.8%	-13.7%	-\$194,280
5	Bakeries	46.0%	8.4%	37.6%	\$2,389,040
6	Eating & Drinking Places (not restaurants)	19.2%	-5.4%	24.6%	\$2,221,001
7	Candy, Nut, Confectionary & Dairy Product Stores	3.8%	15.2%	-11.4%	-\$674,849
8	Restaurants, Lunchrooms, Catering Services	7.1%	8.3%	-1.1%	-\$5,493,669
9	Drinking Places (Alcoholic beverages served on premises)	-5.4%	8.6%	-14.0%	-\$6,258,372
10	Apparel & Accessory Stores	-9.9%	4.7%	-14.7%	-\$23,603,311
11	Shoe Stores	5.7%	7.4%	-1.7%	-\$469,396
17	Feed & Seed Stores, Retail Nurseries	17.9%	22.1%	-4.2%	-\$502,042
18	Paint, Wallpaper & Hardware Dealers	11.6%	7.7%	3.9%	\$2,119,507
19	Farm Implements & Equipment Suppliers	54.3%	21.5%	32.8%	\$8,025,818
20	General Miscellaneous Merchandise Stores	18.1%	5.2%	12.9%	\$165,827,613
21	Used Merchandise Stores, Second-Hand Stores, Antique Shops	1.4%	0.5%	1.0%	\$238,525
22	Sewing, Needlework & Piece Goods Stores	-4.6%	9.8%	-14.4%	-\$688,429
23	Automotive Dealers (Sale & Lease), Tag Agencies & Tax Collectors	9.7%	14.4%	-4.7%	-\$52,083,181

24	Automotive Accessories & Parts	8.1%	7.9%	0.2%	\$273,117
25	Gasoline Service Stations	45.5%	24.7%	20.8%	\$70,325,645
26	Automobile Repair & Services	5.3%	7.7%	-2.4%	-\$2,359,698
27	Aircraft Dealers	0.3%	-13.6%	13.9%	\$1,288,023
28	Boat Dealers	37.9%	-10.4%	48.3%	\$17,455,952
29	Home Furniture, Furnishings & Equipment	6.0%	3.7%	2.3%	\$2,720,003
30	Household Appliances & Accessories	-1.9%	6.8%	-8.7%	-\$3,238,034
31	Store & Office Equipment, Office Supplies	-65.8%	6.3%	-72.1%	-\$102,365,760
32	Radio, Television, Consumer Electronics, Computers, Music Stores	-0.3%	-48.5%	48.2%	\$135,065,861
33	Building Contractors	22.9%	3.6%	19.2%	\$13,079,896
34	Heating & Air Conditioning	-6.1%	-1.8%	-4.4%	-\$2,706,210
35	Electrical, Plumbing, Well Drilling, Pipes	10.3%	14.6%	-4.3%	-\$1,321,584
36	Decorating, Painting, Papering, Drapery Installation	7.3%	6.7%	0.5%	\$69,588
37	Roofing & Sheet Metal	-0.9%	-15.2%	14.2%	\$800,282
38	Lumber and Other Building Materials Dealers	8.6%	7.4%	1.2%	\$2,918,542
39	Hotel/Motel Accommodations, Rooming Houses, Camps & Other Lodging Places	17.6%	1.6%	16.0%	\$24,480,555
41	Barber Shops, Beauty Shops & Personal Appearance Services	7.9%	-1.0%	8.8%	\$1,879,149
42	Book Stores	-14.1%	-4.8%	-9.3%	-\$4,814,869
43	Tobacco Stores & Stands	16.4%	10.3%	6.0%	\$712,006
44	Florists	10.6%	-3.7%	14.3%	\$583,217
45	Fuel Dealers, LP Gas	-1.9%	-36.8%	34.9%	\$42,696,851

	Dealers				
46	Funeral Directors, Crematories & Monuments	22.2%	-0.1%	22.4%	\$564,405
47	Scrap Metal, Junk Yards, Salvaged Material	-39.2%	-18.9%	-20.3%	-\$11,724,009
48	Itinerant Vendors, Peddlers, Direct Selling Establishments	25.0%	17.0%	8.0%	\$795,188
49	Laundry, Garment, Linen & Other Cleaning Services	4.3%	5.1%	-0.7%	-\$103,136
50	Machine Shops, Foundries, Iron Work	6.0%	-6.5%	12.6%	\$6,603,795
51	Horse, Cattle & Pet Dealers	24.5%	166.1%	-141.6%	-\$9,315,449
52	Camera & Photographic Supply Stores	4.6%	-10.6%	15.3%	\$5,066,609
53	Shoe Repair Shops, Shoe-shine Parlors & Hat Cleaning Shops	-6.7%	-0.1%	-6.6%	-\$5,251
54	Storage & Warehousing	17.9%	16.6%	1.3%	\$254,576
55	Gifts, Cards, Novelty, Hobby, Crafts & Toy Stores	-48.5%	4.6%	-53.1%	-\$55,958,973
56	Newsstands & News Dealers	-45.2%	19.9%	-65.1%	-\$581,475
57	Social, Fraternal, Commercial Clubs & Associations (All Dues)	12.8%	10.0%	2.9%	\$117,901
58	Industrial Machinery	-18.3%	-1.5%	-16.8%	-\$25,096,595
59	Admissions, Amusement & Recreation Services	11.6%	7.7%	3.9%	\$3,752,766
60	Holiday Season Vendors	-1.9%	27.3%	-29.2%	-\$48,724
61	Rental of Tangible Personal Property	-16.6%	11.9%	-28.5%	-\$39,086,287
62	Fabrication & Sales of Cabinets, Windows, Doors, Awnings, Septic Tanks, Neon Signs, Plastic, etc.	9.4%	6.7%	2.7%	\$1,137,557
63	Manufacturing	26.3%	2.3%	24.0%	\$207,108,830

64	Bottlers	72.6%	12.9%	59.7%	\$18,697,296
65	Pawn Shops	116.6%	-11.8%	128.4%	\$8,772,042
66	Communication, Telephone, Telegraph, Radio & Television Stations **	98.6%	23.7%	74.8%	\$23,039,764
67	Transportation, Railroads, Airlines, Bus, Trucking Lines	32.0%	0.7%	31.3%	\$8,582,462
68	Graphic Arts, Printing, Publishing, Engraving, Binding, Blueprinting	7.5%	0.9%	6.7%	\$6,921,845
69	Insurance, Banking, Savings & Loans, Research Information Services, Income Tax Reports	6.5%	-1.7%	8.2%	\$1,070,026
70	Sanitary & Industrial Supplies	9.2%	-38.0%	47.1%	\$24,787,131
71	Packaging Materials, Paper, Box, Bag Dealers	63.0%	9.3%	53.7%	\$12,895,633
72	Repair of Tangible Personal Property	-15.0%	-20.5%	5.4%	\$5,932,712
73	Advertising	39.3%	3.7%	35.7%	\$7,524,468
74	Mining, Drilling, Top Soil, Clay, Sand, Fill Dirt	17.3%	12.8%	4.5%	\$472,013
76	Nurseries, Landscapes, Tree Experts	10.7%	-13.1%	23.8%	\$6,486,081
77	Vending Machine Operators	75.9%	-2.3%	78.2%	\$12,751,037
78	Importing & Exporting	43.3%	16.5%	26.8%	\$6,627,796
79	Medical, Dental, Surgical, Optical & Related Professional Services	9.2%	1.8%	7.4%	\$22,861,186
80	Wholesale Dealers	11.2%	31.9%	-20.8%	-\$464,320,815
81	Schools, Colleges & Educational Services	-10.3%	4.7%	-15.0%	-\$5,309,753
82	Lease or Rental of Commercial Real Property	4.6%	3.8%	0.7%	\$3,018,893
83	Privately Owned Parking Lots, Boat Docks & Aircraft	31.8%	7.3%	24.5%	\$1,695,313

	Hangars				
	Utilities, Electric, Gas,				
84	Water, Sewer	0.7%	-3.3%	4.0%	\$23,872,589
89	Exempt Facilities	209.9%	29.1%	180.8%	\$79,608
	Flea Market				
	Management & Space				
90	Providers	-41.9%	-17.0%	-24.9%	-\$467,463
	Other Professional				
92	Services	24.7%	-0.1%	24.8%	\$21,578,317
	Taxable Services (per				
93	Chapter 212, F.S.)	0.1%	-10.9%	11.0%	\$8,214,116
94	Veterinary Services	-1.5%	20.2%	-21.7%	-\$5,707,583
98	Commercial Fishing	-81.9%	-183.9%	102.0%	\$4,111,418
99	Miscellaneous	6.1%	0.2%	5.9%	\$41,427,217
	Other ***	-62.2%	40.6%	-102.7%	-\$62,795,397
	Total of All Kind				
	Codes	9.8%	6.7%	3.2%	\$363,482,419

Note: 8-County Gross Sales total \$12.58 billion in August 2012.