



The Economic Impact of Interstate 73 on Virginia, West Virginia, and South Carolina

November 10, 2014



Outline

- I-73 Background
- Why study economic impact?
- How to study economic impact?
- Summary of Chmura study of I-73 impact in Virginia, West Virginia and South Carolina

I-73 Corridor From South Carolina to Michigan



*Map provided by the National I-73/74 Corridor Association

Chmura Virginia Study-2007



- Complete
- Needs Upgrades
- Needs to be Built



Chmura West Virginia Study-2009



- Complete
- Needs Upgrades
- Needs to Be Built

July 1, 2009



Economic Impact of I-73 on the I-73 Corridor in West Virginia

The construction and ongoing existence of I-73 will inject hundreds of millions of dollars into the I-73 Corridor and provide jobs for workers in construction, retail, service, and warehouse industries. The annual economic impact is estimated to be \$220.3 million that sustains 3,020 jobs after construction is complete.

Prepared for
 King Coal Highway I-73/74 Authority
 Mingo County Redevelopment Authority
 McDowell County Commission
 Mercer County Commission
 Mingo County Commission
 Wayne County Commission
 Wyoming County Commission

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Chmura South Carolina Study-2011



5.12.2011

Economic Impact of I-73 in South Carolina

The existence of I-73 will inject billions of dollars into the I-73 Corridor and South Carolina, and provide tens of thousands of jobs in tourism, retail, service, and warehouse industries. After road completion, annual economic impacts estimated at \$2.0 billion will sustain 22,347 jobs in South Carolina in 2020 and beyond.

Prepared for: Northeastern Strategic Alliance (NSA)

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Why Create an Economic Impact?

- People want to know the Return on Investment
 - Is it worth the expense?
 - How will it benefit our economy?
 - How will it benefit my business?
 - Will it increase tax revenues?
- Provides citizens with information that leads to support of such project
- Encourage legislators to act more quickly

Measure 3 Ways New Highways Generally Impact the Economy

1. Temporary construction impact
2. Increased economic efficiency
3. Strategic development or business attraction effects
 - Economic impact of services businesses
 - Development potential for other industries
 - Distribution center
 - Tourism industry
 - Other benefits

How is an Economic Impact Performed?

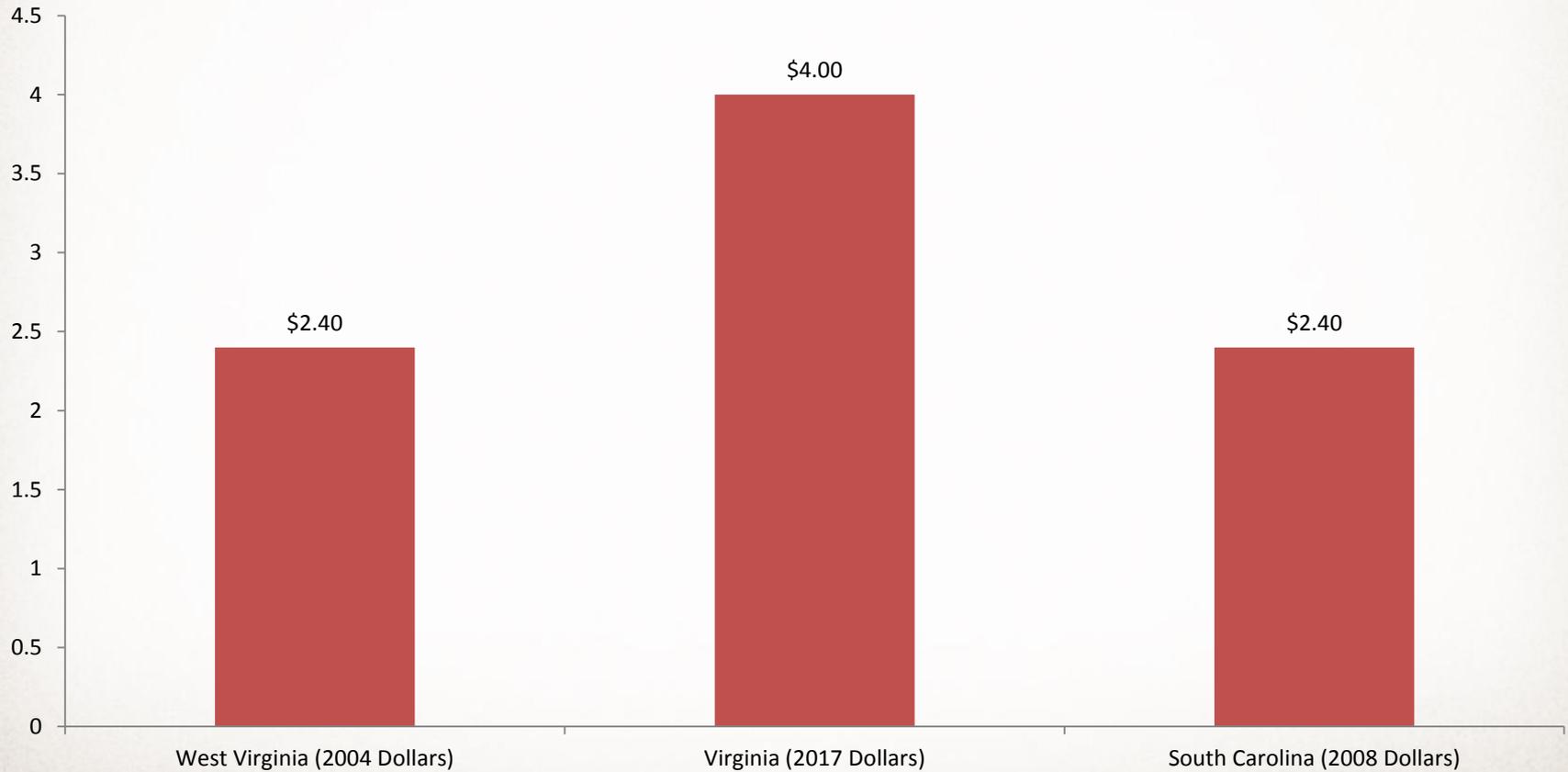
- Obtain measures of change
 - Engineering group or state department of transportation provides construction costs and travel patterns
- Based on research of expansions from highways, estimate the number of type of firms that can be supported
- Estimate user benefit
- Use IMPLAN Pro to estimate multiplier impacts

I-73 ECONOMIC IMPACT IN THREE STATES

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Cost of I-73 in Three States

Construction Cost of I-73 (\$Billion)



Economic Impact on the Region: Construction Phase

One-time Economic Impact of I-73 Construction				
West Virginia		Direct	Ripple	Total
	Spending (\$MM)	\$2,028.6	\$793.8	\$2,822.4
Cumulative (2007-2020)	Employment	17,122	6,146	23,268
Virginia				
	Spending (\$MM)	\$2,752.0	\$1,663.0	\$4,415.0
Cumulative (2012-2020)	Employment	30,735	16,983	47,718
South Carolina				
	Spending (\$MM)	\$2,400.0	\$1,694.5	\$4,094.5
Cumulative (5-Year Total)	Employment	23,415	15,175	38,590

Economic Impact on the Region: Construction Phase

- In West Virginia
 - 1,661 workers employed each year during 14 year construction phase
- In Virginia
 - 5,303 worker employed each year during 9 year construction phase
- In South Carolina
 - 7,718 worker employed each year during 5 year construction phase

Economic Impact on the Region: Travel & Efficiency Gains, after Completion

Annual Benefits of Travel Efficiency and Cost Saving (\$Million)			
	2020	2025	2030
West Virginia	\$23.60		
Virginia	\$141.20	\$161.00	
South Carolina			\$120.80

Economic Impact on the Region: Travel & Efficiency Gains

- In West Virginia
 - Annual travel efficiency and cost saving is estimated to be 23.6 million per year in 2020.
- In Virginia
 - Annual travel efficiency and cost saving is estimated to be 141.2 million in 2020, and \$161 million in 2025.
- In South Carolina
 - Annual travel efficiency and cost saving is estimated to be 120.8 million in 2030.

Economic Impact on the Region: Service Business Attraction Depends Mainly on 5 Factors

1. Average daily traffic (ADT) on the interstate
2. ADT on cross roads
3. Distance to the nearest major urban center
4. Design type (diamond or cloverleaf) of the interchange
5. Distance to the next interchange or intersecting interstate

Projected Business Establishment

Service Businesses Around Access Points in I-73 Corridor						
	Business Establishment			Permanent Employment		
	West Virginia (2020)	Virginia (2020)	South Carolina (2030)	West Virginia	Virginia (2020)	South Carolina (2030)
Motels	36	44	42	822	1,005	959
Gas Stations	29	43	36	230	341	286
Fast Food Restaurants	13	32	28	255	627	549
Full Service Restaurants	9	22	20	197	482	438
Total	87	141	126	1,504	2,455	2,232

Economic Impact of Service Businesses

Annual Impact of I-73 Service Businesses				
West Virginia		Direct	Ripple	Total
	Spending (\$MM)	\$130.0	\$42.0	\$172.0
2020	Employment	1,504	261	1,765
Virginia				
	Spending (\$MM)	\$201.0	\$109.0	\$310.0
2020	Employment	2,455	709	3,164
South Carolina				
	Spending (\$MM)	\$259.1	\$142.8	\$401.9
2030	Employment	2,231	974	3,205

Economic Impact of Service Businesses

- In West Virginia
 - \$172.0 million and 1,765 jobs per year in 2020.
- In Virginia
 - \$310.0 million and 3,164 jobs per year in 2020.
- In South Carolina
 - \$401.9 million and 3,205 jobs per year in 2030

Economic Impact of Potential Other Industries

Annual Impact of Other Businesses in i-73 Corridor				
West Virginia		Direct	Ripple	Total
Distribution Center	Spending (\$MM)	\$18.0	\$6.0	\$24.0
2020	Employment	200	54	254
Virginia				
Distribution Center	Spending (\$MM)	\$14.0	\$9.0	\$22.0
2020	Employment	200	77	277
South Carolina				
Distribution Center and Tourism	Spending (\$MM)	\$928.9	\$530.7	\$1,459.6
2030	Employment	12,899	6,273	19,142

Economic Impact of Potential Other Industries

- In rural areas of WV, VA and SC
 - Development of distribution centers.
- In South Carolina
 - I-73 can dramatically boost the regional tourism, due to increased market access

Fiscal Impact for State and Local Governments

Annual State and Local Tax Revenues After Road Completion (\$Million)			
	2020	2025	2030
State Tax Revenues			
West Virginia	\$12.0		
Virginia	\$13.8	\$17.1	
South Carolina			\$86.1
Local Government Tax Revenues			
West Virginia	\$3.9		
Virginia	\$9.2	\$10.9	
South Carolina			\$43.2

Fiscal Impact for State and Local Governments

- In West Virginia
 - \$12.0 million state tax and \$3.9 million local tax per year in 2020.
- In Virginia
 - \$13.8 million state tax and \$9.2 million local tax per year in 2020.
 - \$17.1 million state tax and \$10.9 million local tax per year in 2025
- In South Carolina
 - \$86.1 million state tax and \$43.2 million local tax per year in 2030

Other Economic Benefits

- Appeal for expanding firms
- Increased property values
- Increased market access
- Population growth
- Quality of life

Return on Investment

- In West Virginia
 - Potential payback period 26 years
- In Virginia
 - Potential payback period less than 10 years
- In South Carolina
 - Potential payback period 4 years

QUESTIONS

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