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Update to March 17 Report: Projected PSE Impact including Jobs, Wages and Tax Revenue Attributable to Additional NBA TV Revenue and Average Operations Growth

December 2018

Introduction

This document provides an update to the March 2107 economic impact analysis provided by IUPPI. The update is primarily directed to estimate the impact of new NBA TV revenue but also includes estimated growth in ticket sales and other revenue. The estimate of revenue growth is based on data from 2013 through 2016. This update does not address the placed based analysis of the prior report which was based on the geographic location of ticket purchases and PSE's spending patterns for goods and services.

Specifically, the estimate is based on based on:

- Used average annual increase in PSE revenues (excluding NBA TV revenue) between 2013 and 2016
 - Added 2017 NBA TV revenue amount of \$59.3 million (was \$29.1 million in 2016)
 - Added 2018 NBA TV revenue amount of \$62.3 million

- Input / output modeling methods remained the same as in previous projections (included estimated average player salary for 2017 and 2018)

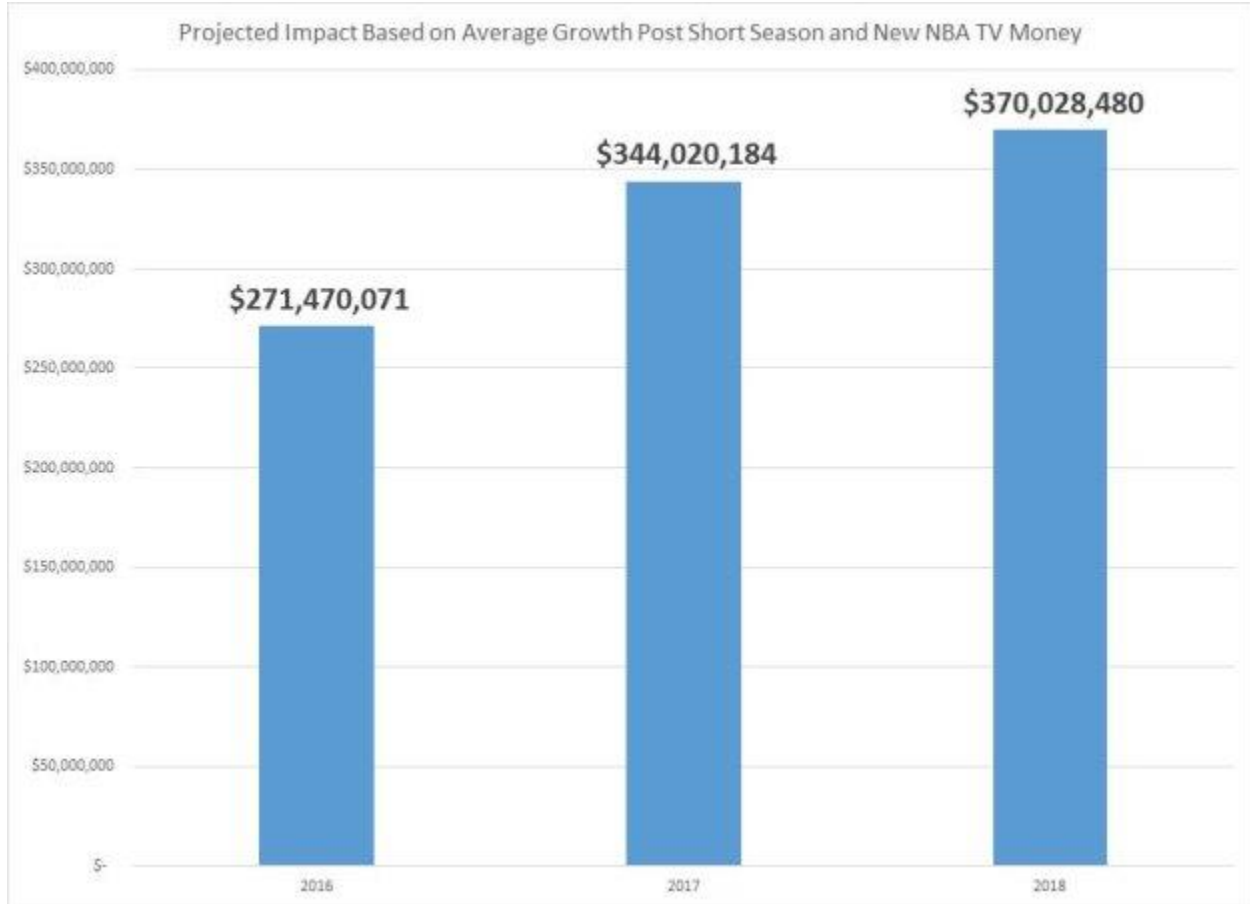
- Thus 2 reasons for increase in impact
 - Average annual growth of non-NBA TV revenue
 - New NBA TV revenue



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- **Total economic contribution of operations in FY 2017 and FY 2018 at Bankers Life Fieldhouse is estimated to increase to over \$344 million in FY 2017 and over \$370 million in FY 2018.** This represents a 36 percent increase over the total economic contribution attributable to PS&E operations in 2016.

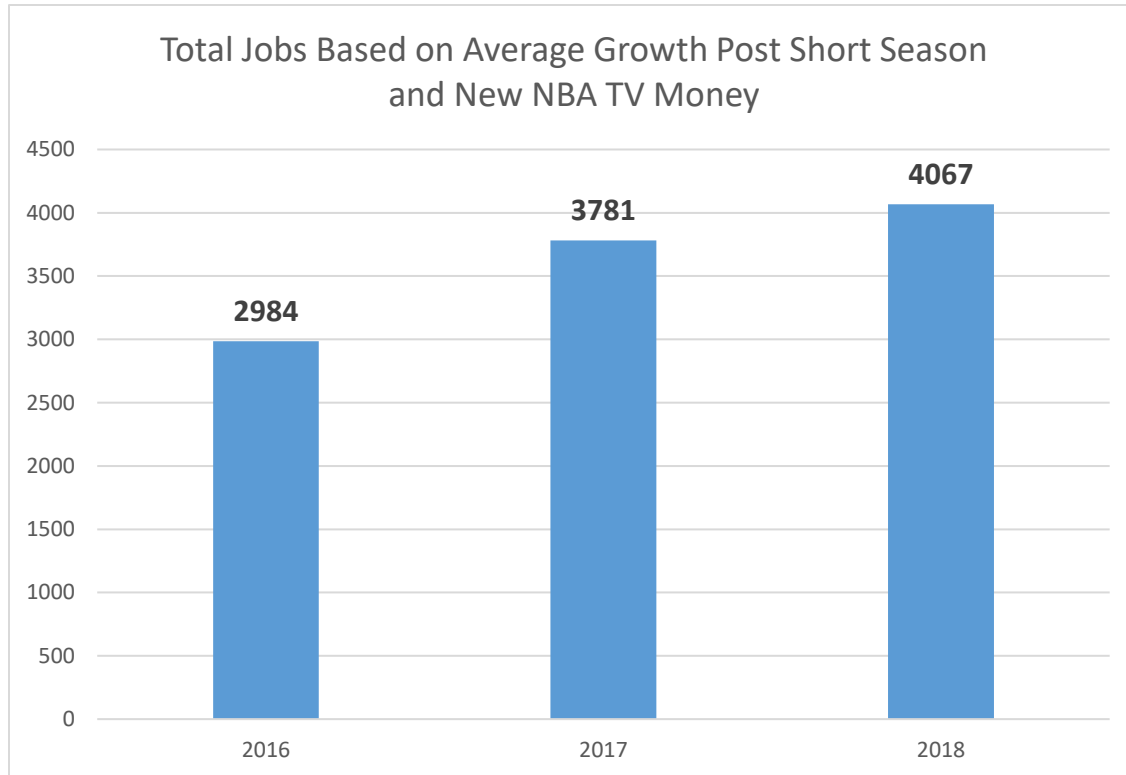




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In FY 2017 an estimated 3,781 jobs depended upon PS&E. In FY 2018 it is estimated that 4,067 jobs depended on PS&E operations. The total employment attributable to PS&E increased by 36 percent, or 1,083 jobs, from FY 2016 to FY 2018.

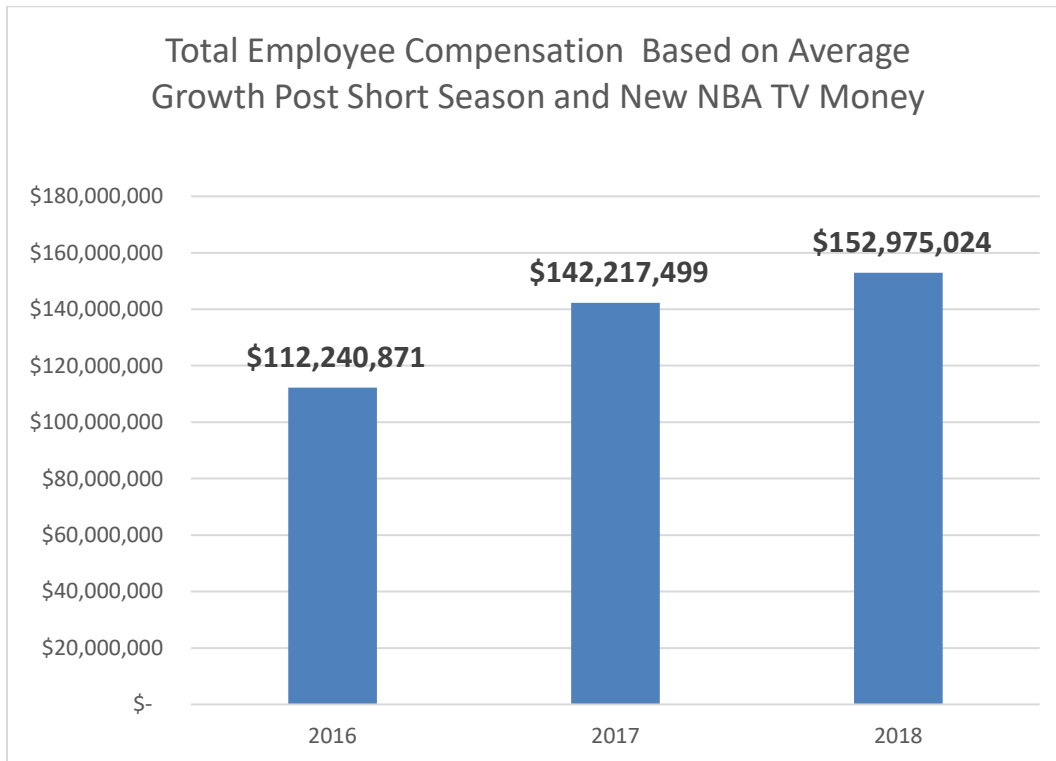




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- **Total FY 2017 wages were estimated to increase to over \$142 million and increase to nearly \$153 million in FY 2018.** The total annual employment compensation attributable to PS&E is estimated to have increased by over \$40 million from FY 2016 to FY 2018.





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Tax Contributions

The economic activity associated with PS&E generates a range of tax revenues for the state of Indiana and local government. Among the most important are state and local income tax, admission and sales taxes, including food and beverage, corporate income, innkeepers tax, and fuel tax.

The first level of tax revenues attributable to PS&E are the direct tax contributions associated with operations and employee income. The following table represents the taxes PS&E and its employees paid in 2018.

| | |
|---|-------------|
| Sales, Food & Beverage Taxes | \$2,131,357 |
| Admissions Tax | \$6,728,650 |
| State withheld from employees (including estimated visiting player) | \$4,989,656 |
| County Taxes withheld from employees | \$1,012,933 |

Additionally, as PSE employees shop, dine, maintain their homes, and perform many other day to day tasks they generate additional state sales tax, local food and beverage tax, and fuel tax. The following estimates of those tax revenues assume PSE employees spend their income in a manner similar to other Midwestern metro area residents.

| | 2016 | 2017 | 2018 |
|-------------|-----------|-----------|-----------|
| State Sales | \$322,875 | \$409,107 | \$440,052 |
| Fuel Tax | \$82,353 | \$104,347 | \$112,240 |

The indirect and induced activity associated with PSE operations generates additional tax revenue for state and local government. In 2016, an estimated \$2.4 million of state income tax is generated by employment attributed to PSE operations. In 2017 indirect and induced state income tax is estimated to increase to over \$3 million and in 2018 nearly \$3.3 million. Among the types of employees included in this estimate are the income attributable to PSE contracting with local advertising firms and the income associated with those preparing food products sold at the Bankers Life Fieldhouse. Local option income tax is produced in the same manner, for the purposes of this analysis the average local option income tax rate for Marion and the surrounding counties was used and it is estimated that approximated \$1.2 million of local option income tax was generated for governments in central Indiana. In 2017 indirect and induced local income tax is estimated to increase to over \$1.5 million and exceed \$1.6 million in 2018. Using the same estimating method as described in the prior section we estimate that spending associated with the indirect and induced employment generates approximately \$150,000 of state sale tax and \$50,000 of fuel tax. In 2017 State sales tax is estimated to increase to \$190,000 in 2017 and \$204,400 in 2018. Fuel tax is estimated to increase to \$63,000 in 2017 and \$68,000 in 2018.

The final estimate of tax revenue associated with PSE is that revenue associated with the visitor spending connected to the survey of the spending patterns of those attending events at Bankers Life Fieldhouse. Based on estimates of spending on pre and post-game dining we believe that approximately \$3.7 million of state sales tax and \$525,000 of local food and beverage is attributable to pre and post-game spending in downtown Indianapolis. The survey also identified the number of room nights and lodging expenditures of



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overnight visitors associated with PSE events. We estimate that this spending generates \$523,000 of state sales and \$747,000 of local innkeepers' tax revenue.



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