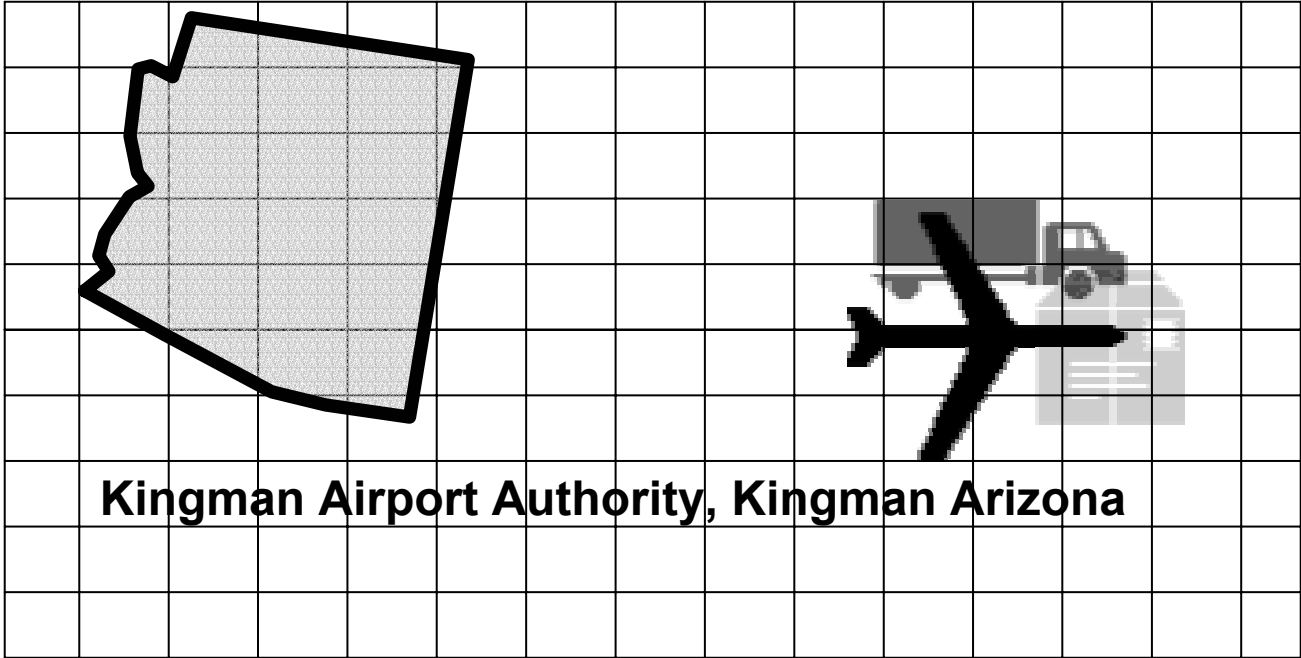


Economic Impact of the Kingman Airport Industrial Park



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HIGHLIGHTS

- *The Kingman Airport Industrial Park, over 1,000 acres in size, is located along historic Route 66, five miles from Interstate 40 in Mohave County, Arizona. The Industrial Park is home to more than 50 businesses. Major employers include manufacturers (such as wood products, plastics and wire); distributors of goods, energy and materials; and service firms (including engineering and scientific companies). The Kingman Airport Industrial Park is one of the largest single sites for employment and economic activity in Mohave County (see table, pg 2).*
- *The value of direct output (measured as dollars of revenue) produced by Industrial Park tenants was \$357 million in 2004. Combined firms at the Industrial Park employed 2,058 Arizona workers with a payroll of \$95.4 million.*
- *When direct expenditures by Industrial Park tenants enter the general economy, each dollar is available for additional spending, creating a "multiplier effect" that increases employment, income, and total economic activity in the region. The total economic impact of the Kingman Airport Industrial Park, incorporating multiplier effects estimated from an input-output model, was \$619.7 million in 2004.*

Kingman Airport Industrial Park Economic Impact

\$357 Million Direct Output

\$95.4 Million Payroll

2,058 Workers on Site

**\$619.7 Million Total Output
(Including All Multiplier Effects)**

Kingman Airport Industrial Park

(Non-Aviation Tenants: 2004)

**Acton Welding
Allied Signal/Honeywell
Allstate Electric Motors
American Woodmark
Aquarium Décor
B & J Engineering
Bob's Barricades
Carl Hays Enterprises
Carris Reels
Cascades Tissue Group
Custom Aluminum Radiators
DATS Trucking
Farner/Orr Partnership
Fed Ex
Fed Ex Freight West
Ferrellgas
Goodyear
Grif-Fab**

**Guardian Fiberglass
Henry Products
Hertz Rent-A-Car
Honeywell Aircraft Landing
Systems
I-Corp Arizona
Import Corner
Interstate Group
Ivy Products
Jeld-Wen
J-M Manufacturing
JPL Fastfreight
Laidlaw Corporation
Laminaids, Inc.
Laron Engineering
Lomanco West
Luseaux Laboratories
Martin Swanty Rent-A-Car
McAtlin Electrical**

**Mohave Warehousing
Musket Corporation
Northern Energy
Pepsi-Cola Company
Potters Industries
RLS Transport
Schwan Enterprises
Shutters & More
Solution Dispersions
Southwest Alarm
Southwire Corp.
Spectrum One
Sunstate Components
Tru*Serv
Ultimate Systems LTD
UPS
West Coast Netting**

Source: Kingman Airport Authority, Inc.

MEASURING ECONOMIC IMPACTS

Economic impact analysis measures the contributions of economic units and agencies to the creation of output, earnings and employment within a region. For the purposes of this study, the economic units were tenants of the Kingman Airport Industrial Park. The region of analysis is Mohave County, including the greater Kingman area.

The *direct economic impact* of a group of firms equals the value of the output (measured here as revenues), employment, and earnings created by their annual operations. *Indirect impacts* result when (a) firms at the Industrial Park buy goods, services, supplies and materials from regional suppliers and (b) when employees of the Industrial Park make purchases of consumer goods and services. These indirect impacts create additional revenues, jobs and earnings as spending circulates through the regional economy. The *total economic impact* is the sum of the combined direct and indirect impacts.

Kingman Airport Industrial Park Summary of Economic Impacts: 2004			
	IMPACT MEASURES		
Source	Revenues	Earnings	Employment
Industrial Park Direct Impacts	\$357,000,000	\$95,400,000	2,058
<i>Indirect Impacts (Multiplier Effects of Secondary Spending)</i>	262,700,000	77,900,000	3,336
TOTAL IMPACT	\$619,700,000	\$173,300,000	5,394

DIRECT IMPACTS

Direct impacts represent the sum of Industrial Park revenues, earnings and employment due to the presence of the park. Direct impacts are the “first round” impacts and do not include any multiplier effects of secondary spending.

The \$357 million direct economic output (revenues) from Kingman Airport Industrial Park firms created 2,058 jobs at the Industrial Park with an annual payroll of \$95.4 million. Twenty-seven percent of revenues were allocated to employee compensation, including wages and proprietor’s income. Earnings per worker were calculated as \$46,335.

These direct impacts reveal the importance of the Kingman Airport Industrial Park to Mohave County and the Kingman area. According to the Arizona Department of Economic Security, as of the fourth quarter of 2004, Mohave County employment was 49,206 workers. The Industrial Park accounted for 4.1 percent of the employment in the County. Moreover, the Arizona Department of Commerce reports 2004 employment in Kingman as 10,949. The 2,058 workers at the Industrial Park account for nearly one job out of five in Kingman.

DIRECT IMPACTS BY INDUSTRIAL GROUPS

The Industrial Park economic activity created an annual output of \$357.0 million that can be allocated across three broad industrial groups: distribution, manufacturing and services. The table on the next page illustrates the annualized employment, earnings and value of output (revenues) produced by the industrial park tenants in 2004 for each group. Values shown for revenues, employment and earnings are direct impacts and do not include multiplier effects of indirect impacts.

Business activities in the distribution category include air and ground courier services, energy distribution, freight and food distribution. The manufacturing category includes such business as cable and wire, wood products, fiberglass products, aviation related goods and sporting equipment. In the services sector, businesses include engineering, machine shops, aviation services and general consumer services and retailing suppliers. Several of these Industrial Park employers qualify to be on the list of the largest employers in both Mohave County and the greater Kingman area.

Kingman Airport Industrial Park Industry Group Revenues, Earnings and Employment

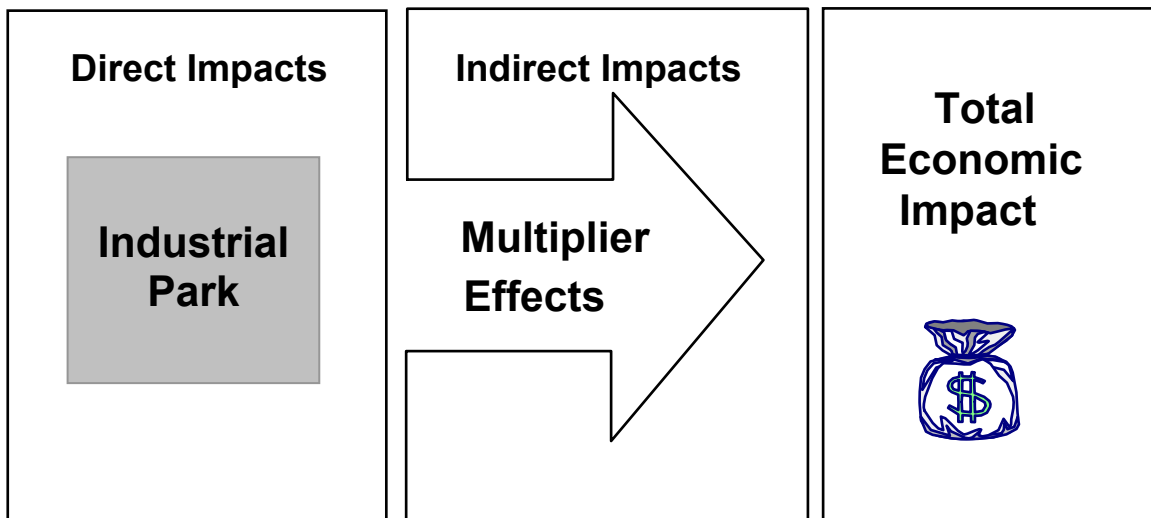
	IMPACT MEASURES		
Industry Groups	Revenues	Earnings	Employment
Distribution	\$36,000,000	\$4,800,000	124
Manufacturing	239,400,000	68,000,000	1,502
Services	81,600,000	22,600,000	432
DIRECT IMPACTS	\$357,000,000	\$95,400,000	2,058
Source: Kingman Airport Industrial Park, Dun & Bradstreet Company Profile Reports, Mohave County Economic Data.			

The largest industrial group by any measure (revenue, employment or earnings) is manufacturing. In contrast to a national trend, manufacturing employment in Mohave County has seen increases in recent years. The Kingman Airport Industrial Park is the site of 1,502 manufacturing jobs with earnings of \$68 million and \$239 million of output per year.

INDIRECT IMPACTS

Indirect impacts result when business at the Industrial Park purchase from other businesses in the region and when employees buy consumer goods and services. In contrast to initial or direct impacts, the indirect impacts measure the magnitude of successive rounds of re-spending. For example, when a worker from an Industrial Park firm spends for food, clothing, and medical services, the wages paid at the Industrial Park support additional jobs and spending in the general economy. This process is illustrated by the figure on the following page.

The Multiplier Process Kingman Airport Industrial Park



The initial direct revenue stream in the county area of \$353.0 million created by the presence of Kingman Airport Authority Industrial Park was estimated to stimulate indirect impacts from multiplier effects within the county of \$262.7 million in additional revenues and 3,336 additional jobs with earnings of \$77.9 million.

Note that indirect earnings per job created are \$23,351, a substantially lower figure than for the Industrial Park itself. This lower level of employee compensation is because the indirect jobs are in industries that serve consumers, such as retailing and the service sector. Many of these jobs are lower-paying or part time.

The indirect economic impacts for a region may be estimated by use of an input-output model. The methodology is well-established and has been in wide use since the development of the theoretical framework, for which Wassily Leontieff won the Nobel Prize in Economics (1973).

The coefficients used for this study were from the IMPLAN input-output model based on data for Mohave County from Arizona DES sources, and the U. S. Bureau of Economic Analysis. IMPLAN data and accounts are derived following the original methodology developed and popularized by the Bureau of Economic Analysis and published in 1980 as "The Input-Output Study of the US Economy."

TOTAL ECONOMIC IMPACT

The sum of direct and indirect impacts is the *total economic impact* of the Kingman Airport Industrial Park. The total economic impact of the Industrial Park, accounting for all multiplier effects of secondary spending, was \$619.7 million of revenue created within the region during the year. Total employment was 5,394 jobs, with earnings to workers and proprietors of \$173.3 million.

Incorporated within the total economic impact are payments by businesses and workers to government agencies at the federal, state and local level. These calculations are made through the input-output model using ratios of taxes to income and output for Mohave County. Federal tax collections due to the presence of the Industrial Park were \$46.9 million, with social security taxes as the largest single component. State and local tax revenues were \$34.3 million.

The total economic impact of the Kingman Airport Industrial Park including all multiplier effects is shown in the table on the following page.

Kingman Airport Industrial Park Government Revenues By Source	
Federal Taxes	FY 2004
Corporate Profits Tax	\$4,500,000
Excise Taxes	2,400,000
Personal Income Tax	18,700,000
Social Insurance Tax	21,300,000
Subtotal	\$46,900,000
State & Local Taxes	FY 2004
Corporate Profits Tax	\$900,000
Property Tax	10,200,000
Sales Taxes	14,700,000
Personal Income Tax	2,400,000
All Other State & Local Taxes & Fees	6,100,000
Subtotal	\$34,300,000
GRAND TOTAL	\$81,200,000

**KINGMAN AIRPORT INDUSTRIAL PARK
TOTAL ECONOMIC IMPACT**

5,394 MOHAVE CO. JOBS

\$619.7 MILLION ECONOMIC OUTPUT

\$173.3 MILLION EARNINGS

Arizona Government Taxes and Fees: \$34.3 Million

Federal Government Taxes and Fees: \$46.9 Million

(Note: Figures above include all multiplier effects.)