

2001

THE ECONOMIC IMPACT OF EVENTS
at the Kentucky Fair & Exposition Center
and the Kentucky International Convention Center

IMPACT

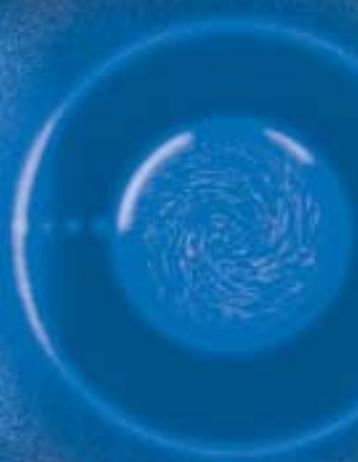




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EXECUTIVE SUMMARY

The number of events, nonresident attendees, and exhibitors continues to grow at the Kentucky Fair & Exposition Center (KFEC) and Kentucky International Convention Center (KICC) in Louisville. The events have a great economic impact on the Louisville and other regional economies in Kentucky, and contribute tens of millions of new tax dollars annually to state and local governments. The KFEC is host to some of the biggest trade shows in the United States, lured by the large high quality exhibit space, easy access by interstate highway, and Louisville's large inventory of moderately priced hotel rooms. The major expansion of the KICC downtown has led to strong growth in convention and meeting business over the last two years.

Researchers at the University of Louisville tracked activity at all major KFEC and KICC events which occurred between October 1, 2000, and September 30, 2001. Telephone and face-to-face interviews were supplemented by license plate surveys and accounting data to construct a database on events, visitors, and their expenditures throughout the year. In this study, we report our estimates of the impact of 2001 events and comparisons to results from similar studies performed for events in 1983, 1988, 1992, and 1997.

Major Findings

1 The total number of attendees at Fair Board events in 2001 was about 3.4 million, down 850,000 from 1997. The decline was due primarily to a reduction in attendance at sporting events, as the KFEC is no longer home to minor league baseball or college football, and college basketball attendance was off last season. Attendance was up or level for most other categories.

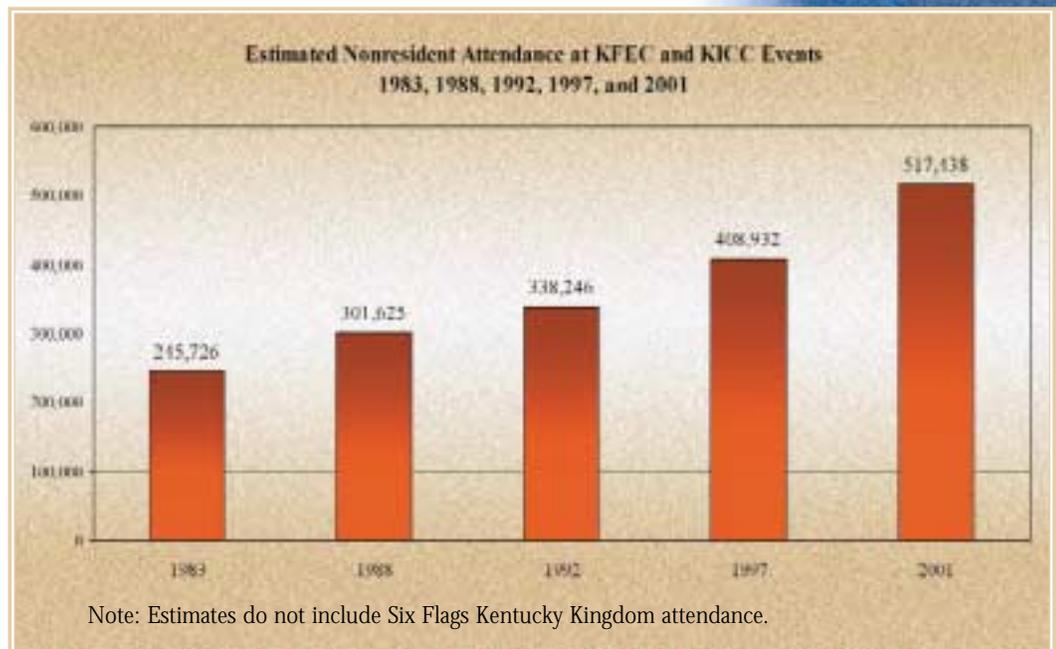
2 We estimate that of the total attendees, 517,000 lived outside the Louisville market and stayed overnight in an area hotel or motel. This nonresident attendance is an increase of 26.5 percent over 1997. An additional 81,000 nonresident exhibitor personnel worked events at the KFEC and KICC during 2001. Nonresident attendance is perhaps the most important single factor in measuring the economic impact of these events.

3 Solid growth occurred in conventions and trade shows. Nonresident attendance at conventions and trade shows has more than doubled over the last ten years, and was 45 percent higher than during the 1997 study period. Convention and trade show attendance is a particularly important economic barometer since these shows tend to attract many nonresident exhibitors and visitors, who stay several nights in local hotels, eat at local restaurants, and purchase support services from local vendors.

4 Activity has increased markedly at the Kentucky International Convention Center since its expansion and renovation. Nearly twice as many events were held at the

	1997	2001
Attendance		
Turnstile Count from Fair Board	4,269,693	3,119,787
Nonresidents	408,932	517,438
Attendee Expenditures		
Room nights	509,733	530,934
Total Nonresident Attendee Spending	\$103,651,343	\$130,616,376
Exhibitor & Organizer Expenditures		
Nonresident Personnel	84,278	81,306
Room nights	218,709	229,282
Total Nonresident Exhibitor Lodging, Meal, Personal Expenses	\$33,831,766	\$37,349,261
Total Exhibitor/Organizer Business Expenses	\$18,199,911	\$23,639,607
Estimated Sales at KFEC/KICC		
Total Receipts	\$30,512,643	\$34,310,236
Total Economic Activity Generated by Nonresidents		
Total Nonresident Expenditures	\$171,361,010	\$211,652,342
Total Net New Sales Impact, Louisville MSA	\$345,997,088	\$427,324,435
Deflated Net New Sales (1996\$) IPD deflator	\$339,379,194	\$392,544,952
Jobs Supported by Net New Sales	7,530	8,697
Net New Payroll Generated	\$114,016,814	\$140,553,975
Tax Revenues Generated by KFEC/ KICC Events		
Total Kentucky State Taxes	\$70,456,921	\$74,260,744
Total Local Taxes, Jefferson County	\$4,966,925	\$5,843,962
Grand Total	\$75,423,847	\$80,104,706

Impact is measured for the Louisville Metropolitan Statistical Area (MSA), which includes Bullitt, Jefferson, and Oldham counties in Kentucky, and Clark, Floyd, Harrison, and Scott counties in Indiana.



downtown convention facility in 2001 than were held there during 1997. The number of concerts, conventions, meetings, public expositions, public sales, sporting events, and trade shows was up by 44 percent, from the 116 events during 1997 to 167 in 2001. The number of miscellaneous events and catered parties and receptions was up nearly fourfold, from 34 in 1997 to 128 during 2001. Convention attendance at the KICC was up 16 percent over 1997 (to over 85,000 people) while trade show attendance at the KICC was up 88 percent over 1997 (to more than 29,000 people).

5 Nonresident attendees and exhibitors accounted for over 760,000 room-nights at area hotels and motels.

6 We estimate that nonresident attendees spent \$130 million, and exhibitors spent around \$37 million on lodging, food, shopping, entertainment and other personal items in the Louisville area economy during 2001. Exhibitors and event organizers also spent over \$25 million for business-related items in the Louisville market.

7 The total direct spending by nonresidents, including lodging, food, shopping, entertainment, and business expenses, is estimated to be just over \$211 million.

8 The total dollar impact of 2001 events, accounting for multiplier effects, is estimated to be around \$427 million. This represents a 23.5 percent increase over 1997. In real dollar terms, after adjusting for inflation, the 2001 impact is 15.7 percent greater than 1997.¹

9 These new dollars generated by Fair Board events supported approximately 8,700 jobs locally, with a payroll of about \$140 million. These are 15.7 percent increases over 1997 (the latter after inflation).

10 This impact generated about \$24.2 million in state sales and income taxes and over \$5.8 million in local occupational and room taxes. This is an increase of 18.4 percent over the estimated 1997 fiscal impact. About 95 percent of these tax dollars are believed to be generated by nonresident attendees and exhibitors. That is, they represent new tax dollars, not simply a collection from Kentucky residents.

11 All told, the economic and fiscal impact of events in 2001 is up by about 16 percent over 1997, due primarily to increased hotel room rates and more business spending.

Beyond the new dollars that Fair Board events generate for Kentucky and the Louisville area, the facilities at the KFEC and KICC provide unique venues for events attended primarily by Kentucky residents. Examples include the Kentucky State Fair, dozens of major sporting events, music concerts, business meetings, and public expositions. Local residents attending these events in fact accounted for eighty percent of the people attending KFEC and KICC events during the year. Parking, admission, concessions, space rental, and other receipts collected by the Fair Board amounted to \$34 million in 2001, up 12 percent from 1997.

¹It should be noted that in the 1997 study we reported a total economic impact of \$401 million based upon nonresident expenditures of \$199 million in that year, while we now report a total impact of \$346 million based upon nonresident expenditures of \$171 million for 1997. The downward revision is a result of our striving to be as accurate as possible and also to present consistent estimates across time. Continuing research uncovered a double counting of nonresident attendees to the North American International Livestock Exposition and Kentucky State Fair in 1997. Correction of these errors accounts for \$7 million of the \$28 million adjustment to nonresident expenditures. Most of the rest of the adjustment is due to revising the amount of money spent by exhibitors and some attendees on entertainment, retail shopping, and other personal items. We based these more precise, albeit lower, estimates on the results of the exhibitor interviews and attendee surveys conducted for this study and similar data we have collected over the last several years.



INTRODUCTION

This report summarizes the results of a year long effort to measure the economic and fiscal impact of Kentucky State Fair Board activities. The study includes all of the events held at the Kentucky Fair & Exposition Center (KFEC) and the Kentucky International Convention Center (KICC) from October 2000 through September 2001. Previous assessments were conducted for the years 1983, 1988, 1992, and 1997. Each succeeding study has revised and extended the methodology used previously to produce more reliable and accurate data and economic impact estimates. In the present study, we made some adjustments to the previous methods used in order to produce what we believe to be better estimates. To identify trends, we have recalculated the estimates for 1997 of the economic and fiscal impact of Fair Board activities.² A description of the methods and sources of data is included in this report.

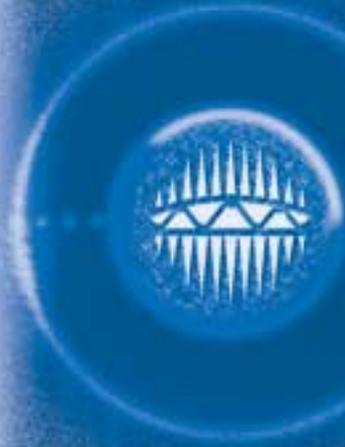
This series of studies documents the services provided by the Fair Board facilities and organization to Kentucky residents and businesses. The studies also document the important impact that these events have on the Louisville Metropolitan Area economy and on the state and local tax base.³ These are two types of economic impacts. In the former, the Fair Board provides a service, usually on a fee basis, to Kentucky residents needing exhibit, meeting, wholesale and retail trade, and entertainment space. In that sense, the Fair Board provides services much like those provided by private halls, showrooms, banquet facilities, and entertainment establishments. The fact that no private firm is likely to invest in facilities of the size, scope, and quality as required for important events like the Kentucky State Fair means that a public entity must make the investment if they are to be held each year.

The latter type of economic effect is traditionally associated with industry - the economic activity induced by sales to nonresidents. Events such as the North American International Livestock Exposition, National Farm Machinery Show, and National FFA Convention attract thousands of exhibitors, delegates, and spectators from around the country. These nonresidents are attracted to a Kentucky facility and spend dollars in the local economy that would have been spent in another state had the Fair Board facilities not been here. These new dollars hit our economy first at hotels, restaurants, gift shops, and the establishments of vendors supplying business services for conventions and trade shows. They recirculate many times through the local economy, creating more new business, income, jobs, and tax revenues. It is this latter type of effect which corresponds to the strict technical sense of the term "economic impact," and it is what we focus on in this study.

During 2001, researchers at the University of Louisville tracked activity at all major KFEC and KICC events. Telephone, fax, and face-to-face interviews were supplemented by license plate surveys and accounting data to construct a database on events, visitors, and their expenditures throughout the year. We find that the number of events, nonresident attendees, and exhibitors continues to grow at the KFEC and KICC in Louisville. The events have a great economic impact on the Louisville and other regional economies in Kentucky, and contribute tens of millions of new tax dollars annually to state and local governments. The KFEC is host to some of the largest trade shows in the United States, lured by the high quality exhibit space,

²The data available to us from the 1983, 1988, and 1992 studies is not complete enough to allow a recalculation based upon the most recent methods employed. However, during the 1997 study the results from these years were thoroughly revised, so they should be very close to what might be obtained using the methodology of the current study.

³The Louisville Metropolitan Statistical Area (MSA) consists of Bullitt, Jefferson, and Oldham counties in Kentucky, and Clark, Floyd, Harrison, and Scott counties in Indiana.



easy access by interstate highway, and Louisville's inventory of moderately priced hotel rooms. The major expansion of the KICC downtown has led to strong growth in convention and meetings business over the last two years

The remainder of this report discusses in detail our impact estimates. We first describe the general methodology and sources of data, including an explanation of the fairly complicated economic geography involved in such studies. Next, we provide and explain a number of tables showing estimates of attendance, expenditures by event category, economic impact, and tax revenues.

Comparison to Previous Studies

During the 1997 study we recalculated the economic impact estimates from the three previous studies, which resulted in a set of consistent estimates across time based upon the latest methodology. In the current study we utilize the same basic methodologies as in the 1997 study but update our estimates of various types of attendee and exhibitor spending based upon greater information (both in general and about specific events) and a better understanding of the ways in which the Fair Board reports attendance figures.

In this study, where our current methodology suggests a significant difference in the estimates for a specific event or event category, we have updated the results of the previous studies to again create consistent estimates across time. We were able to more extensively revise the 1997 study, but our ability to revise the earlier studies was limited due to a lack of detailed data given the limited scope of those studies.

There were a few shortcomings in the previous study which we corrected. The major change resulted from our previous overestimation of exhibitor spending on non-lodging and non-food items. Our exhibitor interviews and four more years of experience have convinced us that most exhibitor personnel do not spend very much money in the community on personal items or entertainment. They usually just eat dinner and relax in their hotel rooms after a long day spent mostly standing in the exhibition hall.

Other changes resulted from our having a better understanding of the peculiarities of some events and the intricacies of Fair Board attendance figures. We now have better estimates of nonresident attendance and room-nights for many recurring events, especially those with large turnstile counts over several days, such as the North American International Livestock Exposition and the Kentucky State Fair. Finally, we fine-tuned our estimates of the geographic distribution of attendees based upon the new license plate and attendee surveys we conducted.

The result of this work is consistent estimates across time for 1997 and 2001. It should be noted that in the 1997 study we reported a total economic impact of \$401 million based upon nonresident expenditures of

\$199 million, while we now report a total impact of \$346 million based upon nonresident expenditures of \$171 million for 1997. During the course of recalculating the economic impacts based upon this revised attendance and expense data, we discovered two computation errors that led to the double counting of nonresident attendees to the North American International Livestock Exposition and Kentucky State Fair in 1997. Correction of

these errors accounts for \$7 million of the \$28 million adjustment to nonresident expenditures. The rest of the adjustment is due to applying the changes described above to the 1997 data. Nevertheless, the revised 1997 impact estimates are still about 14 percent higher than the 1992 estimates, even after accounting for inflation (using the implicit price deflator for gross domestic product).

GENERAL METHODOLOGY AND SOURCES OF DATA

Determining the impact of Fair Board events is a complicated task. Together, the KFEC and KICC played host to over 550 events in 2001, including 75 conventions and trade shows. Each of these events has a different character in terms of its economic impact on the surrounding community. Some serve only local residents and little money changes hands. Some almost exclusively serve nonresidents and thousands of dollars change hands daily. Some events have very few exhibitors, if any at all, while others attract hundreds of companies with hundreds of employees working exhibits. Some attract nonresidents who stay in the finest hotels and spend hundreds of dollars daily on food, entertainment, and shopping. Other events attract attendees on a more modest budget. Some events may actually draw dollars out of the local economy as nonresident promoters and exhibitors sell tickets and fill orders from local citizens and businesses.

Unfortunately, little research nationally or locally appears to have been done to develop spending profiles for attendees and exhibitors at different types of events. What little research has been done tends to paint all events with a very broad brush. We have attempted to deal with these difficulties through a variety of methods. In most cases we have tried to estimate our data in more than one way as a check on the accuracy of our primary methods. This study relied a great deal on surveys of and interviews with event organizers, exhibitors, and attendees, but we also relied on our expertise garnered through conducting similar research over the past decade. The following sections briefly describe how we gathered our data.

Event Organizer Interviews

We contacted, usually by telephone, a sampling of event organizers. We chose the events expected to have fairly large attendance within each of the event categories. We asked the event organizers general questions about the people who attend their events and also about their own spending in the Louisville area economy on items supporting their events. Event organizers often spend thousands of dollars in the local area on such things as flowers, decorations, catering, transportation and equipment rental, security, contract labor, and advertising. The 1997 study was the first to incorporate this element of economic impact. Some event organizers sent us detailed lists of their local expenditures, and many provided us with similar information over the phone. A few event organizers sent us copies of their own surveys and economic impact studies. From this data, and similar information from the 1997 study, we were able to derive estimates of local spending by event organizers for several different types of events. In addition, the detailed expenditure lists allowed us to construct output, earnings, and employment multipliers for local exhibitor and event organizer business expenses as weighted averages of four industry categories.

Exhibitor Interviews

To supplement the surveys of event organizers we personally visited several trade shows and interviewed a sample of vendors. We asked them about the number of people they brought to the event, the number of hotel rooms they were using, how many nights they were staying, where they were staying, how much they were spending on food, entertainment, shopping, and transportation, and any other local expenses they may have incurred in the operation of their exhibit. This helped in deriving exhibitor profiles for different types of events. A surprising finding was that exhibitors from very different types of events had very similar costs associated with the setup, operation, and tear-down of their exhibits. In addition, these interviews (and others done in the intervening four years) confirmed the fact that in the previous study we had overestimated how much money exhibitor personnel spend on non-food and non-lodging items during their stays in town. Most simply eat dinner and relax in their hotel rooms after a long day standing in the exhibition hall.

Attendee Surveys

University of Louisville researchers conducted intercept surveys at both the Mid-America Trucking Show and Equitana USA during 2001. We also used the results of a similar survey of attendees of the Home, Garden & Remodeling Show done during 2000. In each case, the surveyors positioned themselves at high traffic areas and interviewed people at random. The surveys asked each person to supply their home zip code, and went on to ask out-of-town attendees about how many people were traveling in their party, how many days they were spending in the Louisville metro area, how many nights they would be spending in local lodging, and how much they anticipated spending on lodging, meals, entertainment, shopping, transportation, and other expenses while in town. One hundred fifty people were surveyed at the Mid-America Trucking Show and about 240 people were surveyed at each of the other two shows.

License Plate Surveys

Convention and trade show organizers usually have accurate information regarding attendee residency. However, if there is no official registration or the event is open to the general public, as are sporting, public exposition, and public sale events, the event organizer's response is just an educated guess. Some of the largest events each year are trade shows and conventions that are open to the public. Since the economic impacts of these events depends upon the number of participants who come from outside the metro area, it was important that we obtain fairly accurate estimates of the percentage of attendees at various types of events who do not live in the Louisville metropolitan area (or in Kentucky, either). In order to attain more accurate information on attendee residence we conducted a series of license plate surveys at KFEC and KICC parking lots during a number of events.

During 2001, we conducted twenty-four surveys of license plates at KFEC and KICC events. Researchers noted the state (and county if in Kentucky, Indiana, or Ohio) issuing the license plate for over nineteen thousand vehicles found in parking lots during events. Several major trade shows were surveyed, including the National Farm Machinery Show, Mid-America Trucking Show, and Equitana USA. Four surveys were taken during the Kentucky State Fair in August. Four conventions were surveyed: the District Convention of Jehovah's Witnesses, the NSRA Street Rod Nationals, the National Quartet Convention, and the Mid-America Square Dance Jamboree. The other surveys were conducted during public sales and expositions, sports competitions, University of Louisville basketball games, and other primarily local attractions. We also utilized 23 similar surveys conducted for the 1997 study.

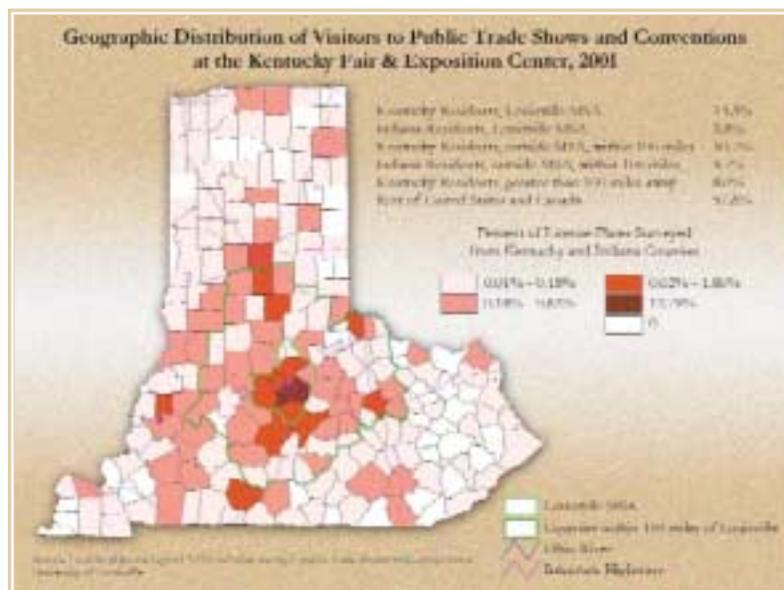
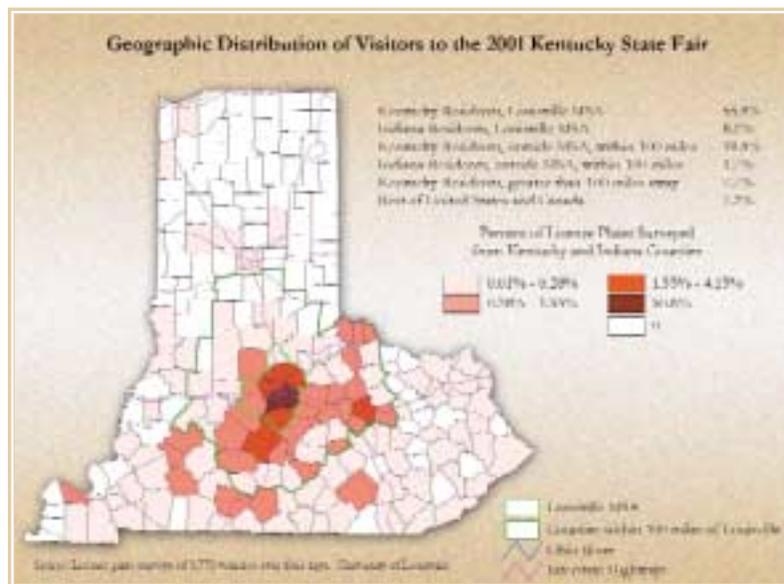
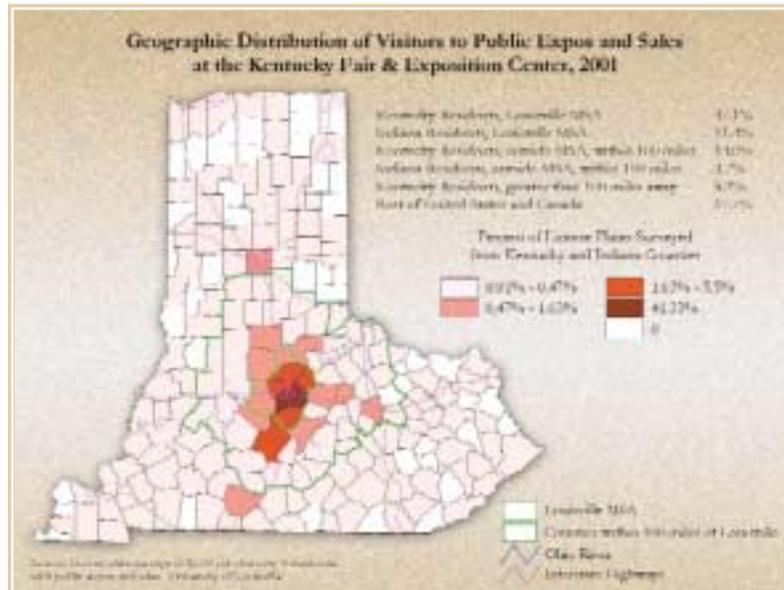


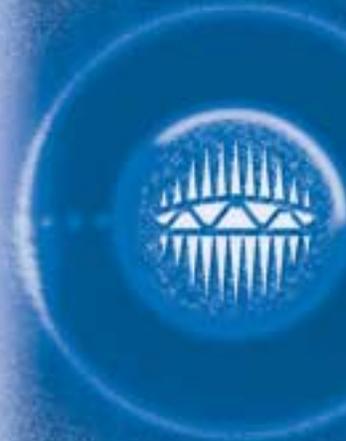
The accompanying maps summarize the results for three broad categories of events: trade shows and conventions open to the public, expositions and sales events, and the Kentucky State Fair. Each map indicates the counties of the Louisville Metropolitan Statistical Area as well as those within about 100 miles of Louisville. We also break down attendance according to whether or not the license plates surveyed were from the metro area, Kentucky, Indiana, or elsewhere. As is evident from the maps, trade shows and conventions are the biggest attractors of nonresidents, with less than one-fifth coming from the Louisville MSA and but one-third from the state of Kentucky. With over 57 percent of attendees coming from outside Kentucky and more than 100 miles away in Indiana, it is apparent that the large public trade shows and conventions draw from a wide geographic area. While 34 percent of attendees drove in from the farthest reaches of Indiana and nearest states of Ohio, Illinois, and Tennessee, nearly one-quarter of the attendees who drove to the events made a substantial trip to get here. While public sales and expositions and the Kentucky State Fair have similar percentages of attendees from the Louisville metro area (58.5 percent and 64.0 percent, respectively), the distribution of Kentucky State Fair attendees is much more centralized around Kentucky (especially those counties within 100 miles of Louisville) than is the distribution of attendees to sales and expos. Kentucky residents accounted for 83 percent of Kentucky State Fair attendees, but only 66 percent of attendees at sales and expositions. Most other events appear to draw around three out of four attendees from the local area. We have used the results of the license plate surveys to estimate the number of overnight stays at Fair Board events. We assume that many of those coming from more than 100 miles away will stay overnight in area lodging. For many events, particularly public expositions (such as car and gardening shows), public sales (such as flea markets), and sporting events, we adjust for the fact that many people will drive in just for the day. These surveys provided us with a good foundation upon which to base our estimates of attendee residency.

Administrative, Accounting, and Secondary Data Sources

Fair Board Data. Accounting data from the Fair Board was used to calculate a portion of expenditures by residents and nonresidents at the KFEC and KICC facilities. This included data on attendance, ticket sales, gate receipts, parking, concessions, space rental, programs, novelties, and other purchased goods and services.

Per Diem Expenses. Meal per diem rates reported by the federal government's Per Diem Travel & Transportation Allowance Committee (PDTATAC, a joint committee of the departments of State and Defense and the General Services Administration) for the Louisville/Jefferson County area were used to estimate food expenditures per person for all exhibitors at all events and attendees at most events. For events which attracted primarily families or people bringing some of their food with them a slightly lower per diem was used for attendees. We also adjusted the per diem rate based upon the results of our attendee and exhibitor surveys. Based upon past studies, we believe that this is the most accurate single rate available for general convention and business travel, especially for cost conscious travelers.





Hotel/Motel Room Rates. Monthly data on hotel room rates, generated as a by-product of the room tax collection function of the City of Louisville/Jefferson County Revenue Commission, were used to estimate actual lodging expenses by attendees and exhibitors per event. For events held at the KICC, the downtown hotel rate for the month was used. For KFEC events, the county average rate (which includes the downtown hotels) was used for that month. The table below lists these rates.

Sales, Earnings, and Employment Multipliers. Multipliers from the Regional Input-Output Modeling System (RIMS II) developed by the U.S. Bureau of Economic Analysis were used to measure linkages between out-of-town attendance and new local jobs and payroll. The model has detailed information for nearly 500 local industries. It predicts how much each industry must buy from every other industry to produce its good or service, and how much of that is purchased within the metro economy. It measures the number of jobs required to produce a dollar of output in each industry, as well as earnings per job. The model is updated periodically, with the current multipliers based on 1997 data. We use different multipliers for each of our six expenditure categories because each industry has unique linkages to the rest of the economy. These are summarized in the following table.

Tax Revenues Generated by Nonresidents and Residents

The tax flows were estimated by multiplying effective tax rates times the relevant expenditure categories. A discussion of the effective tax rate calculations and applications follows.

Sales Tax on Lodging, Meals, and Shopping. As these are direct spending categories, the nominal Kentucky sales tax rate was multiplied by the respective expenditure categories. The current tax rate is six percent.

Sales Tax on Expenditures at KFEC/KICC. The nominal sales tax was used here, also. However, it was only applied to some of the receipt categories. Parking, Fees, and Space Rental receipts are exempt from the state sales tax.

Sales Tax Induced by New Payroll. New payroll generated by sales to nonresidents generates sales tax revenue as the earnings are spent and respent in the Louisville economy. We used historical ratios of sales tax revenues to area payroll to estimate the effective sales tax rate for each of the study years. The effective tax rate is less than the nominal rate for several reasons. Among the most important are (1) the numerator includes only taxes generated to Kentucky state government while the denominator includes payroll for the entire metro area, including counties in Indiana; (2) much of the payroll is spent to purchase goods and services outside the region; and (3) much of the payroll is spent on items like groceries and rent that are not subject to sales taxes.

State Individual Income Tax Induced by New Payroll. New payroll generated by sales to nonresidents creates income tax revenue as the earnings are spent and respent in the Louisville economy. We used historical ratios of income tax revenue to area payroll to estimate the effective income tax rate for each of the study years.

Jefferson County Hotel Tax. As this is a direct spending category, we simply multiply the nominal room tax rate times estimated lodging expenditures. The current tax rate is six percent. We did, however, first adjust the lodging expenditure downward by five percent to roughly account for the fact that some of the hotel rooms rented were in surrounding counties. No data exist to make a more precise adjustment;

	County	Downtown
October, 2000	\$75.13	\$92.89
November, 2000	\$77.92	\$102.88
December, 2000	\$71.27	\$82.34
January, 2001	\$66.28	\$84.45
February, 2001	\$71.19	\$92.94
March, 2001	\$77.37	\$100.39
April, 2001	\$69.22	\$96.05
May, 2001	\$101.96	\$177.72
June, 2001	\$73.16	\$93.50
July, 2001	\$69.14	\$90.60
August, 2001	\$76.48	\$104.09
September, 2001	\$74.51	\$104.57

Source: City of Louisville/Jefferson County Revenue Commission.

Expenditure Category	Output	Earnings	Employment	Industry
Lodging	2.1332	0.7992	46.3	Hotels & Lodging Places
Meals	1.9554	0.5783	46.3	Eating & Drinking Places
Shopping/Entertainment	1.9678	0.7159	45.4	Retail Trade, Except Eating & Drinking
Exhibition Organizer Business Expenses	1.9492	0.6479	32.2	Weighted Average (see footnote)
Livestock Maintenance	2.1712	0.7124	41.8	Agricultural, Forestry, and Fishery Services
KFEC/KICC Expenditures	2.0487	0.6926	58.6	Other Amusement & Recreation Services

Source: U.S. Bureau of Economic Analysis, Regional Input-Output Modeling System (RIMSII) Regional Multipliers for Louisville, KY-IN-MSA, 1997.

The Employment multiplier is expressed in terms of a \$1 million change in final demand output.

The multipliers for the Exhibition Organizer Business Expenses category are weighted averages of four industries based upon the detailed lists of local expenditures which we received from event organizers. The industries and their weights are: advertising (15), eating and drinking places (16), other business services (39), and miscellaneous equipment rental and leasing (3).

however, we felt it important to apply some discount since several of the large events held at the KFEC report hotel room requirements approaching (or even exceeding) the capacity of Jefferson County. The room tax only applies to hotels and motels in Jefferson County.

City/County Occupational Taxes. Jefferson County levies a tax on all payroll earned in the county. The rate is 1.25% levied by the city and county governments on all workers, an additional 0.2% levied on all workers to support the local bus system (TARC), and an additional 0.75% levied only on county worker/residents to support the Jefferson County Public School System. We used effective tax rates based on historical ratios to estimate the new local government tax flows generated by Fair Board events.

Louisville MSA Nonresidents versus Kentucky Nonresidents

Technically, our economic impact estimates are based upon spending by nonresidents of the Louisville MSA. This means that dollars spent by Kentuckians who do not live in the Louisville market are sometimes counted in our calculations of nonresident expenditures. This would tend to bias upwards our estimates of net new tax revenues for Kentucky state government. On the other hand, our calculations of nonresident expenditures do not include spending by Indiana residents of the Louisville metro area. This acts to depress our estimates of net new tax revenues for Kentucky state government to the extent that Indiana residents spend their money on this side of the Ohio River. There are several factors, which, taken together, lead us to believe that our estimates of the impact to Kentucky state government of KFEC and KICC events are not biased in either direction.

First, attendee room-nights associated with conventions and trade shows that attract almost exclusively Kentuckians account for only four percent of the overall attendee room-nights at 2001 Fair Board events.

Second, results from Fair Board sponsored surveys indicate that the percentage of non-Kentucky residents attending the Kentucky State Fair is about the same as the percentage of non-Louisville MSA resident attendees. This leads us to believe that the effect of adding the Indiana residents of the MSA to the count of nonresident attendees while subtracting the Kentucky residents who are not part of the MSA will not change the resulting percentage of nonresident attendees very much for most events, and particularly not for public exhibitions (such as car and gardening shows), public sales (such as flea markets), or sporting events.

Third, for most family attractions, public expositions, public sales, and sporting events, we have adjusted the percentage of nonresidents found in our license plate surveys to reflect the fact that many people will just drive in for the day for these type of events. Therefore, the extra Kentuckians counted per event is probably not a very large percentage of the nonresidents. Furthermore, this is very likely mitigated by the inclusion of the Indiana residents of the MSA in our impact estimate, as described in the previous paragraph.

Finally, a factor which tends to mitigate the four percent overcount of non-Kentucky residents due to strictly regional conventions and trade shows described above, is the fact that the very largest events, such as the National Farm Machinery Show, are known to spill over into the counties surrounding the Louisville MSA. Attendees, seeking moderately priced motel rooms, search out places to stay along Interstates 64 and 65 as far away as Elizabethtown, Frankfort, and sometimes even Lexington. We have attempted to create room-night estimates that are in line with the

lodging capacity of the Louisville MSA. However, since the MSA has fewer than 17,000 hotel and motel rooms available to all travelers, our estimates for certain very large events are clearly pushing the limits of credibility if we maintain that all those people stayed in hotels within the metro area. For these events we are implicitly counting dollars spent in Kentucky, but outside the Louisville metro area, as impacting the Louisville economy.

It is not known whether the various factors cancel each other out, but we believe that any remaining bias is probably small and that our estimates of the impact on Kentucky state government revenues of Fair Board events can be considered to be about as accurate as the rest of our economic impact estimates.

DISCUSSION OF RESULTS

The economic impact of KFEC and KICC events has grown steadily over the past eighteen years. The table on the following pages summarizes all of the results of this study. We will discuss them by topic.

	1997	2001
Attendance		
Number of Persons Attending	3,473,179	3,641,404
Nonresidents	408,932	517,438
Tourists Count from Kentucky State Fair Board	4,269,693	3,419,707
Attendee Expenditures		
Room-nights	500,731	530,034
Total Lodging Expenses	\$35,472,707	\$42,194,170
Total Meal Expenses	\$37,401,431	\$49,974,185
Total Personal Shopping, Entertainment, Other Expenses	\$32,773,205	\$38,448,214
Total Nonresident Attendee Spending	\$105,647,343	\$130,616,570
Exhibitor & Organizer Expenditures		
Nonresident Personnel	\$4,278	\$1,200
Room-nights	238,709	239,282
Total Lodging Expenses	\$14,672,339	\$17,672,101
Total Meal Expenses	\$12,533,520	\$12,636,385
Total Personal Shopping, Entertainment, Other Expenses	\$6,037,899	\$7,036,683
Other Exhibitor Business Expenses	\$7,904,421	\$8,893,848
Event Organizer Expenses	\$9,119,070	\$13,472,548
Livestock Maintenance Expenses	\$1,576,430	\$1,271,211
Total Expenditures by Nonresident Exhibitors	\$52,031,677	\$62,988,867
Estimated Sales of KFEC/KICC		
Proceeds from Open Events	\$2,980,638	\$2,697,494
Gate Receipts	\$2,279,673	\$2,529,728
Parking Receipts	\$4,185,198	\$3,096,343
Fees	\$1,241,893	\$1,631,625
Concessions	\$8,445,108	\$9,529,538
Programs and Novelties	\$348,769	\$820,527
Spice Booths	\$6,895,636	\$9,077,163
Sales and Services	\$2,111,517	\$2,819,363
Other Receipts	\$2,424,200	\$2,189,463
Total	\$30,512,645	\$34,310,236
Total Economic Activity Generated by Nonresidents		
Total Nonresident Expenditures	\$171,361,010	\$211,652,342
Total Net New Sales Impact, Louisville MSA	\$345,997,088	\$427,324,435
Diluted Net New Sales (1990S), IPD deflator	\$339,379,194	\$392,944,982
Jobs Supported by Net New Sales	7,530	8,697
Net New Payroll Generated	\$114,036,814	\$140,553,975
Tax Revenues Generated by KFEC/KICC Events		
Kentucky Sales Tax: Lodging, Meals, Shopping	\$9,460,981	\$11,616,327
Kentucky Sales Tax: Expenditures at KFEC/KICC	\$1,070,469	\$1,185,879
Kentucky Sales Tax: Public Sales (Bioscience)	\$1,280,000	\$676,704
Kentucky Sales Tax: Ticket Sales	\$360,748	\$477,477
Kentucky Sales Tax: Induced by New Payroll	\$3,922,179	\$4,962,555
Kentucky Income Tax: Induced by New Payroll	\$4,262,949	\$7,342,896
Jefferson County Hotel Tax	\$2,856,268	\$3,412,283
City/County Occupational Tax	\$1,280,737	\$1,491,159
City/County School Board Occupational Tax	\$630,494	\$701,531
City/County TARC Occupational Tax	\$207,427	\$238,889
Total Kentucky State Taxes	\$20,456,921	\$24,260,744
Total Local Taxes, Jefferson County	\$4,966,923	\$5,843,962
Overall Total	\$25,423,844	\$30,104,706

Additional tax revenues and other additional activities, but not as tax revenue, are included. These include the County-wide net profit tax, the County-wide business gross receipts tax, Kentucky liquor taxes, Kentucky corporate income and license taxes, Kentucky motor vehicle sales and gross tax.

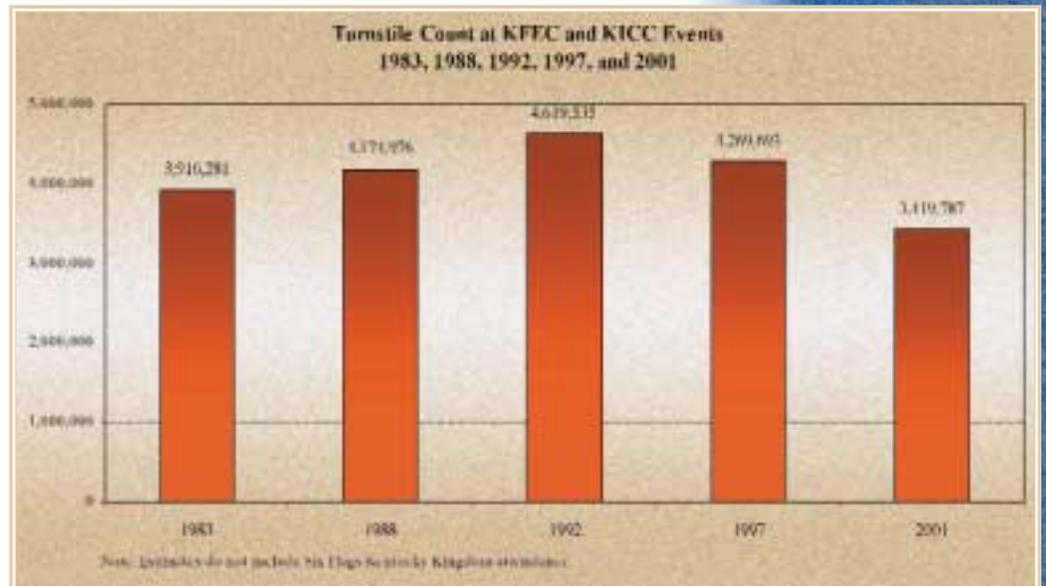
Attendance

Gross attendance at 2001 events, as reported by the Fair Board, was over 3.4 million people, down nearly 850,000 from 1997. The decline was due primarily to a reduction in attendance at sporting events and differences in reporting attendance at public expositions and sales events. The KFEC is no longer the home of minor league baseball or University of Louisville football. That change alone accounts for over 600,000 of the drop in attendance. In addition, attendance at University of Louisville basketball games was down by 3,000-5,000 people per game, accounting for another 60,000-70,000 people. There was also a change in how attendance was reported for flea market events. In 1997, it was estimated that 8,000 people per day attended these events, but in 2001 the Fair Board reported just 7,000 people per day. This accounts for another 33,000 of the overall attendance drop. Additionally, attendance at the Greater Louisville Auto Dealers Association Expo was reported to be 12,000 people in 2001 versus 75,000 in 1997. Finally, 45,000 people turned out for four days of shopping at the Bacon's department store warehouse sale in 1997, a public sales event for which there was nothing comparable in 2001. Turnstile attendance was in line with 1997 for most other event categories.

Turnstile counts include quite a bit of double counting as people go in and out or attend multiple days of a single event such as a convention. After adjusting for such double counting, we arrived at estimates of the number of individual people who attended Fair Board events in each of the different event categories. As can be seen in the table below the total number had been extremely stable over time until 2001. Once we account for the drops in attendance for sporting events, public expos, and public sales events, as discussed above, we can see that the total number of individual people attending Fair Board events in 2001 was on par with the best years of the past.

There is considerable variation within some of the categories. The drop in attendance at livestock events is due to the fact that dog, cat, and bird shows are now categorized as public expositions. The drop in concert attendance came despite the scheduling of two more events in 2001 as compared to 1997. The 1997 concert calendar included some of the biggest names in country music, who packed Freedom Hall on several occasions.

Most importantly for economic impact, attendance at conventions and trade shows was up significantly over 1997. Over two-and-a-half times more people attended conventions and trade shows at the KFEC and KICC in 2001 than during 1983. Attendance at conventions was up 50 percent over 1997, while at



Estimated Persons Attending Kentucky State Fair Board Events

	1983	1988	1992	1997	2001
Concerts	123,100	128,053	133,044	180,994	148,263
Conventions	83,039	76,568	118,506	159,242	238,327
Family Attractions	183,685	92,423	90,127	68,558	66,536
Horse Shows	10,000	27,046	14,687	12,045	30,589
Livestock Events	13,650	24,851	45,846	36,472	6,023
Meetings	40,203	41,659	42,059	40,401	34,445
Miscellaneous	226,164	140,837	211,344	295,309	220,560
Catered Party/Reception	na	na	na	na	56,080
Public Expositions	266,566	281,759	348,970	396,793	334,120
Public Sales	520,250	494,863	586,606	481,728	361,096
Sporting Events	1,517,086	1,391,379	1,397,855	1,163,116	513,646
Kentucky State Fair	325,134	334,454	393,507	391,625	362,843
Trade Shows	68,875	90,751	98,846	136,064	170,050
Nat'l Farm Machinery Show	40,333	45,763	51,357	66,000	57,456
N. American Int'l Livestock Expo	13,333	27,500	41,833	44,833	41,450
Total	3,431,418	3,197,905	3,574,588	3,473,179	2,641,484

Note: Estimates do not include Six Flags Kentucky Kingdom attendance.

trade shows it was up 25 percent over the previous study period.

Activity has increased markedly at the Kentucky International Convention Center since its expansion and renovation. Nearly twice as many events were held at the downtown convention facility in 2001 than were held there during 1997. The number of concerts, conventions, meetings, public expositions, public sales, sporting events, and trade shows was up by 44 percent, from 116 events during 1997 to 167 in 2001. The number of miscellaneous events and catered parties and receptions was up nearly fourfold, from 34 in 1997 to 128 during 2001. Convention attendance at the KICC was up 16 percent over 1997 (to over 85,000 people), while trade show attendance at the KICC was up 88 percent over 1997 (to more than 29,000 people).

The largest single event, in terms of attendance, is the Kentucky State Fair. The Fair is held over eleven days each August at the KFEC. The announced attendance of 653,950 is essentially a count of the number of tickets sold. This is greater than the 543,215 people who entered the gates. The difference is accounted for by unused discount tickets bought at Kroger supermarkets, and unused tickets bought in bulk by people with an item or animal entered in the Fair, participants in the World's Championship Horse Show, and exhibitors and concession operators at the Fair. A telephone survey conducted after the 2000 Fair indicated that the average number of visits per fairgoer is 1.5.

Nonresident attendance is perhaps the most important single factor in measuring the economic impact of these events. For the purposes of this study, we define nonresident to be an attendee who is not a resident of the Louisville MSA and who spends at least one night in an area hotel or motel. We estimate that over 517,000 such nonresidents attended Fair Board events during 2001. This represents a healthy 26.5 percent increase over 1997, the largest increase so far from one study period to the next. The results are shown in the accompanying table.

As with individual attendance, there was strong growth in nonresident attendance for conventions and trade shows. Nonresident attendance at conventions was up by 72 percent over 1997, while at trade shows it was up 19 percent over the previous study period. Trade shows and conventions have both experienced sharp increases in nonresident attendance in the study period immediately following extensive facility additions and renovations. Trade show nonresident attendance in 1997 was 59 percent greater than in 1992 following the construction of the South Wing building at KFEC.

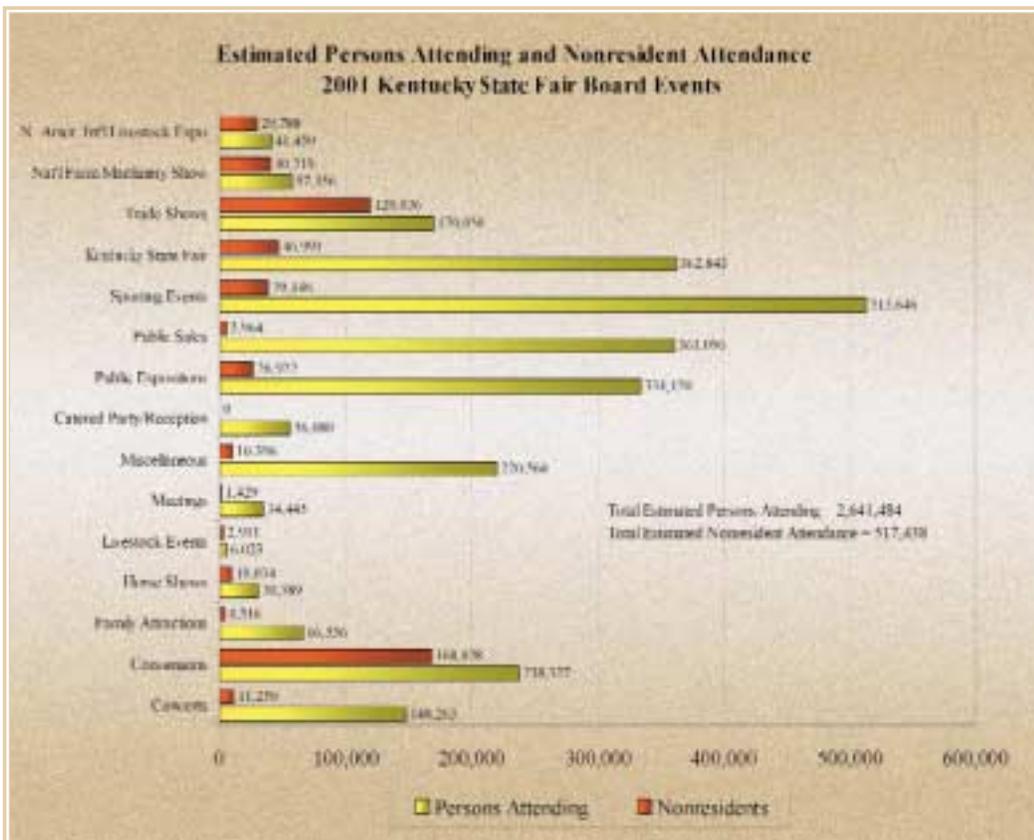
Similarly, nonresident attendance at conventions seems to have benefited from the more recent expansion and renovation of

Estimated Nonresident Attendance, Kentucky State Fair Board Events

	1980	1988	1992	1997	2001
Concerts	0	0	0	0	11,250
Conventions	68,799	54,408	74,894	97,658	168,028
Family Attractions	12,581	6,932	6,759	4,696	4,316
Horse Shows	2,500	15,600	10,700	7,485	10,034
Livestock Events	2,850	7,330	7,608	6,363	2,911
Meetings	0	350	750	4,712	1,429
Miscellaneous	0	0	1,362	4,231	10,396
Catered Party/Reception	0	0	0	0	0
Public Expositions	3,622	22,507	21,617	12,521	26,922
Public Sales	12,250	11,031	13,416	18,006	5,964
Sporting Events	20,210	32,397	31,498	37,724	39,146
Kentucky State Fair	36,357	37,537	41,930	47,150	46,991
Trade Shows	52,603	67,028	63,140	100,564	120,036
Natl Farm Machinery Show	25,713	29,174	12,740	39,270	40,219
N. American Int'l Livestock Expo	8,237	16,981	25,832	28,192	29,788
Total	245,726	301,625	338,246	408,032	517,438

The term "nonresident" assumes that the individual is staying overnight in an area hotel or motel. We have attempted to factor our attendees residing elsewhere, but only in town for the day for a specific event. Many nonresidents attended events over several days. We have adjusted each event category retroactively using 2001 methods.

the KICC. Even without the National FFA Convention, which takes place at the KFEC, nonresident convention attendance was 28 percent greater than in 1997. The number of convention events scheduled increased to 42 from 36 in 1997. Conventions held at the KICC increased from 27 to 37. Convention and trade show attendance is a particularly important economic barometer since these events tend to attract many nonresident exhibitors and visitors, who stay several nights in local hotels, eat at local restaurants, and purchase support services from local vendors.





Our estimates of nonresident Kentucky State Fair attendance are not far off the estimates of the 1997 study. The results of our four license plate surveys were remarkably similar to the results of four previous studies we had used to estimate nonresident attendance in the 1997 study. The 2001 license plate surveys indicated that about 36 percent of fairgoers lived outside the Louisville metro area, 17 percent lived outside of Kentucky, and 15 percent lived more than 100 miles away. Previously, a 1987 study by the University of Louisville estimated that one-half of all fairgoers lived outside of the metro area, while six percent lived more than a two-hour drive from Louisville. A 1991 study by Horizon Research estimated that 36 percent of fairgoers lived outside the Louisville MSA and that 11 percent lived more than 100 miles from Louisville. Our 1997 license plate surveys indicated that about 50 percent of fairgoers lived outside the MSA, 19 percent were not from Kentucky, and nearly 35 percent lived more than 100 miles from Louisville (the latter figure may be biased upwards due to most of the vehicles having been surveyed on a weekend). And the results from 4,500 responses to touchscreen computer surveys during the 1997 Fair showed 45 percent of fairgoers residing outside the metro area, 18 percent residing outside of Kentucky, and 15 percent living more than 100 miles away. We applied the figure of 15 percent to estimate the number of nonresidents passing through the gates into the Fair. We assume that the average fairgoer traveling at least 100 miles who stays overnight in the metro area visits the fair twice. We used this information to arrive at an estimate of the number of individual attendees who were nonresidents of the Louisville MSA.

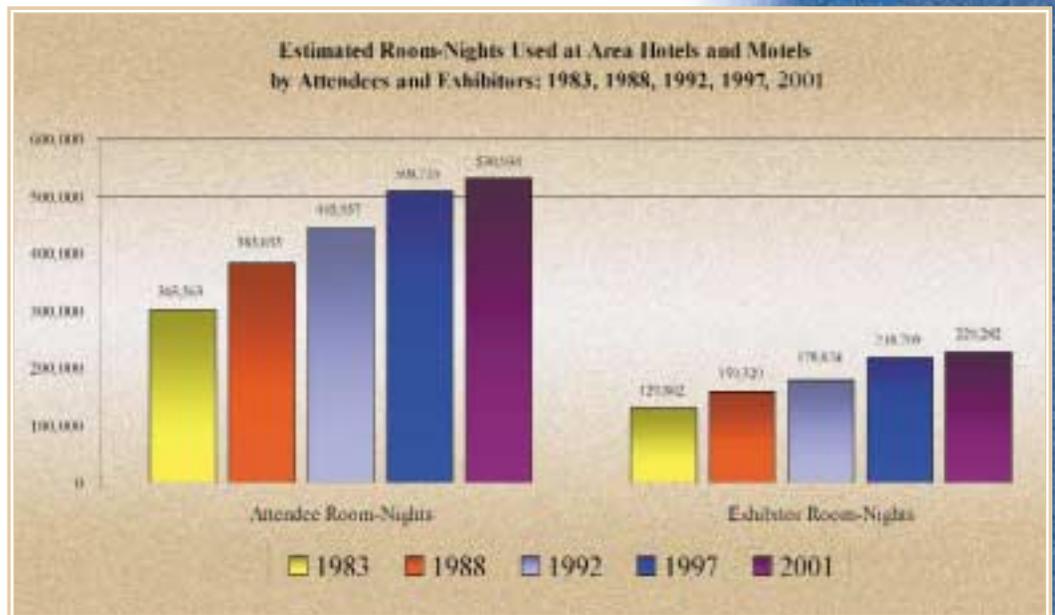
Over 81,000 exhibitor personnel spent at least one night in an area hotel or motel, which is about the same as in 1997. The lack of an increase, despite attendance gains in conventions and trade shows, is a result of both exhibiting companies sending fewer employees and the fact that several 2001 events not held during 1997, such as the National FFA and National Street Rods Association conventions, have many attendees but relatively few (about 300) exhibitors.



Lodging Expenditures

For most events we assumed that there were on average 1.9 nonresident attendees per room. This is consistent with industry averages as reported by the Greater Louisville Convention and Visitors Bureau. For events drawing many families we assumed an average of 2.5 nonresident attendees per room. For a few events that involved large groups of teenagers traveling together, we assumed an average of three nonresident attendees per room. We assumed that exhibitors stayed on average 1.5 people per room for all but a few events (where we used a rate of 1.9 per room). This lower occupancy rate was supported by information from event organizers and interviews with exhibitors during trade shows (as was the higher rate for events such as the National Quartet Convention where exhibitors are on a more limited budget).

We estimate that almost 531,000 room-nights were rented to attendees in 2001 leading to \$42 million in room sales for local hotels and motels. The implied average room rate is \$79.47. This represents a four percent increase over the number of room-nights during 1997. In combination with the 14 percent increase in



the average room rate since 1997 (an average 3.4 percent increase per year), the room-night increase led to a 19 percent rise in total lodging expenses by nonresident attendees.

Exhibitors are estimated to have rented 229,000 room-nights, leading to an additional \$17.6 million in room sales, an increase of 20 percent over 1997 exhibitor lodging expenses. The implied average room rate for exhibitors was \$77.08.

Multiplier analysis shows that the spending and respending of this \$59.9 million in room sales generated roughly \$128 million in total “new” sales dollars for the Louisville economy. Even after adjusting for inflation, the sales impact appears to have grown by 11.8 percent over the past four years. These new sales dollars support almost 2,500 jobs, with a total payroll of just over \$42 million.

Food Expenditures

It was estimated that nonresident attendees spent about \$50 million on meals during their stays in Louisville. This is a 33.6 percent increase over our estimate for 1997. However, in this year’s study, we added in an estimate of the meal expenditures for nonresident daytrippers. This amounted to about \$8 million. Without that amount in the total, the increase is 12 percent over 1997. We also estimated that nonresident exhibitors spent nearly \$13 million on food, about the same as in 1997. The implied food per diem for attendees was \$38.84 while it was \$36.71 for exhibitors.

Applying the appropriate multipliers to this \$62.6 million in food expenditures results in a net new sales impact of about \$122 million to the Louisville metro economy, which supported over 2,600 jobs having a total payroll of about \$36 million. Even after adjusting for inflation, the total direct and indirect effects from food expenditures appears to have grown by about 17.4 percent (however, taking out the daytripper expenditures reduces the inflation adjusted gain to just 2.4 percent).

Other Expenditures by Nonresident Attendees and Exhibitors

Per diem rates for personal shopping, entertainment, and other expenses were derived from survey information received from event organizers and interviews with exhibitors and attendees, supplemented with common sense. For attendees, the per diem rate used was \$50 for most conventions and trade shows, and \$20 for livestock events, events attended almost exclusively by Kentuckians, events drawing a lot of families (such as the Kentucky State Fair), family attractions, most public expositions and sales, and single day sporting events. The various events at the KFEC and KICC attract attendees with varying levels of income and propensities to spend money on entertainment while they are in town. For exhibitors, the per diem rate used was \$20 for all events except the largest trade shows where it was \$50.

We estimate that nonresident attendees spent about \$38 million on other personal expenditures in 2001, an increase of about 17 percent over 1997. The implied rate per day was \$35.57. Personal shopping, entertainment, and other expenses in 2001 by nonresident exhibitors were estimated to be just over \$7 million, a six percent increase over 1997.

The multiplier analysis shows that the spending and respending of this \$45.5 million of personal expenditures generated roughly \$89 million in “new” sales dollars for the Louisville economy. After adjusting for inflation, the sales impact appears to have grown by about eight percent over the past four years. These new sales dollars support about 1,850 jobs, with a total payroll of over \$32 million.

In our exhibitor interviews, we found a surprising similarity among disparate types of events in terms of what exhibitors spent locally on items associated with the setup, operation, and tear-down of their exhibits. We used a cost of \$600 per nonresident business for conventions, public expositions, and trade shows. For public sales we based our estimates on information received from the largest flea market promoter. We assumed \$50 per nonresident business if the event organizer was not from the Louisville area and \$300 per nonresident business when the event organizer was local (in order to cover booth space rental).

Nonresident exhibitor business expenses were estimated to be \$9 million for 2001, an increase of 19 percent over the estimate for 1997.

Estimates for event organizer expenses were derived from survey information received from and telephone interviews with event organizers. This was supplemented with information on the Fair Board’s own external expenditures for its in-house produced events. Livestock events, a few very low-key conventions, and public sales are the cheapest types of events to put on. Public expositions cost a little more (on a per attendee basis). Trade shows and conventions with a lot of official functions are the most costly, with lower profile professional conventions between public expositions and fancy conventions. In addition, moderately sized trade shows and conventions are more costly on a per attendee basis than the largest events due to economies of scale. We estimate event organizer expenses to be over \$13 million for 2001. This represents an increase of 48 percent over the 1997 estimate.

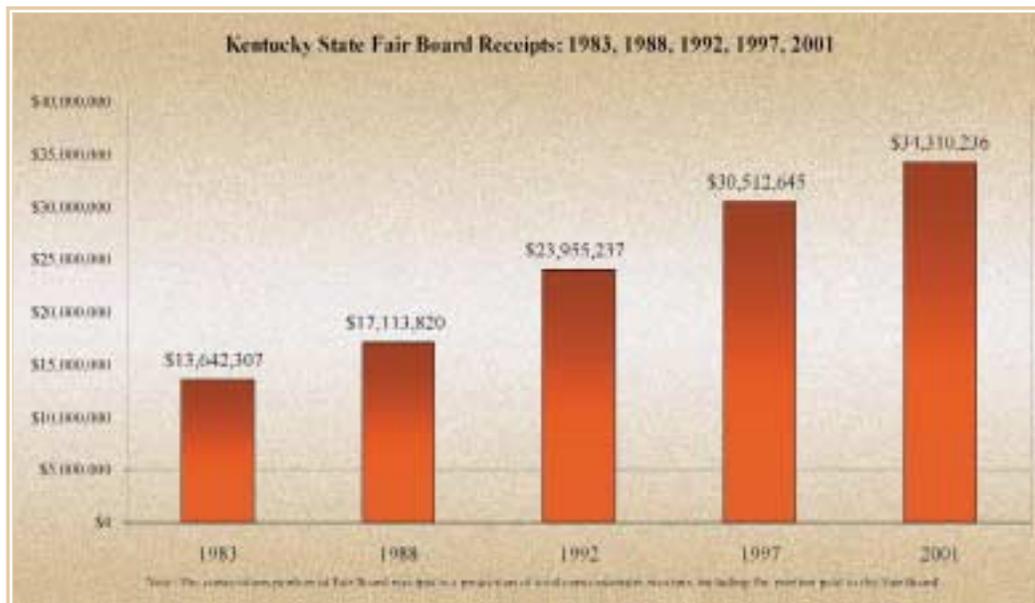
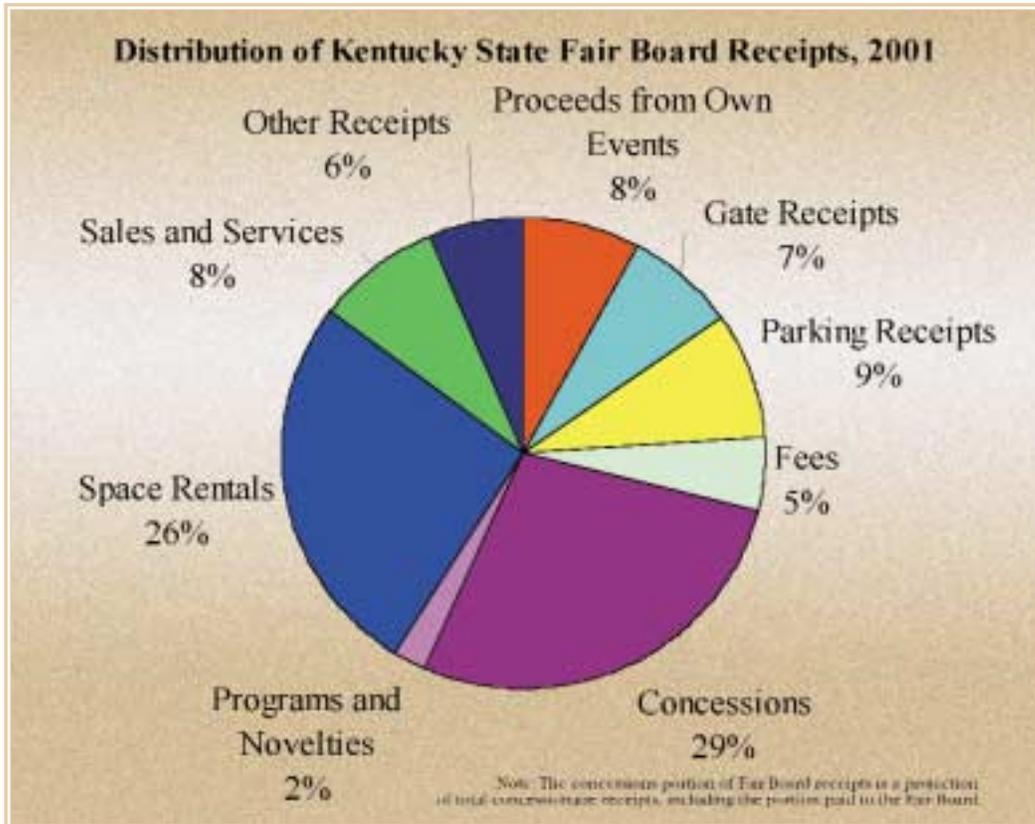
Multiplier analysis of Exhibitor and Event Organizer Business Expenses shows that the spending and respending of the \$22 million in combined sales generated roughly \$44 million in “new” sales dollars for the Louisville economy. After adjusting for inflation, the impact of these expenditures appears to have grown by 26 percent over the past four years. These new sales dollars support about 650 jobs, with a total payroll of over \$14 million.

Spending to bed, feed, and otherwise care for animals housed at the KFEC during events was estimated to be over \$3 million in 2001. This is an increase of \$1.7 million over 1997. Applying the multipliers results in an overall impact of over \$7 million in new sales, supporting about 120 jobs with a payroll of \$2.3 million.

Fair Board Receipts

The Fair Board provided accounting information by event on receipts for tickets, admission, parking, fees, concessions, novelties, space rental, and other goods and services. In most cases, concession proceeds to the Fair Board are actually a commission paid by concessionaires operating on the premises. The commissions vary by event and product category. After consultation with our Fair Board data provider, we decided to continue using the estimate of average commission from the 1992 study, which was 33%. We use that figure to blow up Fair Board concessions receipts to a gross sales value.

This data provides solid estimates of the volume of on-site economic activity for each event. Total receipts collected by the Fair Board amounted to \$34 million in 2001, up 12 percent from 1997. For our multiplier analysis, we allocated proceeds for each event to residents and nonresidents based on the residency mixture of individual attendees. Nonresidents accounted for 53 percent of the receipts of the Fair Board in 2001. This is the highest ratio of the five studies and reflects the decreased importance of sporting events to the Fair Board facilities. These receipts generated a total of \$37 million in net new sales in the Louisville metro area, an increase of 23.6 percent after adjusting for inflation. This sales impact supported around 950 jobs with a payroll of over \$12 million.

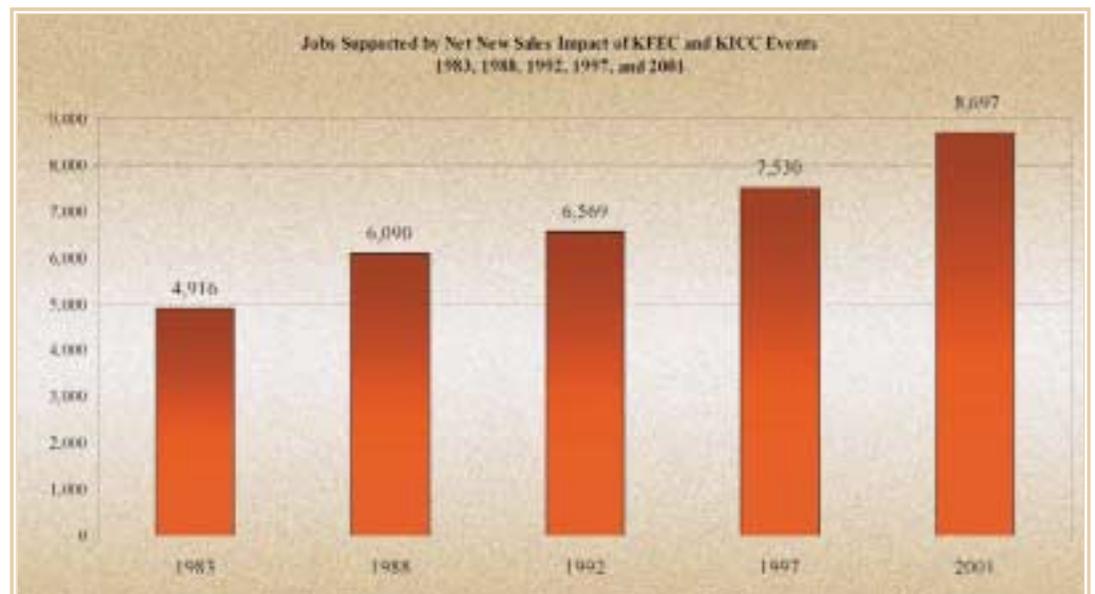
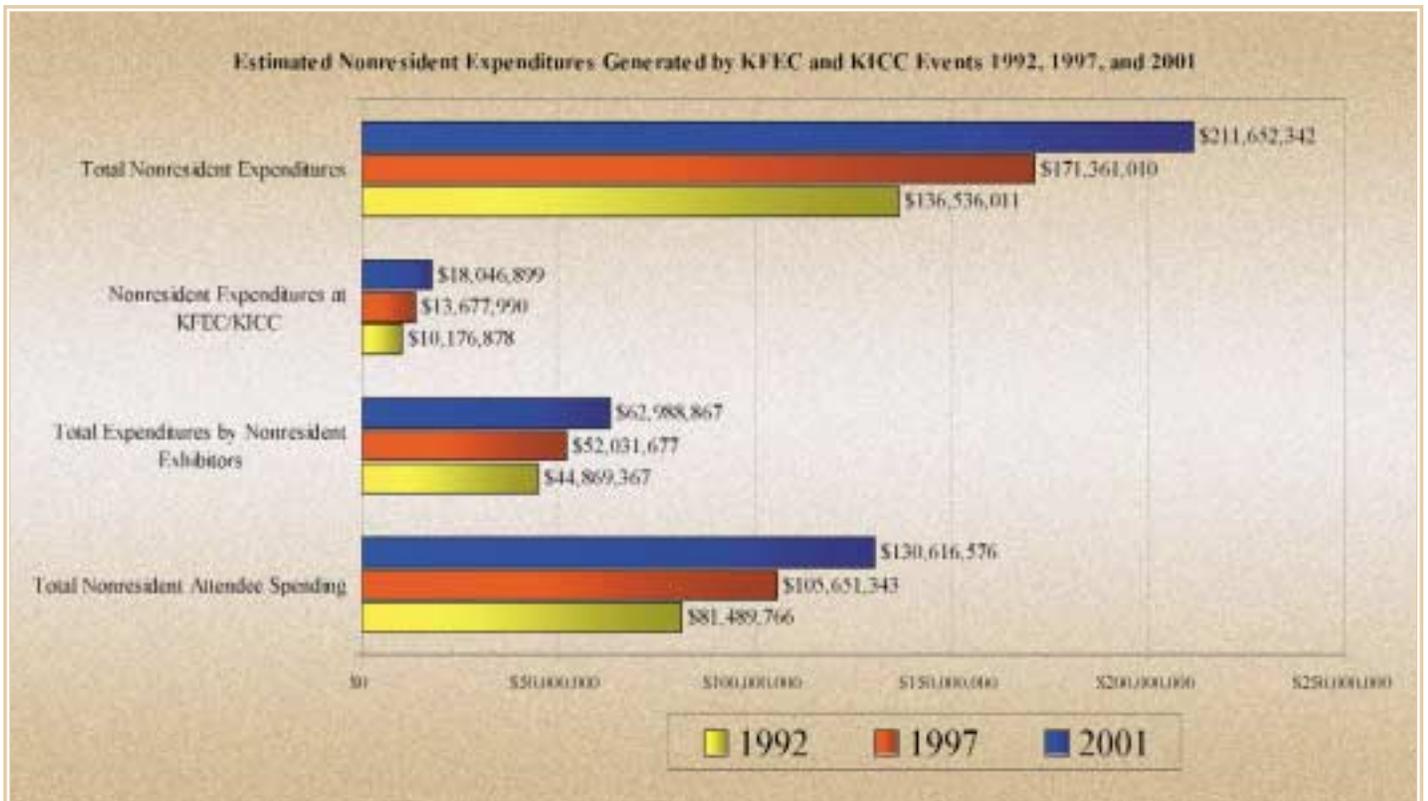


Total Spending by Nonresidents

We estimate that total direct spending by nonresident attendees and exhibitors at Fair Board events was over \$211 million in 2001, \$171 million in 1997, and \$136 million in 1992. These estimates are simply the sum of estimates for lodging, meals, shopping, entertainment, business, livestock, on-site Fair Board, and other expenditures. See the Summary table for details.

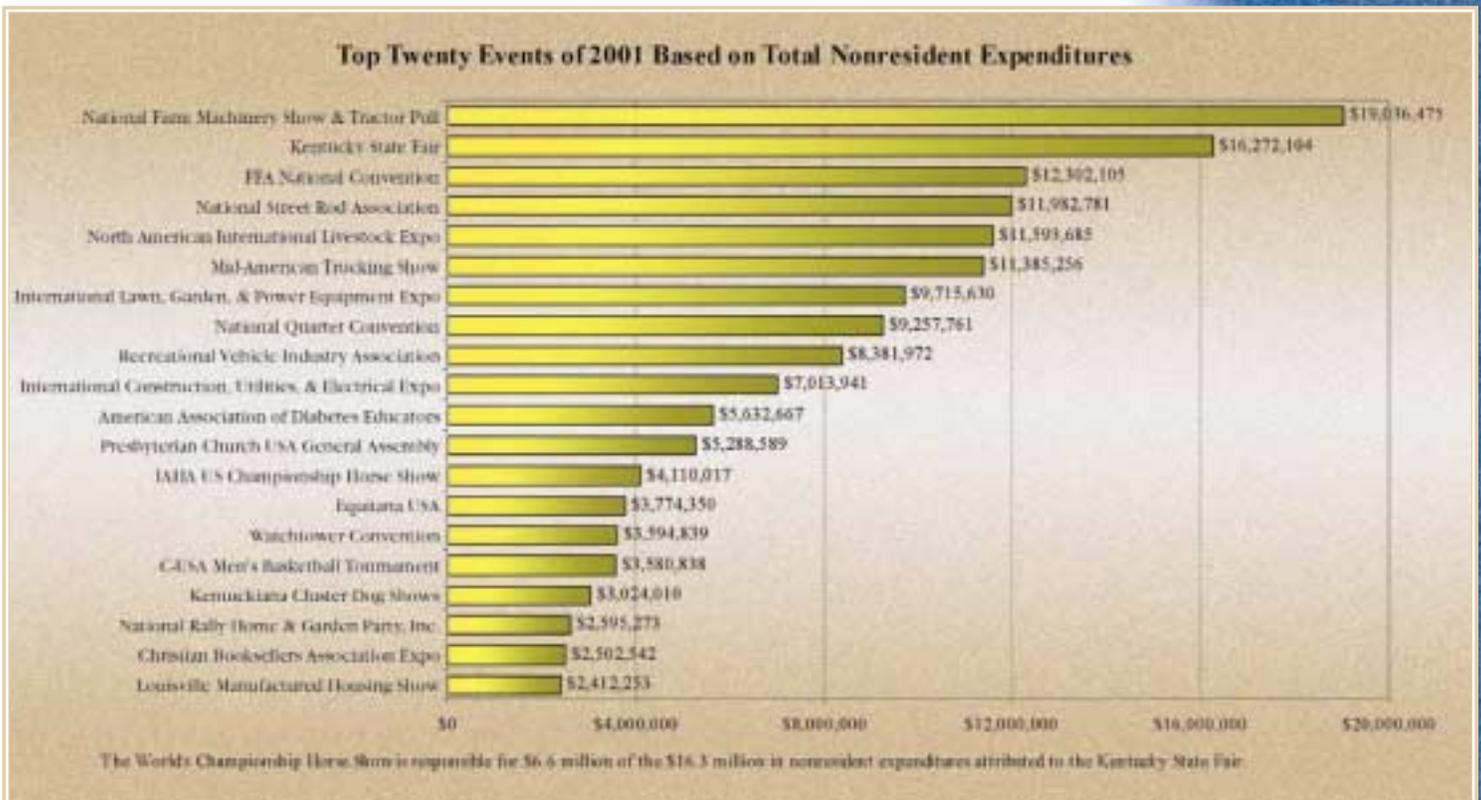
Our prior multiplier analyses indicate that the total “new” sales dollars generated, both directly and indirectly through the multiplier effect, by all

this spending associated with 2001 events is over \$427 million. This is \$81 million more than our estimate for 1997. Even after adjusting for inflation, the sales impact appears to have grown by 15.7 percent over the past four years. Similarly, we estimate that the Fair Board events generate sales which support nearly 8,700 jobs and roughly \$140 million in payroll for Louisville area residents. Both of these figures are also up by about 15.5 percent over our estimates for 1997 (with payroll adjusted for inflation).



Tax Revenues Generated by Nonresidents and Residents

Our research suggests that the Fair Board events are a major source of “new” tax dollars for state and local government. We estimate that \$22.8 million in state tax revenues were generated from the spending by nonresident attendees and exhibitors in 2001, up by about \$3.7 million from our estimate for 1997. In addition, we estimate that Fair Board events generated about \$5.7 million in local tax revenue for Jefferson County in 2001. This is an increase of \$880,000 from 1997. Actual tax flows are probably higher than those we have been able to estimate. Though millions more in tax revenues are likely induced by the new economic activity, there is no readily available way to measure flows such as the state corporate income tax, state gasoline taxes, the state insurance premiums tax, the county net profits tax, additions to property tax assessments and taxes due, and other taxes and fees.



An additional \$1.5 million is estimated to have been collected from local residents by the state and local governments. This is an increase of about \$111,000 over 1997. This is surely a conservative estimate. We were not able to ascertain sales tax collections at flea markets and other retail sales events.

The fiscal impact of Fair Board events in 2001 on state government is about \$24.2 million, an increase of 18.6 percent over our estimate for 1997. The fiscal impact of 2001 Fair Board events on local government is about \$5.8 million, up 17.7 percent from our estimate for 1997. The overall fiscal impact is up 18.4 percent from 1997.

Most Economically Important 2001 Events

We have calculated the total nonresident expenditures in the Louisville MSA for each event held at the KFEC or KICC during 2001. A ranking of events by their nonresident expenditures should be very close to their relative total economic and fiscal impacts (which take into account multiplier effects). In the following chart, we list the top 20 events of 2001 ranked according to their total nonresident expenditures. The World's Championship Horse Show is responsible for \$6.6 million of the \$16.3 million in nonresident expenditures attributed to the Kentucky State Fair.

Caveats

The reader should be aware of the nature of the estimates included in this report. By and large, the primary data used are not accounting data but rough estimates provided by participants. We have attempted to control the quality by checking responses against other related information and common sense. The economic information (tax rates, multipliers, etc.) is also based upon estimates which are subject to various errors.

The numbers should be interpreted as best estimates of true unknown figures. Statistical confidence intervals are not possible since formal sampling methods were not used. An educated guess is that the final impact numbers are within 10% to 20% of the true unknown value.

Freedom Hall



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