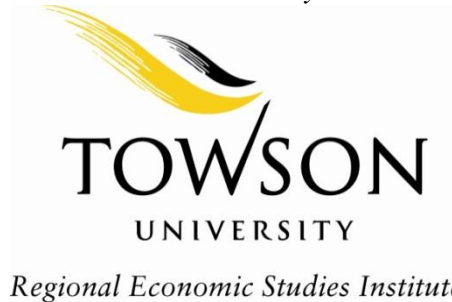


**Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
Final Report**

Prepared for
Maryland State Arts Council

Submitted by



Dr. Daraius Irani
Director, RESI of Towson University

Rebecca Ebersole
Research Associate, RESI of Towson University

Susan Steward
Economist, RESI of Towson University

December 2, 2011

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

Table of Contents

1.0	Executive Summary	4
2.0	Introduction.....	6
3.0	Findings.....	6
3.1	Economic Impacts	6
3.2	Fiscal Impacts.....	11
3.3	Missing Data Years	13
4.0	Literature Review.....	14
5.0	Works Cited	18
	Appendix A—Methodology	21
A.1	IMPLAN Model Overview	21
A.2	Assumptions.....	21
	Appendix B—Data by District.....	29
	Appendix C—Glossary.....	30
	Appendix D—A&E District Annual Report Template.....	31
	Appendix E—A&E District Websites	36

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

Table of Figures

Figure 1: Economic Impact Summary	7
Figure 2: Total Employment Impacts	8
Figure 3: Total Output Impacts.....	9
Figure 4: Total Wage Impacts.....	10
Figure 5: Total Fiscal Impacts	11
Figure 6: Property Tax Revenues and Incentives	13
Figure 7: Summary of Similar Studies	15
Figure 8: Event Spending Data Summary	23
Figure 9: IMPLAN Industry Sectors	26
Figure 10: Property Tax Ordinances.....	28
Figure 11: Annual Reports by District.....	29
Figure 12: Glossary of Terms	30
Figure 13: A&E District Websites.....	36

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

1.0 Executive Summary

The Maryland State Arts Council (MSAC) seeks a report detailing the economic and fiscal impacts of 19 Maryland Arts and Entertainment Districts (A&E districts) on Maryland's economy. As one of the first states to develop this designation, Maryland's A&E districts serve as a case study and leading example for other states. Other states have since created similar designations based on Maryland's example.

To achieve the project objective, the Regional Economic Studies Institute (RESI) conducted an economic and fiscal impact analysis. In order to quantify the economic and fiscal impact of the project, RESI utilized the IMPLAN input/output model. For more information regarding IMPLAN and RESI's methodology (assumptions, exclusions, etc.), please refer to Appendix A. A glossary of terms can be found in Appendix C. The analysis answers the following questions:

- How many direct, indirect and induced jobs have the districts created?
- How much direct, indirect and induced economic activity have the districts generated?
- How much in tax revenues have the districts generated for the State of Maryland?
- How much in tax revenues has not been realized due to tax incentives, and how does this affect the aggregate tax impact?

Below are RESI's key findings in regard to the economic impacts of the A&E districts for the duration of the study period (FY 2008 to FY 2010).¹

- The A&E districts' operations supported nearly 4,862 direct, indirect, and induced jobs during the study period. Approximately 864 of these jobs were generated by new businesses formed within A&E districts' boundaries during the study period. The other 3,998 jobs were supported by visitor spending at events supported by the A&E districts during the study period.
- Nearly \$441.8 million in total state GDP were supported by the A&E districts between 2008 and 2010. Approximately \$73.9 million were generated by new businesses formed within A&E districts' boundaries during the study period. The other \$367.9 million were supported by visitor spending at events supported by the A&E districts during the study period.
- Nearly \$149.4 million in total wages were supported by the A&E districts between 2008 and 2010. Approximately \$25.9 million were generated by new businesses formed within A&E districts' boundaries during the study period. The other \$123.5 million were supported by visitor spending at events supported by the A&E districts during the study period.
- From these figures, an estimated 1,621 jobs, \$147.3 million in state GDP, and \$49.8 million in wages were supported on average annually between 2008 and 2010.

¹ For definitions of terms in the bulleted list, please refer to Appendix C.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

Below are RESI's key findings in regard to the fiscal impacts of the A&E districts for the duration of the study period.

- New businesses formed within A&E districts' boundaries during the study period generated more than \$6.6 million in tax revenues between 2008 and 2010.²
- Visitor spending at events supported by the A&E districts supported more than \$31.0 million in tax revenues between 2008 and 2010.
- The total tax revenue impact of the A&E districts came to approximately \$37.6 million between 2008 and 2010. Approximately \$6.6 million were generated by new businesses formed within A&E districts' boundaries during the study period. The other \$31.0 million were supported by visitor spending at events supported by the A&E districts.
- The average A&E district property would likely generate approximately \$126,381 over a ten-year period. Upon approval of a property tax incentive application, the average A&E district property would likely be exempted from approximately \$72,944 in property taxes over the same ten-year period.
- As a result, the total net property tax revenue for the average A&E district property which has been granted a property tax incentive would come to approximately \$53,435 for a ten-year exemption period.

While this analysis takes into account as many variables as possible, it is important to note that a number of assumptions and exclusions were made as a result of missing data and other factors. However, the impacts represented in this report can serve as a useful starting point in determining the economic and fiscal impacts of an A&E district designation program as well as assist in establishing valuable data types for future collection and analysis.

It is important to note that the actual economic and fiscal impacts of the 18 A&E districts for the entirety of the first designation period are greater than the findings indicate because the analysis excludes several data elements due to a variety of limitations (which are addressed in Appendix A). The limited study period of three years—necessitated by a lack of data for other years—contributes significantly to the conservative nature of the positive impacts presented in the report as compared to the potential impacts of all 18 A&E districts for the duration of the first designation period.

² Total tax revenues refer to property, income, sales, payroll, and other tax revenues supported on the state and local level.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

2.0 Introduction

The Maryland State Arts Council (MSAC) seeks a report detailing the economic and fiscal impacts of 19 Maryland Arts and Entertainment Districts (A&E districts) on Maryland's economy. As one of the first states to develop this designation, Maryland's A&E districts serve as a case study and leading example for other states.

An A&E district is defined as a "well-recognized, labeled, mixed-use area of the city in which a high concentration of arts and cultural facilities serve as the anchor attraction," according to Americans for the Arts.³ Designation is determined through an application process. Upon approval, the A&E district designation is effective for ten years. The establishment of Maryland Arts and Entertainment Districts began in 2001, with the first district beginning operation under this designation in 2002. With 2011 signaling the end of the first designation period, understanding the economic and fiscal impacts of the program will be important for analyzing the effectiveness of the current program for the next period.

To achieve the project objective, the Regional Economic Studies Institute (RESI) estimated job creation, economic activity (also referred to as output or state GDP), and wages attributable to the A&E districts between 2008 and 2010.⁴ These results were broken down by type of impact (direct, indirect, and induced). RESI also estimated the fiscal impacts associated with the program. Fiscal impacts were then compared against estimated tax revenue losses associated with the tax incentives available to and used by districts. The project team considered grants where applicable. The analysis answers the following questions:

- How many direct, indirect, and induced jobs have the districts created?
- How much direct, indirect, and induced economic activity has the project generated?
- How much in tax revenues have the districts generated for the State of Maryland?
- How much in tax revenues has not been realized due to tax incentives, and how does this affect the aggregate tax impact?

In order to quantify the economic and fiscal impact of the project, RESI utilized the IMPLAN input/output model. For more information regarding IMPLAN, please refer to Appendix A.

3.0 Findings

3.1 Economic Impacts

According to RESI's analysis, the A&E districts have collectively supported approximately 4,855 jobs and have generated nearly \$441.8 million and \$149.4 million in output and wages, respectively, during the study period (FY 2008 to FY 2010 based on provided data). To determine the economic impacts, RESI used A&E district application materials and annual reports provided by MSAC. For a list of the annual report data provided, please refer to Appendix B. A summary of the total economic impacts generated by both new businesses and supported by visitor spending at events supported by the A&E districts can be found in Figure 1.

³ "Arts and Entertainment Districts Guidelines and Application Deadlines: April 1, 2011 and October 1, 2011." Maryland State Arts Council. Web. 24 June 2011.

⁴ For definitions of terms, please refer to Appendix C.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

Figure 1: Economic Impact Summary⁵

District	Designation Year	Employment	Output	Wages
Annapolis	2008	105	\$17,845,388	\$4,367,873
Berlin	2005	169	\$14,516,840	\$5,243,661
Bethesda	2002	369	\$31,106,559	\$10,427,956
Cambridge	2003	68	\$5,366,285	\$1,980,733
Cumberland	2002	886	\$78,808,583	\$26,704,822
Denton	2005	68	\$4,912,109	\$1,803,926
Elkton	2006	69	\$5,678,352	\$1,980,169
Frederick	2003	204	\$17,612,877	\$6,138,535
Frostburg	2009	25	\$1,709,433	\$651,986
Gateway	2002	53	\$4,134,242	\$1,430,226
Hagerstown	2002	1,296	\$117,124,877	\$39,457,238
Havre de Grace	2008	98	\$7,530,152	\$2,573,381
Highlandtown	2003	86	\$7,740,841	\$2,645,884
Salisbury	2007	65	\$5,483,685	\$3,592,388
Silver Spring	2002	1,000	\$96,060,082	\$31,431,305
Snow Hill	2006	33	\$2,350,731	\$773,688
Station North	2002	104	\$8,894,046	\$3,123,911
Wheaton	2006	164	\$14,952,469	\$5,028,068
Total		4,862	\$441,827,551	\$149,355,750
Annual Average		1,621	\$147,275,850	\$49,785,250

Source: RESI

The direct, indirect, induced, and total economic impacts broken out by source (new businesses and event spending) can be found in Figures 2 through 4. For information regarding RESI's methodology, please refer to Appendix A.

⁵ Summed figures may not add up exactly to totals due to rounding.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

Figure 2: Total Employment Impacts⁶

District	Direct	Indirect	Induced	Total
New Businesses				
Annapolis	55	27	23	105
Berlin	37	2	8	47
Bethesda	94	10	15	119
Cambridge	29	2	5	36
Cumberland	48	4	9	61
Denton	33	2	6	41
Elkton	13	-	-	13
Frederick	34	3	6	43
Frostburg	16	1	3	20
Gateway	28	3	5	36
Hagerstown	52	6	9	67
Havre de Grace	40	3	6	49
Highlandtown	18	3	4	25
Salisbury	29	2	5	36
Silver Spring	62	8	12	82
Snow Hill	13	1	2	16
Station North	23	2	4	29
Wheaton	27	5	7	39
Subtotal	651	84	129	864
Event Spending				
Annapolis	-	-	-	-
Berlin	88	14	20	122
Bethesda	181	29	40	250
Cambridge	23	4	5	32
Cumberland	599	93	133	825
Denton	20	3	4	27
Elkton	41	6	9	56
Frederick	117	18	26	161
Frostburg	3	1	1	5
Gateway	12	2	3	17
Hagerstown	890	139	200	1,229
Havre de Grace	35	6	8	49
Highlandtown	44	7	10	61
Salisbury	21	3	5	29
Silver Spring	647	115	156	918
Snow Hill	12	2	3	17
Station North	55	8	12	75
Wheaton	91	14	20	125
Subtotal	2,879	464	655	3,998
Total	3,530	548	784	4,862
Annual Average	1,177	183	261	1,621

Source: RESI

⁶ Direct employment figures associated with event spending throughout the report refer to the jobs supported by event attendees spending money outside the event but within the A&E district for the duration of the event. For more information regarding RESI's assumptions, please refer to Section A.2 in Appendix A.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

Figure 3: Total Output Impacts

District	Direct	Indirect	Induced	Total
New Businesses				
Annapolis	\$9,812,479	\$4,994,635	\$2,998,752	\$17,805,866
Berlin	\$2,186,565	\$357,525	\$1,029,787	\$3,573,877
Bethesda	\$4,984,491	\$1,597,735	\$2,018,787	\$8,601,013
Cambridge	\$1,546,234	\$317,735	\$706,026	\$2,569,995
Cumberland	\$2,391,530	\$562,199	\$1,134,257	\$4,087,986
Denton	\$1,614,847	\$353,698	\$728,801	\$2,697,346
Elkton	\$538,187	\$671	\$395	\$539,253
Frederick	\$1,870,892	\$448,610	\$798,502	\$3,118,004
Frostburg	\$779,298	\$187,862	\$365,278	\$1,332,438
Gateway	\$1,536,845	\$469,203	\$627,959	\$2,634,007
Hagerstown	\$2,961,253	\$1,044,072	\$1,202,078	\$5,207,403
Havre de Grace	\$1,849,937	\$504,789	\$778,520	\$3,133,246
Highlandtown	\$1,321,961	\$406,816	\$515,418	\$2,244,195
Salisbury	\$1,690,641	\$390,461	\$695,484	\$2,776,586
Silver Spring	\$3,963,681	\$1,290,564	\$1,548,872	\$6,803,117
Snow Hill	\$563,550	\$155,071	\$202,093	\$920,714
Station North	\$1,270,079	\$305,983	\$552,627	\$2,128,689
Wheaton	\$2,114,599	\$767,574	\$857,199	\$3,739,372
Subtotal	\$42,997,069	\$14,155,203	\$16,760,835	\$73,913,107
Event Spending				
Annapolis	\$22,880	\$7,417	\$9,225	\$39,522
Berlin	\$6,308,947	\$2,062,511	\$2,571,505	\$10,942,963
Bethesda	\$12,907,635	\$4,397,720	\$5,200,191	\$22,505,546
Cambridge	\$1,605,122	\$535,507	\$655,661	\$2,796,290
Cumberland	\$43,002,630	\$14,194,602	\$17,523,365	\$74,720,597
Denton	\$1,271,859	\$421,739	\$521,165	\$2,214,763
Elkton	\$2,965,823	\$967,298	\$1,205,978	\$5,139,099
Frederick	\$8,369,985	\$2,710,058	\$3,414,830	\$14,494,873
Frostburg	\$216,581	\$72,031	\$88,383	\$376,995
Gateway	\$865,462	\$282,297	\$352,476	\$1,500,235
Hagerstown	\$64,548,481	\$21,088,242	\$26,280,751	\$111,917,474
Havre de Grace	\$2,528,135	\$842,060	\$1,026,711	\$4,396,906
Highlandtown	\$3,165,546	\$1,045,793	\$1,285,307	\$5,496,646
Salisbury	\$1,560,880	\$516,649	\$629,570	\$2,707,099
Silver Spring	\$51,344,268	\$17,467,761	\$20,444,936	\$89,256,965
Snow Hill	\$822,663	\$273,380	\$333,974	\$1,430,017
Station North	\$3,906,782	\$1,266,256	\$1,592,319	\$6,765,357
Wheaton	\$6,433,433	\$2,177,707	\$2,601,957	\$11,213,097
Subtotal	\$211,847,112	\$70,329,028	\$85,738,304	\$367,914,444
Total	\$254,844,181	\$84,484,231	\$102,499,139	\$441,827,551
Annual Average	\$84,948,060	\$28,161,410	\$34,166,380	\$147,275,850

Source: RESI

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

Figure 4: Total Wage Impacts

District	Direct	Indirect	Induced	Total
New Businesses				
Annapolis	\$1,803,196	\$1,617,901	\$933,164	\$4,354,261
Berlin	\$1,133,333	\$103,987	\$320,451	\$1,557,771
Bethesda	\$1,878,417	\$448,901	\$628,213	\$2,955,531
Cambridge	\$734,087	\$91,235	\$219,703	\$1,045,025
Cumberland	\$1,125,732	\$160,462	\$352,963	\$1,639,157
Denton	\$723,663	\$101,246	\$226,791	\$1,051,700
Elkton	\$250,263	\$312	\$184	\$250,759
Frederick	\$821,235	\$127,630	\$248,480	\$1,197,345
Frostburg	\$358,348	\$53,555	\$113,669	\$525,572
Gateway	\$596,315	\$132,074	\$195,410	\$923,799
Hagerstown	\$1,096,915	\$292,397	\$374,067	\$1,763,379
Havre de Grace	\$720,242	\$142,938	\$242,264	\$1,105,444
Highlandtown	\$528,604	\$114,301	\$160,388	\$803,293
Salisbury	\$1,274,031	\$238,811	\$434,317	\$1,947,159
Silver Spring	\$1,512,386	\$362,028	\$481,980	\$2,356,394
Snow Hill	\$187,789	\$43,899	\$62,888	\$294,576
Station North	\$558,180	\$87,066	\$171,968	\$817,214
Wheaton	\$828,320	\$214,442	\$266,744	\$1,309,506
Subtotal	\$16,131,056	\$4,333,185	\$5,433,644	\$25,897,885
Event Spending				
Annapolis	\$8,475	\$2,266	\$2,871	\$13,612
Berlin	\$2,262,784	\$622,893	\$800,213	\$3,685,890
Bethesda	\$4,528,635	\$1,325,570	\$1,618,220	\$7,472,425
Cambridge	\$570,759	\$160,917	\$204,032	\$935,708
Cumberland	\$15,339,500	\$4,273,157	\$5,453,008	\$25,065,665
Denton	\$463,424	\$126,624	\$162,178	\$752,226
Elkton	\$1,062,332	\$291,796	\$375,282	\$1,729,410
Frederick	\$3,054,382	\$824,167	\$1,062,641	\$4,941,190
Frostburg	\$77,285	\$21,626	\$27,503	\$126,414
Gateway	\$311,355	\$85,387	\$109,685	\$506,427
Hagerstown	\$23,142,673	\$6,373,016	\$8,178,170	\$37,693,859
Havre de Grace	\$894,632	\$253,808	\$319,497	\$1,467,937
Highlandtown	\$1,127,244	\$315,379	\$399,968	\$1,842,591
Salisbury	\$941,870	\$310,142	\$393,217	\$1,645,229
Silver Spring	\$17,389,783	\$5,322,965	\$6,362,163	\$29,074,911
Snow Hill	\$292,632	\$82,552	\$103,928	\$479,112
Station North	\$1,425,995	\$385,197	\$495,505	\$2,306,697
Wheaton	\$2,256,489	\$652,383	\$809,690	\$3,718,562
Subtotal	\$75,150,249	\$21,429,845	\$26,877,771	\$123,457,865
Total	\$91,281,305	\$25,763,030	\$32,311,415	\$149,355,750
Annual Average	\$30,427,102	\$8,587,677	\$10,770,472	\$49,785,250

Source: RESI

Previous studies have yielded results comparable to RESI's findings. For a summary of results from past impact analyses, please refer to Section 4.0.⁷

⁷ Data may not available for every report and every category of interest as impact analyses vary in terms of objective and methodology.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

3.2 Fiscal Impacts

RESI also estimated the fiscal impacts associated with the A&E districts. The fiscal impacts of the A&E districts can be found in Figure 5. Input data were provided in application materials and annual reports provided by MSAC.

Figure 5: Total Fiscal Impacts

District	Tax Revenue Type					Total
	Property	Income	Sales	Payroll	Other	
New Businesses						
Annapolis	\$230,099	\$132,176	\$328,408	\$11,982	\$288,690	\$991,355
Berlin	\$145,545	\$45,321	\$208,517	\$4,286	\$105,664	\$509,333
Bethesda	\$196,373	\$88,955	\$280,764	\$8,132	\$177,684	\$751,908
Cambridge	\$88,924	\$31,098	\$127,329	\$2,875	\$68,760	\$318,986
Cumberland	\$119,557	\$50,003	\$171,022	\$4,511	\$95,825	\$440,918
Denton	\$89,530	\$32,131	\$128,179	\$2,894	\$70,352	\$323,086
Elkton	\$17,564	\$3,477	\$25,204	\$237	\$9,526	\$56,008
Frederick	\$99,041	\$35,154	\$141,804	\$3,295	\$79,897	\$359,191
Frostburg	\$38,852	\$16,106	\$55,579	\$1,446	\$31,127	\$143,110
Gateway	\$64,272	\$27,665	\$91,923	\$2,542	\$56,842	\$243,244
Hagerstown	\$98,464	\$52,964	\$140,608	\$4,853	\$95,096	\$391,985
Havre de Grace	\$86,087	\$34,342	\$123,178	\$3,042	\$73,524	\$320,173
Highlandtown	\$56,703	\$22,658	\$81,134	\$2,210	\$49,929	\$212,634
Salisbury	\$94,627	\$30,591	\$135,545	\$2,940	\$75,439	\$339,142
Silver Spring	\$153,999	\$68,152	\$220,213	\$6,484	\$141,751	\$590,599
Snow Hill	\$25,388	\$8,906	\$36,351	\$811	\$23,943	\$95,399
Station North	\$66,704	\$24,342	\$95,491	\$2,248	\$53,592	\$242,377
Wheaton	\$70,591	\$37,711	\$100,809	\$3,603	\$66,036	\$278,750
Subtotal	\$1,742,320	\$741,752	\$2,492,058	\$68,391	\$1,563,677	\$6,608,198
Event Spending						
Annapolis	\$857	\$406	\$1,224	\$38	\$795	\$3,320
Berlin	\$239,874	\$113,397	\$342,861	\$10,142	\$220,990	\$927,264
Bethesda	\$476,503	\$229,295	\$681,003	\$20,562	\$448,256	\$1,855,619
Cambridge	\$59,853	\$28,918	\$85,537	\$2,575	\$55,692	\$232,575
Cumberland	\$1,603,962	\$772,794	\$2,292,312	\$68,974	\$1,487,835	\$6,225,877
Denton	\$48,752	\$22,976	\$69,685	\$2,070	\$45,105	\$188,588
Elkton	\$115,111	\$53,180	\$164,559	\$4,759	\$105,461	\$443,070
Frederick	\$315,361	\$150,534	\$450,729	\$13,597	\$291,080	\$1,221,301
Frostburg	\$8,022	\$3,898	\$11,464	\$348	\$7,470	\$31,202
Gateway	\$32,811	\$15,542	\$46,896	\$1,394	\$30,244	\$126,887
Hagerstown	\$2,445,058	\$1,158,890	\$3,494,762	\$103,725	\$2,254,355	\$9,456,790
Havre de Grace	\$94,161	\$45,280	\$134,573	\$4,039	\$87,630	\$365,683
Highlandtown	\$119,415	\$56,679	\$170,682	\$5,070	\$110,568	\$462,414
Salisbury	\$59,297	\$27,757	\$84,763	\$2,497	\$54,964	\$229,278
Silver Spring	\$1,976,391	\$901,824	\$2,825,609	\$80,007	\$1,836,515	\$7,620,346
Snow Hill	\$31,201	\$14,727	\$44,597	\$1,318	\$28,919	\$120,762
Station North	\$146,786	\$70,191	\$209,790	\$6,348	\$135,650	\$568,765
Wheaton	\$240,507	\$114,752	\$343,745	\$10,232	\$224,661	\$933,897
Subtotal	\$8,013,922	\$3,781,040	\$11,454,791	\$337,695	\$7,426,190	\$31,013,638
Total	\$9,756,242	\$4,522,792	\$13,946,849	\$406,086	\$8,989,867	\$37,621,836
Annual Average	\$3,252,081	\$1,507,597	\$4,648,950	\$135,362	\$2,996,622	\$12,540,612

Source: RESI

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

Fiscal impacts—specifically, property tax revenues—were then compared against estimated tax revenue losses associated with the property tax incentives available to and used by districts. Data from the district annual reports did not indicate that any of the indicated property tax incentive applications were approved.

RESI analyzed the estimated property tax revenue losses and resulting net property tax revenues of a single property over a ten-year period using the average assessment value of properties in each A&E district.⁸ Despite missing data, RESI calculated the ten-year fiscal impacts for the average building in each A&E district. This portion of the analysis can be completed with a single starting point in terms of data, so extrapolation would not be necessary as it would be for the economic impact element of the analysis.

Information regarding property tax incentives was taken from county and municipal tax ordinances provided by MSAC. The dollar figures reported for each A&E district reflect only the property tax directly affected by each incentive. The property tax revenues of the average non-residential property in each A&E district before and after property tax incentives for a ten-year period can be found in Figure 6. For more information regarding RESI’s methodology, please refer to Appendix A.

⁸ In most cases, the average building value was based on the application materials provided by MSAC, so the ten-year period analyzed will differ among districts according to the year in which the district applied. RESI maintained a ten-year time period across all districts for the purpose of uniformity and comparison.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

Figure 6: Property Tax Revenues and Incentives

District	Property Tax Revenue	Property Tax Exemption	Total Net Property Tax Revenue
Annapolis	\$296,642.86	\$180,952.14	\$115,690.71
Berlin	\$18,673.00	\$11,390.53	\$7,282.47
Bethesda	\$686,813.96	\$446,429.08	\$240,384.89
Cambridge	\$177,135.30	\$106,281.18	\$70,854.12
Cumberland	\$39,425.26	\$31,540.21	\$7,885.05
Denton	\$18,150.38	\$907.52	\$17,242.87
Elkton	\$90,572.57	\$58,872.17	\$31,700.40
Frederick	not available	not available	not available
Frostburg	\$102,851.99	\$41,140.79	\$61,711.19
Gateway			
<i>Brentwood</i>	\$59,342.51	\$17,802.75	\$41,539.76
<i>Hyattsville</i>	\$64,723.95	\$19,417.18	\$45,306.76
<i>Mt. Rainier</i>	\$119,030.40	\$35,709.12	\$83,321.28
<i>North Brentwood</i>	\$73,285.94	\$21,985.78	\$51,300.16
Hagerstown	\$56,072.42	\$28,036.21	\$28,036.21
Havre de Grace	\$56,739.29	\$34,043.57	\$22,695.71
Highlandtown	\$65,003.62	\$42,252.36	\$22,751.27
Salisbury	\$96,780.55	\$58,068.33	\$38,712.22
Silver Spring	\$159,875.28	\$103,918.93	\$55,956.35
Snow Hill	\$127,043.76	\$77,496.69	\$49,547.07
Station North	\$140,989.26	\$91,643.02	\$49,346.24
Wheaton	\$78,463.26	\$51,001.12	\$27,462.14
Average	\$126,380.78	\$72,944.43	\$53,436.34

Source: RESI

3.3 Missing Data Years

RESI used actual data provided in application materials and annual reports completed by each A&E district and provided by MSAC to complete the economic and fiscal impact analyses. Economic and fiscal impact results represented in Section 3.0 reflect impacts for fiscal years 2008 through 2010 based on actual data from the aforementioned sources. For a complete list of the annual reports provided by MSAC, please refer to Appendix B.

Further analysis of the full designation period would require extrapolations of actual data. Without actual data from annual reports for the period between program commencement and annual reporting, an analysis of the missing data years would involve a significant number of assumptions. Such an analysis would very likely overstate or understate impacts. As a result, it is not recommended that this process be undertaken at this time. However, it is important to understand how to go about such a process.

Reported figures from application data could be used under the assumption that minimal change had occurred between the application year and the actual data starting in fiscal year 2008. In the

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

case of some A&E districts, a linear model of growth could be utilized to estimate growth in the missing data years. Annual report data collected by MSAC and given to RESI could allow for reasonable assumptions to be made backward from the base year of actual data (fiscal year 2008).

Extrapolation—to estimate growth backward for years for which data had not been provided—is a method used to find the best fit given an approximate limit. In RESI’s analysis we assume that growth is heading toward the estimate for 2010, thus dictating the growth reported in 2010 as the limit. Assumptions could be made regarding the business activity within the given timeframe toward the final year of analysis based on annual report data from fiscal years 2008 to 2010. These assumptions would then be used by the project team to state parameters for growth and best conceive a possible model for the A&E district over the entire designation period.

For example, based on actual data, RESI may estimate that business ventures opened/closed will fall within a certain range per year. This will dictate the amount of fluctuation which can occur within the dynamics of progression towards the final growth point. Parameters are set with actual data given, where maximum and minimum levels are set accordingly. For the three years given, the project team calculated a net change in growth and based estimates on this calculation.

Using 2008 as a base year, RESI could assume that the linear growth must pass through this point and can estimate the line given the three available points of data (fiscal years) recorded. As previously mentioned, a linear growth rate could be assumed to estimate data between fiscal years 2001 and 2007. The extrapolation process would provide a very generalized sense of the possible impacts of designation which might have occurred between 2001 and 2007, but given the scope and limitations of RESI’s analysis, the project team did not calculate actual impact figures for the missing data years.

For more information regarding RESI’s methodology, assumptions, and exclusions, please refer to Appendix A.

4.0 Literature Review

RESI analyzed findings from a number of similar studies conducted for comparable programs and/or designations.

While there are a number of cities and towns outside the state of Maryland which have been designated as A&E districts or cultural districts, the economic impacts of most of these districts has not yet been analyzed.⁹ Maryland’s A&E district designation program was one of the first in the nation. In many cases, the districts in other states are so new that it would be very challenging to estimate the impacts they will have on the surrounding economy. For example, Portland’s *Act for Art: Creative Action Plan* was established in early 2009.¹⁰

⁹ Minor, Hollis. *Development of a City Rockville Culture and Entertainment Plan*. Rep. Annapolis: Minor Group, 1 Mar. 2010. Web. 04 Aug. 2011.

¹⁰ “Writing the Action Plan for the Arts.” *City of Portland, Oregon*. Portland City Council, 02 Dec. 2009. Web. 04 Aug. 2011.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010

RESI of Towson University

Despite the general lack of data due to the newness of A&E district designation, RESI compiled preliminary research regarding the economic impacts of arts and entertainment organizations and other entities similar to A&E districts for comparison purposes.¹¹ A summary of these impacts can be found in Figure 7.

Figure 7: Summary of Similar Studies¹²

Location	Employment	Economic Activity	Wages
Austin, TX	44,000	N/A	N/A
Berkeley, CA	3,400	\$117,000,000	\$110,300,000
Bridgeport, CT	835	N/A	N/A
Providence, RI	2,759	\$111,810,000	\$55,560,000
Richmond, VA	N/A	\$300,000,000	N/A
Tucson, AZ	12,000	N/A	N/A

Sources: Various

According to ArtistLink, a website which details information regarding affordable artist space and related information, Rhode Island has provided tax incentives to artists in eight communities including Providence and Newport (among others) since 1998.¹³ These tax incentives are aimed at encouraging and establishing artists in residence. While these tax free arts districts are not labeled as A&E districts, the planning and incentives involved closely mimic the A&E designation program in Maryland. Using input/output equations and customized regional data, a report conducted in 2007 found that the nonprofit arts and culture industry created a significant impact for Providence, as shown in Figure 7.

In July 2004, Berkeley established an arts district in the San Francisco-Oakland metro area. The district is home to 100,000 residents and includes 130 nonprofit organizations, according to the official website and Arts and Culture Plan. In addition, the nonprofit arts organizations associated with the Berkeley area “reached an audience of 1.7 million people in 2002” according to a study available on the official website.¹⁴ As this was simply the existing audience not long before arts district designation, it is possible that these organizations and others associated with arts district designation were able to reach an even greater audience afterward.

Bridgeport, Connecticut was designated an arts district in December 2007 to serve the New York City-Stamford, Connecticut metro area. A cultural plan for the city released in the same month stated that the arts and entertainment industry in the area supported 835 jobs as of 2003 and has

¹¹ Sources presented in the literature review mainly reported employment and other impact figures. RESI generally reports employment, state GDP, and wage impact figures. For more information regarding IMPLAN and its output, please refer to Appendix A.

¹² Total economic impacts are included where available. Otherwise, direct economic impacts are represented. Some figures are rounded. In some cases, included figures may be associated with the surrounding county or the entire arts and culture industry. Such instances are noted in the body of the literature review.

¹³ “Rhode Island: Providence, Pawtucket & More.” *Artist Link*. Web. 04 Aug. 2011.

¹⁴ Berkeley’s Growing Arts and Entertainment District-City of Berkeley, CA.” *Official Web Site of the city of Berkeley, California*. Mayor’s Office. Web. 04 Aug. 2011.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010

RESI of Towson University

since remained relatively constant.¹⁵ It is possible that the designation assists in the continued existence of these jobs, but this is a difficult connection to make given the data available. However, this information is, at least, a frame of reference in terms of scope and size of other regional arts districts.

According to a 2010 report detailing the development of a culture and entertainment plan for Rockville, Maryland, a number of case studies have already analyzed employment figures associated with arts and entertainment. In some cases, these examples may not coincide with district designation programs which are directly comparable to the program in Maryland, but the associated impacts are important to consider regardless. Tucson, Arizona has had an arts district since November 2007. In addition, the county's creative sector employs nearly 12,000 individuals.¹⁶ Another case study from the report—Austin, Texas—established a cultural master plan as of April 2008. In Austin's case, the city's creative industry supports 44,000 permanent jobs.¹⁷ The report also examined Richmond, Virginia, where arts and culture generate an estimated annual economic impact of \$300 million or more.

The widespread popularity and success of A&E or cultural district designation is apparent when considering the number of districts which have been designated in recent years. In addition, a number of cities have plans to designate districts in the future or are currently developing districts. In addition to Portland, Richmond has also established its own arts districts in the first half of 2009. In the next year, Glendale, California, and Somerville, Massachusetts will join the list of those with a designated arts district.^{18 19}

Another promising factor for the future of A&E districts is the growing number of cities creating artist space within city limits. According to ArtistLink, many cities are working toward maintaining a space specifically for the use of artists and creative businesses.²⁰ For instance, after establishing an arts district in 2006, Santa Monica developed a plan to create more affordable artist space in 2007. To support its arts scene, Kansas City began its Urban Culture project in 2003 in order to provide affordable housing, studio space, and exhibition spaces to artists. In Kentucky, the city of Paducah is offering financial incentives to artists nationwide to encourage relocation to the Lower Town neighborhood.

At present, initial figures reported regarding impacts associated with arts, culture, and entertainment industries and designated districts may not be as specific and in-depth as needed to compare directly to RESI's analysis. In most cases, impacts apply to arts organizations or the overall arts industry in a region. While there are limitations associated with comparing this research with RESI's findings, it can serve as a starting point for consideration. As more and

¹⁵ "Bridgeport Connecticut Cultural Plan." Bridgeport Cultural Assessment Steering Committee, 11 Dec. 2007. Web. 24 Aug. 2011.

¹⁶ Minor, Hollis. *Development of a City Rockville Culture and Entertainment Plan*. Rep. Annapolis: Minor Group, 1 Mar. 2010. Web. 04 Aug. 2011.

¹⁷ Ibid.

¹⁸ "Downtown Art & Entertainment District." *Community Planning*. City of Glendale. Web. 04 Aug. 2011.

¹⁹ "Somerville." *Artist Link*. Web. 04 Aug. 2011.

²⁰ "What Cities Are Doing for Artist Space." *Artist Link*. Web. 04 Aug. 2011.

**Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010**

RESI of Towson University

more A&E districts and similar designations are created, more research and analysis will be completed in regard to the specific economic impacts associated with such designations and/or programs.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

5.0 Works Cited

- “2011-2012 County Tax Rates.” Maryland State Department of Assessments & Taxation, 27 July 2011. Web. 24 Aug. 2011.
- “About Gallery.” Area 405, n.d. Web. 30 Aug. 2011.
- Anderson, Matthew S and Scott Nagel. “Economic of Fiesta Oyster Bake.” Birchhill Enterprises, Apr. 2007. Web. 16 Aug. 2011.
- Arik, Murat and David A. Penn. “Economic Impact of Bonnaroo Music Festival on Coffee County.” Business and Economic Research Center, 30 Nov. 2011. Web. 16 Aug. 2011.
- “Arts & Economic Prosperity III: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the City of Providence, RI.” Americans for the Arts, 2007. Web. 24 June 2011.
- “Arts & Economic Prosperity III: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences Map of Study Participants.” Americans for the Arts, 2007. Web. 25 Aug 2011.
- “Arts and Entertainment Districts Guidelines and Application Deadlines: April 1, 2011 and October 1, 2011.” Maryland State Arts Council. Web. 24 June 2011. <http://www.msac.org/docs_uploaded/ae_12_guidelines.pdf>.
- “Audience Research and Economic Impact Study of Artscape 2009.” Forward Analytics, Inc., n.d. Web. 16 Aug. 2011.
- “Berkeley's Growing Arts and Entertainment District - City of Berkeley, CA.” *Official Web Site of the City of Berkeley, California*. Mayor's Office. Web. 04 Aug. 2011.
- Bojanic, David C., et al. “Economic Impact and Market Analysis of a Special Event: The Great New England Air Show.” Northeastern Recreation Research Symposium, 2009. Web. 16 Aug. 2011.
- “Bridgeport Connecticut Cultural Plan.” Bridgeport Cultural Assessment Steering Committee, 11 Dec. 2007. Web. 24 Aug. 2011.
- “California’s Fairs: Striking Gold at the Lodi Grape Festival& Harvest Fair.” *California Department of Food and Agriculture*. KPMG LLP Economic Consulting Services, 2003. Web. 16 Aug. 2011.
- Crispin, Jan Elise. “The Economic Impacts of the 2011 Sundance Festival.” Bureau of Economic Research and Business Research, Apr. 2011. Web. 16 Aug. 2011.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

“Downtown Art & Entertainment District.” *Community Planning*. City of Glendale. Web. 04 Aug. 2011.

“Economic Impact Analysis for the 2010 and 2011 Philadelphia International Flower Shows.” The Pennsylvania Horticultural Society, 7 Feb. 2011. Web. 19 Aug. 2011.

“Economic Impact and Visitor Study of the Eugene International Film Festival.” University of Northern Iowa Sustainable Tourism and the Environment Program, Dec. 2007. Web. 16 August 2011.

Maryland State Arts Council. Web. 04 Aug. 2011.

Minor, Hollis. *Development of a City of Rockville Culture and Entertainment Plan*. Rep. Annapolis: Minor Group, 1 Mar. 2010. Web. 04 Aug. 2011.

Nelson, Arthur C. *Planner's Estimating Guide: Projecting Land-use and Facility Needs*. Chicago: American Planning Association, 2004. Print.

Real Property Data Search. Maryland Department of Assessments & Taxation, n.d. Web. Aug. 2011.

“Rhode Island: Providence, Pawtucket & More.” *Artist Link*. Web. 04 Aug. 2011.

“Robbers Cave Fall Festival 2010 Economic Impact.” *Robbers Cave Fall Festival*. Wilburton Chamber of Commerce, n.d. Web. 16 Aug. 2011.

Sabrier, Marianne Hawkins and Jimmy Valdiviezo. “Bayou Boogaloo Festival 2011 Visitor Survey Results.” The University of New Orleans Hospitality Research Center, July 2011. Web. 16 Aug. 2011.

Silva, Bernardita, Marilynne Mann and Harold Daniel. “Economic Impact of the 2008 American Folk Festival in Bangor, Maine.” The 2009 Northeastern Recreation Research Symposium, 2008. Web. 18 Aug. 2011.

“Skagit Valley Tulip Festival Economic Impacts and Visitor Profile.” Dean Runyan Associates, June 2000. Web. 16 Aug. 2011.

“Somerville.” *Artist Link*. Web. 04 Aug. 2011.

“The Economic Impact of Family Gras Weekend in Jefferson Parish 2011.” Jefferson Convention & Visitors Bureau and the University of New Orleans, Apr. 2011. Web. 16 Aug. 2011.

“What Cities Are Doing for Artist Space.” *Artist Link*. Web. 04 Aug. 2011.

**Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010**

RESI of Towson University

“Writing the Action Plan for the Arts.” *City of Portland, Oregon*. Portland City Council, 02 Dec. 2009. Web. 04 Aug. 2011.

Appendix A—Methodology

A.1 IMPLAN Model Overview

In order to quantify the economic and fiscal impacts of the A&E districts on Maryland, RESI utilized the IMPLAN input/output model. This model enumerates the employment and fiscal impact of each dollar earned and spent by the following: employees of the development, other supporting vendors (business services, retail, etc.), each dollar spent by these vendors on other firms and each dollar spent by the households of the event's employees, other vendors' employees, and other businesses' employees.

To quantify the economic impact of an event, economists measure three types of economic impacts: direct, indirect, and induced impacts. The direct economic effects are generated as the event creates jobs and hires workers to support the event's activities. The indirect economic impacts occur as the vendors purchase goods and services from other firms. In either case the increases in employment generate an increase in household income, as new job opportunities are created and income levels rise. This drives the induced economic impacts that result from households increasing their purchases at local businesses.

Consider the following example. A new firm opens in a region and directly employs 100 workers. The firm purchases supplies, both from outside the region as well as from local suppliers, which leads to increased business for local firms, thereby hypothetically creating jobs for another 100 workers. This is called the indirect effect. The workers at the firm and at suppliers spend their income mostly in the local area, hypothetically creating jobs for another 50 workers. This is the induced effect. The direct, indirect and induced effects add up to 250 jobs created from the original 100 jobs. Thus, in terms of employment, the total economic impact of the firm in our example is 250.²¹

A.2 Assumptions

Input Assumptions

The project team extracted all useable data from A&E district application materials, annual reports, and relevant county tax ordinances. In addition, RESI made assumptions regarding A&E district operations for years where actual data were not available.

Economic impacts were determined based on two main factors: (1) estimated new direct employment occurring after A&E district designation as the attraction of new firms could primarily be attributed to the designation and (2) estimated spending at events for which attendance was provided. RESI researched figures for square footage per employee and spending for different event types from past studies to determine these inputs.

Proxy estimators in regard to size of businesses and commercial real estate based on application data were used in some cases for an average estimate in cases of missing building data. Historical buildings at times may be exempt from zoning restrictions in regard to size or "grandfathered" into clauses in current zoning legislation. The project team used average square footage as some businesses have a larger space than those that have originated in the last 20 to 30

²¹ Total economic impact is defined as the sum of direct, indirect and induced effects.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

years. The project team then used these square footage estimates and applied them to research regarding average square footage per employee to determine estimated direct employment. Square footage, when reported by A&E districts, refers to the enclosed square footage of the buildings in the A&E districts. In cases where square footage was not reported, gross square footage was calculated from property records. Using FAR (Floor Area Ratio) estimates based on the population of an area, the project team calculated the maximum enclosed square footage possible. Enclosed square footage for districts missing this data was defined as gross square footage multiplied by FAR estimates.²²

To determine event spending inputs, RESI researched comparable events and the associated visitor spending figures and attendance to determine percentage spending levels for hotels, transportation, food and beverage, retail, entertainment, and other. Events for which districts did not provide attendance levels were not included in the analysis. In instances where participation number could not be assessed through public records, RESI conducted phone interviews with event organizers to obtain participant estimates. A summary of the findings from RESI's literature review can be found in Figure 8.

²² Nelson, Arthur C. *Planner's Estimating Guide: Projecting Land-use and Facility Needs*. Chicago: American Planning Association, 2004. Print.

Figure 8: Event Spending Data Summary²³

Events	Hotels	Transportation	Food and Beverage	Retail	Entertainment	Other	Total Spending	Total Attendance
Community								
2010 Robbers Cave Fall Festival (OK)	\$152,600	\$536,300	\$505,400	\$1,083,600	\$123,200	\$35,000	\$2,436,100	70,000
2011 Family Gras Weekend in Jefferson Parish (LA)	\$892,516	\$91,708	\$2,741,058	\$656,871	\$2,191,123	N/A	\$6,573,276	85,000
2000 Portland Rose Festival (OR)	\$5,100,000	\$10,900,000	\$10,600,000	\$7,600,000	\$6,200,000	N/A	\$40,400,000	1,923,964
Average	\$5.11	\$4.80	\$14.99	\$9.05	\$10.25	\$0.50		
Culture								
2011 Bayou Boogaloo Festival (LA)	\$150,413	\$47,070	\$285,080	\$62,808	\$197,934	N/A	\$743,305	27,000
2010 Nanticoke Pow Wow (DE)	\$57,800	\$53,800	\$290,600	\$76,400	N/A	\$52,800	\$531,400	20,000
2009 Mardi Gras (LA)	\$19,228,956	\$17,865,709	\$78,279,071	\$12,699,721	N/A	\$17,650,459	\$145,723,918	700,000
Average	\$11.98	\$9.99	\$45.64	\$8.10	\$7.33	\$13.93		
Film								
2011 Sundance Film Festival (UT)	\$25,825,453	\$3,815,513	\$16,478,005	\$6,706,547	N/A	\$5,766,604	\$58,592,121	45,797
2009 Durango Film Fest (CO)	\$7,921	\$3,993	\$19,064	\$5,545	N/A	\$1,792	\$38,315	425
2007 Eugene International Film Festival (IA)	\$190,368	\$11,340	\$80,220	\$61,320	\$57,540	\$22,680	\$423,468	32,457
Average	\$196.14	\$31.02	\$135.71	\$53.79	\$1.77	\$43.61		
Fine Art								
2010 Columbus Arts Festival (OH)	\$1,564,500	\$675,500	\$4,564,000	\$2,569,000	N/A	\$612,500	\$9,985,500	350,000
2009 Artscape (MD)	\$275,699	\$1,300,406	\$2,370,143	\$1,738,376	\$1,334,380	N/A	\$7,019,004	350,000
2006 Fort Worth Arts Festival (TX)	\$665,047	\$2,181,367	\$901,356	\$139,391	\$45,995	\$109,991	\$4,043,147	198,811
Average	\$2.87	\$5.54	\$8.12	\$4.34	\$2.02	\$1.15		
Food								
2007 Fiesta Oyster Bake (TX)	\$519,181	\$541,622	\$2,245,156	\$163,114	\$8,642	\$171,938	\$3,649,653	52,189
2005 Food Festivals (IA)	\$589,514	\$227,027	\$579,703	\$270,402	N/A	N/A	\$1,666,645	22,806

²³ “Average” refers to the average weighted spending per capita for each spending category.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

Events	Hotels	Transportation	Food and Beverage	Retail	Entertainment	Other	Total Spending	Total Attendance
2003 Lodi Grape Festival & Harvest Fair (CA)	\$1,928,321	\$164,428	N/A	\$1,305,689	\$3,204,549	\$1,328,723	\$7,931,710	173,850
Average	\$15.63	\$7.09	\$34.22	\$7.50	\$9.30	\$5.47		
Holiday								
2010 Sea Witch Festival (DE)	\$289,000	\$269,000	\$1,453,000	\$382,000	N/A	\$264,000	\$2,657,000	100,000
2010 White House Easter Egg Role (DC)	\$268,500	\$98,100	\$417,900	\$99,900	N/A	\$80,400	\$964,800	30,000
2007 Light in Winter Festival (NY)	\$26,055	\$12,711	\$18,564	\$38,319	\$6,384	N/A	\$102,033	3,000
Average	\$6.84	\$3.40	\$11.55	\$6.64	\$2.13	\$2.66		
Performing Arts								
2008 American Folk Festival in Bangor (ME)	\$914,287	\$772,117	\$1,197,527	\$829,413	\$338,447	N/A	\$4,051,791	95,626
2005 Bonnaroo Music Festival in Coffee County (TN)	\$408,116	\$6,664,260	\$8,828,297	\$2,328,709	\$1,282,803	\$1,933,245	\$21,445,430	76,851
2005 Spoleto Festival (SC)	\$4,134,390	\$528,450	\$5,494,710	\$2,963,220	\$240,630	N/A	\$13,361,400	39,000
Average	\$40.29	\$36.11	\$89.43	\$38.32	\$8.80	\$25.16		
Other								
2010 Philadelphia International Flower Show (PA)	\$2,929,687	\$1,401,099	\$6,374,807	N/A	N/A	\$8,092,861	\$18,798,454	231,924
2009 The Great New England Air Show (MA)	\$1,121,936	\$2,239,297	\$3,481,114	\$1,714,018	\$192,175	\$219,628	\$8,968,168	345,000
2000 Skagit Valley Tulip Festival (WA)	\$1,400,000	\$2,400,000	\$4,800,000	\$5,400,000	N/A	N/A	\$14,000,000	350,000
Average	\$6.63	\$6.46	\$17.10	\$10.20	\$0.56	\$17.77		

Sources: Various

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010

RESI of Towson University

Fiscal impacts were determined primarily based on county tax ordinances and district responses provided in the annual reports. The project team cross-referenced responses to questions regarding property tax credits in the annual reports with information available from the online property database from the State Department of Assessment and Taxation (SDAT). None of the properties which were reported as applying for a property tax credit on annual reports from fiscal years 2008 to 2010 received the A&E tax credit per the project team's research within SDAT's database. RESI did not assume that all such applications were approved as this would likely overstate the impacts of property tax credits in the A&E districts.

Where applicable, RESI averaged the assessed property values within an A&E district and then applied the tax credit to demonstrate the potential tax revenues and losses. Values reported in Section 3.2 are to be taken as an example of the fiscal impact from A&E district designation. Assessment values were taken from property data provided by the A&E districts in building inventories included in the original applications or a more recent building inventory provided by A&E district representatives.

Modeling Assumptions

RESI analyzed IMPLAN industry sectors based on application materials and annual reports provided by MSAC. The specific IMPLAN industry sectors used for the A&E districts can be found in Figure 9.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

Figure 9: IMPLAN Industry Sectors

Input Category	IMPLAN Code	Description
Commercial Employment		
	320	Retail stores – Motor vehicle and parts
	321	Retail stores – Furniture and home furnishings
	322	Retail stores – Electronics and appliances
	323	Retail stores – Building material and garden supplies
	324	Retail stores – Food and beverage
	325	Retail stores – Health and personal care
	326	Retail stores – Gasoline stations
	327	Retail stores – Clothing and clothing accessories
	328	Retail stores – Sporting goods, hobby, book, and music stores
	330	Retail stores – Miscellaneous
	413	Food services and drinking places
Event Spending		
	324	Retail stores – Food and beverage
	325	Retail stores – Health and personal care
Retail	326	Retail stores – Gasoline stations
	327	Retail stores – Clothing and clothing accessories
	328	Retail stores – Sporting goods, hobby, book, and music stores
	330	Retail stores – Miscellaneous
Transportation	332	Transport by air
	333	Transport by rail
	336	Transit and ground passenger transportation
	338	Scenic and sightseeing transportation and supporting activities
Entertainment	402	Performing arts companies
	403	Spectator sports companies
	404	Promoters of performing arts and sports and agents
	405	Independent artists, writers, and performers
	406	Museums, historical sites, zoos, and parks
	407	Fitness and recreational sports centers
	408	Bowling centers
	410	Other amusement and recreation industries
Hotels	411	Hotels and motels, including casino hotels
Food	413	Food services and drinking places
	414	Automotive repair and maintenance, except car washes
	415	Car washes
Other	418	Personal and household goods repair and maintenance
	419	Personal care services
	421	Dry-cleaning and laundry services
	422	Other personal services

Source: IMPLAN

Assumptions regarding the applicable industry codes were made in cases where districts did not provide specific property use data. All A&E districts were analyzed using an IMPLAN model built from state-level data for Maryland. For the most accurate and in-depth analysis of separate A&E districts, county-level data would be required.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
RESI of Towson University

Exclusions

The project team estimated economic impacts primarily using new commercial employment and new event spending. Existing businesses were not included in the analysis due to difficulty determining if these businesses had been formed as a direct result of the A&E district designation or if these businesses had been formed as a result of some other factor(s). If the analysis included the impacts of businesses falling under the latter case, the findings would be overstated.

Other A&E district operations which would contribute to positive economic impact were excluded in the analysis due to data gaps. Such factors include the new art sales for artists and galleries, ticket/entry expenditures for arts enterprises, rental income from artists' space, and awarded grants. These were not included in the analysis for a variety of reasons including but not limited to lack of data regarding sales, ticket prices, etc.

In addition, the analysis did not take into account changes for the year 2011 as it is the current year and there is a lack of data. Because there were exclusions in the analysis, the actual positive economic impact is more significant but also difficult to quantify given the available data. However, the impacts represented in this report can serve as a useful starting point in determining the economic and fiscal impacts of an A&E district designation program as well as assist in establishing valuable data types for future collection and analysis.

A final exclusion of note is Bel Air's A&E district. As the district applied for designation in 2010, it has yet to provide an annual report from which the project team could extract data—specifically, the change in the number of retail firms and attendance per event—to determine modeling inputs. Without either data set, neither aspect of Bel Air's A&E district operations could be analyzed.

Due to the limitations in this study, RESI recommends that MSAC consider the following for the next designation period:

- Require uniform building inventories, including address, zoning type, square footage, land area, last sale date, last sale value, assessment value, age of building, and other pertinent elements.
- Require detailed building data for new businesses in annual reports.
- Require detailed enterprise and event data, including name, address, attendance, and ticket sales (where applicable), in annual reports.

Fiscal Impacts

Average assessment values were calculated for non-residential properties included in the application building inventories where that level of detail was available. In all other cases, average assessment values were calculated from all properties or from an average derived from other A&E districts.

The property tax incentive analysis covers a ten-year period. However, this is the average exemption period, and some A&E districts offer property tax incentives which do not last for

**Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010**

RESI of Towson University

ten years. A ten-year period was analyzed for all A&E districts in order to provide comparable results across A&E districts.

County and municipal business property tax rates were taken from SDAT. RESI used 2011-2012 tax rates (the most recent available) due to uncertainty regarding when the average eligible property would have applied and been approved for a property tax incentive. Specific property tax incentive data (duration, percentages, etc.) were taken from tax ordinance resources provided by MSAC. A summary of the property tax incentives and the corresponding real property tax rates can be found in Figure 10.

Figure 10: Property Tax Ordinances

County	District	Municipal/County Tax Affected?	Real Property Tax Rate (2011-2012)
Allegany	Cumberland	Municipal	2.1297%
	Frostburg	Municipal	2.1447%
Anne Arundel	Annapolis	Municipal	1.3750%
Baltimore City	Highlandtown	Municipal	5.6700%
	Station North	Municipal	5.6700%
Caroline	Denton	County	2.1800%
Cecil	Elkton	Municipal	2.3503%
Dorchester	Cambridge	Municipal	2.4400%
Frederick	Frederick	Municipal	not available ²⁴
Harford	Bel Air	Municipal	2.2400%
	Havre de Grace	Municipal	2.2400%
Montgomery	Bethesda	County	1.7830%
	Silver Spring	County	1.7830%
	Wheaton	County	1.7830%
Prince George's (Gateway)	Brentwood	Municipal	2.3390%
	Hyattsville	Municipal	2.0370%
	Mt. Rainier	Municipal	2.0400%
	North Brentwood	Municipal	2.3820%
Washington	Hagerstown	County	2.3700%
Wicomico	Salisbury	Municipal	1.9230%
Worcester	Berlin	Municipal	1.7500%
	Snow Hill	Municipal	1.7500%

Source: SDAT

²⁴ Real property tax rates were taken from the State Department of Assessments and Taxation (SDAT). SDAT's 2011-2012 County Tax Rates, which refers to this tax as "personal," does not include a rate for Frederick County or Frederick City. As such, RESI excluded the Frederick A&E district from this portion of the analysis.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

Appendix B—A&E District Annual Report Data Provided

A&E districts are expected to complete annual reports providing information regarding goals, accomplishments, new retailers and restaurants, events and promotions, attendance figures, awards and grants, etc. for the fiscal year. These reports were provided by MSAC and span the period from FY 2008 to FY 2010. The available reports for each A&E district can be found in Figure 11. It is important to note that some reports are missing for some districts due to their more recent designation year.

Figure 11: Annual Reports by District

District	Designation Year	Annual Report Provided?			Years of Data Available
		FY 2008	FY 2009	FY 2010	
Annapolis	2008	Yes	Yes	No	2
Bel Air	2010	No	No	No	0
Berlin	2005	Yes	Yes	Yes	3
Bethesda	2002	Yes	Yes	Yes	3
Cambridge	2003	Yes	Yes	Yes	3
Cumberland	2002	Yes	Yes	Yes	3
Denton	2005	Yes	Yes	Yes	3
Elkton	2006	Yes	Yes	Yes	3
Frederick	2003	Yes	Yes	Yes	3
Frostburg	2009	No	Yes	Yes	2
Gateway	2002	Yes	Yes	No	2
Hagerstown	2002	Yes	Yes	Yes	3
Havre de Grace	2008	No	Yes	Yes	2
Highlandtown	2003	Yes	Yes	Yes	3
Salisbury	2007	Yes	Yes	Yes	3
Silver Spring	2002	Yes	Yes	Yes	3
Snow Hill	2006	Yes	Yes	Yes	3
Station North	2002	Yes	Yes	Yes	3
Wheaton	2006	Yes	Yes	Yes	3

Source: MSAC

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

Appendix C—Glossary

A glossary of economic and fiscal impact terminology frequently used throughout this report can be found in Figure 12.

Figure 12: Glossary of Terms

Economic Impact	This term refers to the changes in the economy resulting from an event. RESI typically reports employment, output, and wage impacts.
Employment	This term refers to the number of new full-time equivalent (FTE) jobs created as a result of the event which has been modeled in IMPLAN.
Fiscal Impact	This term refers to the change in tax revenues resulting from an event. RESI typically reports state and local tax revenues, which are combined in IMPLAN.
IMPLAN	This term refers to the input/output modeling software used to model changes in the economy in a particular region. The user builds a model based on prepackaged economic data from IMPLAN (typically at the state or county level), then enters input figures—an industry change of employment or sales, a household change of income, and/or several other input types—for the industry sectors expected to be impacted as a “scenario.” IMPLAN runs the scenario created in the model and produces the economic and fiscal outputs.
New Businesses	This term refers to all of the businesses which were newly created within an A&E district during the study period according to data provided in the A&E district annual reports. These businesses may include both for-profit and nonprofit entities. The number of for-profit and nonprofit businesses cannot be precisely determined from the data provided.
Output	This term refers to the economic activity created as a result of the event which has been modeled in IMPLAN. It is synonymous with “state GDP.” In other words, it is the market value of all goods and services produced by the economy of the region being modeled.
State GDP	This term refers to the change in market value of all goods and services produced by the economy of the region which has been modeled in IMPLAN. It is synonymous with “output.”
Wage Impact	This term refers to the change in employee compensation (including all salaries and wages) associated with the job and output creation resulting from the event which has been modeled in IMPLAN.

Source: RESI

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

Appendix D – A&E District Annual Report Template



**Art & Entertainment
 Districts
 Annual
 Report
 (Fiscal Year
 2010)**

District Name	
County	Year Authorized (YYYY)
Re-Certification Due (MM/DD/YYYY)	Expansion (If Granted) (MM/DD/YYYY)
Managing Entity	
Tax Exempt Number	
CONTACT PERSON	BOARD CHAIR/MANAGEMENT
Name	Name
Title	Address
Address	City
City	State - MD
State - MD	Zip Code
Zip Code	Phone
Phone	Mobile
Mobile	Email
Email	Fax
Fax	

For the period of July 1, 2009 - June 30, 2010, please complete and/or update the following:

I. NARRATIVE – RELATE TO SPECIFIC GOALS IN MANAGEMENT PLAN, IF APPLICABLE

1. Describe FY 2010 accomplishments from work plan (new arts initiatives, artist live/work space, events, promotions, etc.). Include status if project is underway but not complete.
2. List FY 2011 goals (openings, acquisitions, programs, etc.).
3. Did any new retailers/shops open in FY 2010? Yes No
 If yes, list the name of each separately:

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

4. Did any retailers close or move in FY 2010? Yes No

If yes, list the name of each separately:

5. Did any new restaurants open in FY 2010? Yes No

If yes, list the name of each separately:

6. Did any restaurants close or move in FY 2010? Yes No

If yes, list the name of each separately:

7. Were any new events or promotions launched in the district in FY 2010? Yes No

If yes, list the name of each separately:

8. Were any public art projects installed/coordinated within the district in FY 2010? Yes No

If yes, list the name and location of each separately:

9. Were any capital projects completed within the district in FY 2010? Yes No

If yes, list the name and location each separately:

II. TAX DISTRICT BENEFIT INFORMATION & UTILIZATION

1. Do you maintain an artist registry? Yes No

If yes, please provide the Total Number of Artists Registered:

If yes, please provide the number of new artists registered in FY 2010:

If no, please estimate the Total Number of Artists:

2. Do you have an artist relocation program? Yes No

If yes, list the number of artists relocating to the district during FY 2010:

3. Were any businesses eligible for abatement of the Admission and Amusement tax? Yes No

If yes, list each separately:

4. Do you know if any property tax credits were applied for? Yes No

If yes, list each developer separately:

5. Estimated District Occupancy Rate:

Storefront/Commercial	%	<input type="checkbox"/> N/A
Residential (live/work)	%	<input type="checkbox"/> N/A
Industrial	%	<input type="checkbox"/> N/A
Mixed Use*	%	<input type="checkbox"/> N/A

*A combination of residential, commercial, industrial, office, institutional, or other land uses on the same site.

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

6. Are there any additional incentives by city/county? Yes No

List additional incentives for artists:

List additional incentives for developers:

List any other additional incentives:

7. Does your district have a website? Yes No

If yes, please list URL address:

If yes, please indicate features:

- On-line events calendar
- Artist registry
- Map
- Press room
- Artist income tax information
- Developer property tax information/application
- Other – specify:
-

8. Arts & Entertainment Enterprises – please list each separately.

Type	Name	Annual Attendance
-------------	-------------	--------------------------

Galleries/Coops
 Performance Venues
 Museums
 Arts Education

Arts Organizations
 Public Art
 Suppliers/Service
 Other

9. Artist Housing – please list each separately.

Name	# of Units	Developer
-------------	-------------------	------------------

10. Special Events & Festivals – please list each separately.

Name of Event	Date	Estimated Attendance
----------------------	-------------	-----------------------------

III. MSAC/STATE/OTHER PUBLIC FUNDING

1. Did you apply to MSAC for a grant in FY 2010? Yes No

If yes, please list each grant program and grant amount separately:



**Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010**

RESI of Towson University

2. Did you have events funded in whole or in part by a MSAC grant in FY 2010? Yes No
If yes, list the name and date of each event separately:

3. List of state awards/grants in FY 2010:

ENTIT	APPLICATIO N	AWARD/GRA NT
Maryland Main Street	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ _____
Heritage Areas Authority/Planning	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ _____
Department of Transportation	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ _____
Department of Planning	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ _____
Capital Bond	Yes <input type="checkbox"/> No <input type="checkbox"/>	\$ _____
Other – Specify:	Yes <input type="checkbox"/> No <input type="checkbox"/>	\$ _____
Other – Specify:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/>	\$ _____

4. List of local awards/grants in FY 2010 – please list each award/grant separately:

ENTITY	AWARD/GRA NT AMOUNT
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

5. List of federal or national awards/grants in FY 2010:

ENTIT	APPLICATIO N	AWARD/GRA NT
National Endowment for the Arts	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ _____
National Trust for Historic Preservation	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ _____
Other – Specify:	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ _____
Other – Specify:	<input type="checkbox"/> Yes <input type="checkbox"/> No	\$ _____

6. Describe any success or innovations achieved in the past year.

- Technical:
- Administrative:
- Logistics:
- Funding:
- Other:

7. Describe any challenges or issues encountered in the past year. Indicate if resolved or not.

- Technical:
- Administrative:
- Logistics:
- Funding:
- Other:

8. District Stakeholders/Partners (i.e., arts council) - please list each separately:

9. Evaluation – Please provide feedback on how MSAC could improve the program; how MSAC could strengthen services to our program or the program in general. Please include technical assistance topics.

- Board Development:
- Financial Management:
- Fundraising:
- Other:

I certify that all information contained in this report is true and accurate.

Signature _____

Printed Name _____

Title _____ Date _____

Maryland Arts and Entertainment Districts
Economic and Fiscal Impact Analysis FY 2008-FY 2010
 RESI of Towson University

Appendix E—A&E District Websites

For reference purposes, the counties and websites for each A&E district (where available) can be found in Figure 13.

Figure 13: A&E District Websites

District	County	Website
Annapolis	Anne Arundel County	http://www.annapolisarts.org/
Bel Air	Harford County	n/a
Berlin	Worcester County	http://www.berlinmdarts.org/
Bethesda	Montgomery County	http://www.bethesda.org/
Cambridge	Dorchester County	http://www.cambridgemainstreet.com/
Cumberland	Allegany County	http://www.alleganyartscouncil.org/
Denton	Caroline County	http://www.downtowndenton.com/ae.html
Elkton	Cecil County	http://www.elktonalliance.org/arts/index.asp
Frederick	Frederick County	http://www.downtownfrederick.org/
Frostburg	Allegany County	http://www.alleganyartscouncil.org/
Gateway	Prince George's County	http://www.gatewaycdc.org/
Hagerstown	Washington County	http://www.washingtoncountyarts.com/
Havre de Grace	Harford County	http://www.mainstreethdg.com/
Highlandtown	Baltimore City	http://www.highlandtownarts.com/
Salisbury	Wicomico County	http://salisburyarts.com/
Silver Spring	Montgomery County	http://silverspringdowntown.com/
Snow Hill	Worcester County	n/a
Station North	Baltimore City	http://www.stationnorth.org/
Wheaton	Montgomery County	n/a

Source: MSAC