



CHMURA ECONOMICS & ANALYTICS



The Economic Impact of Interstate 73 on South Carolina

Prepared for:
Northeastern Strategic Alliance

May 12, 2011

I-73 Will a Huge Economic Impact on South Carolina

- Road will pay for itself in 4 years based on increased economic activity
 - 7,720 workers employed each year during 5-year construction phase*
 - 22,347 jobs created after completion by 2030

*Schunk, Donald. 2009. *The Economic Impacts of I-73 Construction: A Focus on Job Creation*. BB&T Center for Economic and Community Development, Coastal Carolina University

Outline

- Geographic reach of I-73 corridor
- Economic profile of South Carolina regions along corridor
- Methodology of study
- Outcome of study

I-73 Corridor From South Carolina to Michigan



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



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Economic Profile: Population Growth has been Slow Except for Horry County

Table 5.2: Average Annual Growth Rate in Population

Locality	1970-1980	1980-1990	1990-2000	2000-2009
South Carolina	1.9%	1.1%	1.4%	1.4%
I-73 Corridor	2.4%	1.8%	2.1%	2.3%
Dillon	0.8%	-0.7%	0.5%	0.1%
Marion	1.2%	-0.1%	0.5%	-0.6%
Marlboro	1.5%	-0.7%	-0.2%	0.0%
Horry	3.8%	3.6%	3.2%	3.3%

Source: U.S. Census Bureau

Economic Profile: Employment Growth has been Subpar Except for Horry

Table 5.4: Average Annual Growth Rate in Employment

Locality	1970-1980	1980-1990	1990-2000	2000-2008
South Carolina	2.4%	2.3%	1.7%	1.6%
I-73 Corridor	3.0%	2.8%	2.7%	2.2%
Dillon	-0.1%	0.2%	1.1%	-0.1%
Marion	1.0%	-0.1%	-0.2%	1.1%
Marlboro	0.3%	-0.9%	-1.4%	0.0%
Horry	5.3%	4.5%	3.7%	2.7%

Source: Bureau of Economic Analysis

Economic Profile: Income

Trailing the State

Table 5.5: Per Capita Income (2008 Dollars)

Locality	1970	1980	1990	2000	2008	Average Annual Growth Rate
South Carolina	\$16,927	\$20,208	\$26,096	\$31,345	\$32,495	1.73%
I-73 Corridor	\$13,965	\$17,139	\$22,786	\$28,337	\$27,954	1.84%
Dillon	\$11,669	\$14,001	\$18,320	\$22,971	\$23,957	1.91%
Marion	\$12,993	\$15,420	\$19,371	\$22,886	\$24,396	1.67%
Marlboro	\$13,281	\$14,777	\$17,595	\$21,646	\$23,284	1.49%
Horry	\$15,597	\$19,416	\$25,551	\$31,139	\$29,383	1.68%
Source: Bureau of Economic Analysis and Bureau of Labor Statistics						

Economic Profile: Mfg Declining More than in Nation

Table 5.7: Average Annual Growth Rate in Industries, Employment

	Ag. & Mining	Con- struction	Manu- facturing	TWU	Trade	FIRE	Services	Govern- ment
I-73 Corridor								
2001- 2008	-5.9%	3.8%	-5.3%	1.7%	2.8%	6.3%	3.9%	2.3%
South Carolina								
2001- 2008	0.6%	1.9%	-3.4%	1.8%	1.3%	6.5%	3.9%	0.9%

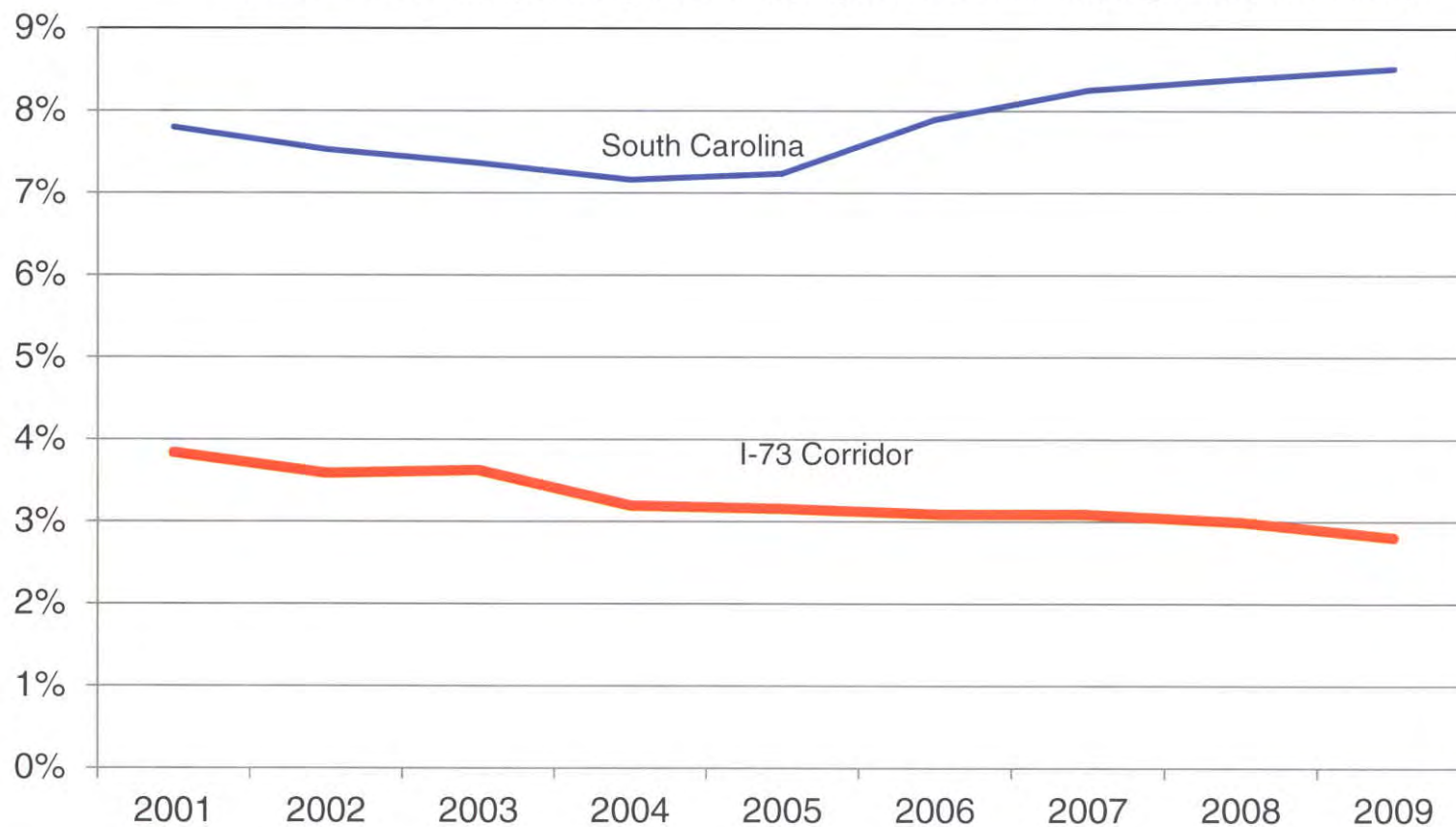
TWU: Transportation, Warehousing, and Utilities

FIRE: Finance, Insurance, and Real Estate

Source: Bureau of Economic Analysis

Economic Profile: Low Percentage High-Tech Employment

Figure 5.1: Percentage of High-tech Employment in Total Employment (2001-2009)



Methodology of Study

- Consider literature
 - Are new highways associated with positive economic impact?
- Obtain measures of change
 - Environmental impact reports from Department of Transportation (average daily traffic volume)
- Use IMPLAN Pro local multiplier impacts

How do New Highways Generally Impact the Economy?

1. Temporary construction impact
2. Increased economic efficiency
3. Strategic development or business attraction effects
 - Economic impact of services businesses
 - Development potential for distribution centers
 - Other benefits

Step 1: What is the Projected Traffic Impact?

Table 6.2: I-73 Corridor Average Daily Traffic Volumes

Interchanges	Route and Location	2005(Actual)	2030 (Projected Traffic)
1	SC Route 79	4,700	28,850
2	U.S. Route 15-401	6,250	30,800
3	SC Route 381	8,450	33,850
4	SC Route 34	9,100	34,900
5	Interstate 95	8,150	25,200
6	U.S. Route 501	7,200	15,500
7	SC Route 41A	9,150	18,700
8	U.S. Route 76	12,550	25,250
9	SC Route 308	14,000	28,600
10	SC Route 22	13,300	27,250
SC22-1	U.S. Route 701	5,566	19,100
SC22-2	SC Route 905	8,203	24,250
SC22-3	SC Route 90	12,137	32,400
SC22-4	Carolina Bay Highway 31	17,410	29,600
SC22-5	U.S. Route 17	20,507	30,200

Source: I-73 Technical Memorandum, North and South, SCDOT

Economic Impact on the Region: Construction Phase

7,720 workers employed each year
during 5-year construction phase*

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Economic Impact on the Region: Travel & Efficiency Gains, Post 2030

Table 7.2: Travel Efficiency and Cost Saving

2030 (\$Million)

Northern Segment	\$68.6
Southern Segment	\$52.3
Final Segment (SC-22)	\$0.0
Total	\$120.8

Source: Chmura Economics & Analytics

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

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

Projected Business Establishments

Table 7.3: Projected Businesses Establishments in Roadside Services

	Marlboro	Dillon	Marion	Horry	Horry-SC22	I-73 Corridor
Number of Interchanges	3	3	2	2	5	15
Motels	4	8	4	2	24	42
Gas Stations	5	6	5	3	17	36
Fast-food Restaurants	3	5	3	2	15	28
Sit-down Restaurants	2	3	2	0	13	20
Total	14	22	14	7	69	126

Source: Chmura Economics & Analytics

Projected Employment in Service Businesses

Table 7.4: Projected Employments in Roadside Services

	Marlboro	Dillon	Marion	Horry	Horry-SC22	I-73 Corridor
Number of Interchanges	3	3	2	2	5	15
Motels	91	183	91	46	548	959
Gas Stations	40	48	40	24	135	286
Fast-food Restaurants	59	98	59	39	294	549
Sit-down Restaurants	44	66	44	-	285	438
Total	234	394	234	109	1,262	2,231

Source: Chmura Economics & Analytics

Economic Impact of Service Businesses

**Table 7.5: Economic Impact Roadside Service in South Carolina
(2030)**

	Direct	Ripple	Total
Spending (\$MM)	\$259.1	\$142.8	\$401.9
Employment Compensation (\$MM)	\$89.6	\$48.9	\$138.5
Employment (jobs created)	2,231	974	3,205

Note: The sum may not sum due to rounding

Source: IMPLAN Pro 2009 and Chmura Economics & Analytics

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Distribution Center

Table 7.6: Economic Impact of a Distribution Center in South Carolina (2030)

	Direct	Ripple	Total
Spending (\$MM)	\$19	\$12	\$31
Employment Compensation (\$MM)	\$9	\$6	\$14
Employment (jobs created)	200	86	286

Source: IMPLAN Pro 2009

Note: dollar amounts have been rounded

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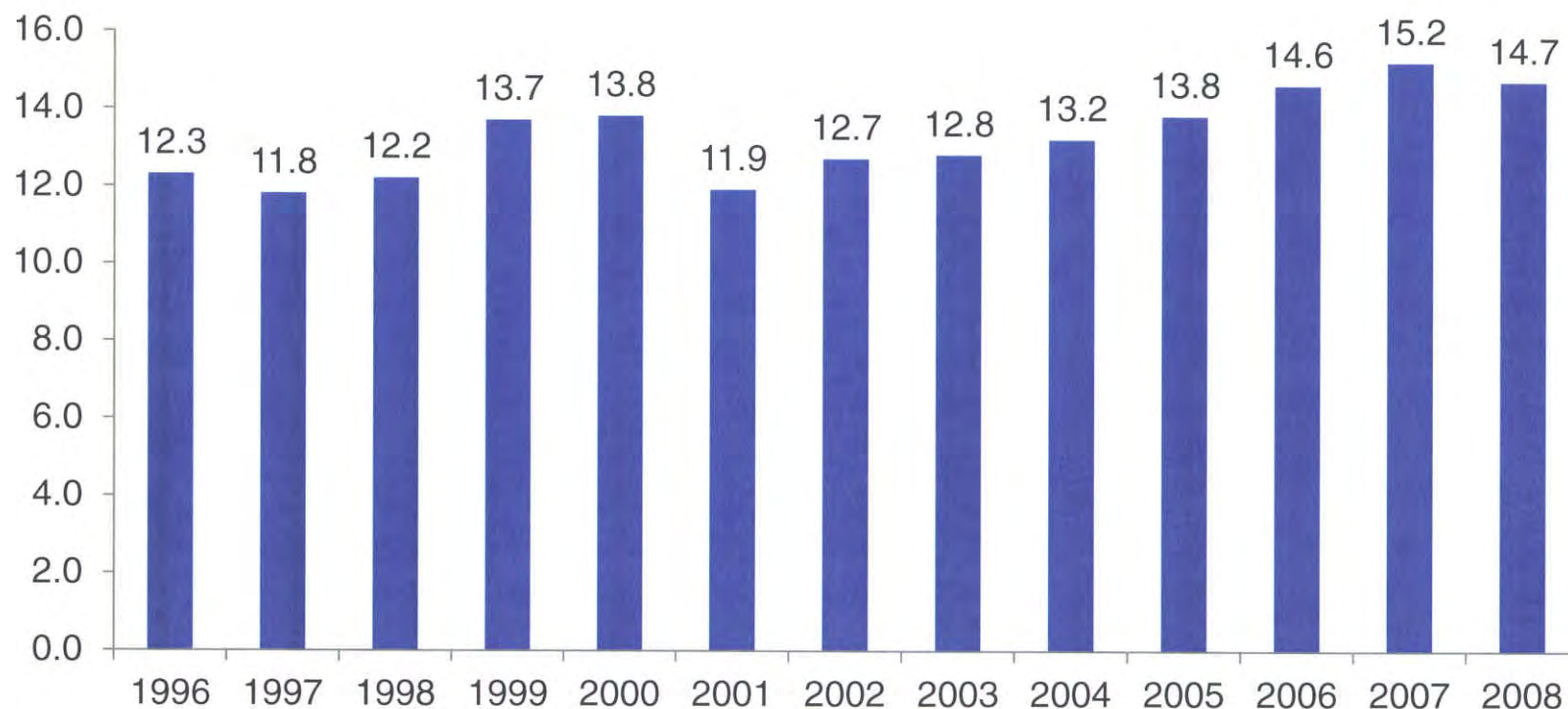
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Other Economic Benefits

- Appeal for expanding firms
- Increased property values
- Increased safety
- Support tourism activity

Myrtle Beach Area Visitor Volume

Millions



Source: Myrtle Beach Area Chamber of Commerce

Impact of Tourism

Table 7.7: Economic Impact of Incremental Tourism in South Carolina (2030)

	Direct	Ripple	Total
Spending Impact (\$Million)	\$909.9	\$518.7	\$1,428.6
Employment Compensation	\$244.7	\$139.5	\$384.1
Employment Impact	12,669	6,187	18,856

Note: Numbers may not sum due to rounding

Source: IMPLAN Pro 2009 and Chmura

State Fiscal Impact

Table 8.1: State Tax Estimate for 2030 (\$MM)

	Corporate Income Tax	Personal Income Tax	State Sales Tax	State Gas Tax	Total
Roadside Services	\$1.8	\$4.8	\$15.5	\$1.0	\$23.1
One Distribution Center	\$1.2	\$0.5	\$0.0	\$0.0	\$1.7
Incremental Tourism	\$6.1	\$18.9	\$34.8	\$1.5	\$61.3
Total	\$9.1	\$24.2	\$50.3	\$2.5	\$86.1

Source: Chmura Economics & Analytics

Local Fiscal Impact

Table 8.2: Local Tax Estimates for 2030 (\$MM)

Construction	Local Optional Sales Tax	Accommodation Tax	Hospitality Tax	Admission Tax	Total
Roadside Services	\$6.6	\$3.0	\$1.7	\$0.0	\$11.4
One Distribution Center	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Incremental Tourism	\$17.4	\$5.7	\$4.5	\$4.1	\$31.8
Total	\$24.0	\$8.8	\$6.3	\$4.1	\$43.2

Source: Chmura Economics & Analytics

I-73 Will Have a Huge Economic Impact

- Employment gains are significant
 - 7,720 workers employed each year during 5-year construction phase
- Ongoing annual benefit 2030 and beyond
 - \$2.0 billion in sales
 - \$547.2 million employee wages
 - 22,347 jobs
 - \$56.1 million state revenues
 - \$43.2 million local revenues
- Road will pay for itself in about 4 years based on new economic growth

Questions?

- For updates on I-73:
 - *www.i73.com*