



**Economic Impact Estimate**  
**Estill County Energy Partners**  
 9/29/2003

**Kentucky Cabinet For Economic Development**  
**Division of Research**

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**Table 1: Operational**  
**Estimated Annual Operational Economic Impact**

**Assumptions**

- 35: Direct Electric Utility Service Jobs
- 8: Coal Mining/Coal Transportation Jobs
- 3: Building Services Jobs (Custodial/Maintenance)

<b>Impacts</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Total Value Added</b>	<b>\$10,830,000</b>	<b>\$952,000</b>	<b>\$1,660,000</b>	<b>\$13,442,000</b>
<b>Employment</b>	46	20	37	<b>103</b>
<b>Personal Income</b>	\$3,057,000	\$704,000	\$968,000	<b>\$4,729,000</b>
<i>Employee Compensation</i>	\$2,832,000	\$588,000	\$856,000	<b>\$4,276,000</b>
<b>Other Property Type Income</b>	\$6,208,000	\$194,000	\$515,000	<b>\$6,917,000</b>

MIG, Inc. 2000 databases and IMPLAN 1997-2000, 2.0.1018 matrices are utilized in the computation of economic impact estimates.

Note: Values are on an annual basis

Note: Employee compensation values are inclusive of estimated benefits.

Note: Personal Income = Employee Compensation + Proprietors Income

Note: Economic impacts are based on data provided by Lisa Underwood.

Note: Impact estimates are statewide.

**Table 2: Construction**  
**Estimated Construction Economic Impact**  
**\$150 Million Electricity Generating Utility Plant/Facility**

<b>Impacts</b>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Total Value Added</b>	<b>\$59,830,000</b>	<b>\$26,348,000</b>	<b>\$32,235,000</b>	<b>\$118,413,000</b>
<b>Employment</b>	1,490	620	725	<b>2,835</b>
<b>Personal Income</b>	<b>\$53,820,000</b>	<b>\$19,231,000</b>	<b>\$18,796,000</b>	<b>\$91,847,000</b>
<i>Employee Compensation</i>	<i>\$41,713,000</i>	<i>\$16,928,000</i>	<i>\$16,636,000</i>	<b>\$75,277,000</b>
<i>Proprietors Income</i>	<i>\$12,107,000</i>	<i>\$2,303,000</i>	<i>\$2,160,000</i>	<b>\$16,570,000</b>
<b>Other Property Type Income</b>	\$5,240,000	\$5,024,000	\$10,006,000	<b>\$20,270,000</b>

Note: Employee compensation values are inclusive of estimated benefits.

Note: Personal Income = Employee Compensation + Proprietors Income

Note: Economic impacts are based on data provided by Lisa Underwood.

Note: Construction Impacts are Non Recurring

Note: Impact estimates are statewide.

**Direct Effects:** These represent the impacts (*e.g.* change in employment) for the expenditures and /or production values specified as direct final demand changes. Adding jobs in the electric generating industry for the purpose of direct final output. Direct Value Added is consistent with Kentucky's Gross State Product, not identical. The proclivity of adding workers is to create direct economic value.

**Indirect Effects:** These represent the impacts (*e.g.* change in employment) caused by the iteration of industries purchasing from industries resulting from direct final demand changes. New jobs will be created outside of the primary business service industry.

Example Wood Industry: These jobs will be symbiotically linked to the primary industry, *id est*, value added wood products. These jobs will relate to support and supplier services: logging camps and logging contractors, transportation services, motor freight transportation and warehousing, wholesale trade, maintenance and repair, legal services, accounting, computer and data processing services, communications, credit agencies, and banking industries, *et cetera*.

**Induced Effects:** These represent impacts (*e.g.* change in employment) on all local industries caused by the expenditures of new household income generated by the direct and indirect effects resulting from direct final demand changes. Induced effects may also reflect government or investment gains. New jobs created in the areas of food services, plumbing, medical/dental care, barbershops, clothing sales, police & fire protection, lawn care, legal services, financial services, real estate, merchandize stores, automobile dealers, & service stations, *et cetera*, are due to the direct and indirect effects of the initial creation of jobs in Kentucky's wood industries.

**Total Value Added**--Direct Value Added data is consistent with Kentucky's Gross State Product (GSP), not identical.

**Proprietary Income**—Consist of payments received by self-employed individuals as income.

**Employee Compensation (Includes Benefits)**--Employee compensation describes the total payroll costs (including benefits). Includes wage and salary payments (by employers) as well as benefits including overtime compensation, health and life insurance, retirement payments, and other non-cash compensation. Significant employment of seasonal and/or part-time workers may lower personal income averages.

**Personal Income = Proprietary Income + Employee Compensation (Includes Benefits)**

**Other Property Type Income**—Consist of payments for rents, royalties, and dividends payments to individuals in the form of rents received on property, royalties from contracts, and dividends paid by corporations are included. Corporate profits earned by corporations are also included.

## **Social/Economic Cost**

**This study estimates/reports the positive economic impacts which occur as a result of the construction and operation of a commercial electricity generating facility(s). This report does not account for the cost incurred by the Commonwealth as a result of this industry. These costs may include police and fire department services, public education, public infrastructure (roads, bridges, prisons, airports, sewage treatment, water treatment, trash collection, etc.), social services, health services, environmental impacts, and tax incentives/abatements.**

**Methodology/Sources (partial)**

The economic impacts estimates and conclusions resulting from this study have been derived from Minnesota IMPLAN Group, Inc. databases. This aggregate database is primarily composed of government data sources including information from

- US Bureau of Economic Analysis Benchmark I/O Accounts of the US;
- US Bureau of Economic Analysis Output Estimates;
- US Bureau of Economic Analysis REIS Program;
- US Bureau of Labor Statistics ES 202 Program;
- US Bureau of Labor Statistics Consumer Expenditure Survey;
- US Bureau of County Business Patterns;
- US Census Bureau Decennial Census and Population Surveys;
- US Census Bureau Economic Census and Surveys;
- US Department of Agriculture; and
- US Geological Survey.

MIG, Inc. 2000 databases and IMPLAN 1997-2000, 2.0.1018 matrices are utilized in the computation of economic impact estimates.

Impact multipliers have been aggregated as a region based upon the following counties:

Clark Jackson Menifee Powell  
Estill Lee Montgomery Wolfe  
Fayette Madison Owsley

Note: Impact estimates are statewide.

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