

ECONOMIC IMPACTS OF THE PORTS OF INDIANA

Study prepared by Martin Associates – August 2010

Peer reviews conducted by economics professors of Indiana University, University of Notre Dame & Purdue University

OVERVIEW

Martin Associates was retained by the Ports of Indiana to measure the local, regional and state economic impacts generated by maritime and industrial activity at the Port of Indiana-Burns Harbor, Port of Indiana-Jeffersonville and Port of Indiana-Mount Vernon. Economic impacts generated at the cargo and industrial facilities include the impacts generated by steel products, cement, coal/coke, fertilizer, grain/soybean products, limestone, as well as other dry and liquid bulk cargoes. Companies included in the economic impact analysis operate facilities at Indiana's ports and have a significant connection with port businesses, facilities or harbor operations.

This study focuses on impacts generated in the 2009 Calendar Year. Impacts are estimated in terms of jobs, personal earnings, business revenue, and state and local taxes. In addition to the baseline impact estimates, computer models specific to each terminal operation have been prepared that can be used in evaluating the sensitivity of impacts to changes in tonnage, labor productivity, labor work rules, commodity mix, inland origins/destinations of commodities and vessel size. *It should be noted that since this analysis is based on 2009 data, it reflects the economic downturn which affected trade volumes over the period.*

This report is based on interviews conducted in 2009-2010 of 124 firms with operations at the ports or providing services for cargo and vessels/barges handled at Ports of Indiana's terminals. These 124 firms represent 99 percent of the business operations in the Ports of Indiana's port community, underscoring the defensibility of the study. Furthermore, the impacts can be traced back to the individual firm. The data collected from these interviews is used to develop operational models of the terminals located at each of the Ports of Indiana's facilities. Data collected from these interviews includes:

- Percentage of dependency on Port of Indiana's docks;
- Number of full-time and part-time employees;
- Average wage of full-time and part-time employees;
- County of residency of employees;
- Revenue (gross or by ton);
- In-state expenditures by category (e.g. fuel, maintenance, goods/parts, etc.); and
- Percentage of inbound/outbound commodities that originates/is destined for Indiana.

Based on an analysis of the information collected during these interviews, it has been determined that the vessel, barge and cargo activity at the Ports of Indiana facilities generated the following estimated impacts for the regional and state economy in 2009:

- 43,744 jobs
- \$2.4 billion of wages and salaries
- \$5.4 billion in economic value to the State of Indiana
- \$224 million of state and local taxes

SUMMARY OF RESULTS

Annual Economic Impacts Generated by the Ports of Indiana

*Based on economic data from Indiana's 3 ports for CY2009**

- Port of Indiana-Burns Harbor
- Port of Indiana-Jeffersonville
- Port of Indiana-Mount Vernon

CATEGORY	BURNS HARBOR	JEFFERSONVILLE	MOUNT VERNON	TOTAL
DIRECT JOBS	5,092	1,885	1,151	8,129
TOTAL JOBS	25,941	10,845	6,958	43,744
DIRECT PERSONAL INCOME	\$235,746,579	\$68,690,222	\$41,902,890	\$346,339,691
TOTAL PERSONAL INCOME	\$1,558,793,892	\$510,448,839	\$311,281,950	\$2,380,524,681
LOCAL PURCHASES	\$490,552,000	\$202,714,311	\$38,593,000	\$731,859,311
TOTAL STATE & LOCAL TAXES	\$146,526,626	\$47,982,191	\$29,260,503	\$223,769,320
TOTAL VALUE OF ECONOMIC ACTIVITY	\$3,495,275,748	\$1,171,217,043	\$751,118,728	\$5,417,611,519

* Totals may be rounded.

This study was conducted by Martin Associates, 941 Wheatland Ave., Ste. 203, Lancaster, PA 17603.

The following university professors provided input and peer reviews of the analysis:

- Bruce Jaffee, Professor/Chairperson, Dept. of Economics & Public Policy, Indiana University
- Richard Jensen, Professor of Economics, Dept. of Economics, University of Notre Dame
- Amlan Mitra, Professor of Economics, Dept. of Finance and Economics, Purdue University Calumet;
Member, Transportation Research Board, National Academy of Sciences