

The Economic & Fiscal Impacts of Merriweather Post Pavilion



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SAGE POLICY GROUP, INC.

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This Sage Policy Group report estimates the economic and fiscal benefits generated by Merriweather Post Pavilion in support of the local economy. Specifically, this analysis supplies estimates of the jobs, labor income, business sales, local and State income taxes, sales taxes, and admissions and amusement taxes generated by Maryland's premier concert venue.

Economic and fiscal impacts are derived from a variety of sources: operational spending, visitor spending, and capital spending, including the recent \$54 million Merriweather Renovation Works project. The study team used IMPLAN economic modeling software, an industry standard input-output statistical platform embodying economic multipliers specific to the region, to produce estimates of total economic and fiscal impacts.



Sage Policy
Group, Inc.

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Executive Summary

The Downtown Columbia Arts and Culture Commission tasked Sage Policy Group, Inc. (Sage) with estimating the economic and fiscal impacts of Merriweather Post Pavilion, Maryland’s premier concert venue. Merriweather opened in 1967, the same year the Rouse Company announced the planned community in which the venue sits. The venue is frequently ranked among the top concert venues in the world and has hosted legendary acts like Jimi Hendrix, Janis Joplin, Bob Dylan, and the Grateful Dead.

This analysis uses IMPLAN economic modeling software, an industry standard, to estimate impacts associated with: 1) the venue’s operational activities, which encompass more than \$22 million in annual expenditures; 2) local visitor spending attributable to the venue’s presence; and 3) an ongoing \$54 million dollar facility renovation.

Impacts stemming from Merriweather’s operations and related visitor spending are presented on an annual basis and correspond to 2019 input data. Impacts corresponding to ongoing renovation efforts occur only during the period of investment and are therefore presented separately as opposed to additively. Capital spending impacts are generally one-time events, whereas operational and visitor spending impacts occur each year, though the magnitude of impacts varies by year.

Based on Sage’s modeling, Merriweather supports nearly 800 jobs in Howard County on an ongoing basis and nearly 960 jobs statewide. These estimates incorporate multiplier effects. More than \$20 million in annual worker income is supported statewide. The total contribution to economic activity is nearly \$69 million per annum, which can also be viewed as Merriweather’s contribution to statewide business sales. Exhibit ES1 supplies summary detail.

Exhibit ES1: Ongoing Annual Impacts Supported by Merriweather Post Pavilion

Annual, Ongoing Impacts	Jobs	Labor Income (Thousands \$2020)	Economic Output (Thousands \$2020)
<i>Howard County</i>			
Direct Impacts	521	\$4,465.9	\$26,856.0
Secondary Impacts	278	\$9,049.6	\$24,419.3
Howard County Total*	799	\$13,515.5	\$51,275.3
<i>Remainder of Maryland</i>			
Remainder of MD Total	158	\$6,772.7	\$17,443.3
<i>Statewide</i>			
Statewide Total*	957	\$20,288.2	\$68,718.6

Source: Sage, IMPLAN

*Note: Totals may not add due to rounding

Economic impacts trigger fiscal ones. Each year, Merriweather supports an estimated \$1.2 million in tax revenues to Howard County. This estimate encompasses local income taxes as well as admissions and amusement taxes. State revenues are bolstered by nearly \$1.9 million per year, with the largest single contribution emerging from the State’s sales tax. Exhibit ES2 supplies relevant summary detail.

These fiscal estimates should be viewed as conservative. As a practical matter, Merriweather’s contributions likely translate into higher property values as well (more income translates into more demand for property). This positively impacts both County and State finances, but attempting to establish the magnitude of contribution to property values and property tax collections is enormously speculative.

Exhibit ES2: Annual Fiscal Impacts Supported by Merriweather Post Pavilion, 2019, Thousands \$2020

Annual, Ongoing Impacts	Howard Cnty	Remainder of MD	Maryland
Income Taxes	\$89.7	\$356.3	\$741.7
Sales Taxes	-	-	\$1,087.2
Amusement/Entertainment Taxes	\$1,091.7	-	\$57.5
Total	\$1,181.4	\$356.3	\$1,886.4

Source: Sage, IMPLAN, Office of the Maryland Comptroller

There is at least one additional measurable source of economic and fiscal impact. In 2014, Merriweather initiated a \$54 million renovation designed to improve an already industry-leading venue. This is the first major construction since the venue’s inception in 1967. Those renovations create a set of one-time impacts that occur over the duration of the project.

From 2014 to 2021, the renovation will support 565 statewide jobs (measured in job-years), about 540 of which will be in Howard County. Associated labor income will approach \$38 million. The project will generate more than \$88 million in economic activity. Howard County tax revenues will be bolstered by more than \$214,000, while State tax revenues will ultimately be enhanced by nearly \$2.3 million. Exhibit ES3 summarizes.

Exhibit ES3: Economic and Fiscal Impacts Supported by Merriweather Renovation Works, 2014-2021

Economic Impacts	Jobs	Labor Income (Thousands \$2020)	Economic Output (Thousands \$2020)
Howard County	542	\$36,352.6	\$83,428.7
Remainder of State	23	\$1,481.1	\$4,916.0
Statewide Total*	565	\$37,833.7	\$88,344.7
Fiscal Impacts (Thousands \$2020)	Income Tax	Sales Tax	Total
Howard County	\$214.9	-	\$214.9
Remainder of MD	\$624.1	-	\$624.1
Statewide Total*	\$1,386.7	\$892.7	\$2,279.4

Source: Sage, IMPLAN

*Note: Totals may not add due to rounding

Final Word

A disproportionate share of Merriweather’s attendance and revenue comes from its top events. Last season, the venue’s top three events—Capital Jazz Fest, Phish, and Hootie & the Blowfish—collectively accounted for 23 percent of total attendance and 28 percent of ticket revenue. If ongoing capital improvements help entice just two more major attractions each year for the next four years, it would support approximately \$36 million in additional local visitor spending and generate more than \$1 million in ticket-related tax revenues for Howard County.

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Introduction

Merriweather: Maryland's Premier Concert Venue

Merriweather Post Pavilion hosted its grand opening on July 14, 1967, less than one month after the Rouse Company unveiled the planned community of Columbia, Maryland. Designed by renowned architect Frank Gehry, the outdoor amphitheater, which was initially intended as the summer concert home for the National Symphony Orchestra, would go on to host acts like Jimi Hendrix, Janis Joplin, and the Grateful Dead over its 50+ years of existence. Just as Columbia would go on to become Money Magazine's #1 Best Place to Live in the United States, Merriweather has routinely been ranked as one of the nation's top concert venues.

This report estimates the economic and fiscal benefits supported by Merriweather in Columbia, Howard County, surrounding jurisdictions, and the entirety of Maryland. These impacts derive from several aspects of Merriweather's operations: 1) the nearly \$5 million in annual wages paid to its 1,200+ employees; 2) the sizable expenditures made with local vendors; 3) visitor spending; and 4) the businesses supported by the venue's substantial capital improvements.

Of course, Merriweather's impact cannot be entirely captured using an input-output model, no matter how well fashioned or detailed its parameters. The venue is an inextricable component of the success story that is Columbia. A recent study by Realtor.com found that outdoor concert venues can significantly boost proximate home values. Since the beginning of 2018, more than 100 residential units listed as for sale or for rent in Columbia have mentioned Merriweather in property overviews.

With cities across America grappling with an economy featuring far more job openings than available workers, local amenities have emerged as a critical component in attracting a talented, dynamic regional workforce. While Columbia and Howard County are the primary beneficiaries of the venue's positive reputational effects as well as economic and fiscal impacts, Merriweather is only a half-hour drive from Baltimore's Inner Harbor and less than 40 minutes from downtown Annapolis.

This study does not seek to convert these reputational benefits into dollars and cents. Instead, this analysis uses IMPLAN economic modeling software, an industry standard input-output analysis tool, to quantify the jobs, labor income, and economic activity that Merriweather supports in both Howard County and the entirety of Maryland. Augmented tax revenues were estimated using IMPLAN-generated parameters and proprietary methods. Additional detail regarding the IMPLAN input-output model, which incorporates economic multipliers specific to the local economy, is supplied in an appendix to this report.

Part I

The Annual, Ongoing Economic & Fiscal Impacts of Merriweather Post Pavilion



Merriweather’s Operational Impacts are Significant

➤ Operational Input Data and Key Concepts

In 2019, Merriweather Post Pavilion reported having more than 1,200 direct employees over the course of the year. Most of these employees work on part-time and or seasonal basis. Permanent, full-time staff numbers around 15.

However, many seasonal/part-time employees contribute significant numbers of hours. For purposes of this analysis, employees listed under the box office, concessions, event staff, production runners, and union categories of Exhibit 1 are considered seasonal. When one converts the total number of employees who work at Merriweather into year-long equivalents, Merriweather supported the equivalent of more than 500 year-long positions in 2019, including a mix of full- and part-time positions.¹

Exhibit 1: Merriweather Post Pavilion 2019 Employment

Department	Employees	Adjusted to Year-Long Positions
9:30 Staff	2	2
Administrative	12	12
Box Office*	20	8
Concessions*	435	181
Event Staff*	443	185
Operations	16	16
Production Runners*	20	8
Union*	259	108
Totals	1,207	521

Source: Merriweather Post Pavilion

*Positions are seasonal

In total, the venue paid approximately \$4.5 million in labor income to those employees in 2019, including wages and benefits. The input-output model used in this report estimates the portion of those wages that are spent within the study area, converting them into additional support for jobs, labor income, and overall economic activity (also measured as business sales). The economic benefits that result from consumer-to-business transactions that occur as a result of increased income levels are referred to as **induced impacts**.

¹ A job-year is defined as a job that lasts one year. Accordingly, if during a construction project an individual works for two years, that would count as two jobs. The employment counts discussed in this report include a mix of full-time and part-time jobs.

Merriweather’s annual expenditures (minus employee compensation) exceeded \$21 million during the 2018 season. Approximately 75 percent of those expenditures, or \$14.7 million, went toward talent, nearly all of which resides outside of Maryland. Accordingly, that spending has not been utilized to compute Merriweather’s economic and fiscal impacts, with the notion being that talent-related income is being spent elsewhere.

To determine the proportion of operating expenses that remains within the study area, the Merriweather Post Pavillion provided a detailed breakdown of outlays made to vendors located within Howard County or within the balance of Maryland. In total, about 5 percent of operating expenditures occurred with vendors in Howard County, while 17 percent occurred with vendors operating from Maryland’s remaining 23 jurisdictions. If one excludes the cost of talent, those figures increase to 20 percent and 69 percent, respectively. The economic benefits supported by Merriweather’s business-to-business spending (and the subsequent local expenditures those businesses make within the study area) are referred to as **indirect impacts**.

➤ **Economic Impacts from Operations**

Based on data characterizing 2019, Merriweather’s operations supported an estimated 558 jobs in Howard County and another 30 jobs across the balance of the state. In total, those 588 statewide positions supported nearly \$8 million dollars in labor income. Total statewide economic activity, also defined as the contribution to local business sales, totaled more than \$35 million.

Exhibit 2: Operational Impacts, 2019

Annual, Ongoing Impacts	Jobs	Labor Income (Thousands \$2020)	Economic Output (Thousands \$2020)
<i>Howard County</i>			
Direct Impacts	521	\$4,465.9	\$26,856.0
Indirect Impacts	17	\$606.0	\$1,171.3
Induced Impacts	20	\$1,018.4	\$3,154.3
Howard County Total*	558	\$6,090.2	\$31,181.6
<i>Remainder of Maryland</i>			
Indirect Impacts	28	\$1,786.7	\$3,986.5
Induced Impacts	2	\$94.4	\$279.8
Remainder of MD Total*	30	\$1,881.1	\$4,266.3
<i>Statewide Total</i>			
Direct Impacts	521	\$4,465.9	\$26,856.0
Indirect Impacts	45	\$2,392.7	\$5,157.8
Induced Impacts	22	\$1,112.8	\$3,434.1
Statewide Total*	588	\$7,971.3	\$35,447.9

Source: Sage, IMPLAN

*Note: Totals may not add due to rounding

Visitor Spending Supports Additional Economic Impacts

➤ Visitor Spending Input Data and Key Concepts

During the 2019 season, Merriweather’s attendance exceeded 320,000. These attendees generate economic impacts when they purchase gas, stay in local hotels, eat at local restaurants, and otherwise patronize local businesses. That spending supports employment opportunities and economy activity that would not exist in the absence of Merriweather.

Moreover, Merriweather’s presence boosts retail spending power in Maryland; spending power that might otherwise travel to venues in Washington, D.C., Virginia, or elsewhere. That said, the study team excluded much of the spending undertaken by Marylanders patronizing Merriweather from impact calculations under the theory that spending at local restaurants and at other local businesses may have transpired in any case.

Exhibit 3 details the geographic profile of 2019 ticket purchasers. Note that a large group of Merriweather patrons comes from beyond the State’s boundaries, which means that the venue is helping to bring spending power and economic activity into Maryland. Only about a third of patrons come from Howard County or the balance of the Baltimore metropolitan area.

Exhibit 3: Geographic Origin of Attendees, 2019

	Number of Attendees	Percent of Attendees
Washington DC Metro Area (including Northern VA)	101,545	31.7%
Baltimore Metro Area (excluding Howard County & Annapolis)	75,332	23.5%
Out-of-State (excluding DE, Southern PA, and Northern VA)	63,975	19.9%
Howard County	31,410	9.8%
Virginia (excluding Northern VA)	12,898	4.0%
Southern Pennsylvania	7,764	2.4%
Western Maryland	6,353	2.0%
Southern Maryland	6,288	2.0%
Eastern Shore	4,460	1.4%
Annapolis	4,203	1.3%
Delaware	3,529	1.1%
Frederick	3,080	1.0%
Total	320,836	100%

Source: Merriweather Post Pavilion Note: Percent of attendees does not sum precisely to 100 percent due to rounding.

For purposes of impact estimation, relatively modest spending effects are attributed to visitors who come from southern Pennsylvania, Delaware, and Virginia, while significant spending effects are attributed to attendees who travel from other states.² The further the distance of one’s home from Merriweather, the more likely one is to depend upon amenities located in Howard County and the surrounding jurisdictions, including hotel rooms and restaurants.

Based on Sage’s modeling, the approximately 320,000 people who attended shows at Merriweather during the 2019 season spent an estimated \$21.7 million in the local economy that otherwise would not have been spent either in Howard County or in the balance of Maryland. This translates into roughly \$68 of attributable spending per visitor in the local economy. Note that this figure does not include spending that occurred at Merriweather itself, which sold more than \$25 million in tickets and concessions during the 2019 season. If one factors in those expenditures, spending per visitor rises to \$145.³

➤ **Economic Impacts from Visitor Spending**

Based on available parameters and the analytical methods outlined above, spending by those who attended shows at Merriweather Post Pavilion during the 2019 season supported an estimated 241 jobs in Howard County and 128 jobs in the balance of the state (for a total of 369). Collectively those 369 jobs supported more than \$12.3 million in labor income and more than \$33 million in economic activity. Exhibit 4 summarizes these findings.

Exhibit 4: Visitor Spending Impacts, 2019

Annual, Ongoing Impacts	Jobs	Labor Income (Thousands \$2020)	Economic Output (Thousands \$2020)
Howard County	241	\$7,425.2	\$20,093.7
Remainder of Maryland	128	\$4,891.6	\$13,177.0
Statewide Total*	369	\$12,316.8	\$33,270.7

Source: Sage, IMPLAN

*Note: Totals may not add due to rounding

² Spending parameters generated from the Maryland Office of Tourism FY 2018 Tourism Development Board Annual Report, published by the Maryland Tourism Development Board and the Maryland Department of Commerce.

³ Because data regarding ticket sales through sites like StubHub, Vivid Seats, Craigslist, and other second-hand vendors are not available, this analysis potentially underestimates the proportion of attendees who travel from out of state to attend concerts at Merriweather. The initial ticket sale could very well be to a Marylander, who then sells the ticket on the secondary market to someone from out of state. This represents another reason to view the impact estimates supplied in this report as conservative.

➤ Fiscal Impacts

Using the Maryland Comptroller's 2018 Comprehensive Annual Financial Report, Sage calculated the effective income tax rate for Howard County, in the remaining 23 jurisdictions, and at the State level. Howard County levies a 3.2 percent local income tax, but the effective local tax rate comes out to 2.66 percent. The remaining 23 jurisdictions have an effective local tax rate of 2.26 percent, while the effective State income tax rate is 3.85 percent.

Local income taxes in Maryland are paid based upon where one lives as opposed to where one works. For purposes of fiscal impact estimation, this represents an important distinction. Accordingly, the study team used Census Bureau inflow-outflow data to calculate the proportion of jobs located in Howard County that are filled by Howard County residents. Conversely, the study team also used a blended average of the proportion of workers living in Howard County, but who commute to adjacent counties, to determine the share of income generated beyond the county's boundaries that is taxable by Howard County.

Labor income embodies all forms of compensation, meaning that estimates provided by the economic impact model had to be scaled (down) to reflect only wages in order to compute local income tax impact estimates. The estimates provided below include indirect, induced, and visitor spending supported labor income.

Howard County charges a 5 percent admissions and amusement tax on all gross receipts from concerts, operas, and live theatre. That tax is paid by each person or firm to the State Comptroller, who then deducts and retains an amount of revenue sufficient to cover the cost of administering the program and pays the balance back to the respective jurisdiction from which the tax was collected.

In 2019, Merriweather paid more than \$1.15 million in admissions and amusement taxes, about \$1.1 million of which was paid back to Howard County. Note that the admissions and amusement tax impacts presented in this report pertain only to those generated directly by Merriweather. To the extent that augmented economic activity supports other forms of amusement expenditures, the estimates provided below understate total fiscal impact.

Exhibit 5 presents estimates of the fiscal impacts supported by Merriweather for the 2019 season. Through local income and amusement/entertainment tax collections, Howard County tax receipts were bolstered by approximately \$1.2 million dollars. Maryland's other local jurisdictions received more than \$350,000 in augmented local income tax revenues, while State government tax receipts were bolstered by an estimated \$1.9 million.

Exhibit 5: Fiscal Impacts Supported by Merriweather, 2019, Thousands \$2020

Annual, Ongoing Impacts	Howard County	Remainder of State's Jurisdictions	Maryland
Local Income Taxes	\$89.7	\$356.3	-
State Income Taxes	-	-	\$741.7
Sales Taxes	-	-	\$1,087.2
Amusement/Entertainment Taxes	\$1,091.7	-	\$57.5
Total	\$1,181.4	\$356.3	\$1,886.4

Source: Sage, IMPLAN, Office of the Maryland Comptroller

Note that this analysis does not endeavor to estimate how Merriweather augments local property taxes. Outdoor concert venues have a proven impact on immediately proximate property values, and over the 50+ years of Merriweather's existence, the venue has almost certainly provided significant support for the assessable base. Many of the jobs supported by the venue are filled by residents of Columbia and Howard County, who in turn pay property taxes that might otherwise have not been paid. In addition to bolstering State and local property tax revenues, higher assessed values inure to the benefit of the Columbia Association, with property-value based annual charges accounting for 56 percent of the Association's 2019 revenues.

Summary of Ongoing, Annual Impacts

Exhibit 6 summarizes the economic impacts described above. These economic impacts are the result of Merriweather's operations and visitor spending.

Exhibit 6: Ongoing, Annual Economic Impacts from Operations & Visitor Spending (based on 2019 data)

	Jobs	Labor Income (Thousands \$2020)	Economic Output (Thousands \$2020)
Howard County	799	\$13,515.5	\$51,275.3
Remainder of State	158	\$6,772.7	\$17,443.3
Statewide Total*	957	\$20,288.2	\$68,718.6

Source: Sage, IMPLAN

*Note: Totals may not add due to rounding

Part II

The Economic & Fiscal Impacts of Merriweather Renovation Works



The Impacts of Merriweather's Large-Scale Capital Investments

In 2014, Merriweather began a \$54 million renovation designed to improve an already industry-leading venue. This represents the first *major* capital improvement since the venue's inception in 1967.

Renovations include all-new SkyBoxes and a SkyLawn, which bring fans closer to the action with an elevated view of the stage. The SkyLawn consists of two cozy, natural, grassy knolls overlooking the pavilion. They exist 40 feet in the air.

The new roof, raised by 20 feet, enhances views and acoustics, and allows for even more impressive stage productions. A new 48-foot rotating turntable floor built into the stage allows for speedier set changes. A renovated 50,000 square foot backstage boasts 10 fully furnished dressing rooms, each complete with a private bathroom, as well as an outdoor artist lounge featuring hammocks, wi-fi, and a swimming pool. These are the types of amenities that many world-class entertainers require to be attracted to a venue.

To date, the first four phases of this renovation, which account for approximately \$47 million of total project cost, have been completed. A final \$6 million phase, which will witness the completion of a lawn expansion, a re-grade of the south plaza, the provision of an even more ADA-friendly Merriweather, improved accommodations for audiences via additional concessions and merchandised stands, new shared bathrooms with Symphony Woods park, and a brand new beer garden, is slated for completion by April 2021.

The capital expenditures required to implement these renovations generate a set of one-time economic and fiscal impacts. While the impacts presented in the first section of this report are presented in terms of annual, ongoing impacts, capital expenditures generate economic impacts only during the duration of capital outlays. Employment impacts are still presented in the form of job-years, however. For example, if a single construction worker is employed on these renovations for three years, that would count as three jobs.

➤ Economic Impacts from Merriweather Renovation Works

Over the duration of capital improvement, approximately 542 jobs will have been supported in Howard County once multiplier effects are considered. Those jobs will ultimately be associated with more than \$36 million in labor income. Total economic activity will be bolstered by \$83.4 million countywide. The bulk of that economic activity will take place in Columbia itself. The renovation will also support an estimated 23 jobs and nearly \$5 million in augmented economic activity in the balance of the state. Exhibit 7 supplies summary detail.

Exhibit 7: Economic Impacts Supported by Merriweather Renovation Works, 2014-2021

	Jobs	Labor Income (Thousands \$2020)	Economic Output (Thousands \$2020)
<i>Howard County</i>			
Direct Impacts	376	\$26,811.7	\$55,272.3
Indirect Impacts	45	\$3,487.8	\$9,405.0
Induced Impacts	122	\$6,053.1	\$18,751.4
Howard County Total*	542	\$36,352.6	\$83,428.7
<i>Remainder of Maryland</i>			
Indirect Impacts	12	\$811.4	\$2,938.6
Induced Impacts	12	\$669.7	\$1,977.4
Remainder of MD Total*	23	\$1,481.1	\$4,916.0
<i>Statewide Total</i>			
Direct Impacts	376	\$26,811.7	\$55,272.3
Indirect Impacts	57	\$4,299.2	\$12,343.6
Induced Impacts	134	\$6,722.8	\$20,728.8
Statewide Total*	565	\$37,833.7	\$88,344.7

Source: Sage, IMPLAN

*Note: Totals may not add due to rounding

➤ Fiscal Impacts from Merriweather Renovation Works

Fiscal impacts related to the renovation were computed using the same methodology described on pages 12-13. Over the duration of capital improvement, Howard County will receive more than \$200,000 in augmented income tax revenues while the rest of Maryland's major jurisdictions will receive a collective \$624,000 in bolstered income tax receipts. Statewide tax revenues will ultimately be augmented by nearly \$2.3 million due to the renovation. Exhibit 8 summarizes.

Exhibit 8: Fiscal Impacts Supported by Merriweather Renovation Works, 2014-2021, Thousands \$2020

Annual, Ongoing Impacts	Howard County	Remainder of State's Jurisdictions	Maryland
Local Income Taxes	\$214.9	\$624.1	-
State Income Taxes	-	-	\$1,386.7
Sales Taxes	-	-	\$892.7
Total	\$214.9	\$624.1	\$2,279.4

Source: Sage, IMPLAN, Office of the Maryland Comptroller

➤ The Economic & Fiscal Significance of Attracting Top Talent

These investments are critical to Merriweather’s ongoing efforts to attract top talent to the venue. If amenities like the new backstage area entice one or two additional world-class entertainers to play Merriweather each year, Howard County will see significant incremental economic and fiscal benefits.

Merriweather’s biggest shows command an outsized share of the venue’s annual attendance and revenue. The weekend-long Capital Jazz Fest, which was Merriweather’s highest grossing event of the year on both an aggregate and single day basis, accounted for 8 percent of the venue’s annual visitors and over 13 percent of its ticket-related revenue. That single event accounted for over \$150,000 in admissions and amusement taxes, while two Phish concerts which occurred over a single weekend brought in over \$110,000 in amusement and admissions tax revenues.

Together, the Capital Jazz Fest, the two Phish concerts, and the Hootie & the Blowfish concert accounted for approximately 28 percent of Merriweather’s annual ticket related revenue, 23 percent of annual attendance, and more than \$300,000 in admissions and amusement tax revenue for Howard County. Note that this estimate doesn’t include admissions and amusement taxes paid on concessions purchases inside the venue.

Perhaps most importantly, highly sought-after shows and multiday events are more likely to attract attendees from other states, and those attendees are more likely to patronize local hotels, restaurants, and retail establishments. As discussed in the first part of this report, attendees who travel to shows from out of town make significant economic contributions.

In Summation

Merriweather Post Pavilion represents a major source of employment creation, visitor spending, and fiscal impact in Central Maryland, with the bulk of impact transpiring in Columbia and Howard County. The destination is presently in the midst of a major upgrade, which stands to further bolster the venues positive economic and fiscal impacts. Venue revenues and visitation are disproportionately driven by A-list entertainers, including acts such as Hootie & the Blowfish.

If Merriweather Renovation Works investments allow the venue to book just two additional acts with the magnitude of Phish or the Capital Jazz Fest each season for the next four years, it would support approximately \$36 million in additional local visitor spending and generate more than \$1 million in ticket-related tax revenues for Howard County.

Appendix A: IMPLAN Economic Modeling Software

To quantify the economic impacts presented in this report, Sage used IMPLAN economic modeling software and its embodied multipliers to generate estimates of employment, labor income, and output (also referred to as economic activity or business sales). Below is an abbreviated glossary of terms presented as simply and efficiently as possible.

Employment

As defined by IMPLAN, a job that lasts twelve months equals one job, two jobs that last six months equal one job, three jobs that last four months equal one job, etc. Based on this, job-years represents a useful term. For instance, an endeavor that supports 200 jobs for a six-month period would be considered to support 100 jobs.

For construction or capital investment events, for which the economic or fiscal impacts occur only once, the stated number of jobs is the total number of job-years that will be supported across the duration of the capital project. For operational (ongoing) impacts, job figures are annual and will occur every year so long as operations persist.

Note that IMPLAN jobs aren't quite the same thing as full-time equivalents (FTEs). Each of IMPLAN's 536 unique industries has a different conversion rate between jobs and FTEs, although for almost every industry one job is equal to less than one FTE.

Labor Income

Labor income is comprised of wages, benefits, and proprietor income (money accruing to owners of businesses).

Labor income = all forms of employee compensation (wages & benefits) + proprietor income

Output (Business Activity, Economic Activity)

Output equals the value of industry production. It might be easier to conceptualize this as total business sales or economic activity. For retail industries, it is gross margin as opposed to gross sales. For manufacturing, output represents the quantity of total sales plus/minus the change in inventories. For the service sector, output is directly equal to sales. This is summarized by the following equation:

$$\text{Output} = (\text{Manufacturing sales} + / - \text{change in inventories}) + (\text{service sector sales}) + (\text{gross margin for wholesale and retail trade})$$

These figures are based on annual production estimates for the year of the dataset. In this instance, the year is 2017, the most recent year for which data are available.

Direct Effects

Direct effects are impacts tightly aligned with the endeavor being analyzed. In this instance, direct effects are produced by 1) operational and visitor spending; and 2) capital spending transpiring at Merriweather.

Indirect Effects

Indirect effects stem from business-to-business spending activity within the study area that occurs as a result of the direct effects. These can also be considered broader supply chain effects.

Induced Effects

Induced effects relate to household spending that occurs due to an expanded economy. For instance, if one were modeling a construction project, associated construction worker income spent at local restaurants or gift shops would be included in the induced effects category.