

2008



Airports

COLORADO

Economic Impact Study



EXECUTIVE SUMMARY





ECONOMIC IMPACT STUDY 2008



Introduction

For Colorado, aviation is the sound of commerce. Colorado's commercial and general aviation airports are major economic catalysts. As this report summarizes, airports in Colorado are responsible for generating billions of dollars in economic benefit and supporting hundreds of thousands of jobs. Colorado's diverse system of airports helps to sustain, lead, and diversify the State's economy.

Each airport, from the largest to the smallest, contributes to our State's economy and to the quality of life enjoyed by Colorado's businesses, residents, and visitors. Airports provide us with connectivity to worldwide markets and destinations, something that is essential to Colorado's rapidly expanding business community and our world renown tourist destinations.

As this report shows, the economic impact that Colorado gains from its airports and their operation has increased since these benefits were first measured in 1998. Statewide and airport specific information contained in the 2008 Colorado Aviation Economic Impact Study can be used by the Colorado Department of Transportation and by all airport operators to demonstrate the significant value we all receive from our airports.



Study Overview

Economic impacts were identified for 14 commercial and 60 general aviation airports. This study focused on identifying economic benefits associated with businesses and tenants that are located on each of the airports. Spending by visitors who arrive in Colorado by air also results in significant economic benefit each year, and this study calculated these benefits.

Airports throughout the State contribute to Colorado's tax base. This study explores this facet of economic benefit. There are

hundreds of non-aviation businesses in Colorado who have located in the State in part as a result of the excellent airport system. Without access to commercial and/or general aviation airports, the productivity of many of these businesses would be jeopardized, and they could be forced to scale back their activities in Colorado. This study provides an estimate of additional value-added statewide benefits that Colorado experiences from non-aviation businesses that are dependent on the airport system.



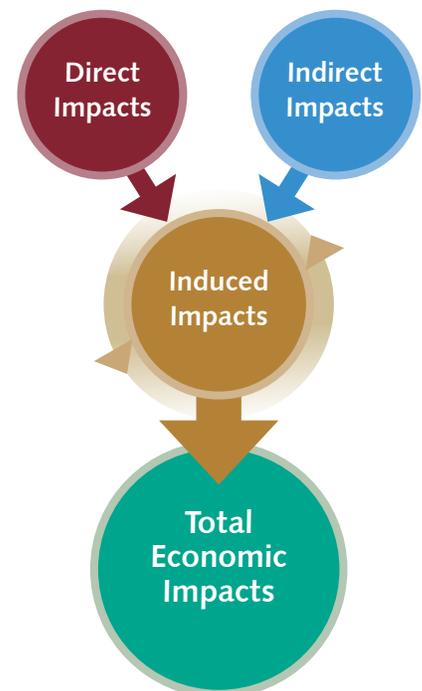
Study Methodology

The methodology used to measure the economic impact of Colorado's airports follows guidelines set forth by the Federal Aviation Administration (FAA). Economic impacts for all airports were classified into four impact categories: direct, indirect, induced, and total.

Direct impacts are those that take place at the airport. Direct impacts are related to each airport, its operation, and the provision of aviation services. Indirect impacts are those associated with visitor spending; these impacts take place off-airport. Induced impacts are those associated "spin-offs" from direct and indirect impacts. When a person employed at an airport uses their paycheck to purchase goods and services, they support additional jobs, payroll, and annual economic activity. As the economic cycle that starts with the airports and visitors who arrive via the airports continues to re-circulate or multiply, additional induced economic impacts are created.

Together, direct, indirect, and induced impacts equal each airport's total annual economic impacts. For this study, each airport's annual economic impacts were summed to reflect the total economic impact that Colorado's economy receives from commercial and general aviation airports.

The majority of the economic benefits measured in the 2008 Colorado Aviation Economic Impact Study are expressed in terms of jobs, payroll, and annual economic activity or output.



JOBS/EMPLOYMENT

There are many jobs in Colorado that are in some way supported by commercial and general aviation airports. These jobs are associated with on-airport businesses, tenants, and other activities that are located on commercial or general aviation airports. In addition, spending by visitors arriving in Colorado by air helps to support other jobs. When airport improvements are made, additional jobs are supported by the airports over the duration of these projects.

PAYROLL/EARNINGS

Employment in Colorado linked to commercial and general aviation airports accounts for significant annual payroll. Airport related payroll is a key component of the economic benefit cycle that starts with each airport. It is this economic cycle that was measured in this study's induced impacts. When those employed as a result of the airport use their paycheck to purchase groceries, new clothes, or household items, their spending helps to support other jobs and the payroll associated with these jobs. The initial benefits that start at the airports continue to multiply once they enter the State's economy.

ANNUAL ECONOMIC ACTIVITY/OUTPUT

To operate Colorado's airports, businesses located on the airports and businesses that support visitors who arrive in Colorado via the airports both require the purchase of goods and services. These expenditures are most often in addition to those benefits identified in the payroll and earnings category. Benefits in this category are expressed in this study as total annual economic activity or output. Annual economic output related to the airports is typically assumed to be the sum of annual gross sales and average annual capital expenditures.

ANNUAL ECONOMIC BENEFITS

JOBS

340,800

PAYROLL

\$11.2 billion

OUTPUT

\$32.2 billion



On-Airport Tenant and Business Benefits

Colorado airports host a vast array of on-airport businesses and tenants. The spectrum of tenants doing business on airports in Colorado ranges from United Airlines' major passenger connecting hub at Denver International Airport to small agricultural spraying operators who are based at most general aviation airports on the Eastern Plains. Economic impacts from on-airport businesses and tenants, measured in this study, include those related to airlines, ground transportation providers, terminal concessionaires, government agencies, the military, FBOs, maintenance and repair providers, flight instructors, air charter operators, agricultural sprayers, and others.

Economic impacts reflected in this category also include those associated with capital improvement projects undertaken by either the airport or one of its tenants. Economic impacts associated with airport businesses and tenants at study airports are shown here. These total impacts reflect all direct and induced impacts. Given the magnitude of Denver International Airport's economic contribution to Colorado's economy, its impacts are shown separately in this and other tables in this summary.

ANNUAL AIRPORT TENANT AND BUSINESS ECONOMIC IMPACTS

	<i>Denver International</i>	<i>Other Commercial Airports</i>	<i>General Aviation Airports</i>
JOB	76,092	51,536	15,438
PAYROLL	\$3,290,964,500	\$2,035,861,600	\$541,660,600
OUTPUT	\$10,098,685,100	\$3,810,400,400	\$1,358,045,300

Visitor Benefits

For the study period, an estimated 8.1 million visitors arrived in Colorado via approximately 20 different domestic and international airlines providing service to the 14 commercial airports. Visitors travel to Colorado by air for both business and pleasure. Another 1.8 million visitors arrived in Colorado on general aviation aircraft. These general aviation visitors arrived at both commercial and general aviation airports included in this study. Once in Colorado, these visitors have expenditures for hotels, food, entertainment, recreational activities, shopping, and other transportation. Expenditures made by visitors who travel to Colorado by air support additional aviation-related jobs, payroll, and output. Shown here are total indirect and induced annual economic impacts associated with all visitor-related spending measured in this study.



ANNUAL VISITOR ECONOMIC IMPACTS

<i>Denver International</i>	<i>Other Commercial Airports</i>	<i>General Aviation Airports</i>	
141,367	49,141	7,212	JOBS
\$3,773,779,200	\$1,324,025,900	\$207,594,600	PAYROLL
\$12,197,979,000	\$4,185,239,600	\$553,899,500	OUTPUT



Value-Added Benefits from Aviation Dependent Businesses

Many non-aviation businesses in Colorado that are not located on one of the airports also benefit from the airports. When businesses consider re-location or expansion, proximity to a commercial airport is often among the top three factors they consider, and proximity to a business class general aviation airport ranks in the top five of all factors influencing business location.

Businesses throughout the State rely on airports to transport their personnel, to ship and receive supplies and inventory, and to bring their customers and suppliers to Colorado. Many large and small businesses have located in Colorado because its excellent system of commercial and general aviation airports enables them to reach national and international destinations quickly. Without access to commercial and general aviation airports,

these businesses could be forced to reduce their Colorado-based operations.

This study estimates that statewide there are 313,100 non-aviation, value-added jobs that are dependent on the airport system. These jobs have an estimated annual payroll valued at \$13.6 billion.

These value-added jobs and payroll are in addition to those previously noted for on-airport tenants and businesses and those that result from visitor spending. The value-added jobs noted in this section are all related to private sector employment. Further, a multiplier was not applied to these estimates. If public sector employment were considered or a multiplier applied to the result, value-added aviation dependent business benefits would be substantially higher.

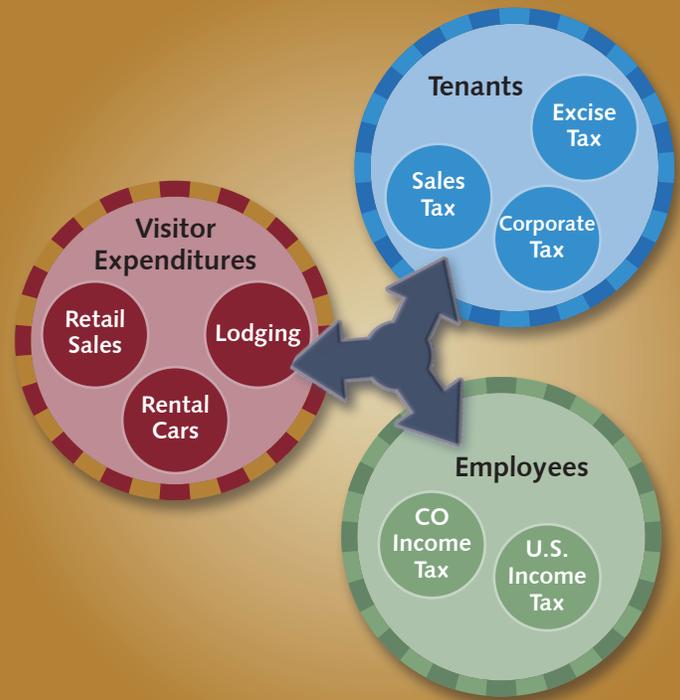
Tax Benefits

The tax structure within Colorado is somewhat complex and involves consideration of what activities are taxed and who collects and disburses the tax. The State of Colorado is a relatively low tax state when it comes to aviation. There is no property tax on aircraft and there are no aircraft registration fees. Commercial airlines are exempt from excise tax on jet fuel. Sales tax at the State level is low with respect to other states; but roughly equivalent when the local sales tax component is added. The accompanying graphic shows the various taxes that were considered as part of this analysis.

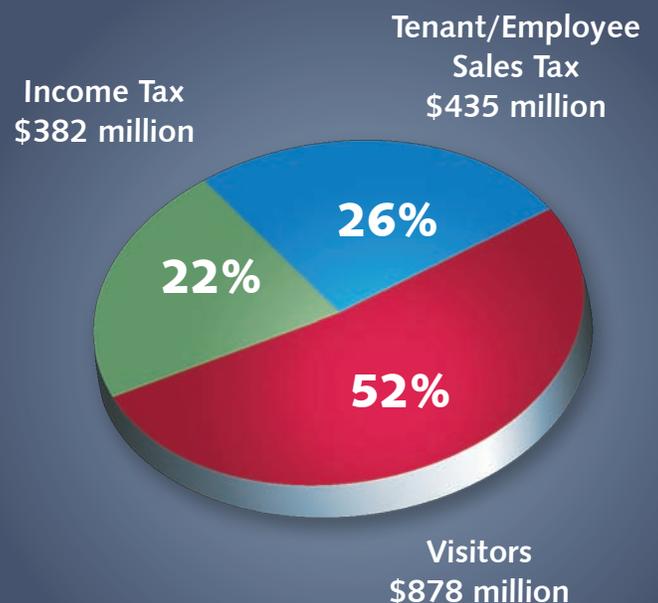
Colorado benefits from tax revenues derived directly from airport activity in the State. These benefits take place both on and off airports. Colorado's airports contributed almost \$1.7 billion to the tax base. More than half of the tax revenue came from visitors who arrived by air and paid lodging taxes, sales tax on retail purchases, and rental car taxes. Airport tenants were the second largest generators of tax revenue through fuel sales and other commerce that is subject to sales or excise tax. Finally, jobs at airports generated a large amount of State and Federal income tax, estimated at \$382 million.

Of the total tax benefit estimated in this study, Denver generates \$1.27 billion in annual tax revenue, other commercial service airports generate \$355 million, and general aviation airports generate \$69 million. When considering all of the benefits derived from aviation in Colorado, it is important to consider the \$1.7 billion that aviation contributes to Colorado's tax base.

TYPES OF AVIATION TAX CONTRIBUTIONS



TOTAL DIRECT TAX IMPACTS BY REVENUE SOURCE



Total Economic Impact of Colorado's Airports

As summarized in this report, commercial and general aviation airports in Colorado are significant economic engines. For example, air travel is essential to Colorado's tourism industry; and at the same time, the airports support operations which contribute to the economic vitality of the State's agricultural, forest, and ranching industries. Economic impacts stemming from the airports examined in this study are estimated below.

In addition to these monetary benefits, the airports in Colorado support activities which add immeasurably to Colorado's quality of life. Airports support search and rescue activities, doctor and patient transport, and forest fire fighting. No dollar value can be placed on the property that the airports help to protect and the lives they help to save.

- A total of 340,786 jobs are supported by study airports
- Jobs tied to the study airports have an estimated annual payroll of \$11.2 billion
- Annual economic activity or output generated by the airports and activities they support totals \$32.2 billion
- There are another 313,100 value-added, non-aviation jobs that are in some way reliant on the airports
- These value-added jobs have an estimated annual payroll of \$13.6 billion
- All airport related/supported jobs identified in this study represent 28% of Colorado's total employment
- Annual tax benefits from airports total an estimated \$1.7 billion



Growth in Economic Benefits

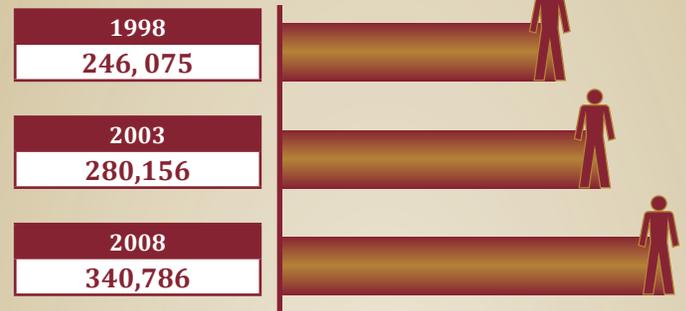
The economic impacts of airports in Colorado have been measured over time. There are a number of factors that cause economic impacts to change. One of the most important is airport related employment. As airport related employment declines or grows, economic impact is affected. Changes in levels and types of operational demand can also influence economic impact. The number of visitors arriving via air also influences change. While all expenditures for capital improvements measured in this study were averaged over a multi-year period, if a major project took place during the study time frame, a spike in economic impact could be reflected in study results. Airport growth and development is directly impacted by a rising demand for goods and services. Consequently, increases or decreases in economic development in Colorado also impact economic impact.

As results from this study have clearly shown, airport related economic impact in Colorado is growing. The Division of Aeronautics recognizes the benefit of measuring the economic impact of airports in the State. In fact, economic benefit is one factor used by Aeronautics to help determine the role that each airport plays in the state airport system.

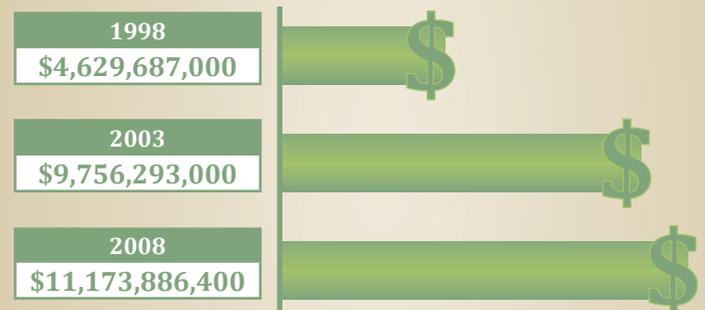
Aeronautics first measured the economic impact of its airports in 1998 and then again in 2003, with this most recent measurement released in 2008. Results from the three studies show that economic impacts are increasing. With protection of and investment in this important transportation resource, airports in Colorado will continue to provide the State and its communities with significant annual economic return.

COMPARISON OF STATEWIDE ECONOMIC BENEFITS

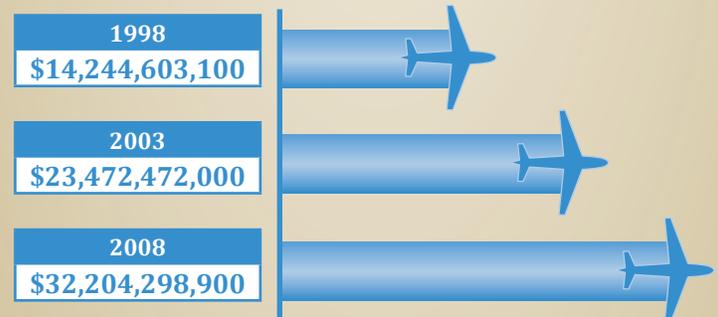
JOBS



ANNUAL PAYROLL



ANNUAL OUTPUT



Airport Specific Economic Impacts

Total annual employment, payroll, and output impacts for each of the commercial and general aviation airports included in this study are shown here.

Airport Name	Total Employment	Total Payroll	Total Output
COMMERCIAL SERVICE AIRPORTS			
Alamosa/San Luis Valley Regional	517	\$13,983,500	\$41,954,400
Aspen/Pitkin County	11,950	\$336,620,600	\$1,067,401,700
Colorado Springs Municipal	51,594	\$1,956,776,400	\$3,535,280,400
Cortez/Montezuma	350	\$10,640,800	\$30,752,600
Denver International	217,459	\$7,064,743,700	\$22,296,664,100
Durango/La Plata County	5,185	\$145,902,000	\$457,593,200
Eagle County Regional	10,467	\$293,886,700	\$982,170,400
Fort Collins/Loveland Municipal	749	\$21,607,300	\$56,316,800
Grand Junction Regional	6,125	\$189,204,000	\$623,693,600
Gunnison/Crested Butte Regional	1,950	\$55,972,100	\$177,646,500
Hayden/Yampa Valley Regional	4,922	\$133,630,400	\$412,003,800
Montrose Regional	3,882	\$103,928,300	\$329,274,200
Pueblo Memorial	1,533	\$54,046,600	\$141,665,500
Telluride Regional	1,453	\$43,688,800	\$139,886,900
Commercial Service Airports Total	318,136	\$10,424,631,200	\$30,292,304,100

Airport Name	Total Employment	Total Payroll	Total Output
GENERAL AVIATION AIRPORTS			
Animas Airpark	123	\$2,637,100	\$10,597,400
Astronaut Rominger	3	\$28,000	\$311,500
Blake Field	68	\$1,927,900	\$4,494,300
Blanca	3	\$25,400	\$51,800
Boulder Municipal	729	\$20,168,500	\$60,147,300
Brush Municipal	7	\$29,000	\$83,000
Calhan	7	\$129,500	\$531,800
Centennial	10,485	\$356,654,900	\$897,122,800
Central Colorado Regional	62	\$1,881,100	\$4,710,400
Colorado Plains Regional	165	\$4,196,800	\$12,071,300
Colorado Springs East	6	\$91,200	\$279,100
Craig/Moffat County	39	\$823,100	\$2,256,700
Crawford	23	\$630,700	\$1,781,300
Cuchara Valley	19	\$296,600	\$1,122,900
Eads	22	\$308,600	\$1,962,700
Easton/Valley View	13	\$262,800	\$1,114,600
Erie Municipal	160	\$4,345,300	\$12,224,700
Fort Morgan Municipal	28	\$867,500	\$2,978,100
Fremont County	89	\$2,302,300	\$7,980,500
Front Range	1,806	\$62,051,000	\$134,439,800
Garfield County Regional	508	\$18,502,400	\$45,676,700
Glenwood Springs Municipal	130	\$3,668,300	\$9,590,900
Granby/Grand County	48	\$1,445,500	\$5,489,200
Greeley/Weld County	1,766	\$65,142,900	\$120,814,200
Harriet Alexander	71	\$1,975,900	\$5,975,400
Haxtun Municipal	3	\$19,100	\$34,800
Holly	3	\$3,500	\$268,500
Holyoke Municipal	33	\$925,300	\$3,726,600
Hopkins Field	14	\$404,800	\$971,900
Julesburg Municipal	4	\$65,200	\$182,500
Kit Carson County	80	\$2,345,900	\$6,661,300
La Junta Municipal	45	\$1,366,600	\$4,388,300
Lake County	16	\$357,800	\$1,501,300
Lamar Municipal	144	\$3,919,200	\$12,479,400
Las Animas City and County	10	\$138,700	\$511,700
Leach	5	\$57,200	\$152,900
Limon Municipal	17	\$492,400	\$1,583,500
Mack Mesa	9	\$87,700	\$200,800
Mc Elroy Field/Kremmling	74	\$2,040,800	\$7,399,300
Meadow Lake	187	\$4,456,100	\$11,855,200
Meeker	169	\$4,750,000	\$14,271,400
Mineral County Memorial	40	\$1,090,600	\$2,909,800
Monte Vista Municipal	77	\$1,311,500	\$1,716,100
North Fork Valley	21	\$186,900	\$587,300
Perry Stokes	81	\$2,231,900	\$6,608,700
Platte Valley Airpark	16	\$441,700	\$1,183,800
Rangely	90	\$2,841,800	\$6,006,100
Rocky Mountain Metropolitan	3,701	\$129,447,900	\$363,251,100
Saguache Municipal	3	\$36,800	\$89,100
Silver West	13	\$330,000	\$1,109,000
Spanish Peaks	10	\$263,700	\$803,200
Springfield Municipal	7	\$125,900	\$324,300
Steamboat Springs	116	\$3,966,800	\$11,739,800
Sterling Municipal	22	\$541,500	\$1,826,100
Stevens Field	393	\$12,108,200	\$34,343,600
Vance Brand Municipal	666	\$17,314,600	\$47,329,300
Walden/Jackson County	25	\$641,600	\$2,133,700
Westwinds Airpark	15	\$245,300	\$764,100
Wray Municipal	121	\$3,395,800	\$14,136,000
Yuma Municipal	40	\$910,100	\$5,135,900
General Aviation Airports Total	22,650	\$749,255,200	\$1,911,994,800



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