

**Estimated Economic Impact to Crow Wing
County from a National Hot Rod
Association Event**

Brainerd International Raceway

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Brainerd International Raceway (BIR) has been viewed as a vital part of the Brainerd Lakes Area economic scene for 35 years. For the area, its events generate national and even international attention on an annual basis.

BIR's major event, the National Hot Rod Association (NHRA) Nationals drag race, has been an annual draw for 23 years. Every year it attracts between 30,000-40,000 people daily for its three-day event. It is estimated that another 3 million watch it live on network television (ESPN2), which televises the Sunday final race. Every lodging property within 60 miles is affected, and the same can be said for businesses, such as restaurants, gas stations, grocery stores, etc.

This discussion highlights the economic impacts from this one three-day event to the Crow Wing County area where BIR resides.

Terms and Methodology

Regional economic impacts are typically described by three components: direct, indirect and induced impacts or effects. Direct impacts are the immediate, first-round expenditures generated as firms expand production to supply the increased demand of an airport's or airport-related firm's goods and services. Indirect impacts are the intermediate sales as businesses buy inputs for their productive use. An example of this would include a restaurant replenishing food supplies or hiring services (e.g. accountants). Finally, induced impacts come from increased household income and the resulting expenditures of employees spending earnings in the local economy.

Impact measures typically quantify the following:

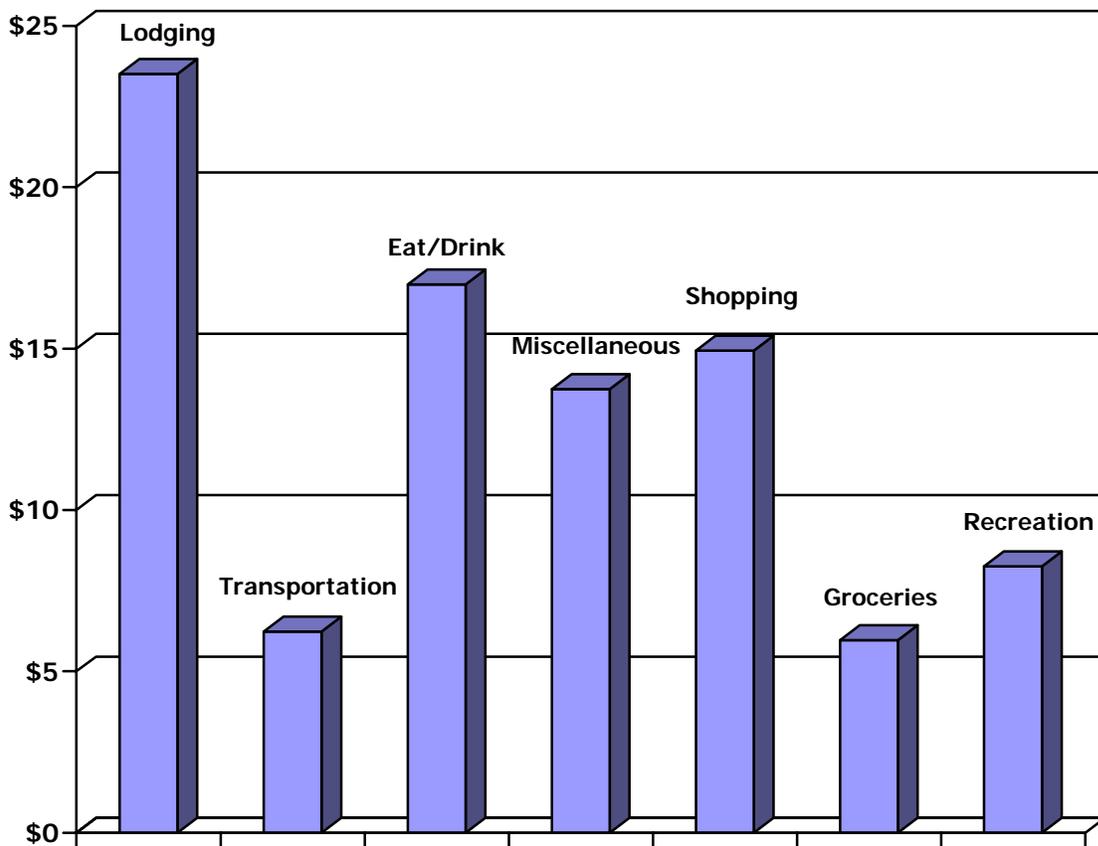
- Gross Industry Output – total industry production (shipments plus net additions to inventory)
- Employment – annual average full and part-time jobs
- Total Value Added – value added to intermediate goods and services. Total of employee compensation plus self-employment income, plus other property income plus indirect business taxes.

Determination of the three components of impact, measured in gross output, employment and total value added was done with the help of the IMPLAN¹ model. IMPLAN is based on an input-output method of economic impact estimation that traces commodity flows from producers to intermediate and final consumers. Its level of detail is the county level and is based on the Bureau of Economic Analysis conventions for input-output analyses.

¹ IMPLAN (IMpact Analysis for PLANning) was originally developed for the USDA Forest Service for land and resource management planning. It is a sophisticated, yet flexible tool that uses microcomputer software and database from federal and state data sources to allow for economic impact assessments and analyses. Refined later by the University of Minnesota, it is now managed and supported internationally by the Minnesota IMPLAN Group, Inc., Stillwater, MN.

A model of the Crow Wing County economy was constructed with IMPLAN using the most recent (2001) IMPLAN data set for Minnesota. This model was used to estimate the impact of 35,000 visitors daily, for three days (105,000 total visitor days) on the Crow Wing County economy. A necessary consideration, in addition to the estimate of visitors, was the amount of daily spending these visitors would exhibit. For that, a spending profile was used based on a 2001 survey of more than 800 Brainerd Lakes area visitors and is displayed in Figure 1 below.²

Figure 1. Visitor Spending (Per person/day)



² University of Minnesota Tourism Center. 2001. *Study of Current Area Tourists: Customer Profiles – Brainerd*. St. Paul, MN.

Results

The economic impact to Crow Wing County from 105,000 visitors at BIR for the three-day NHRA event is shown in Table 1 below.

Table 1. Estimated direct, indirect and induced economic impacts to Crow Wing County from a three-day NHRA event at Brainerd International Raceway.³

	Direct	Indirect	Induced	TOTAL
Gross Output (millions \$)	\$6.63	\$1.39	\$1.58	\$9.60
Employment	192	17	20	229
Value Added (millions \$)	\$3.62	\$0.84	\$0.94	\$5.40

The estimated \$6.63 million in direct effects are in the primary economic sectors of tourist sales (e.g., eating and drinking, retail shopping, lodging, etc.). The indirect effects of \$1.39 million represent local business sales directly to the businesses selling to tourists. The service sector, along with construction, transportation, communication, utilities, finance, insurance, banking, etc. are all strong intermediate providers to tourism firms in the area. Finally, all this economic activity affects the people who take home income from their jobs. These induced effects measure this economic activity, estimated to add another \$1.58 million to the county. The estimate of jobs associated with this economic activity is shown as well.

³ Financial values are in current (2005) dollars; employment is expressed in full and part-time jobs.