

VICTORIA ECONOMIC DEVELOPMENT CORPORATION PERFORMANCE REPORT 2003-2012



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Austin, Texas

EXECUTIVE SUMMARY

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting, research and analysis firm. This report estimates the economic and fiscal impact resulting from projects supported by the Victoria Economic Development Corporation from 2003 through 2012.

The Victoria Economic Development Corporation's mission is to promote economic growth by creating high-quality jobs, attracting new capital investment, retaining and expanding existing business, and improving Victoria's quality of life. The VEDC receives both public and private funding to carry out its mission. Over the past 10 years VEDC's budget has totaled \$4,178,000. The funds have come from contracts with the City of Victoria, Victoria County, Victoria County Navigation District as well as private contributions from businesses and individuals in the community.

2012 Annual Economic Impact of VEDC-Supported Projects from 2003 to 2012	
Economic Output or Revenues for Businesses	Victoria Area
Direct	\$398,675,705
Indirect & Induced	\$276,932,951
Total Revenues for Businesses	\$675,608,656
Jobs	
Direct	1,316
Indirect & Induced	1,759
Total permanent jobs	3,075
Workers' Earnings	
Direct	\$96,699,728
Indirect & Induced	\$76,980,867
Total Workers' Earnings	\$173,680,595

Economic Impact Summary for Projects Assisted 2003 - 2012

The Victoria EDC supported a number of new and expanding business projects from 2003 through 2012. These projects have resulted in a significant on-going economic impact in the Victoria area. In addition, the businesses support significant tax revenues for Victoria and other local taxing districts.

VEDC-supported projects resulted in an estimated \$398.7 million in revenues for direct businesses in Victoria and supported an additional \$277 million in revenues for indirect and induced businesses in Victoria. In total, the direct businesses supported \$675.6 million in economic output or revenues for businesses in the area.

The businesses employ a total of 1,316 direct workers and an additional 1,759 indirect and induced workers in the area. In total, the direct businesses support 3,075 employees in the city.

Similarly, while salaries for the direct workers total \$96.7 million, the direct business activity spending and spending of its employees support another \$77 million in salaries for workers in spin-off jobs in the area. Therefore, the direct businesses support annual worker earnings of \$173.7 million in the area.

Total Fiscal Impact for Local Taxing Districts

In total, it is estimated that the projects supported by the Victoria Economic Development Corporation are estimated to have generated \$20.9 million in additional sales and property tax collections for local taxing districts over the last 10 years.

Specifically, the City of Victoria is estimated to have collected \$4.9 million in sales and property taxes as a result of projects supported by the EDC. This table summarizes the total additional revenue for local taxing districts that result from the economic development projects supported by the EDC from 2003 through 2012.

Total Additional Revenue for Local Taxing Districts Generated by EDC-Supported Projects from 2003 to 2012			
	Sales Tax Collections	Property Tax Collections	Total
City of Victoria	\$2,990,236	\$1,944,687	\$4,934,924
Victoria County	\$996,745	\$2,134,044	\$3,130,790
Victoria ISD	\$0	\$9,918,733	\$9,918,733
Victoria College	\$0	\$1,945,776	\$1,945,776
Road and Bridge	\$0	\$355,640	\$355,640
Navigation District	\$0	\$389,961	\$389,961
Groundwater Conservation District	\$0	\$117,376	\$117,376
Drainage District #3	\$0	\$102,420	\$102,420
Total	\$3,986,982	\$16,908,637	\$20,895,619

Return on Investment

Over the last 10 years, the organization received \$4.178 million in funding. This investment enabled the VEDC to support many economic development projects during this time period. These investments in economic development generate significant economic and fiscal impacts for the City of Victoria-Victoria County economy. The table below looks at the return on the investments made in economic development from 2003 to 2012

Summary of Return on Investment in Economic Development		
Contract and Private Investment by Victoria in Economic Development		\$4,178,000
Total number of permanent jobs created	3,075	
Total annual increase in economic output	\$675,608,656	
Total annual increase in workers' earnings	\$173,680,595	
Total annual additional local taxable sales	\$199,349,079	
Total annual additional sales taxes collected by the city and county	\$3,986,982	
Total annual additional property taxes collected by local taxing districts	\$16,908,637	

For every \$1 of contract and private investment, the Victoria Economic Development Corporation supported or generated:

- \$162 in economic output.
- \$42 in additional worker earnings.
- \$48 in additional local taxable sales.
- \$0.95 in additional sales taxes for local taxing districts.
- \$4.05 in additional property taxes for local taxing districts.

In addition, a direct job was created with every \$3,175 in funding. Considering direct, indirect and induced jobs, a job is created with every \$1,359.

Beginning in 2012, the local taxing districts are projected to collect approximately \$5.2 million per year which is a return of 124% on the investment.

Conclusions and Perspective

Some conclusions can be drawn by Impact DataSource from this and other studies that it conducts for economic development organizations. These conclusions or observations include the following:

The creation of new taxes generated by VEDC-assisted projects are examples of what a focused economic development effort can accomplish for the benefit of a community and such new taxes and other public revenues are significant.

The job growth and increased tax revenues can be accomplished with a relative inexpensive investment in economic development activities.

Impact DataSource does not suggest that the Victoria Economic Development Corporation caused all of the investments and growth presented in this report. The Victoria Economic Development Corporation provided support to these businesses, some more than others, and in some cases offered incentives. However, Impact DataSource believes that a one-stop center for economic development services is critical to a community's economic growth and many of these investments may not have occurred without the efforts of the Victoria Economic Development Corporation.

About Impact DataSource

Impact DataSource is a 19 year-old Austin economic consulting, research, and analysis firm. The firm has conducted over 2,500 economic impact analyses of numerous projects across the country. In addition, the firm has developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.