

The Economic Value of the Michigan International Speedway

Executive Summary

Professor Mark S. Rosentraub, PhD
Bruce and Joan Bickner Endowed Professor of Sport Management
msrosen@umich.edu, 734 647 1309

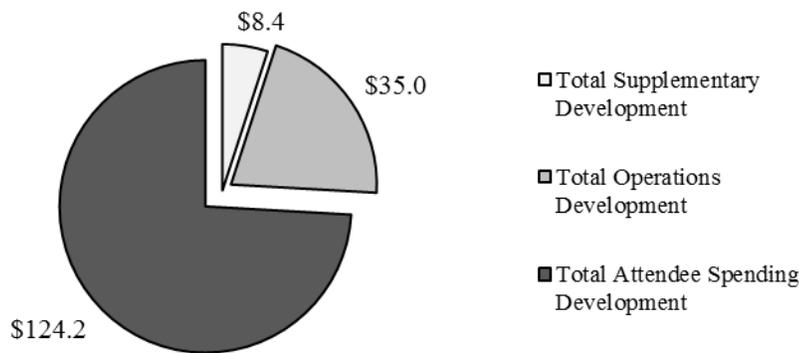
Matthew Rust, Research Assistant

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The Michigan International Speedway's annual economic footprint is \$409 million. As part of a large national corporation this economic impact occurs in Michigan, Florida and elsewhere across the United States. When the spending by out-of-state attendees to the *Faster Horses* and participants at the *Tough Mudder* competition is included, **the economic footprint is at least \$414.3 million.** Both events are held each year at the Michigan International Speedway.

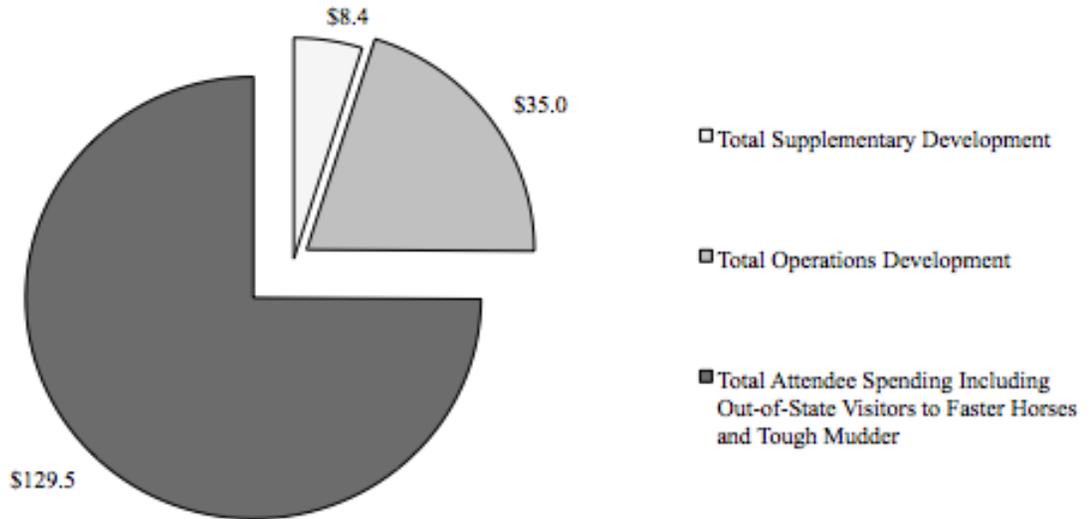
The Michigan International Speedway makes a vital contribution directly to the state's economy. **A total of \$167.6 million of economic activity is produced for Michigan.** When the spending by out-of-town visitors at the *Faster Horses* country music festival and the *Tough Mudder* competition is included, the total impact for Michigan is **\$172.9 million.**

The Unique Economic Value of the MIS for Michigan's Economy Excluding Visitor Spending at *Fast Horses* and *Tough Mudder*



The Michigan International Speedway annually pays more than \$2 million in local property taxes and \$8.3 million in state taxes.

The Unique Economic Value of the MIS for Michigan's Economy Including Out-of-State Visitor Spending at *Fast Horses* and *Tough Mudder*



It is important for community leaders to understand that the Michigan International Speedway's contribution to the vitality of economic and social life for the state is a function of its total national economic value.

The presence of a successful enterprise that is part of a national corporation underscores Michigan's role as home for motor sports.

The total economic footprint of the Michigan International Speedway and its national effect produces \$226.6 million in earnings, 3,718 jobs, and 1,695 from indirect effects.

**Total Economic Footprint of the Michigan International Speedway
Excluding Visitor Spending From *Fast Horses* and *Tough Mudder***

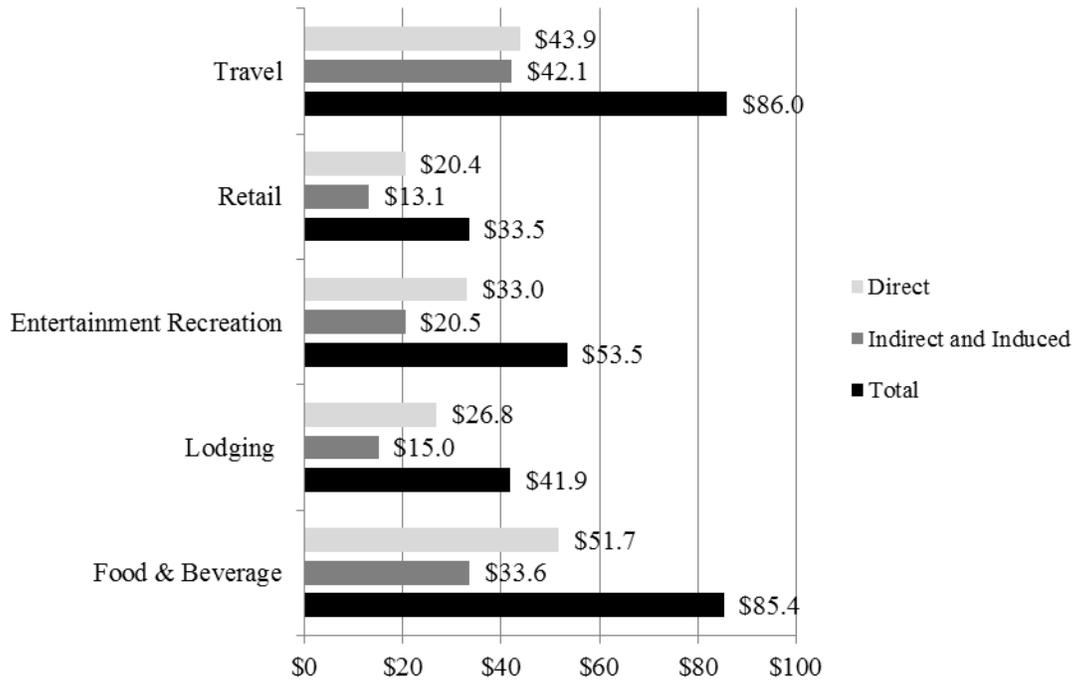
<u>Category</u>	<i>In \$Millions</i>		<u>Jobs Impact</u>
	<u>Output Impact</u>	<u>Earnings Impact</u>	
<i>Direct</i>	\$241.9	\$155.8	3,718
<i>Indirect & Induced</i>	\$167.1	\$70.7	1,695
<i>Total</i>	\$409.0	\$226.6	5,413

Visitors to the racing events at the MIS spend \$176.1 million and those expenditures lead to indirect and induced economic effects of \$124.3 million.

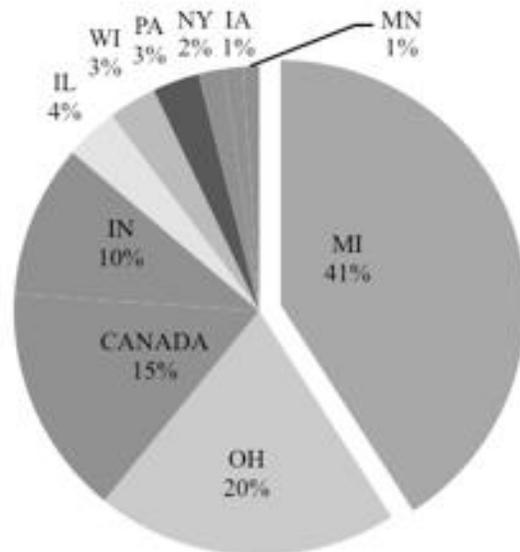
Economic Footprint of Attendee Spending at the Motor Racing Events at The MIS

<u>Category</u>	<i>In \$Millions</i>		<u>Jobs Impact</u>
	<u>Output Impact</u>	<u>Earnings Impact</u>	
<i>Direct</i>	\$176.1	\$102.5	2,250
<i>Indirect & Induced</i>	\$124.3	\$52.1	1,296
<i>Total</i>	\$300.4	\$154.5	3,546

Direct, Indirect, and Induced Effects of Spending by Attendees To Motor Racing Events

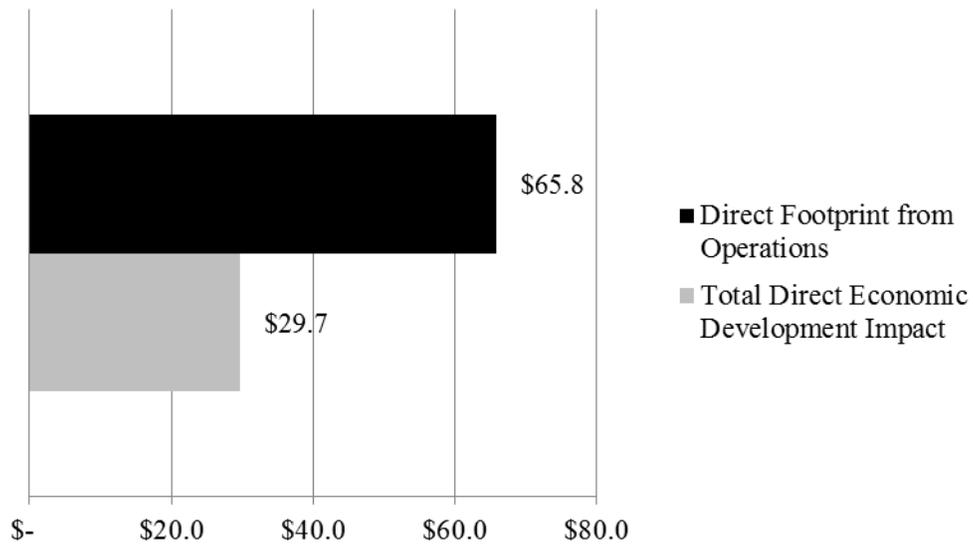


More than half of the attendees to racing events at the Michigan International Speedway are from other states or Canada.



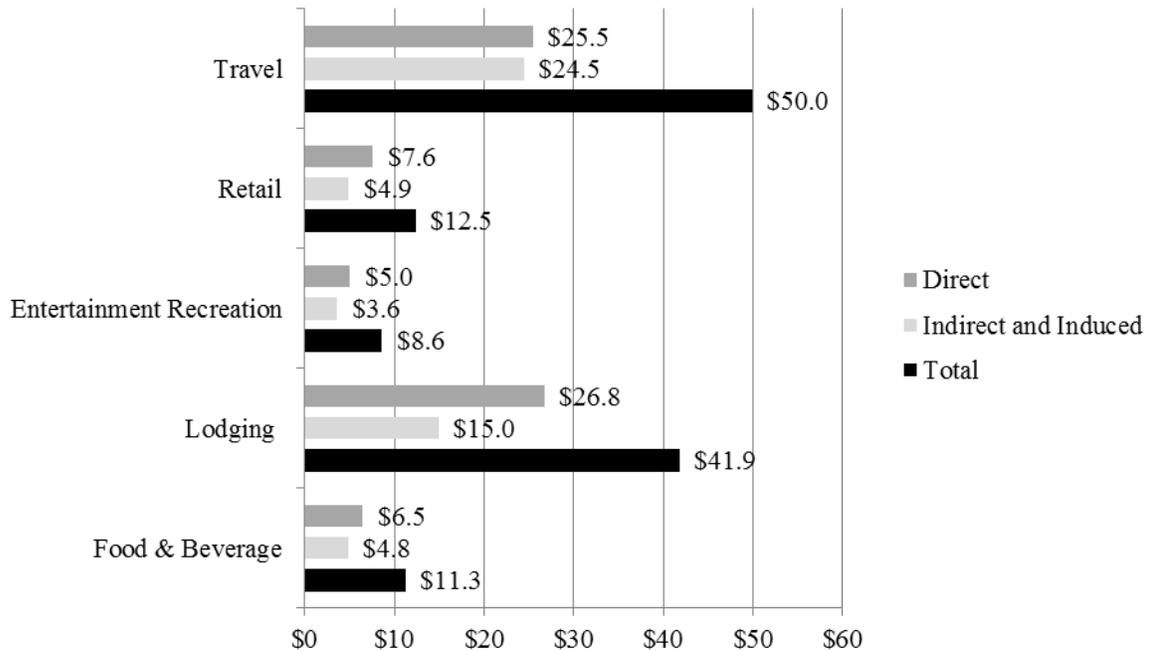
The annual operations of the Michigan International Speedway produces \$29.7 million in total development economic impact for Michigan. As noted earlier, the total economic footprint from operations was \$65.8 million.

Total Operations and Direct Economic Impact



Visitors' spending at the races produces \$124.3 million in net positive impact or economic development effects for Michigan.

Total Development Impact From Attendees Spending By Category at MIS Race Weekends (\$Millions)



The validity of any assessment of economic effects is a function of the methodology used to study changes on local, regional, and national economies. This study was guided by several important concepts.

Efforts were made to eliminate all substitution effects.

Substitution effects refer to the options available to consumers if an event does not occur. If a race is not held people could still spend some if not all of their discretionary income in Michigan. That spending could be for entertainment in Ann Arbor, Oakland County, or in downtown Detroit. The concept of substitution means that in many instances if an event does not exist people will still spend some (and possibly all) of their discretionary income for other forms of entertainment or products leaving the economy unchanged by the existence of the new event, race, or game. Spending at a venue or event that is a *substitution* or *transfer* of spending that would likely have taken place elsewhere in Michigan represents **no unique economic value specific to the Speedway**.

The retention of spending by residents of Michigan was also included in the analysis.

The existence of the Michigan International Speedway means that fans living in Michigan do not need to attend events in other states or countries. Their spending

retained in the state is a net increment attributable to the Michigan International Speedway.

This study was guided by a conservative and precise set of principles in the use of multipliers to estimate induced and indirect effects. This methodology ensures that final projections of economic impacts are not overstated.

First, multipliers were only used when local inputs were involved and if revenues were locally expended. The salaries earned by athletes is an example of locally generated and paid funds that might be expended elsewhere as athletes typically do not live in the area in which their teams are located (or near the tracks where they race).

Second, separate and appropriate multipliers for different activities were used.

Third, leakages from a regional economy or a venue's local economic impact – sometimes the result of the existence of a venue being part of a national firm – must be carefully considered. This was done in this study by accounting for all funds that accrued to International Speedway Corporation headquartered in Florida.