



2015

STATEWIDE ECONOMIC IMPACTS

We Are Golden!

The California Network of Fairs:

52 District Agricultural Associations

22 County/Non-Profit Fairs

2 Citrus Fruit Fairs

The California State Fair & Exposition

The economic impact of California's 77 fairgrounds consists of attendees' spending at the annual fair and during interim events, spending by the fair organizations, and indirect and induced impacts created by the fairgrounds' spending.

Indirect and induced spending are secondary ripple effect impacts, occurring as the initial direct spending moves through suppliers, vendors, payrolls and other subsequent spending.

Here's a look at the total economic impact on the state of California for 2015 in terms of estimated spending, income, jobs, and sales and use taxes:

Spending Impact:

\$3.9 billion in spending

Income Impact:

\$1.2 billion in wages

Employment Impact:

30,000 full-time jobs

Sales and Use Tax Impact:

\$66 million

California's Fairgrounds

Fairgrounds are an important part of California's economy and play a major role in the economies of the communities and counties where they are located. Beyond the annual fair event, fairgrounds operate 365 days per year hosting thousands of events from large trade shows to small family celebrations. As a result, the economic impact of the Network of California Fairs is significant. This report, compiled by the California Fair Services Authority for the California Department of Food & Agriculture, uses data gathered from the 77 fairs in the state. Economic impacts are calculated using models first established by KPMG, LLC, in its 2003 report, *Fairs: Exploring a California Gold Mine*.



SPENDING

Table 1 presents the overall economic impact of spending on the state for 2015 by all participants at fairs and during interim events. Estimated total spending impact is based on the formula: *fair and interim event attendance times the spending factor attendance multiplier (\$52.17), plus fair organization expenditures times the spending factor expenditures multiplier (\$5.05)*. The indicated spending factor attendance multiplier is based on the initial multiplier factor developed by KPMG in *Fairs: Exploring a California Gold Mine*, 2003, adjusted by the Consumer Price Index (CPI) from 2002 to 2015. The indicated spending factor expenditures multiplier is based on the multiplier factor developed by KPMG, unadjusted by the CPI (as recommended by KPMG).

The estimated total economic impact on the state for 2015 is approximately \$3.9 billion. Estimated total economic impacts from direct attendee, direct business and indirect/induced spending are approximately \$1.479 billion, \$1.342 billion and \$1.091 billion, respectively. The allocation of estimated economic impact between these three categories (attendee, business, and indirect/induced spending) is based on the same allocation used by KPMG.

TABLE 1: ESTIMATED ECONOMIC IMPACTS - FAIRTIME AND INTERIM EVENTS (IN MILLIONS)

Attendee Direct Spending	\$1,479	37.8%
Business Direct Spending	\$1,342	34.3%
Indirect and Induced Impacts	\$1,091	27.9%
Total:	\$3,912	100.0%



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FOOD & AGRICULTURE
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INCOME

The total impact on the income of California residents is presented in Table 2. The estimated total income impact is based on the following formula: *fair and interim event attendance times the income factor attendance multiplier (\$16.20), plus fair organization expenditures times the income factor expenditure multiplier (\$1.57).*



The indicated income factor attendance multiplier is based on the initial 2002 multiplier factor developed by KPMG, adjusted by the Consumer Price Index (CPI) from 2002 to 2015. The indicated income factor expenditures multiplier is based on the multiplier factor developed by KPMG, unadjusted by the CPI (as recommended by KPMG).

Estimated total income generated by attendee, fair organization and fair-related business spending is approximately \$1.216 billion, with \$580 million in direct income and another \$636 million in indirect and induced impacts. The allocation of estimated annual income impacts between these two categories (direct and indirect/induced) is based on the same allocation used by KPMG in *Fairs: Exploring a California Gold Mine, 2003.*

TABLE 2: ANNUAL ESTIMATED INCOME IMPACTS (IN MILLIONS)

Direct Income	\$580	47.7%
Indirect and Induced Impacts	\$636	52.3%
Total:	\$1,216	100.0%

EMPLOYMENT

The estimated creation of jobs, including direct and indirect effects is presented in Table 3. The estimated annual employment impact is based on the following formula: *fair and interim event attendance (in millions) times the employment factor attendance multiplier (424.81), plus fair organization operating expenditures (in millions) times the employment factor expenditures multiplier (36.33).*

The indicated employment factor expenditure multiplier is based on the initial 2002 multiplier factor developed by KPMG, adjusted downward by the Consumer Price Index (CPI) from 2002 to 2015.

The indicated employment factor attendance multiplier is based on the initial multiplier factor developed by KPMG, unadjusted by the CPI (as recommended by KPMG).



Based on fair and interim event attendance, fair organization operating expenditures and the multipliers discussed above, the estimated 2015 employment impact is a total of 30,000 jobs, with approximately 11,460 direct jobs and 18,540 indirect/induced jobs. The allocation of estimated employment impacts between these two categories (direct and indirect/induced) is based on the same allocation used by KPMG in *Fairs: Exploring a California Gold Mine, 2003.*

TABLE 3: ANNUAL ESTIMATED EMPLOYMENT IMPACTS (FTE* JOBS)

Direct Employment	11,460	38.2%
Indirect and Induced Impacts	18,540	61.8%
Total	30,000	100.0%

*Full-time equivalent

FUTURE IMPACTS The economic impact of the Network of California Fairs in future years is ultimately tied to the scale of the fairs and interim events. Since the main economic impact factors are attendance and fair organization spending, impacts for future years may be estimated from values based on these indicators. Both total fair attendance and total fair organization operating expenditures are reliable measures.

The formulas for estimating a fairgrounds' economic impacts are from Appendix B of *Fairs: Exploring a California Gold Mine, 2003*, prepared by KPMG LLP, adjusted by the Consumer Price Index (CPI) and factoring that year's overall event attendance and operating expenditures. The three factors are separate indicators and should not be added together.

Spending: Fair plus interim attendance times the spending factor attendance multiplier (\$52.17 in 2015, plus an annual CPI adjustment), plus total fair operating expenditures times the spending factor expenditures multiplier (\$5.05).

Income: Fair plus interim attendance times the income factor attendance multiplier (\$16.20 in 2015, plus an annual CPI adjustment), plus expenditures times the income factor expenditure multiplier (\$1.57).

Employment: Fair plus interim attendance (in millions) times the employment factor attendance multiplier (424.81), plus the total fair organization operating expenditures (in millions) times the employment factor expenditure multiplier (36.33 in 2015 minus an annual CPI adjustment).

Sales and Use Tax: Board of Equalization estimate for 2015 taken from Assembly Bill #2678, written by Adam Gray, 21st District, Merced.

The formulas presented above may be used to estimate future economic impacts of the Network of California Fairs by updating/ substituting estimates of fair and interim attendance and fair organization operating expenditures.

