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NOTES

[1] "Fairs: Exploring a California Gold Mine" prepared by KPMG LLP, 2003

[2] Ibid.

[3] The CPI-adjusted 2009 formula that is used to estimate the overall spending impact for the Mendocino County Fair is: fair and event attendance multiplied by 25.62, plus fair operating expenditures multiplied by 1.41, rounded to the nearest thousand.

[4] The CPI-adjusted 2009 formula that is used to estimate the number of jobs created, directly and indirectly, for the Mendocino County Fair is: fair and event attendance multiplied by 0.00027, plus fair operating expenditures multiplied by 0.000017.

[5] The CPI-adjusted 2009 formula to estimate the overall income earned by workers, directly and indirectly, for the Mendocino County Fair is: fair and event attendance multiplied by 9.62, plus fair operating expenditures multiplied by 0.53, rounded to the nearest thousand.

[6] The tax impacts estimating methodology was developed from the 2003 economic impact study and is unique for each fair – F&E estimates that the total tax revenue generated by the Mendocino County Fair for a given year is 0.51% of the total spending created for that year, rounded to the nearest hundred.

NOVEMBER 2010

Economic Impact of California Fairs

Mendocino County Fair

LOCAL FAIR AND ATTENDEES' SPENDING SNAPSHOT – BY THE DOLLAR

The Mendocino County Fair is an **economic engine** generating tangible benefits beyond the educational, cultural and agricultural tradition.

- The Mendocino County Fair generated approximately **$2,095,000** in spending activity alone in 2009 – benefiting the local economy and creating a ripple effect of economic benefit for the state.
- The network of California fairs generates upwards of **$2.5 billion** dollars in economic activity benefiting the local, state and global economy.[1]

The Mendocino County Fair **creates California jobs** through an economic ripple effect of fair patron spending and the business activity required in support of the fair's traditional agricultural educational activities.

- The equivalent of **23** jobs are created as a result of spending by the Mendocino County Fair, its support businesses and its attendees.
- The labor income generated by these additional jobs is projected to be approximately **$787,000** annually.

The Mendocino County Fair generates **business tax revenue** through the collection of state and local sales taxes, transient occupancy taxes, possessory interest taxes and other taxes and fees. These revenues further generate economic activity by providing for programs to benefit the local community.

- An estimated **$10,700** annually in additional business taxes will be created from the increased business activity caused by the fair, its attendees and "interim" events or events held on the fairgrounds occurring throughout the year.

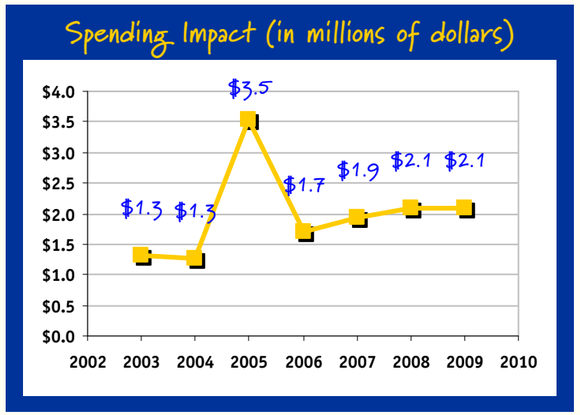
TOPICS:

- Economic Impacts
- Spending
- Jobs
- Personal Income
- Tax Revenue
- Summary

ECONOMIC IMPACTS

The Mendocino County Fair, as part of the network of California fairs, provides an enormous return on investment in economic and other terms. Fairs celebrate our history and heritage. Fairs are an educational opportunity for youth, and provide wholesome entertainment for families. Livestock and 4-H programs support California's vibrant agriculture sector. Children and people of all ages enter their artwork, baked goods, photography and other homemade products in pursuit of coveted blue ribbons. Many non-profit and charity-based organizations raise substantial portions of their annual budgets through fundraising booths and activities at fairs. Fairgrounds are even used as staging sites and rescue locations during forest fires, floods, earthquakes and other emergencies.

The network of California fairs also has a significant impact on our economy. Fairs infuse **$2.55 billion** annually into the California economy, create **28,000** jobs and generate almost **$136 million** in State and local government tax revenues.[2]

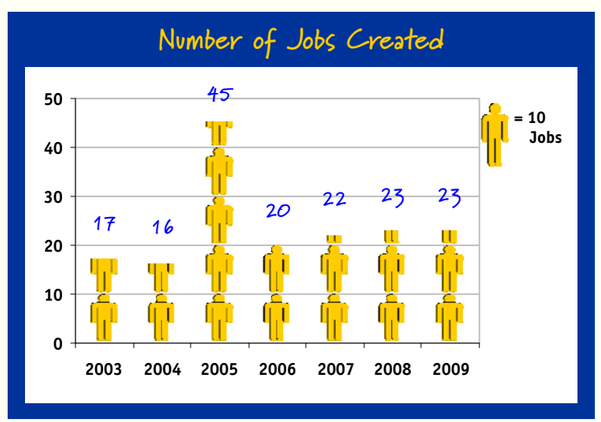


SPENDING

In 2009, **55,027** people attended fairs and events at the Mendocino County Fair. Fairgoers spent money on tickets, food, carnivals and other fair products and services. As well, fair organizers, concessionaires and commercial exhibitors spent money on supplies, lodging and meals. These purchases have a ripple effect on the local economy by infusing dollars that are spent again by others. Together, direct spending and indirect ripple effect spending represent a significant economic impact. For the Mendocino County Fair, events created a total spending impact of approximately **$2,095,000** on the local economy.[3]

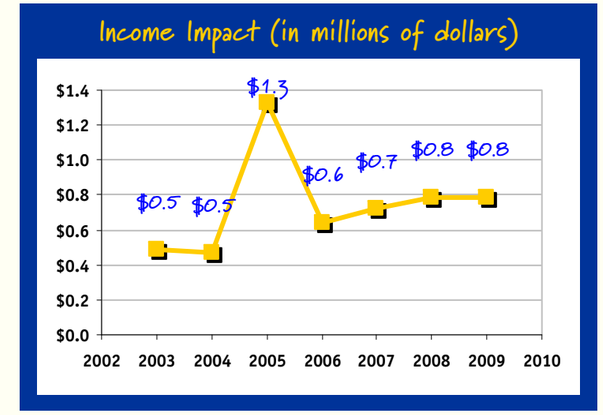
JOBS

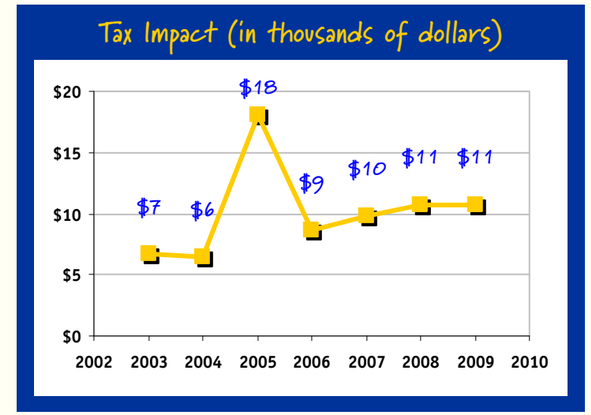
Jobs are created directly by fair organizations, exhibitors, carnivals and commercial businesses. Jobs are also created by the ripple effect of fair spending, causing additional employment by vendors, suppliers and businesses where goods and services are purchased in the community. Events at the Mendocino County Fairgrounds created the equivalent of **23** jobs in 2009.[4]



PERSONAL INCOME

Income earned by fair and event workers also has a ripple effect on the economy – dollars they spend become income for other workers in the local area. Fair and other events held at the Mendocino County Fairgrounds created approximately **$787,000** in overall salary and benefits for employees.[5]





TAX REVENUE

The direct and indirect economic activity created by fair events leads to revenues for state and local governments. Sales tax, possessory interest tax for the use of government property, transient occupancy taxes and business license taxes are paid as a result of fair event activities. Tax revenues to state and local governments generated by fairs and events held at the Mendocino County Fair in 2009 are estimated at approximately **$10,700**.[6]

SUMMARY

The formulas for estimating a fair's economic impacts for a given year were developed from the 2002 economic impact study, adjusted by the consumer price index (CPI) and factoring that year's overall event attendance and operating expenditures. As such, they are estimates; however, they are also a clear indication of the importance of the impact of fair events on state and local economies.

The California Department of Food and Agriculture, Division of Fairs and Expositions will continue to assess and monitor the economic impact of fair events in order to provide relevant information to fair organizers, elected officials and interested community representatives.