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ECONOMIC IMPACT OF GAMBLING IN LOUISIANA

Jamie Fisk

INTRODUCTION

There is no question that gambling is a major industry in the State of Louisiana. Louisiana has more forms of legalized gambling than any other state, save Nevada, with a land-based casino, riverboat casinos, horse-racing tracks, off-track betting, video poker in a large number of locations, Indian reservation casinos, and lotteries. With the exception of horse tracks and off-track betting, all of the other forms of gambling have been introduced into the State's economy over the past ten years.

In 1998, total revenues for the State's gambling industry were \$2.178 billion. In contrast, 1990 total revenues for the State's gambling industry were \$192.1 million. Clearly, the gambling industry has been a growth industry in the State in the 1990s. Unlike other industries, especially growth industries, the gambling industry has faced a great deal of criticism by business, government, and religious leaders. In the face of this explosive increase in the industry and the constant questions posed about the industry, the Louisiana Legislature in the Fiscal Session of 1998 added \$600,000 to the budget of the Louisiana Gaming Control Board for the purpose of studying the impact of gambling on the Louisiana economy.

Among the questions that the Gaming Control Board and the Legislature wanted addressed were:

- ◆ Who provides the billions of dollars spent on gambling in the State?
- ◆ To what extent do the various gambling venues bring in dollars and people from outside the State to gamble in Louisiana? Do those visitors spend money in other businesses in the State while they are here to gamble?
- ◆ Are the gambling dollars spent by Louisiana residents dollars that would have been spent out of state or are they dollars that would have been spent on other forms of local spending?
- ◆ Do the gambling businesses spend their money in Louisiana with local businesses or do the dollars flow out of state?
- ◆ Does gambling create additional social problems in the State?

The study included both primary and secondary research. Primary data collection included visitor intercept surveys at riverboat casinos, two telephone surveys to Louisiana residents (a prevalence survey and an attitude survey), a mail survey to Louisiana businesses, a survey of riverboat casino employees, and a survey of Gamblers Anonymous (GA) participants and gamblers in treatment programs.

This article provides a brief summary of the comprehensive study conducted by a team of researchers from around Louisiana. The complete report and appendices can be obtained at <http://www.uno.edu/~coba/dber/gambling1998/> on the University of New Orleans web site.

DEFINITIONS

For this study, the benefits of gambling are defined to be the new dollars generated by the gambling industry to pay for the costs. Thus, the benefits of gambling are equal to the new earnings created for Louisiana residents by the industry plus the *new direct* state and local tax revenues generated by the industry. The costs of gambling are defined to include the regulatory costs to the state government and the measurable external or social costs that are generated by problem gamblers.

GAMBLING BENEFITS

Revenues from riverboats were divided into Louisiana resident spending or out-of-state spending according to the riverboat casino intercept survey results. For out-of-state players, spending in Louisiana for other goods and services, such as food, lodging, transportation, etc., were added. Resident revenues were adjusted for other spending displaced in the economy by use of a diversion rate calculated by Bayesian analysis. Total new Louisiana

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gambling spending was then calculated after accounting for the percentage of spending within Louisiana by the casinos. Similar procedures were used to calculate the net new spending, employment earnings and government revenues for riverboats and the other major gambling sources (video poker and horse racing) in Louisiana. Table 1 presents a summary of the dollar benefits of the gambling industry in the State of Louisiana in 1998.

The economic benefits of the gambling industry in Louisiana are significant. Measured by direct new dollars

spent in the State's economy, jobs, earnings and tax revenues, the industry has had a substantial dollar impact on the economy. A large percentage of the impact is created by out-of-state dollars brought in by the industry. The employment and earnings estimates are large numbers and should be considered in perspective of the overall Louisiana economy. Together, the three forms of gambling identified in Table 1 account for to 2.1% of all Louisiana employment and 0.7% of total earnings in the State.

Table 1: 1998 Gambling Benefits By Form Of Gambling (In Millions)

Category	Riverboats ¹	Video Poker	Horse Racing	Total
Net New Local Spending	\$988.87	\$81.69	\$189.81	\$1,260.37
Employment	24,546.00	2,914.00	11,622.00	39,082.00
Earnings	476.34	55.37	\$128.65	\$660.36
State Tax Revenues ²	255.56	140.93	\$11.43	\$407.92
Local Tax Revenues ²	84.56	38.54	\$4.28	\$125.05

Source: *Gambling in Louisiana: A Benefit/Cost Analysis*

¹Note that this includes only riverboat casinos, not Indian reservation casinos.

²Note that these figures include both indirect and direct taxes.

GAMBLING COSTS

Gambling costs fall into two broad categories. The first category includes costs to the government, or governments, to regulate gambling. The second category includes the costs to other people or entities in Louisiana—including governments, businesses, and other people in the State—that result from the actions of gamblers, particularly problem gamblers. The first category is relatively easy to quantify and measure. The second category is much more difficult to quantify, so it will be explored more fully.

Regulatory Costs

In Louisiana, gambling is regulated at the state level. There are direct costs to establish and run the Louisiana Gaming Control Board and the other boards that regulate the industry. Additionally, the Louisiana State Police and the Louisiana Attorney General's office are involved in the regulation and policing of the gambling industry. The

costs of regulating, policing and, in the case of the Lottery, running the game amounted to \$50.02 million in 1998 (See Table 2).

Table 2: 1998 State Regulatory Costs (In Millions)

Agency	Costs
State Police	\$19.80
Attorney General's Office	3.51
Racing Commission	5.84
Louisiana Lottery Corporation ¹	19.38
Louisiana Gaming Control Board	1.49
TOTAL	\$50.02

Source: various state agencies

¹ Since the Louisiana Lottery Corporation actually runs the Louisiana Lottery, the costs include the administrative costs of running the lottery instead of regulatory costs that would be incurred if the lottery were run by a private company.

External Or Social Costs

People with gambling disorders can develop considerable gambling related debts, commit crimes to obtain money to gamble or pay gambling debts, default on debts, lose productivity at work, and develop other medical and psychological disorders secondary to the stress of their gambling-related financial problems. Although the majority of these behaviors cause suffering principally for the gambler and their immediate family, some of these behaviors will result in financial burdens to the general public. External costs are defined as costs that people with gambling disorders cause others in society who are not directly impacted by the gambler's behavior. At present, researchers can only estimate the external costs of people with gambling disorders. Using the GA/Treatment sample data, the costs to society of one Level 4 problem gambler (a problem gambler in self-help or professional treatment) in Louisiana was found to be \$10,958. This included employment costs, \$5,968 (lost work hours, unemployment compensation, and lost productivity/unemployment); bad debts, \$1,246; thefts, \$1,929; civil court costs, \$457; criminal justice costs, \$935 (arrests, trials, probation, and incarceration); welfare, \$27; and treatment, \$396.

The total social costs were estimated by attributing a fraction of these Level 4 gambler cost figures to the prevalence study sample and then extrapolating these costs to the adult (age 18 and over) population of Louisiana (3,171,870). Two components of social costs were calculated—1998 lost productivity costs created by disordered gambling (\$254.6 million) and the annualized value of the lifetime social costs created by disordered gamblers (\$231.04 million)—and summed to yield an estimated total social cost of \$485.64 million.

OVERALL CONCLUSIONS

Based on the analysis in this study, it is clear that the overall measurable benefit/cost ratio for the three forms of gambling studied in this report in the State of Louisiana is positive. Table 3 presents a summary of the benefit/cost figures.

The net benefit created by gambling in the State is \$1,107.5 million. The net cost is \$535.7 million. The benefit/cost ratio is slightly above 2. In addition, gambling has created 39,082 new jobs in the Louisiana economy. Thus, purely on the basis of measurable economic costs and benefits, the benefits outweigh the costs. The

unmeasurable costs and benefits should be considered by anyone making a public or private decision about the overall impact of gambling. It is inappropriate for the authors to make a decision about how the unmeasurable costs and benefits might change the analysis since this implies value judgements. Businesses and citizens of Louisiana, however, seem to have made this judgment themselves. The surveys of residents and businesses indicate a clear negative view of the gambling industry statewide. It is quite likely that residents and businesses are putting their own value judgements on the unmeasurable costs and reaching the conclusion in their minds that the real benefits are less than the real costs.

Table 3: 1998 Gambling Benefit/Cost Analysis
(Dollar Figures In Millions)

Category	Amount
Benefits:	
New Earnings	\$660.4
New Direct Tax Revenues	\$447.1
Total Benefits	\$1,107.5
Costs:	
Regulatory Costs	\$50.0
Measurable Social Costs	\$485.6
Total Costs	\$535.7
Benefit/Cost Ratio	2.1

Source: *Gambling in Louisiana: A Benefit/Cost Analysis*

Cautions

It is very important to make several points about the implications of the benefit/cost analysis made in this study.

- ◆ The costs and benefits that are presented in this report are for 1998. There is every reason to believe that these costs and benefits may change over time.
- ◆ The benefits derived from the local population could decrease due to the fact that the rate of diversion is likely to increase over time.
- ◆ The costs will tend to increase over time.
- ◆ If Texas legalizes casino gambling or allows for the introduction of Indian reservation casinos, much of the visitor spending could be eliminated.

(Continued on p.11)

THE IMPACT OF FESTIVALS IN LOUISIANA: THE SHRIMP AND PETROLEUM FESTIVAL

Marlise Moody Taylor

INTRODUCTION

Festivals have long been used by rural regions of the United States to promote the cultural heritage of the regions to both residents and visitors. However, in recent years many communities have realized the economic impact of such festivals and like events. With increasing competition for visitors and the impact they have on destinations, smaller communities are looking to festivals to attract persons who might not have otherwise visited the community. In order to perform this task, it is important to have an understanding of the current visitor profile and the economic contribution of visitors to the community.

Information is the key to success in today's world. Business, government agencies, and nonprofit organizations all need information to determine the success of their efforts to date and to make prudent decisions in planning future developments. The Cajun Coast Visitors and Convention Bureau and the Shrimp and Petroleum Festival contacted the Tourism Research Unit at the University of New Orleans (UNO) to provide it with information about 1999 festival visitors. The primary objectives of the study were to provide a profile of visitors to the festival and to determine the economic impact of such visitors on St. Mary Parish. A survey of festival attendees was designed to obtain such information and also to determine the economic impact of the festival.

METHODOLOGY

Representatives from UNO and the Shrimp and Petroleum Festival designed the questionnaire to be administered. UNO's Division of Business and Economic Research (DBER) staff provided training for a team of festival volunteers who subsequently administered the intercept surveys during the Festival's operations from Friday, September 3rd, 1999 through Monday, September 6th, 1999. A total of 503 completed surveys were conducted.

FINDINGS

Attendance at the 1999 Shrimp and Petroleum Festival was approximately 100,000. This study found that 44% of these attendees were out-of-town visitors to St. Mary Parish. While most of the out-of-town visitors were Louisiana residents (82%), states in close proximity to Louisiana, such as Texas (5.4%) and Mississippi (2.9%), also had considerable visitation to the festival.

Over half of the out-of-town visitors to the Shrimp and Petroleum Festival stayed overnight in St. Mary Parish. Almost two-thirds of them stayed with friends or relatives, while about 28% stayed in a hotel/motel. The average length of stay for overnight visitors was three nights. Because the festival was held over a holiday weekend, the high average number of nights is not particularly surprising.

Of the visitors to St. Mary Parish, approximately 88% indicated that the main reason or a very important reason for visiting St. Mary Parish was because of the festival. This implies that 18,668 out-of-town visitors came to St. Mary Parish because of the festival, resulting in 38,643 visitor days at the festival. For the purpose of reporting the true economic impact of the Shrimp and Petroleum Festival, the economic impact part of this article will concentrate on these visitors.

Based on individual daily expenditures (Table 1) reported on the visitor profile survey, an estimation can be made of the total direct spending due to visitors who came to St. Mary Parish because of the Shrimp and Petroleum Festival. Total direct spending is the product of the average spending in Table 1 and the total number of out-of-town visitor days. Secondary spending, or the ripple effect, is based on the direct spending. That is to say, for every new dollar of direct spending, additional dollars of secondary spending are generated in the economy. Total direct and secondary expenditures in the area economy due to these visitors are shown in Table 2.

Table 1: Estimated Individual Daily Expenditures of Shrimp and Petroleum Festival Visitors

Response	Individual Daily Spending
Meals	\$12.94
Entertainment	\$ 2.17
Shopping	\$10.28
Transportation	\$ 3.66
Lodging	\$36.56
Total	\$65.61

Table 2: Shrimp and Petroleum Festival Visitor Spending

Response	Direct Visitor Expenditures	Secondary Visitor Expenditures	Total Visitor Expenditures
Meals	\$500,040	\$645,452	\$1,145,492
Entertainment	\$83,855	\$114,009	\$197,864
Shopping	\$397,250	\$160,883	\$558,133
Transportation	\$141,433	\$202,221	\$343,654
Lodging	\$258,769	\$328,326	\$587,095
Total	\$1,381,347	\$1,450,891	\$2,832,238

Note: Details may not add to totals due to rounding.

Thus, the visitors who came to St. Mary Parish for the Shrimp and Petroleum Festival spent a total of \$1.38 million in the area during their visit. This is the direct or primary spending. The largest category was for meals, followed by shopping expenditures. In addition to the primary spending, the out-of-town visitors generated \$1.45 million in secondary spending. Combining these direct and secondary figures produces a total spending of \$2.83 million by the out-of-town visitors who came to St. Mary Parish because of the Shrimp and Petroleum Festival. That is, the total economic impact produced by the festival was \$2.83 million.

State and Local Tax Impact

When an event such as the Shrimp and Petroleum Festival brings people and money into the area, tax revenues are generated for state and local governments. That revenue is both direct and indirect. Direct revenues are those tax revenues that are paid directly by the visitors. Examples of this are the hotel/motel taxes that the visitors pay on their

hotel rooms and the state and local sales taxes that they pay on their retail purchases, including food and drinks.

Indirect taxes are the taxes paid on the income generated by the direct and secondary spending. On that income, the recipient pays state income taxes; in addition, the taxpayer buys goods and services and pays the taxes that apply to those goods and services. The retail sales tax applies to the purchase of some of those goods and services. Other goods and services, however, are not taxable under the retail sales tax, but are taxable under various other taxes.

In total, the state of Louisiana received \$64,024 in tax revenue from the economic activity produced by the Shrimp and Petroleum Festival. In addition to state taxes, local governments in the St. Mary Parish area received a total of \$55,971 in tax revenue. Total state and local tax revenue is the sum of the state revenue and the local revenue. The 1999 Shrimp and Petroleum Festival resulted in a total of \$120,000 in tax revenue for state and local governments. Table 3 provides the details that comprise these tax figures.

Table 3: State and Local Tax Revenue Due to Shrimp and Petroleum Festival

Government and Tax	Total Revenue
State Taxes	
Sales Taxes	\$ 45,621
Hotel/Motel Taxes	\$ 10,351
Income Taxes	\$ 4,455
Excise Taxes	\$ 3,597
Total State Taxes	\$ 64,024
Local Taxes	
Sales Taxes	\$ 45,621
Hotel/Motel Taxes	\$ 10,351
Total Local Taxes	\$ 55,971
Total Governmental Revenue	\$119,995

Note: Details may not add to totals due to rounding.

CONCLUSION

The 1999 Shrimp and Petroleum Festival brought approximately 18,668 out-of-town visitors into St. Mary Parish, resulting in 38,643 visitor days at the festival. The festival generated a total economic impact of \$2.83 million. This includes \$1.38 million in direct spending and \$1.45 million in secondary spending. In addition, some \$120,000 of state and local tax revenue was generated by the festival. Clearly, the Shrimp and Petroleum Festival is an important event for St. Mary Parish.

By performing visitor profiles and economic impact analyses, areas such as St. Mary Parish can track the impact of special events and festivals. In turn, tracking the profile trends of the visitors to events such as the Shrimp and Petroleum Festival can promote efficient allocation of marketing and advertising dollars of such events.

Editors' Note: This article is an excerpt from the 1999 Shrimp and Petroleum Festival Visitor Survey funded by the Cajun Coast Visitor and Convention Bureau. For more information or copies of the report contact Carrie Gautreaux at the Cajun Coast Visitor and Convention Bureau.

(Marlise Moody Taylor is the Tourism Research Analyst in the Division of Business and Economic Research at the University of New Orleans.)

THE 1998 ECONOMIC IMPACT OF DOMESTIC TRAVEL IN LOUISIANA

Ludivine Dorée Foley

Table 1 presents the 1998 Economic Impact of Domestic Travel on Louisiana Parishes as it is annually prepared for the Louisiana Office of Tourism by the U.S. Travel Data Center/Travel Industry Association. In Table 2, the data is aggregated to the MSA (Metropolitan Statistical Area) level. In this study, domestic travel is defined as activities of U.S. residents associated with overnight trips away from home or with day trips 100 miles away from traveler's origin; economic impact is measured by total expenditures of domestic travelers, and by payroll income, employment, and state and local tax receipts generated by domestic travel in Louisiana.

In 1998 domestic travelers spent nearly \$7.3 billion in Louisiana. These expenditures generated about \$1.6 billion in payroll, over 104,000 jobs and a total of \$495 million in state and local taxes.

As expected, Orleans parish, which includes the City of New Orleans, was the main beneficiary of domestic travel to Louisiana as measured by all five variables. Total expenditures of domestic travelers in Orleans parish amounted to nearly \$3.5 billion, over four times the amount spent in Jefferson Parish (\$765 million), which registered the second highest expenditures from domestic travelers. Nearly 61,000 jobs and \$220 million in state and local taxes were generated by domestic travel in Orleans parish alone. The third most impacted parish was East Baton Rouge where a total of \$460 million was spent by domestic tourists generating over 5,000 jobs.

The aggregation of the data to the MSA level is very informative. It confirms the dominance of New Orleans as the main beneficiary of domestic travel with \$4.5 billion spent in 1998, i.e. over 60% of Louisiana's total, which created over 72,000 jobs. It also shows that the Northwestern part of the State is considerably impacted by

Table 1: 1998 Domestic Travel Economic Impact on Louisiana Parishes

Parish	Expenditures (\$ Millions)	Payroll (\$ Millions)	Employment (Thousands)	State Tax Receipts (\$ Millions)	Local Tax Receipts (\$ Millions)
Acadia	21.88	2.28	0.15	1.32	0.41
Allen	84.68	24.85	1.33	3.80	2.55
Ascension	50.36	6.21	0.44	2.93	0.83
Assumption	7.80	0.90	0.06	0.45	0.19
Avoyelles	18.12	2.76	0.20	0.96	0.50
Beauregard	13.09	1.86	0.11	0.72	1.02
Bienville	7.43	1.01	0.06	0.41	0.58
Bossier	301.37	82.38	4.72	13.69	8.72
Caddo	383.47	79.89	4.27	17.99	8.13
Calcasieu	217.15	51.83	2.92	9.96	5.81
Caldwell	5.38	0.75	0.05	0.27	0.36
Cameron	4.18	0.63	0.04	0.20	0.25
Catahoula	2.96	0.50	0.04	0.13	0.19
Claiborne	7.10	1.13	0.08	0.34	0.38
Concordia	9.21	1.19	0.08	0.49	0.44
Desota	10.83	1.35	0.09	0.63	0.38
E Baton Rouge	458.48	88.38	5.17	21.48	8.20
E Carroll	6.67	0.76	0.05	0.42	0.15
EFeliciana	2.97	0.51	0.04	0.13	0.19
Evangeline	11.39	1.76	0.11	0.60	0.44
Franklin	6.33	0.98	0.07	0.28	0.20
Grant	3.08	0.51	0.04	0.13	0.27
Iberia	33.39	5.22	0.35	1.73	0.59
Iberville	14.36	2.22	0.13	0.78	0.63
Jackson	6.84	1.13	0.08	0.28	0.18
Jefferson	765.45	158.72	9.64	32.24	15.38
Jefferson Davis	14.54	1.91	0.14	0.82	0.35
Lafayette	270.76	47.96	2.90	13.46	5.04
Lafourche	49.70	6.32	0.42	2.84	0.85
Lasalle	4.00	0.65	0.05	0.17	0.21
Lincoln	18.55	3.15	0.24	0.95	0.46
Livingston	26.79	2.69	0.17	1.58	0.99
Madison	31.40	2.66	0.16	2.22	0.49
Morehouse	11.31	1.84	0.12	0.59	0.32
Natchitoches	21.42	3.45	0.25	1.12	0.78
Orleans	3486.53	868.48	60.74	133.23	86.97
Ouachita	128.93	25.02	1.45	5.66	2.49
Plaquemines	18.02	3.11	0.19	0.92	1.36
Pointe Coupee	7.92	1.09	0.08	0.41	0.21
Rapides	97.76	16.01	1.02	4.95	1.95
Red River	3.98	0.54	0.04	0.22	0.14
Richland	13.43	1.68	0.12	0.81	0.28
Sabine	13.60	1.92	0.11	0.67	1.48
St Bernard	30.53	4.12	0.26	1.71	0.47
St Charles	24.11	3.33	0.22	1.26	0.34
St Helena	1.95	0.38	0.03	0.08	0.13

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Table 1: 1998 Domestic Travel Economic Impact on Louisiana Parishes (Continued from p.8)

Parish	Expenditures (\$ Millions)	Payroll (\$ Millions)	Employment (Thousands)	State Tax Receipts (\$ Millions)	Local Tax Receipts (\$ Millions)
St James	8.23	1.12	0.09	0.41	0.14
St John	21.62	3.64	0.26	1.07	0.46
St Landry	39.05	4.61	0.30	2.30	1.13
St Martin	18.66	2.40	0.13	1.02	1.08
St Mary	43.37	7.90	0.55	2.22	0.96
St. Tammany	125.34	18.79	1.20	7.04	3.65
Tangipahoa	89.34	9.42	0.62	5.30	1.54
Tensas	3.02	0.63	0.04	0.13	0.34
Terrebone	71.49	10.69	0.74	3.97	1.31
Union	8.67	1.05	0.06	0.50	0.62
Vermillion	26.99	2.99	0.19	1.62	0.73
Vernon	13.02	1.87	0.13	0.70	0.56
W Baton Rouge	31.63	4.43	0.31	1.87	0.63
W Carroll	3.08	0.49	0.04	0.13	0.12
W Feliciana	11.98	2.03	0.14	0.65	0.50
Washington	15.06	1.80	0.12	0.85	0.43
Webster	27.45	3.35	0.21	1.65	0.88
Winn	5.62	1.09	0.08	0.24	0.25
State Totals	7292.81	1594.32	104.23	317.72	177.63

Source: Louisiana Office of Tourism, conducted by the US Travel Data Center/Travel Industry Association (USTDC/TIA)

Table 2: 1998 Domestic Travel Economic Impact on Louisiana Metropolitan Statistical Areas

	Expenditures (\$ Millions)	Payroll (\$ Millions)	Employment (Thousands)	State Tax Receipts (\$ Millions)	Local Tax Receipts (\$ Millions)
Alexandria MSA	97.76	16.01	1.02	4.95	1.95
Baton Rouge MSA	567.26	101.71	6.09	27.86	10.65
Houma MSA	121.19	17.01	1.16	6.81	2.16
Lafayette MSA	350.35	57.25	3.48	18.10	7.66
Lake Charles MSA	217.15	51.83	2.92	9.96	5.81
Monroe MSA	128.93	25.02	1.45	5.66	2.49
New Orleans MSA	4479.83	1061.31	72.60	177.88	108.77
Shreveport/Bossier City MSA	712.29	165.62	9.20	33.33	17.73

MSAs are composed of the following parishes:

- Alexandria MSA: Rapides
- Baton Rouge MSA: Ascension, East Baton Rouge, Livingston, West Baton Rouge
- Houma MSA: Lafourche, Terrebonne
- Lafayette MSA: Acadia, Lafayette, St Landry, St Martin
- Lake Charles MSA: Calcasieu
- Monroe MSA: Ouachita
- New Orleans MSA: Jefferson, Orleans, Plaquemines, St Bernard, St Charles, St James, St John the Baptist, St Tammany
- Shreveport/Bossier City MSA: Bossier, Caddo, Webster

Source: Louisiana Office of Tourism, conducted by the US Travel Data Center/Travel Industry Association (USTDC/TIA)
 Computations performed by the University of New Orleans, Division of Business and Economic Research

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THE ECONOMIC IMPACT OF MARDI GRAS IN LAFAYETTE, 1999

Jerome F. Agrusa

INTRODUCTION

When one mentions Mardi Gras in Louisiana, images of New Orleans come to mind. However, Mardi Gras is alive and well in other areas of Louisiana, especially in the heart of Cajun Country, Lafayette. Although Mardi Gras has been observed and celebrated in Lafayette since 1927, thus far there has been no comprehensive study of the economic impact of Mardi Gras in Lafayette. The purpose of this study is an attempt to calculate the specific economic impacts of Mardi Gras in Lafayette.

METHODOLOGY

Data for this study were collected in February 1999 during Mardi Gras. These data were collected using two research instruments. Both research instruments were developed through literature reviews and with the help of experts in the field. The first research instrument was a self-administered questionnaire that was mailed to 1,000 krewe members of the Greater Southwest Louisiana Mardi Gras Association. The questionnaire consisted of 17 questions which focused on the amount of money that was spent during the Mardi Gras season on such things as clothes, souvenirs, throws, and on attending the Mardi Gras balls. The second research instrument was a self-administered questionnaire used to randomly interview tourists during a time frame of four days of Mardi Gras parades in Lafayette. The instrument consisted of 15 questions regarding the amount of money that was spent on their lodging, food, souvenirs, and other miscellaneous items while attending the Mardi Gras festivities in Lafayette.

RESULTS

Individual Parade-Viewer Spending

There were 571 tourists interviewed during the 1999 Mardi Gras parades. To determine the direct economic impact of Mardi Gras 1999 in Lafayette, the number of parade viewers (people attending the Mardi Gras parades) had to be established. With the increased popularity of Lafayette's Mardi Gras and the time of the year, mid-February (12-16), it was determined that just short of

a million people (962,550) viewed the four days of parades in Lafayette. This was an increase of 3.5% over 1998's Mardi Gras parades' attendance.

Of the 962,550 parade-viewers over the four days of Mardi Gras parades, 930,563 parade-viewers were locals, day-trippers, visitors staying at campgrounds, and visitors staying in local families' homes or with friends in college dorms. The remainder stayed in hotels. According to the survey responses, the total spent by guests on hotel rooms, food, beverage and gifts was \$4,561,644. These groups of parade-viewers spend \$27 per day on food and \$25 per day on miscellaneous items for a total of \$52 per day. It is estimated that 80 percent of the food, drink, and miscellaneous items that parade viewers purchased were bought in Lafayette. With these figures, a total of \$774,228 in direct city tax dollars were generated by parade viewers. The total spending by hotel guests and parade viewers amounts to \$43,273,065 and generated \$865,461 in direct tax dollars for the city of Lafayette.

Mardi Gras Ball Spending by Krewe Members

There are approximately 25 non-parading krewes and 15 parading krewes with an average membership of 125 in each krewe in the Lafayette area.

Overall, the spending for Mardi Gras Balls in the city of Lafayette is \$7,868,921 from krewe members and \$937,500 from invited ball guests, (an extremely conservative estimate), for a total of \$8,806,421. There was \$157,378 in direct city taxes generated by krewe members and \$18,750 by ball guests for a total of \$176,128 in direct city taxes.

Total Spending of Mardi Gras 1999

The total spending associated with Lafayette carnival parades is \$43,273,065, which generated \$865,461 in direct taxes for the city of Lafayette. The total spending by krewe members and their guests at the Mardi Gras balls is \$8,806,421 with \$176,128 in direct taxes for the city of Lafayette. When total direct spending of \$52,079 is multiplied by the local economic multiplier of 2.1 to reflect the circulation of spending, the grand total for overall Mardi Gras spending in the city of Lafayette is

Table 1: Total Spending of Mardi Gras 1999

	Spending in Lafayette	Tax Revenue to the City of Lafayette
A. Parade Spending	\$43,273,065	\$865,461
B. Ball Spending (Krewes)	\$7,868,921	\$157,378
C. Ball Spending (Guests)	\$937,500	\$18,750
Subtotals	\$52,079,486	\$1,041,590
Total after applying 2.1 multiplier	\$ 109,366,920	
Total Tax Revenue Generated at .02 Percent		\$ 2,187,338

\$109,336,920. A total of \$2,187,338 was generated in total tax revenue for the city. Table 1 outlines the total spending and tax revenue generated during the 1999 Mardi Gras.

The estimated revenue figures were compared to costs incurred by the city during Mardi Gras. Parade organizers and city officials conclude that the Mardi Gras parades

are economically feasible in light of the costs that are incurred by the city.

(Jerome Agrusa is the Community Coffee Endowed Professor for Hospitality Research and an Associate Professor in the Department of Hotel, Restaurant, and Tourism Management at the University of Louisiana at Lafayette, Louisiana.)

GAMBLING (Continued from p.4)

- ◆ A high percentage of all Louisiana spending on gambling comes from problem and pathological gamblers.
- ◆ The costs and benefits presented in this report are those that existed in 1998. Once the industry has reached maturity, adding additional casinos or other gambling opportunities will not necessarily increase the benefits or costs proportionately, especially benefits.

SUMMARY

The quantifiable benefits of gambling in Louisiana exceeded the quantifiable costs by a ratio of 2 to 1 in 1998. Caution must be used in extrapolating the results into the future or in answering policy questions not specifically addressed by this study. In light of the many potential changes over time, continued monitoring of the benefits and costs of the gambling industry in Louisiana is strongly advised.

(Jamie Fisk is a Research Analyst in the College of Business at the University of New Orleans)

DOMESTIC TRAVEL (Continued from p.9)

domestic travel. Certainly enhanced by the attractiveness of gambling, spending by domestic travelers in the Shreveport-Bossier City MSA amounted to over \$710 million in 1998. This spending generated 9,200 jobs, well ahead of the Baton Rouge MSA (\$567 million and 6,100 jobs). Heart of Cajun Country, Lafayette MSA also benefitted greatly from domestic travel in 1998 with a total of \$350 million spent by travelers.

The bulk of the economic impact of domestic travel in Louisiana is thus concentrated in a few geographic areas. As evidenced by the data provided in the tables, some parishes are recipients of negligible amounts of domestic travelers' expenditures which in turn generate only limited payroll, employment and taxes.

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