

# The Economic Impact of Spokane International Airport

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## 1. Executive Summary

**S**pokane International Airport (GEG or Airport) is the third largest airport in the Pacific Northwest and the 69th largest in the U.S., as measured by passenger & cargo volume. For the over 950,000 residents of a 16-county area in Eastern Washington and Northern Idaho, GEG represents a key part of their civic infrastructure.

The Airport allows regional businesses to sell to national and international markets, for their staff to travel conveniently and for them to meet their customers face-to-face. For businesses with perishable goods or with products and services demanding quick deliveries, the cargo connections offered by GEG are essential. Visitors arriving by air are increasingly important to the convention and tourism sector. The Airport also contributes to the quality of life in the Inland Northwest. Residents use GEG for personal travel or to arrange visits from guests.

To better understand its full economic impact, the Airport contracted with Eastern Washington University's Institute for Public Policy & Economic Analysis (the Institute). Little to no current information exists on how large the Airport looms in the regional economy, here defined as the Spokane and Kootenai counties. In this study, the Institute looked at the five components of significant Airport activity, listed in descending order of size: 1) visitors, 2) facility tenants, 3) business park tenants, 4) capital spending and 5) internal operations.

The study used a variety of methods to locate the necessary input data. Critical to this effort were intercept surveys of visitors departing the Airport, conducted at three times throughout the year by Strategic Research Associates of Spokane. These surveys established levels of visitor spending. Surveys were also given to businesses in the airport facility and in the GEG business park. The study did not attempt to measure the value of the Airport to locally-based businesses (besides Airport tenants) or to residents traveling for personal reasons.

The Institute research team adopted input-output analysis to assess the economic size of the Airport. As in most input-out studies, the study provides three measures of size: output (sales), wage income and jobs. The contribution of these analyses is to calculate the full, or total, effect of spending attributable to an entity, in this case GEG, throughout a regional economy.

Total effect is defined as the sum of activity over the many rounds of spending that typically occur after the first round, or direct spending. The relationship between that total and the initial round is commonly referred to as the multiplier. Input-output studies maintain an important assumption: all other, first-round economic activity is presumed to stay the same; in this case, only activities of the Airport are allowed to expand.

The results of the surveys and initial data-gathering established the following for direct effects of the GEG on the regional economy. The data refer to 2004.

Direct output (sales):	\$533.5 million, or 1.8% of the regional total
Direct wages & salaries:	\$200.2 million, or 1.8% of the regional total
Total jobs associated:	8,033, or 2.6% of the regional total

Via input-output calculations for the five separate components of GEG activity, the full or total impact of the Airport via additional spending, was estimated to be:

Total output (sales):	\$896.5 million, or 3.1% of the regional total
Total income	\$319.0, or 2.9% of the regional total
Total jobs associated	12,243, or 4.0% of the regional total

The values of the multipliers for output, wages and jobs were: 1.68, 1.59 and 1.52, respectively.

In addition, the Institute calculated taxes generated by the full, or total, impact of the Airport. These were estimated to be nearly \$51 million annually. The Federal portion was the smallest, at \$4.9 million. The bulk of taxes generated by Airport activity generally flowed evenly to state and local governments: \$23.9 million and \$22.0, respectively.

In general, the size of the multipliers calculated for GEG conform to ranges reported in recent studies on the economic impact of airports of approximately comparable size. When evaluating the numerical results of this study, it is important to consider, in light of the importance of visitor spending, that the results are survey based. To have greater confidence in the results, these surveys should be repeated over time. Additionally, the Airport cannot claim to cause visitor spending. Other industries, especially those in tourism and convention sales, play a significant role in attracting visitors to the area.