

# A Report of the Economic Impact from Construction Activities of Liberty Public Schools' Proposed 2023 Bond Issue Liberty, Missouri

February 24, 2023

Prepared by:

Impact DataSource, LLC  
4709 Cap Rock Drive  
Austin, Texas 78735  
(512) 892-0205  
Fax (512) 892-2569  
[www.impactdatasource.com](http://www.impactdatasource.com)



# Table of Contents

Introduction .....	3
Description of the Bond Projects .....	3
Summary of Economic Impacts .....	3
Economic Impact During Construction of the Projects .....	4
Types of Economic Impacts During Construction of the Projects .....	4
Economic Impact During Construction .....	5
Local Sales Taxes to be Collected During Construction of the Projects .....	6
Conduct of this Analysis .....	8

# A Report of the Projected Economic Impact from Liberty Public Schools' 2023 Proposed Bond Projects

## Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, Austin, Texas. The analysis was to determine the impacts from construction activities of Liberty Public Schools' proposed 2023 bond projects on the economy of the Liberty area during this construction. In addition, estimated sales tax revenues that these projects will generate for local taxing districts, primarily from construction workers' spending, are calculated.

## Description of the Bond Projects

The Liberty Public Schools' Board of Education voted to approve a \$120 million bond issue which will be decided upon by the voters on April 4, 2023.

Of the total \$120 million bond issue, \$100 million will be spent on projects and \$20 million will be used to restructure debt that frees up funds for operating and capital needs beyond the \$100 million projects.

Design of the projects will begin in April 2023 and final project construction will be completed in August 2026.

The estimated construction costs are shown below.

Costs of the Bond Projects	
Construction (80%)	\$80,000,000
Other	\$20,000,000
Total projects cost	\$100,000,000

## Summary of Economic Impacts

How will these projects impact Liberty's economy?

This construction activity will pump \$130 million into economy of the Liberty area or have an impact of \$130 million, support an estimated 286 construction jobs each year during construction, and support \$44 million in salaries for area construction workers and other workers.

The projects will create an estimated \$14.3 million in local taxable sales and spending and generate \$706,078

in sales taxes for the local sales taxing districts which the school district is located.

Details of the economic impacts during the projects' construction are discussed next.

## **Economic Impact During Construction of the Projects**

### **Types of Economic Impacts During Construction of the Projects**

During construction the projects will create revenues for area businesses, along with construction jobs and salaries.

These economic impacts may be characterized as direct, indirect and induced.

The direct economic impact will be from revenues of local development, construction and other firms that design, build, and complete the projects, as well as, construction jobs and salaries. From the spending of the some of these firms and their workers, indirect and induced benefits or spin-off benefits will be created.

Indirect sales, jobs and salaries will be created or supported in local businesses and organizations, such as trucking companies, equipment suppliers, concrete suppliers, lumber yards and other businesses while the projects are being completed.

In addition, induced sales, jobs and salaries will be created or supported in area businesses, such as restaurants, convenience stores, banks, grocery stores, apartment complexes, service companies, and others that supply goods and services to construction workers and their families and, in turn, to workers in indirect jobs and their families.

To estimate the indirect and induced economic impact of the projects during construction, regional economic multipliers were used. Regional economic multipliers for Missouri and areas of the state are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis:

- An output multiplier and
- An employment multiplier and
- An earnings multiplier.

An output multiplier was used to estimate indirect and induced revenues generated in businesses in the Liberty area during construction of the projects. The multiplier shows the indirect and induced revenues in other businesses in the area for each dollar of development, construction and installation costs.

Similarly, an employment multiplier was used to estimate the number of indirect and induced jobs created and supported in the Liberty area for each development, construction and installation job at the projects. Similarly, an earnings multiplier was used to estimate the amount of salaries to be paid to the workers in these indirect and induced jobs for every dollar paid to a direct development and construction worker at the projects. Indirect and induced multipliers used in this analysis during development and construction

are shown below.

Indirect Multipliers Used in the Analysis During the Development and Construction	
Output	0.6349
Employment	0.4895
Earnings	0.5995

### Economic Impacts During Construction

#### *Estimated Construction Costs*

The projects' estimated construction costs are shown below:

Proposed 2023 Bond Projects	
Total cost of 2023 bond projects to be completed in a little over three years	\$80,000,000

#### *Economic Impact*

As shown above, the projects' construction costs are estimated to be \$80 million. Therefore, the projects will generate \$80 million in direct local revenues for construction companies, architects, engineers, vendors, and others in the construction industry and in other industries in the area. In addition, an estimated 192 direct construction and related workers will be employed each year during the construction period. The estimated direct construction payroll will be \$28 million, as shown on the following page.

This construction activity and direct construction jobs and salaries will, in turn, create and support revenues in other businesses in the area and indirect jobs and salaries during the time that the projects are being constructed.

In total, the projects may support an estimated \$130 million in direct and indirect gross area product or economic activity in area during their construction, an estimated 286 direct and indirect jobs each year during construction of the projects, along with \$44 million in direct and indirect salaries for area construction and other workers, as shown on the following page:

<b>Economic Impact During Construction of the Projects</b>	
Economic output/impact of the projects:	
Direct	\$80,000,000
Indirect	\$50,792,000
Total economic output/impact	\$130,792,000
Jobs:	
Direct	192
Indirect	94
Total jobs	286
Salaries:	
Direct	\$28,000,000
Indirect	\$16,785,440
Total salaries	\$44,785,440

### **Local Sales Taxes to be Collected During Construction of the Projects**

#### *Taxable Sales*

Although materials purchased for construction of the projects will not be subject to sales tax, spending by construction workers and some spending by indirect companies will, however, be subject to sales tax.

Estimated taxable sales to be generated during construction of the projects are shown on the following page:

<b>Taxable Sales During Construction of the Project</b>	
Estimated cost of constructing the projects	\$80,000,000
Percent of costs for materials	65%
Percent of costs for labor	35%
Total cost of materials	\$52,000,000
Estimated percent of construction materials that will be taxable in the Liberty area	0%
Total taxable construction materials	\$0
Total direct construction labor	\$28,000,000
Percent of construction salaries to be spent on taxable goods and services	30%
Percent of construction salaries to be spent in the Liberty area	50%
Total taxable spending by construction workers in the Liberty area	\$4,200,000
Indirect salaries (salaries to be paid to workers supported in indirect jobs in the community)	\$16,785,440
Percent of construction salaries to be spent on taxable goods and services	30%
Percent of construction salaries to be spent in the Liberty area	50%
Total taxable spending by construction workers in Liberty area	\$2,517,816
Estimated taxable spending in the Liberty area by indirect businesses (spending excluding payments for salaries)	\$7,618,800
Summary of taxable spending in the Liberty area:	
Purchases of construction materials for the projects	\$0
Taxable spending by direct and indirect workers	\$6,717,816
Taxable spending by indirect businesses	\$7,618,800
Total taxable spending during construction	\$14,336,616

## Sales Tax Collections

The following sales taxing districts will collect the following sales taxes during construction of the projects:

<b>Estimated Local Taxable Sales and Sales Tax Collections During Construction</b>	
<b>Estimated taxable spending in:</b>	
Clay County	\$14,336,616
Liberty	\$14,336,616
Liberty's Community Improvement District (CID)	\$2,150,492
Liberty's Transportation Development District (TDD)	\$2,150,492
<b>Local portion of sales tax rate:</b>	
Clay County	1.125%
City of Liberty	3.375%
Special Purpose Districts:	
Kansas City Zoological District	0.125%
CID	1.000%
TDD	1.000%
<b>Sales tax collections during construction:</b>	
Clay County	\$161,287
City of Liberty	\$483,861
Kansas City Zoological District	\$17,921
CID	\$21,505
TDD	\$21,505
Total	\$706,078

## Conduct of this Analysis

This analysis was conducted by Impact DataSource using data supplied by Liberty Public Schools. In addition, impact DataSource used local sales tax rates and certain estimates and assumptions.

Using this data, the economic impact during construction of the projects was calculated along with sales taxes that may be collected by the City of Liberty, Clay County, and local special purpose districts.

Impact DataSource is a 29-year-old Austin economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects in Missouri and 39 other states. In addition, the firm has developed economic impact analysis computer programs for several clients, including the Tennessee Department of Economic and Community Development.



The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.