



## ECONOMIC IMPACT OF 100 RESIDENTS IN THE IOWA LAKES CORRIDOR

Attracting new residents has become a popular economic development strategy among communities across the nation. A portion of the citizens' income is used for discretionary spending, which usually occurs locally and leads to **job growth, increased tax base** and **economic prosperity**.

The relocation of 100 residents to the Iowa Lakes Corridor is estimated to generate a substantial impact in the regions economy. Below is a breakdown of the estimated impact:

**Table 1. Impact of Resident's Income**

| METRICS   | VALUE       |
|---|-------------|
| NUMBER OF RESIDENTS                               | 100         |
| AVERAGE ANNUAL EARNINGS/INCOME                    | \$30,000    |
| TOTAL ANNUAL EARNINGS                             | \$3,000,000 |
| DISPOSABLE PERSONAL INCOME                        | \$2,295,000 |
| NET PERSONAL CONSUMPTION EXPENDITURES             | \$1,950,750 |
| DEPOSIT POTENTIAL FOR AREA FINANCIAL INSTITUTIONS | \$550,800   |

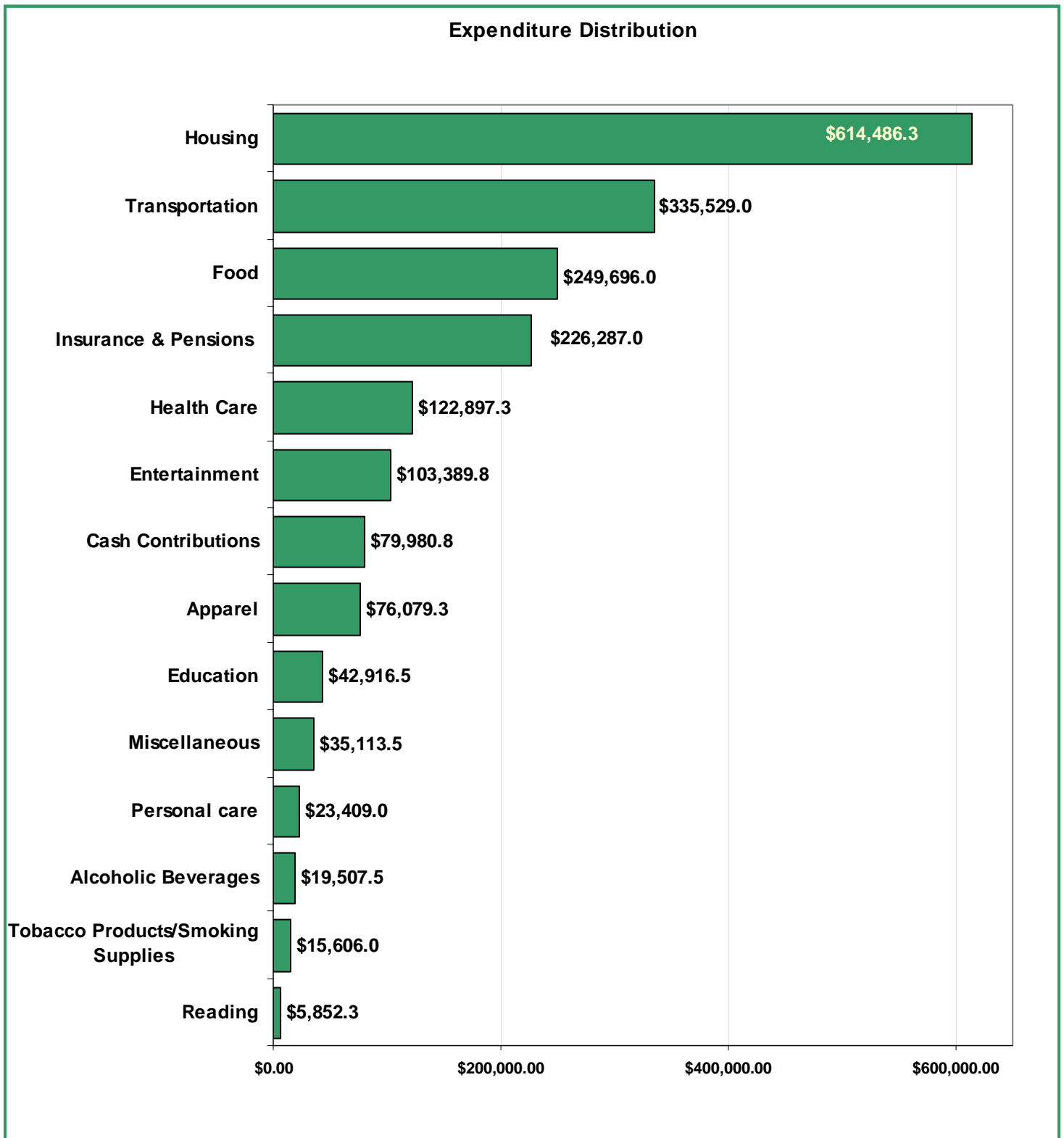
**Disposable Personal Income:** Personal Income less Personal Tax and Nontax Payments.

**Net Personal Consumption Expenditures:** Percentage of Disposable Personal Income less Interest, Personal Transfer Payments & Personal Savings.

**Deposit Potential:** Personal Savings Rate less Deposit Leakage Estimate with area turnover (Reserve Req. Ratio)

The estimated **personal consumption expenditures of \$1,950,750** will be distributed among local categories as shown below in table 2 based on a consumption pattern consistent with the Midwest region (according to the 2005 annual **Consumer Expenditure Survey**, which is conducted by the Bureau of Labor Statistics and provides information on the buying habits of American consumers and data on their expenditures in four regions; Northeast, Midwest, South, West).

**Table 2. Projected Average Annual Expenditures**



Note: Totals may not add up due to rounding

Based on the above spending patterns, the new residents are expected to generate approximately **\$49,947** in sales tax revenue. Table 3 shows a breakdown of the state and county sales tax revenue.

**Table 3. Sales Tax Revenue Projections**

|  |                    |
|--|--------------------|
| <b>Estimated Expenditures</b>              | <b>\$1,950,750</b> |
| <b>Estimated Taxed Spending</b>            | <b>\$713,533</b>   |
| <b>Estimated <u>STATE</u> Tax Revenue</b>  | <b>\$35,677</b>    |
| <b>Estimated <u>County</u> Tax Revenue</b> | <b>\$14,271</b>    |
| <b>TOTAL ESTIMATED TAX REVENUE</b>         | <b>\$49,947</b>    |

**ASSUMPTIONS:**

- The estimated taxed expenditures **exclude tax-exempt categories:**
  - Groceries (Food at Home)
  - Prescription drugs
  - Services
  - Utilities
  
- The tax revenue is based on the current **state sales tax rate of 5%** and **county tax rates of 2%**. The model does not take into account any future changes (increases or decreases) to the tax rate.