



2005 Regional Economic Impact



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AIRPORTS AUTHORITY

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EXECUTIVE SUMMARY

New study measures the economic benefits of Ronald Reagan Washington National and Washington Dulles International Airports

In 2005, nearly 45 million passengers used Ronald Reagan Washington National (National) and Washington Dulles International (Dulles) Airports and 307,034 metric tons of air cargo (air freight and air mail) were handled at the two airports. This passenger and air cargo traffic generates significant economic impacts throughout the Washington, DC metropolitan area. A new study by Martin Associates measures these economic impacts in terms of:

2005 Regional Economic Impact

1. Jobs
2. Personal Income
3. Business Revenue
4. Taxes



James E. Bennett
President and
Chief Executive Officer

The impacts are estimated for the passenger and air freight activity at each airport, as well as for the visitors using the two airports. The impacts created by activity at the airports are classified as *site-generated*, while the impacts created by the visitors using the two airports are classified as *visitor-generated*. These impacts are presented in the following exhibit.



Summary of 2005 Economic Impacts

IMPACT CATEGORY	TOTAL	NATIONAL	DULLES
JOBS			
<i>SITE-GENERATED</i>			
DIRECT	28,570	9,155	19,414
INDUCED	17,771	5,696	12,076
INDIRECT	<u>5,007</u>	<u>930</u>	<u>4,077</u>
TOTAL DIRECT, INDUCED, INDIRECT	<u>51,348</u>	<u>15,781</u>	<u>35,567</u>
<i>VISITOR INDUSTRY</i>	<u>316,950</u>	<u>122,113</u>	<u>194,837</u>
TOTAL	<u>368,298</u>	<u>137,894</u>	<u>230,404</u>
EMPLOYEE EARNINGS (\$ MILLIONS)			
<i>SITE-GENERATED</i>			
DIRECT	\$ 1,283	\$ 411	\$ 872
RE-SPENDING	1,495	479	1,016
INDIRECT	<u>236</u>	<u>43</u>	<u>194</u>
TOTAL PERSONAL INCOME	<u>3,014</u>	<u>933</u>	<u>2,081</u>
<i>VISITOR INDUSTRY</i>			
INCLUDING RE-SPENDING AND INDIRECT	<u>6,348</u>	<u>2,446</u>	<u>3,902</u>
TOTAL	<u>\$ 9,362</u>	<u>\$ 3,379</u>	<u>\$ 5,983</u>
BUSINESS REVENUE (\$ MILLIONS)			
<i>SITE-GENERATED</i>			
DIRECT	\$ 6,471	\$ 1,845	\$ 4,626
<i>VISITOR INDUSTRY</i>			
DIRECT	<u>11,657</u>	<u>4,491</u>	<u>7,166</u>
TOTAL	<u>\$ 18,128</u>	<u>\$ 6,336</u>	<u>\$ 11,792</u>
STATE AND LOCAL TAXES (\$ MILLIONS)			
<i>SITE-GENERATED</i>			
	\$ 326	\$ 102	\$ 224
<i>VISITOR INDUSTRY</i>	<u>687</u>	<u>268</u>	<u>419</u>
TOTAL	<u>\$ 1,013</u>	<u>\$ 370</u>	<u>\$ 643</u>
FEDERAL AVIATION – SPECIFIC TAXES (\$ MILLIONS)			
	\$ 547	\$ 165	\$ 382

Totals may not add to 100% due to rounding

Key to Exhibit:

Site-generated impacts – impacts created by activity at the two airports including impacts with airlines, airport retail tenants, rental car companies, airline caterers, general aviation activity, skycaps, security firms, custodial firms, fixed based operators, air cargo airlines, government agencies overseeing airport activity, and construction and consulting firms providing services to the airport and airlines.

Direct job impact – jobs directly generated by airport activity which would vanish if activity at National and Dulles Airports were to cease.

Induced job impact – jobs created throughout the local economy because individuals directly employed due to airport activity spend their wages locally on goods and services such as food, housing and health care.

Indirect job impact – jobs generated due to the purchase of goods and services by firms dependent upon airport activity, such as local machine and parts suppliers supporting the airlines, utility companies, and office supply firms.

Direct personal income impact – is the measure of personal income received by individuals directly employed due to airport activity.

Re-spending personal income impact – is a measure of the number of times each dollar spent is recirculated before leaving the local economy.

Direct business revenue – is a measure of the value of sales earned by airlines and other airport businesses providing services at the two airports.

State and local tax impact – measures the tax revenue received by the states, counties, and municipalities as a result of the airport activity at the two airports.

Visitor industry impacts – impacts created by visitors to the Washington, DC metropolitan area that have arrived via the two airports. These visitors create impacts with area hotels, restaurants, retail outlets and local transportation services.

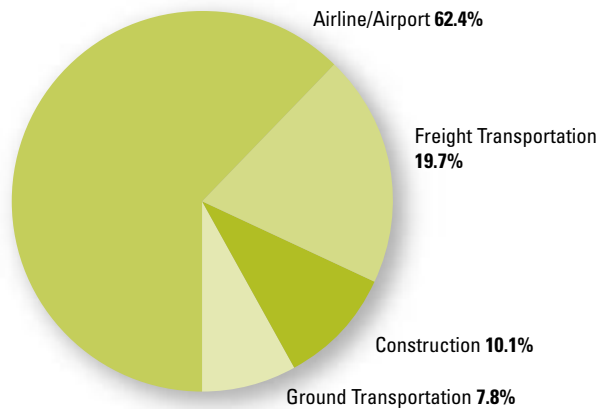
Airport generated business revenue

In 2005, the passenger and air cargo activity at National and Dulles Airports created \$6.5 billion of business revenue to the firms supplying passenger and air cargo services at the airports.

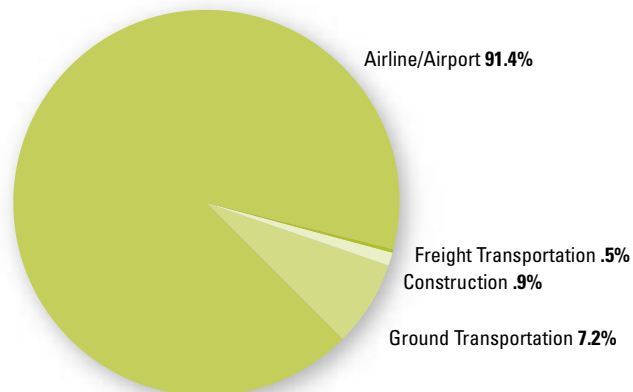
These firms, both national and international, represent various sectors of the economy; these are the airline/airport services sector, the freight transportation sector, ground transportation sector and construction sector. Activity at Dulles Airport generated \$4.6 billion, while activity at National Airport created \$1.8 billion of business revenue. The airlines serving the two airports received the largest share of the business revenue, followed by air cargo firms at Dulles, and firms providing ground transportation services at National Airport.

DISTRIBUTION OF BUSINESS REVENUE

DULLES



NATIONAL



Totals may not add to 100% due to rounding

Capital construction program: a key generator of economic activity

The \$3.4 billion Capital Construction Program to expand Dulles Airport and improve facilities at National Airport consists of projects to expand public parking facilities, improve runways, airfields and terminal facilities and services. In 2005, the annual expenditures from this Capital Construction Program were about \$17 million at National Airport and \$465 million at Dulles Airport.

The importance of the Capital Construction Program to the local and regional economy is highlighted by the 6,734 jobs supported annually by the expansion and improvement projects, as summarized in the following exhibit.

ECONOMIC IMPACTS OF THE 2005 CAPITAL CONSTRUCTION PROGRAM

IMPACTS	TOTAL	NATIONAL	DULLES
JOBS			
DIRECT	2,718	97	2,621
INDUCED	2,108	80	2,027
INDIRECT	1,908	65	1,844
TOTAL	6,734	242	6,492
PERSONAL EARNINGS (\$ MILLIONS)			
DIRECT	\$ 174	\$ 6.8	\$ 167.2
RE-SPENDING	203	8.0	194.8
INDIRECT	86	2.9	83.0
TOTAL	\$ 463	\$ 17.7	\$ 444.9
STATE AND LOCAL TAXES (\$ MILLIONS)			
	\$ 50	\$ 1.9	\$ 47.8

Totals may not add to 100% due to rounding



The area's visitor industry benefits from the visitors using the two airports

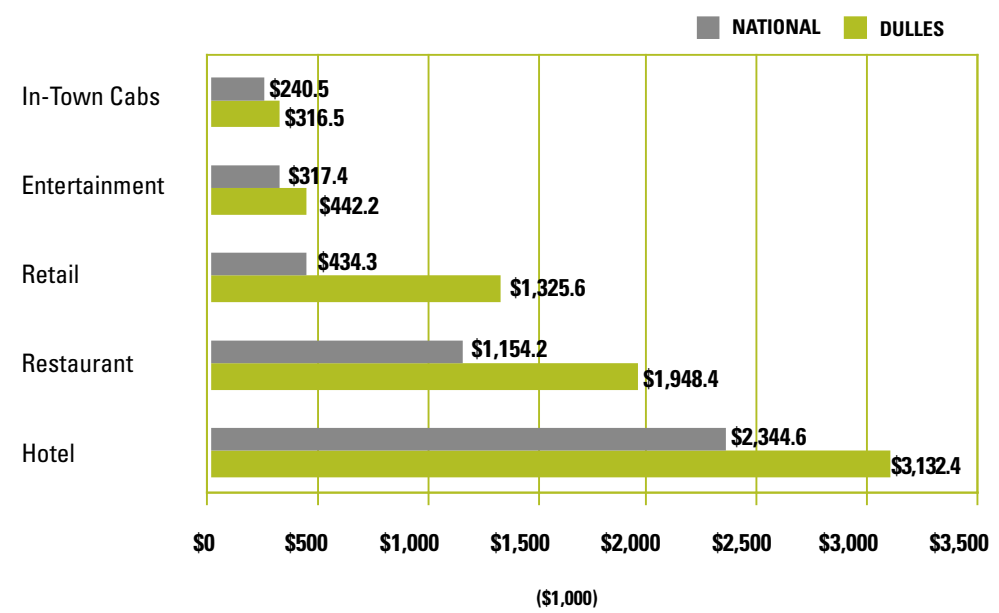
Travelers on business and pleasure to the nation's capital are vital elements to the Washington, DC metropolitan area economy. National and Dulles Airports are the primary gateways to the region and provide air services key to the area's visitor industry.

In 2005, about 12.1 million visitors arrived in the metropolitan area via the two airports.

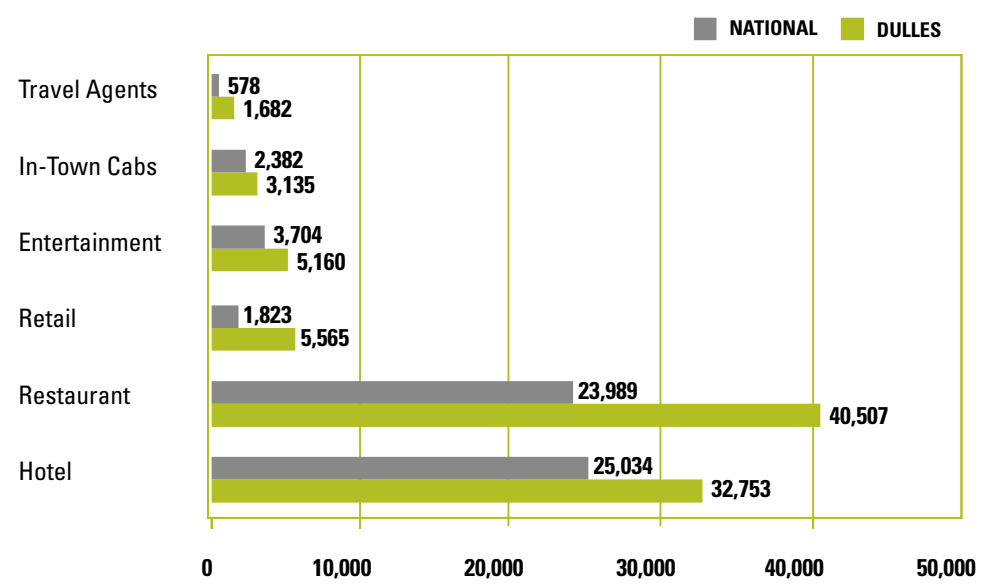
These visitors pumped \$11.7 billion into the area's visitor industry, supporting 146,311 direct jobs in the Washington, DC metropolitan visitor's industry.

The following two exhibits show how the visitors spent their money in the local area and in which sectors of the visitor industry the jobs were created.

DISTRIBUTION OF 2005 VISITOR INDUSTRY EXPENDITURES (\$ MILLIONS)



DISTRIBUTION OF 2005 VISITOR INDUSTRY JOBS



Totals may not add to 100% due to rounding



Air Cargo Provides Jobs

In 2005, a total of 307,034 metric tons of air cargo (air freight and air mail) moved through the two airports. Ninety-eight percent of the air cargo moved via Dulles Airport, while the balance moved via National Airport. This air cargo activity generated 2,000 jobs in the local economy.

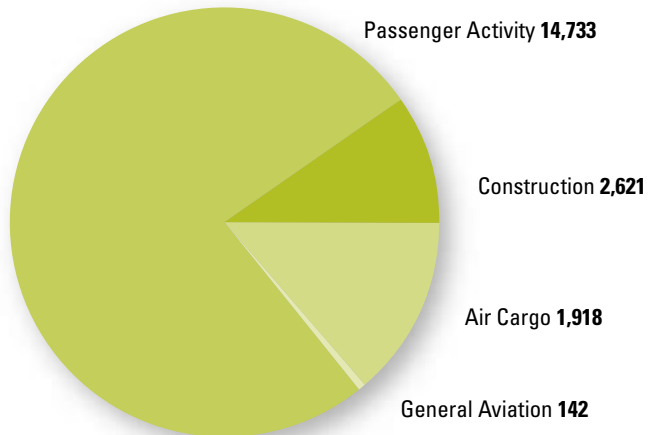
The value of the air freight (cargo less mail) enplaned at Dulles Airport is estimated at \$11.5 billion. About 109,000 employees in the Commonwealth of Virginia, Maryland and the District of Columbia are further involved in the manufacturing of the air cargo that is loaded on airplanes at Dulles Airport.

More Than 368,000 Jobs Are Generated

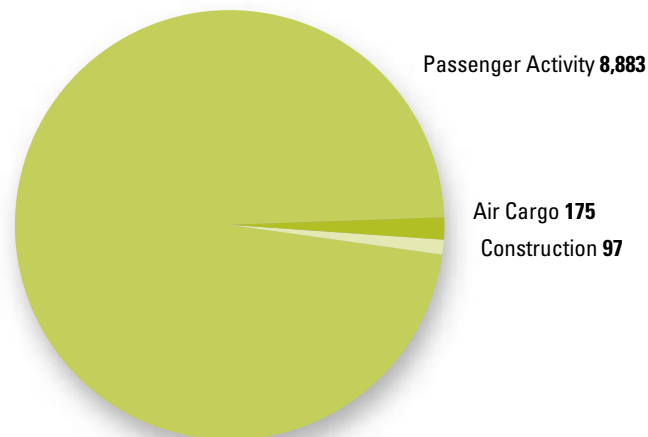
In 2005, passenger and air freight activity at National and Dulles Airports supported 368,298 residents of Virginia, Maryland, West Virginia and the District of Columbia. Of these 368,298 jobs, 174,881 are directly generated jobs, of which 28,570 are employed by on-site airport activity. The balance, 146,311 jobs, is employed in the area's visitor industry.

DISTRIBUTION OF DIRECT JOBS BY TYPE OF ACTIVITY

DULLES

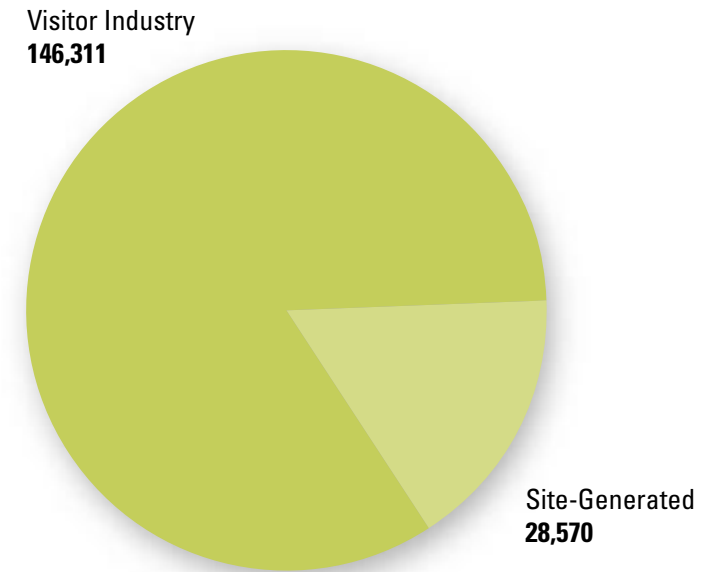


NATIONAL



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DISTRIBUTION OF 2005 DIRECT JOBS



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The 174,881 directly generated jobs received \$4.3 billion of wages and salaries. As a result of local purchases by these residents, an additional \$3.2 billion of income and consumption expenditures were created in the local economy. In addition, \$1.9 billion of indirect wages and salaries were received by the indirectly generated jobs. The total income impact is therefore \$9.4 billion. The \$3.2 billion re-spending of the direct income further supported an additional 67,493 jobs in the local housing, food, health care, transportation, retail, and service sector industries. An additional 125,924 indirect jobs were also supported in the local economy as the result of \$4.9 billion of local purchases by the firms directly dependent upon the two airports.

Tax Benefits To Governments

Airport activity in 2005 generated \$325.8 million of state and local taxes and \$547.3 million to the Federal Government in terms of airport specific taxes, as summarized in the following exhibit.

SUMMARY OF 2005 TAX IMPACTS (\$ MILLIONS)

TYPE OF TAX	NATIONAL	DULLES	TOTAL
STATE AND LOCAL TAXES	\$ 102.2	\$ 223.6	\$ 325.8
FEDERAL AVIATION SPECIFIC TAXES			
AIR CARGO	\$ 0.5	\$ 54.0	\$ 54.5
INTERNATIONAL ARRIVAL/INS	5.9	82.3	88.2
DOMESTIC PASSENGERS	156.3	213.6	370.0
INTERNATIONAL DEPARTURE	2.3	32.4	34.6
TOTAL FEDERAL AVIATION TAXES	<u>\$ 165.0</u>	<u>\$ 382.3</u>	<u>\$ 547.3</u>

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The Commonwealth of Virginia received about \$112.7 million of state taxes from activity at the two airports in 2005. Local jurisdictions in the Commonwealth received about \$89.4 million of tax revenues from airport activity. Similarly, the State of Maryland received \$30.1 million in state tax revenues from activity at National and Dulles Airports, while local jurisdictions within the State of Maryland received \$28.6 million of tax revenue. The District of Columbia received about \$36.7 million in tax receipts from airport activity. The State of West Virginia received about \$600,000 of state taxes from activity at Dulles Airport, while local jurisdictions within the State of West Virginia received \$2.3 million of tax revenue.

STATE AND LOCAL 2005 TAX IMPACTS BY STATE AND THE DISTRICT OF COLUMBIA (\$ MILLIONS)

TYPE OF TAX	NATIONAL STATE & LOCAL TAX IMPACTS	DULLES STATE & LOCAL TAX IMPACTS	TOTAL DIRECT TAX IMPACTS
STATE TAX IMPACTS			
VIRGINIA	\$ 23.1	\$ 89.6	\$ 112.7
MARYLAND	12.8	17.3	30.1
WEST VIRGINIA	NA	0.6	0.6
OTHER US	3.2	12.4	15.7
TOTAL STATE TAX IMPACTS	<u>\$ 39.1</u>	<u>\$ 120.0</u>	<u>\$ 159.1</u>
COUNTY AND MUNICIPAL TAX IMPACTS			
VIRGINIA	\$ 24.9	\$ 64.5	\$ 89.4
MARYLAND	16.1	12.5	28.6
DISTRICT OF COLUMBIA	19.0	17.7	36.7
WEST VIRGINIA	NA	2.3	2.3
OTHER STATES	3.1	6.6	9.8
TOTAL COUNTY AND MUNICIPAL TAX IMPACTS	<u>\$ 63.1</u>	<u>\$ 103.6</u>	<u>\$ 166.7</u>
TOTAL STATE AND LOCAL TAX IMPACTS	<u>\$ 102.2</u>	<u>\$ 223.6</u>	<u>\$ 325.8</u>

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The distribution of the direct local tax impacts by jurisdiction is presented in the following exhibit.

DISTRIBUTION OF 2005 LOCAL DIRECT TAX IMPACTS BY JURISDICTION (THOUSANDS OF DOLLARS)

CITY/COUNTY	NATIONAL	DULLES	TOTAL
ALEXANDRIA, VA	\$ 4,944	\$ 3,898	\$ 8,842
ARLINGTON, VA	4,242	3,112	7,354
FAIRFAX COUNTY, VA	4,321	20,170	24,490
FALLS CHURCH, VA	593	2,531	3,124
FAIRFAX CITY, VA	1,656	3,427	5,083
LOUDOUN COUNTY, VA	2,263	17,962	20,225
PRINCE WILLIAM COUNTY, VA	3,043	3,652	6,696
MANASSAS, VA	1,147	4,278	5,425
OTHER VA	2,668	5,480	8,148
MONTGOMERY COUNTY, MD	2,386	3,798	6,183
PRINCE GEORGES COUNTY, MD	7,385	2,917	10,303
OTHER MD	6,369	5,751	12,120
DC	18,980	17,694	36,674
WEST VIRGINIA	NA	2,312	2,312
OTHER	<u>3,117</u>	<u>6,642</u>	<u>9,758</u>
TOTALS	<u>\$ 63,114</u>	<u>\$103,623</u>	<u>\$166,737</u>

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