

THE BELLE OF BATON ROUGE ECONOMIC AND REVENUE IMPACTS

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PREPARED BY:



Baton Rouge Area Chamber®

EXECUTIVE SUMMARY

Belle of Baton Rouge is a riverboat casino in downtown Baton Rouge that has been in operation since 1994. The Louisiana Gaming Control Board is considering allowing the casino to move onshore as a land-based casino. In addition, the Belle of Baton Rouge will reopen hotel space if the casino is onshored, bringing approximately 90 rooms back online for the accommodation sector; the impact of this reopening is included in the analysis.

The analysis also includes the construction impacts for the new land-based casino, as well as an estimate of the ongoing operations impacts of the gaming space, as well as food and entertainment areas. In addition to economic impacts, this study includes an estimate of the new tax revenues to the city, parish, schools, and other special districts associated with sales generated by visitors and property taxes from the new land-based casino.

The operations of the new land-based casino detailed in this analysis would provide significant economic and revenue benefits to the region over and above the economic impacts created by the existing riverboat casino.

- The Belle of Baton Rouge onshoring will have a 20-year economic impact of more than \$1.0 billion on the Capital Region with increased employment of 205 people with an estimated increased annual payroll of over \$9.5 million. Operations impact of the casino are estimated to increase by almost \$7.3 million annually due to increased food and beverage sales.
- The total impact of the new operations (direct plus indirect jobs and payroll) will be 336 jobs and \$19.6 million in payroll.
- There would also be one-time economic impacts associated with the construction of the new casino that are estimated at \$52.9 million along with 349 total jobs and \$19.6 million in labor income.
- In addition, the new land-based casino would pay property taxes in East Baton Rouge Parish that are estimated at an average of \$645,000 per year (including real and personal property), or \$12.9 million between 2023 and 2042 and one-time construction sales taxes of \$870,936.
- Visitor spending in Baton Rouge will increase by \$722,400 based on the ability for cruise passengers docking at the Belle to extend their visits overnight with the reopening of the casino. This level of spending would mean \$10.8 million in increased economic activity over the next 20 years, including the indirect and induced impacts to local businesses in the leisure and hospitality industry.

INTRODUCTION

This economic and revenue impact of the land-based casino is intended to provide a framework for understanding the benefits that this attraction currently generates for the City of Baton Rouge and East Baton Rouge Parish, as well as the significant increase in impacts that could be realized if a new land-based casino is constructed. This analysis includes the impacts of the casino construction and operations, which includes accommodations and hospitality.

The Belle of Baton Rouge has been in operation as a riverboat casino since 1994 with approximately 17,000 square feet of gaming space, with an additional 11,500 square feet of entertainment and restaurant space in downtown Baton Rouge. Existing operations account for 146 full-time employees. The new land-based casino would include more than 50,000 total square feet of space and an estimated 350 full-time employees. In addition to the casino, the facility would offer dining services and hotel accommodations.

This new land-based casino would make dock space available for American Queen Steamboat Company and American Cruise Line ships. The Mississippi River cruises that would dock in Baton Rouge would grant 36,120 annual visitors to the city the opportunity to extend their visit to overnight due to the Belle’s hotel space. These extended stays would create new economic and revenue impacts for the city and parish.

VISITOR SPENDING

American Queen Steamboat Company and American Cruise Lines currently bring an estimated 36,120 new visitors to Baton Rouge annually; if this number remains static year-over-year, it would mean 722,400 new visitors to the city between 2023 and 2042 via these cruises. While these cruise lines are already in market, they currently vie for dock space with another provider at the single dock in downtown Baton Rouge. Should the Belle onshoring project come to fruition, the lines would have additional dock access downtown.

This additional access is important not only to alleviate bottlenecks that currently limit the number of visitors to Baton Rouge, but because access to the Belle – and its reopened hotel space. Based on spending patterns from the Louisiana Office of Tourism and DK Shifflet (Research for Travel & Tourism Industry), the average day visitor to Baton Rouge spends \$69, but the average overnight guest spends \$85. While this 23% increase in spending seems small on a per visit basis, in the aggregate it is significant. Based on the current American Queen and American Cruise Line visits, this would be \$541,800 in additional annual visitor spend in Downtown Baton Rouge, or \$10.8 million over the 2023 to 2042 timeframe.

Figure 1: Projected New Visitor Spending in Baton Rouge by Cruise Passengers

	Annual	2023 – 2042
Total Visitors	36,120	722,400
Estimated New Local Spend	\$541,800	\$10,836,000

ECONOMIC IMPACTS

The economic impacts of the new land-based casino include the ongoing operations impacts and one-time construction impacts. Economic impacts measure the effects of economic stimuli or expenditures in the local economy. These impacts include direct, indirect and induced jobs, labor income and output that are generated by the casino operations. Indirect and induced impacts are the result of the multiplier effect and capture supported supplier and consumer businesses and their employees in East Baton Rouge Parish that benefit from the casino and from the new cruise ship visitors.

Construction Impacts

The construction of the new land-based casino will require an estimated capital investment of \$35.0 million for design and engineering, permits and fees, construction, testing and inspection, and FF&E. The casino is expected to open in September 2023. For the purpose of this analysis, we assumed the entirety of this construction spending could be captured locally and would create economic impacts in East Baton Rouge Parish.

The multiplier effect of this \$35.0 million in local construction spending could result in a total increase in economic activity of about \$52.9 million during the construction period (Figure 1). The estimated 349 direct and indirect jobs created by this construction project could result in about \$19.6 million in total labor income in the region during the construction period.

Figure 2: Land-Based Casino Construction Impacts

	Direct			Total		
	Construction Cost	Jobs	Labor Income	Output	Jobs	Labor Income
Construction	\$27,400,000	178	\$10,876,721	\$41,445,808	273	\$15,362,726
Soft Costs	\$7,600,000	50	\$3,014,365	\$11,486,258	76	\$4,257,614
Total	\$35,000,000	228	\$13,891,086	\$52,932,066	349	\$19,620,340

The indirect and induced impacts (the difference between direct and total impacts) are called multiplier effects. Multiplier effects are a way of representing the larger economic effects on the local economy. The multiplier effects translate an increase in direct output (loosely defined for service industries as gross sales) into a corresponding total increase in jobs, labor income and output. In essence, the multiplier effect represents the recycling of local spending. This recycling process creates new business opportunities. The multipliers used in this analysis are from IMPLAN, a national vendor of economic impact software, and are specific to the economic base of East Baton Rouge Parish. Industry-specific multipliers were used for each category of impacts.

Operations Impact

The economic impacts of the ongoing casino and accommodation operations can also be quantified. These impacts are expected to increase with the new land-based facility. The economic impacts include the current 146 FTE staff and \$8.5 million in annual payroll at the casino in the direct impacts, as well as the anticipated 204 new jobs and \$9.5 million in new estimated payroll. There are also indirect and induced impacts from local vendor purchases made by the casino and spending by casino employees. These additional purchases are captured in the total impact estimates. The total impacts are the sum of the direct impacts at the casino and the indirect and induced impacts created by other local businesses and their employees. The total economic impacts of the land-based facility are estimated at \$97.5 million per year, or \$2.0 billion between 2023 and 2042. In addition to

the direct jobs created by the casino, the casino operations also support 247 jobs and \$10.9 million in payroll at other local businesses.

Figure 3: Annual Operations Impacts Land-Based Casino

	Direct			Total		
	Output	FTE Jobs	Labor Income	Output	FTE Jobs	Labor Income
Annual Output 2023 to 2042	\$63,038,007	350	\$17,972,000	\$ 97,487,359	597	\$28,912,786
Aggregated	\$1,260,760,145		\$359,440,000	\$1,949,747,182		\$578,255,720

REVENUE IMPACTS

In addition to supporting jobs, labor income and output at the casino and at related hospitality businesses in the region, the new land-based casino would also create state and local tax revenues.

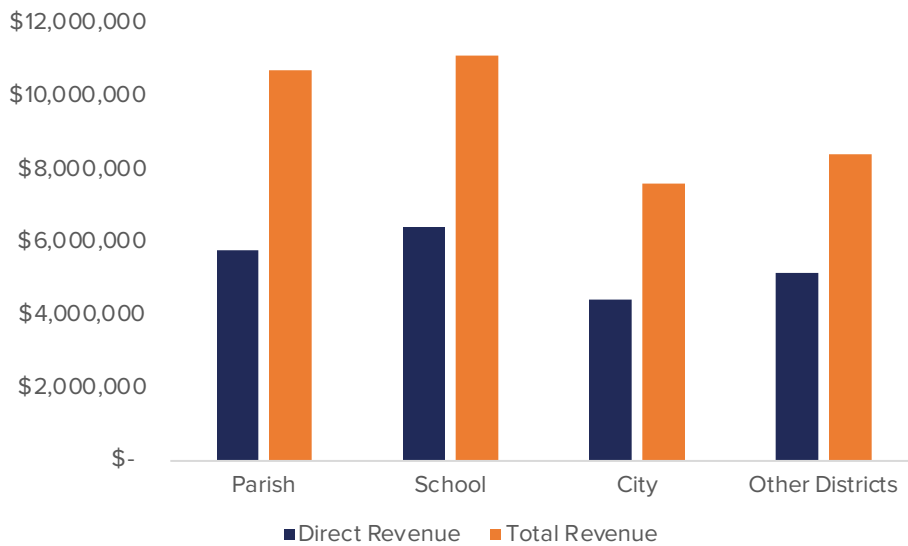
The riverboat casino is currently exempt from real property taxes, however the new land-based casino and hotel would generate new property taxes on real property, as well as additional personal property taxes on new FF&E investments.

Annual property taxes are estimated at \$645,000, resulting in a total of \$12.9 million in taxes to the city, parish, school, and other special districts between 2023 and 2042. Property tax estimates are based on the property tax rate at the casino site, the estimated new real property assessed value and the depreciated value of new FF&E. There would also be one-time construction sales tax from the land-based casino estimated at \$561,000.

In addition, new dining and beverage options will bring in additional local tax revenue through sales taxes. Based on a projected \$7,254,000 in sales at establishments within the new land-based casino, new sales tax revenue of \$398,970 are projected annually.

The chart on the next page (Figure 4) shows a breakdown of projected tax revenue by taxing body. The navy column indicates property and sales tax revenues derived from operations of the land-based casino. The orange column indicates revenues derived from both the operation itself, as well as indirect and induced taxes paid by employees, vendors, suppliers, and customers. A more detailed breakdown is available in table format in Figure 5.

**Figure 4: New Local Tax Revenues 2023-2042
Belle of Baton Rouge Land-Based Casino**



**Figure 5: Estimated Total Sales and Property Tax Revenues
Land-Based Casino**

	<u>Direct Revenue</u>	<u>Total Revenue</u>
Parish	\$5,770,632	\$10,704,101
School	\$6,396,752	\$11,110,291
City	\$4,434,343	\$7,596,144
Other Districts	\$5,152,225	\$8,403,288
Total Tax Revenue	\$21,753,952	\$37,813,824

SUMMARY OF ALL IMPACTS

The casino currently employs about 146 FTE staff with an annual payroll of \$8.5 million; after the construction of the land-based casino and reopening of the hotel, it is projected to employ 350 staff members with a payroll of approximately \$18.0 million. Ongoing operations impacts from the casino and related spending impacts result in a total economic impact of \$1.0 billion in East Baton Rouge Parish between 2023 and 2042, directly and indirectly supporting an estimated 597 jobs and \$578.3 million in labor income in that timeframe. The river cruises that will stop at the Belle would allow almost 36,120 annual visitors the chance to extend their stays in Baton Rouge overnight, which would increase the economic activity with their stay by 23% on average. In addition, dining establishments onsite will drive almost \$7.3 million in annual sales, which results in nearly \$8.0 million in local sales taxes over the 2023 to 2042 time period.

About the Baton Rouge Area Chamber

The Baton Rouge Area Chamber is an economic development organization with a footprint of the nine parishes in Louisiana's Capital Region. The organization's research team regularly engages in economic modeling and impact analyses for businesses in a number of industries, such as manufacturing, technology, healthcare, logistics and transportation, retail, utilities, and others. These findings have been presented to a number of local and state governmental entities throughout Louisiana.