

Economic Stimulus Benefits of the Independence Energy Connection Project

The IEC transmission project will support 112 to 147 full time jobs, stimulate \$35.7 million to \$43.6 million in economic activity, and generate \$1.7 million to \$2 million in new tax revenue in Pennsylvania and Maryland during construction.

The economic stimulus impacts of the Independence Energy Connection (IEC) transmission project on the Pennsylvania and Maryland economies are estimated using the IMPLAN (Impact analysis for PLANing) model. The model estimates the direct, indirect and induced economic stimulus benefits associated with the planned transmission lines. **Direct effects** represent the changes in employment and economic activity in the industries that directly support the investment. For example, the IEC project uses the services of design, engineering, and construction companies and requires the purchase of equipment and materials. **Indirect effects** measure the changes in the supply chain and inter-industry purchases associated with the transmission construction and manufacturing activities. This includes, for example, the benefits to suppliers to transmission equipment manufacturers, such as steel producers. **Induced effects** reflect the increased spending on housing, food, clothing, and other products and services by those directly or indirectly employed in the development and construction of the transmission project.

The economic stimulus impact of the IEC project is estimated for four distinct regions: (1) Franklin County, PA; (2) York County, PA; (3), the remaining part of Pennsylvania; and (4) the state of Maryland. The IMPLAN model is populated with data provided by Transource, which reflects the best estimate of the local investments that will be made to build the IEC transmission project. This analysis does not consider expenditures Transource expects to make outside of Pennsylvania or Maryland, as those expenditures will have limited impact on the local economics of the two states. The total amount Transource expects to spend within Pennsylvania and Maryland to construct the IEC project is estimated to be between \$24.4 million and \$28.6 million.

The economic stimulus benefits of the IEC project are reported as three metrics: (1) the number of jobs supported; (2) the overall value of economic activity stimulated; and (3) state and local taxes generated by the project. The stimulus benefits of the IEC project in Franklin County, York County, and the rest of Pennsylvania are shown in Table 1. The project is expected to support 49 to 60 full-time jobs in Franklin County and 30 to 37 full-time jobs in York County, and to stimulate \$16.4 million to \$18.7 million in economic activity in Franklin County plus \$9.6 million to \$10.9 million of economic activity in York County during the construction of the project. In Franklin County, the IEC project is expected to generate between \$290,000 and \$370,000 of combined state and local taxes while under construction. Likewise, in York County, the project is expected to generate between \$190,000 and \$240,000 of combined state and local taxes. In addition, the IEC project is estimated support between 16 and 20

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FTE-year jobs, stimulate between \$3.4 million and \$4.3 million of economic activity, and generate between \$160,000 and \$200,000 of tax revenue in the rest of Pennsylvania.

Table 1: Economic Stimulus Benefits for Franklin County, York County, and the rest of Pennsylvania

| Impact Type | Franklin County | | York County | | Rest of Pennsylvania | | |
|---|-----------------|-----------------|-----------------|----------------|----------------------|----------------|----------------|
| | Low | High | Low | High | Low | High | |
| Jobs Supported (FTE-years) | | | | | | | |
| Direct Effect | [1] | 20 | 26 | 10 | 14 | 9 | 10 |
| Indirect Effect | [2] | 18 | 19 | 13 | 13 | 3 | 3 |
| Induced Effect | [3] | 12 | 16 | 7 | 10 | 5 | 6 |
| Total Effect | [4] | 49 | 60 | 30 | 37 | 16 | 20 |
| Economic Activity Simulated (thousands \$) | | | | | | | |
| Direct Effect | [5] | \$12,900 | \$14,500 | \$6,700 | \$7,600 | \$1,200 | \$1,500 |
| Indirect Effect | [6] | \$2,000 | \$2,100 | \$1,700 | \$1,800 | \$900 | \$1,100 |
| Induced Effect | [7] | \$1,500 | \$2,100 | \$1,200 | \$1,500 | \$1,300 | \$1,700 |
| Total Effect | [8] | \$16,400 | \$18,700 | \$9,600 | \$10,900 | \$3,400 | \$4,300 |
| State and Local Taxes (thousands \$) | | | | | | | |
| Direct Effect | [9] | \$140 | \$170 | \$60 | \$80 | \$50 | \$60 |
| Indirect Effect | [10] | \$60 | \$70 | \$60 | \$60 | \$40 | \$50 |
| Induced Effect | [11] | \$90 | \$130 | \$70 | \$100 | \$70 | \$90 |
| Total Effect | [12] | \$290 | \$370 | \$190 | \$240 | \$160 | \$200 |

Table 2: Economic Stimulus Benefits for Pennsylvania and Maryland

| Impact Type | Pennsylvania | | Maryland | | Total | | |
|---|--------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
| | Low | High | Low | High | Low | High | |
| Jobs Supported (FTE-years) | | | | | | | |
| Direct Effect | [1] | 39 | 50 | 7 | 9 | 46 | 59 |
| Indirect Effect | [2] | 33 | 35 | 4 | 11 | 37 | 47 |
| Induced Effect | [3] | 24 | 31 | 5 | 10 | 29 | 41 |
| Total Effect | [4] | 96 | 117 | 16 | 30 | 112 | 147 |
| Economic Activity Simulated (thousands \$) | | | | | | | |
| Direct Effect | [5] | \$20,800 | \$23,600 | \$3,700 | \$4,900 | \$24,500 | \$28,500 |
| Indirect Effect | [6] | \$4,600 | \$5,000 | \$1,300 | \$2,600 | \$5,900 | \$7,600 |
| Induced Effect | [7] | \$4,000 | \$5,300 | \$1,300 | \$2,200 | \$5,300 | \$7,500 |
| Total Effect | [8] | \$29,400 | \$33,900 | \$6,300 | \$9,700 | \$35,700 | \$43,600 |
| State and Local Taxes (thousands \$) | | | | | | | |
| Direct Effect | [9] | \$250 | \$310 | \$890 | \$910 | \$1,140 | \$1,220 |
| Indirect Effect | [10] | \$160 | \$180 | \$50 | \$100 | \$210 | \$280 |
| Induced Effect | [11] | \$230 | \$320 | \$80 | \$130 | \$310 | \$450 |
| Total Effect | [12] | \$640 | \$810 | \$1,020 | \$1,140 | \$1,660 | \$1,950 |

The total benefits to the states of Pennsylvania and Maryland are shown in Table 2. Transource's investment in the IEC transmission project will support between 112 and 147 full-time-equivalent jobs,

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with 96 to 117 in Pennsylvania and 16 to 30 in Maryland during project construction. The jobs supported by the project in Pennsylvania and Maryland will depend what types of skills are available in the local labor market at the time of construction, but may include steel workers, linemen, equipment operators, construction supervisors, field engineers, or material handling specialists. The project would stimulate between \$35.7 million and \$43.6 million of overall economic activity, of which between \$29.4 million and \$33.9 million accrues to Pennsylvania and \$6.3 million to \$9.7 million to Maryland. The project will provide local and state governments between \$1.7 and \$2 million of tax revenue during construction, of which between \$1.0 million and \$1.1 million is collected in Maryland and \$640,000 to \$810,000 in Pennsylvania.

In addition to the local and state tax revenues collected during construction, as shown in Table 2, the IEC project will continue to generate property taxes in Maryland after construction is completed. The present value of all property taxes collected by local governments in Maryland over the lifetime of the project is estimated to be \$6.4 million.

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