



The University of Georgia

Center for Agribusiness and Economic Development

College of Agricultural and Environmental Sciences

Economic Impact of the Green Industry in Jackson County

**Prepared by:
Archie Flanders and John McKissick
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Executive Summary

The green industry in Jackson County is composed of three sectors. These sectors are nursery and greenhouse production, landscape services, and retail sales. Production of plant material, landscape services, as well as retail sales are a stimulus to the entire Jackson County economy. Purchases of inputs within the county create secondary economic activity, while wages earned by employees lead to spending in all sectors of the economy. Greenhouse and nursery production has a total economic output impact of \$2.9 million in the Jackson County economy. A total of 36 jobs related to the production industry lead to \$1.3 million in wages and benefits. Local governments realize \$43,603 in tax revenues due to greenhouse and nursery production. Economic output impacts of landscape services total \$11.5 million. Wages and benefits are \$4.7 million for 171 jobs associated with landscape services. Local governments in Jackson County receive \$243,800 in tax revenues due to landscape services. Retail sales of greenhouse and nursery products, as well as related supplies result in \$143,956 of wages and benefits for 4 jobs, for each \$1.0 million of retail sales. In addition to the direct sales taxes associated with sales, each \$1.0 million of retail sales generates \$25,174 in local tax revenues.

Economic Impact of the Green Industry in Jackson County

The green industry in Jackson County is composed of three sectors. These sectors are nursery and greenhouse production, landscape services, and retail sales. The 2006 farm gate value of production reported by the Center for Agribusiness and Economic Development (CAED) at the University of Georgia is \$2.2 million. Landscape services including installation and maintenance totaled \$8.1 million of sales in 2006. Production of plant material, landscape services, as well as retail sales are a stimulus to the entire Jackson County economy. Purchases of inputs within the county create secondary economic activity, while wages earned by employees lead to spending in all sectors of the economy.

Principles of Economic Impact Analysis

Economic impacts can be estimated with input-output models (IMPLAN) that separate the economy into various industrial sectors such as agriculture, construction, manufacturing, trade, and services. An input-output model calculates how a change in one industry changes output, income, and employment in other industries. These changes, or impacts, are expressed in terms of direct and indirect effects. Impacts are interpreted as the contribution of the enterprise to the total economy. Direct effects represent the initial impact on the economy of either construction or operations of an enterprise. Indirect effects are changes in other industries caused by direct effects of an enterprise and include changes in household spending due to changes in economic activity generated by direct effects. Thus, the total economic impact is the sum of direct and indirect effects. Input-output analysis can interpret the effects of an enterprise in a number of ways including output (sales), labor income (employee compensation and proprietary income), employment (jobs), and tax revenue.

Economic impacts result from a multiplier effect that begins with expenditures of an enterprise stimulating business to business spending, personal income, employment, and tax revenue. IMPLAN models include a regional purchase coefficient (RPC) for each impact variable that represents percentage of demand that is satisfied by production within an impact area. Demand for inputs not satisfied within the impact area represent leakages that have no indirect impacts in the impact area. Enterprises vary in their multiplier effects due to differing expenditure levels, RPC's, and sectors in which their expenditures are directed. Impact analysis involves quantification of spending levels and proper allocation to impacted sectors.

Output impacts are a measure of economic activity that results from expenditures in a specific industrial sector. Output is equivalent to sales, and this multiplier determines how initial economic activity in one sector leads to sales in other sectors. Personal income impacts measure purchasing power that is created due to the output impacts. This impact provides the best measure of how standards of living are affected for residents in the impact area.

An enterprise involves a specified number of employees that is determined by the technology of the enterprise. Employment multipliers indicate the effect on employment resulting from the enterprise initiating economic activity. IMPLAN indirect employment includes both full-time and part-time jobs without any distinction. Jobs calculated within an IMPLAN industrial sector are not limited to whole numbers and fractional amounts represent additional hours worked

without an additional employee. With no measure of hours involved in employment impacts, IMPLAN summations for industrial sectors which include fractional employment represent both jobs and job equivalents. Since employment may result from some employees working additional hours in existing jobs, instead of terming indirect employment impacts as “creating” jobs, a more accurate term is “involving” jobs or job equivalents.

Economic Impacts of Greenhouse and Nursery Production

Direct sales of \$2.2 million in Table 1 create additional sales of \$653,151 for a total output impact of \$2.9 million in Jackson County. There are 29 employees and proprietors directly employed in production earning a total of \$1.1 million in wages and benefits. Indirect employment for 7 jobs totals \$188,271 in wages and benefits. The average income for all jobs related to greenhouse and nursery production is \$35,942. Total Georgia tax revenues generated by production in Jackson County are \$140,046. Local governments in Jackson County receive \$43,603 in tax revenues from nursery and greenhouse production. Appendix 1 shows the distribution of impacts by major industrial sectors.

Table 1. Economic Impacts of Green Industry Production, Jackson County, 2006

	Direct Impact	Indirect Impact	Total Impact
Output (\$)	2,229,725	653,151	2,882,876
Labor Income (\$)	1,105,648	188,271	1,293,918
Employment	29	7	36
State Taxes (\$)			96,443
Local Taxes (\$)			43,603

Economic Impacts of Landscape Services

Residences and commercial developments create a demand for landscape services in Jackson County. Direct sales from installation and maintenance in Table 2 are \$8.1 million. Indirect sales related to landscape services are \$3.4 million for a total output impact of \$11.5 million. A total of 133 employees and proprietors directly involved in landscape services earn \$3.6 million in wages and benefits. Indirect employment for 38 jobs adds \$1.1 million of earned income. Total wages and benefits for 171 jobs related to landscape services are \$4.7 million. This averages \$27,478 per job. Local governments in Jackson County receive \$243,800 of the total tax revenues generated in Georgia due to landscape services in the county. Appendix 2 shows the distribution of impacts among the major sectors in the local economy.

Table 2. Economic Impacts of Landscape Services, Jackson County, 2006

	Direct Impact	Indirect Impact	Total Impact
Output (\$)	8,069,742	3,427,471	11,497,213
Labor Income (\$)	3,565,473	1,133,286	4,698,759
Employment	133	38	171
State Taxes (\$)			359,818
Local Taxes (\$)			243,800

Economic Impacts of Retail Sales

Aggregated data for a combination of building materials, garden equipment, and garden supplies indicates 2006 sales in Jackson County of \$78.7 million (The Georgia County Guide, CAED). Data is not available for the value of retail sales of garden supplies in Jackson County. Table 3 presents the economic impacts attributable to the retail margins associated with each \$1.0 million in garden supply sales. The total output impact is \$383,657. Total employee and proprietor wages and benefits are \$143,956 for 4 total jobs. Tax revenues in Table 3 include only those associated with the impacts of retail margins. Tax revenues associated with direct sales taxes are calculated by multiplying total retail sales by the applicable tax rate.

Table 3. Economic Impacts of Garden Supply Sales, Retail Margins for \$1,000,000 in Sales, Jackson County, 2006

	Direct Impact	Indirect Impact	Total Impact
Output (\$)	281,000	102,657	383,657
Labor Income (\$)	110,764	33,192	143,956
Employment	3	1	4
¹ State Taxes (\$)			24,173
¹ Local Taxes (\$)			25,174

¹Does not include direct sales taxes on retail purchases. Multiply \$1,000,000 by applicable tax rate for direct sales taxes.

Summary

Greenhouse and nursery production has a total economic output impact of \$2.9 million in the Jackson County economy. A total of 36 jobs related to the production industry lead to \$1.3 million in wages and benefits. Local governments realize \$43,603 in tax revenues due to greenhouse and nursery production. Economic output impacts of landscape services total \$11.5

million. Wages and benefits are \$4.7 million for 171 jobs associated with landscape services. Local governments in Jackson County receive \$243,800 in tax revenues due to landscape services. Retail sales of greenhouse and nursery products, as well as related supplies result in \$143,956 of wages and benefits for 4 jobs, for each \$1.0 million of retail sales. In addition to the direct sales taxes associated with sales, each \$1.0 million of retail sales generates \$25,174 in local tax revenues.

Appendix 1. Green Industry Production, Economic Impacts to Major Sectors, Jackson County, 2006

Sector	Labor		
	Output (\$)	Income (\$)	Employment
Agriculture	2,252,439	1,117,604	30
MC ¹	5,686	2,264	0
Utilities	35,190	7,802	0
Manufacturing	57,197	9,030	0
Transportation, Warehousing	26,217	12,138	0
Trade	181,153	71,943	3
FIRE ²	56,894	13,190	0
Services	140,078	57,200	3
Government & Non NAIC's	128,023	2,749	0
Total	2,882,876	1,293,918	36

¹Mining and Construction

²Finance, Insurance, and Real Estate

Appendix 2. Landscape Services, Economic Impacts to Major Sectors, Jackson County, 2006

Sector	Labor		
	Output (\$)	Income (\$)	Employment
Agriculture	20,679	4,561	0
MC ¹	25,181	10,027	0
Utilities	98,832	21,987	0
Manufacturing	202,722	33,455	1
Transportation, Warehousing	138,069	60,341	2
Trade	1,308,246	524,896	17
FIRE ²	279,269	66,372	2
Services	8,965,921	3,963,431	149
Government & Non NAIC's	458,295	13,689	0
Total	11,497,213	4,698,759	171

¹Mining and Construction

²Finance, Insurance, and Real Estate

The Center for Agribusiness & Economic Development



The Center for Agribusiness and Economic Development is a unit of the College of Agricultural and Environmental Sciences of the University of Georgia, combining the missions of research and extension. The Center has among its objectives:

To provide feasibility and other short term studies for current or potential Georgia agribusiness firms and/or emerging food and fiber industries.

To provide agricultural, natural resource, and demographic data for private and public decision makers.

To find out more, visit our Web site at: <http://www.caed.uga.edu>

Or contact:

John McKissick, Director
Center for Agribusiness and Economic Development
Lumpkin House
The University of Georgia
Athens, Georgia 30602-7509
Phone (706)542-0760
caed@agecon.uga.edu

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J. Scott Angle, Dean and Director