

Tall Ships Visit Boston - July 2000

The Economic Impact of *Sail Boston* on Boston and the Region



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Introduction

The majestic Tall Ships are coming to Boston for Sail Boston 2000 in an event scheduled for July 11 through July 21. For ten days in July Boston will be the sailing capital of the world, hosting a large contingent of Tall Ships with ships and sailors visiting from many nations across the globe. Approximately 20 Class A sailing ships from 13 countries together with over 100 other sailing and training vessels will be part of the event. Sail Boston is part of an international sail race that starts in England and Italy and then moves on to Spain before going across the Atlantic to Bermuda before heading to Boston.

On Saturday, July 8, ships from all over the world will begin berthing in Boston's inner harbor from Charlestown to the Black Falcon Terminal Pier in South Boston. The opening ceremonies for Sail Boston 2000 will be held at 10:30 a.m. on Monday July 10th at the Boston Harbor Hotel. Later that day the aircraft carrier USS JFK is slated to arrive in port having made the trip from Florida. Among the largest of the tall ships to be in port will be the 376-foot *Kruzenshtern* from Russia and the 370-foot *Juan Sebastian De Elcano* from Spain.

On Tuesday, July 11 The Grand Parade of Sail commences as the ships parade through the harbor between 9 a.m. and 3 p.m. The best public viewing areas along the route are near Castle Island, the World Trade Center, Fan pier, Long Wharf and the Charlestown Navy Yard. Late in the day on July 11th public boarding times for the ships will begin with daily boarding from 10 a.m. to 5 p.m. lasting through July 19th.

Among the many festivities planned during the event are fireworks at 9:30 p.m. on July 11, 15, and 19. The Boston Pops Esplanade Orchestra performs a 7 p.m. concert on Saturday July 15th, in a ticketed event at the FleetBoston Pavilion followed by fireworks. On Sunday July 16th many of the Tall Ships will begin a race to Halifax, Nova Scotia, and then move on to Amsterdam, The Netherlands, in Europe. However, several ships will remain at port in Boston through July 21st.

All in all, Boston will be filled with fun and enthusiastic energy as a feeling of good cheer will permeate the city to celebrate the Millennium year.

The Impact on Greater Boston and the City

Approximately 2.2 million visitors will attend the festivities with 2 million of them day-trippers from around the Greater Boston region and 200,000 coming from out-of-town around New England and beyond to stay in hotels or with friends and relatives. An estimated 10,000 of the out-of-towners will be international visitors, mainly sailors from the Tall Ships, themselves.

The impacts of these visitors and their spending were estimated using the REMI model - a computerized econometric model of Boston and the region.¹ The economic impact is measured for the City of Boston (Suffolk County) and the Greater Boston region which includes Essex, Middlesex, Norfolk, Plymouth, and Suffolk counties in terms of Direct Economic Activity by Industry Sector, Gross Regional and City Product, Employment, Occupations, and Tax Revenues.

¹ Regional Economic Models, Inc., Amherst, Massachusetts, version 2.0.

Economic Activity. The results presented in Table 1 show that total economic activity in the Greater Boston region of the Sail Boston event will be **\$88.96 million** (in year 2000 dollars). The majority of that activity - **\$64.66 million or 73%** - will be in the city of Boston where the event takes place.²

Table 1.
Economic Activity Generated by Sail Boston on Greater Boston and the City of Boston

Economic Sector	Greater Boston Region*		City of Boston		
	\$ Millions	Percent	\$ Millions	Percent	Boston as % of Greater Boston
Total Direct Activity	\$88.96	100%	\$64.66	100%	72.7%
Services	32.48	37%	27.62	43%	85.0%
Retail Trade	23.04	26%	19.25	30%	83.6%
Finance/Insurance/Real Estate	8.16	9%	5.47	8%	67.0%
Transportation/Public Utilities	7.49	8%	6.05	9%	80.8%
Construction	6.05	7%	1.51	2%	24.9%
Wholesale Trade	5.51	6%	3.27	5%	59.3%
Durable Manufacturing	3.69	4%	0.34	1%	9.2%
Non-Durable Manufacturing	2.55	3%	1.15	2%	45.1%

* Includes city of Boston

Nearly two-thirds of the Greater Boston impact will be felt in the services and retail trade sectors. Services will account for 37% of the total output with \$32.5 million, and retail trade for 26% with \$23 million in output. In Boston, however, services and retail trade account for nearly three-quarters of the impact – with services representing 43% (\$27.6million) of the total impact and retail trade 30% (\$19.3 million). Each of the remaining sectors accounts for less than 10% of the economic output in both the region and the city.

Jobs. As shown in Table 2, a total 1,459 jobs in the region will be supported by the event, with most of these jobs – 1,176 or 81% - in the city of Boston. (The jobs total represents the full-time annual equivalent total of the many thousands of actual jobs which will actually make the 10 day event possible.) Almost all of the jobs will be in the non-manufacturing sectors, especially in services and retail trade which account for 82% of the jobs in the region and 86% in Boston.

Jobs in the retail trades sector will be confined primarily to those in eating and drinking places – 80% in the region and 89% in Boston. In the services sector the jobs are more widely dispersed, with about half in personal services, lodging, entertainment, and recreational employment and the remainder spread among 34 other categories.

These jobs are important to our resident workers, and they are real because Sail Boston is not an isolated event for the city. Coupled with many other events and

² The REMI model actually uses Suffolk County as a proxy for the city of Boston. Boston represents 85% of the population of Suffolk county and 95% of its economy.

attractions that make Boston a major tourism, entertainment, and cultural attraction, the Tall Ships visit creates a stable and dependable base of business for Boston's visitor industries.

Table 2
Employment Requirements for Sail Boston in Greater Boston and the City of Boston

Economic Sector	FTE Jobs Required			
	Greater Boston Region*		City of Boston	
	Number	Percent	Number	Percent
Total Employment	1,459	100%	1,176	100%
Manufacturing	29	2%	8	1%
Non-Manufacturing	1,430	98%	1,168	99%
Retail Trade	590	41%	508	43%
Services	583	41%	498	43%
Transportation/Communication/Utilities	107	7%	99	8%
Construction	60	4%	14	1%
Wholesale Trade	39	3%	23	2%
Finance/Insurance/Real Estate	33	2%	19	2%
Government	14	1%	6	1%
Natural Resources	4	<1%	1	<1%

* Includes city of Boston

Tax Revenues Generated. As shown in Table 3, the Sail Boston 2000 event will produce \$12.2 million in total tax revenues: - \$420,000 for Boston, \$1.24 million for surrounding cities and towns, \$6.3 million for the Commonwealth, and \$4.2 million for the federal government - but almost all of the state's and city's revenue will get taken up by expenditures for public safety, sanitation, environmental management, maintenance, public health, and transportation. It is estimated that after \$4 million in expenditures³ the state will net \$2.3 million, and after \$2 million in expenditures, the city of Boston will lose over \$1.5 million.

Table 3
Tax Revenues Generated by Sail Boston at the City, State, and Federal Levels

Source	Revenues in Millions			
	City of Boston	Surrounding Cities and Towns*	State	Federal
Total	\$0.420	\$1.240	\$6.30	\$4.20
Individual income taxes	--	--	2.10	--
Sales taxes	--	--	1.40	--
Other charges and revenues	0.280	0.910	2.30	--
Corporate taxes	--	--	0.30	--
Intergovernmental revenue	0.075	0.200	0.20	--
Property taxes	0.064	0.130	--	--

* Includes Greater Boston Region and the remainder of Suffolk County without Boston.

³ Expenditure estimates are based upon analysis of similar spending during Sail Boston 1992.

Conclusion

While the event is great fun for Boston and profitable to its individual businesses and many workers, it is not a fiscal winner for the city. Like most of the major events taking place in the city, the majority of the tax revenues generated go directly to state government because the sales, meals, and most of the hotel taxes generated by personal spending accrue to state government. Personal and corporate income taxes resulting from increased business and employment flow into federal and state treasuries. Because Boston, like all of the city and towns in the state, derives most of its tax revenues from property taxes, single large events such as Sail Boston, First Night, the Fourth of July concerts and fireworks have little direct impact on tax revenues in the city. Nevertheless, Boston is pleased to host these important events in its role as the economic and cultural center of the region.