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## Economic Impact of Legalizing Retail Alcohol Sales in Craighead, Faulkner, and Saline Counties

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# ECONOMIC IMPACT OF LEGALIZING RETAIL ALCOHOL SALES IN CRAIGHEAD, FAULKNER, AND SALINE COUNTIES

*Produced for: Our Community Our Dollars*



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## EXECUTIVE SUMMARY

Converting from dry county to wet county status would have a number of tangible and intangible economic benefits for Craighead, Faulkner, and Saline counties. Legal retail alcohol sales are a signal of a contemporary economic development environment. Quantifying the value of that perception is quite difficult, but it is entirely possible to estimate sales effects, tax collections, and other economic impacts of becoming a wet county. This study was conducted by the Center for Business and Economic Research to assess the magnitude of those economic effects.

The table below demonstrates the potential economic benefits of converting from wet to dry status for Craighead, Faulkner and Saline counties. This study used 2013 data to estimate the actual sales of liquor, wine and beer to residents of the three counties and to project what the effects of those sales would have been if residents had been able to make the purchases in their home counties. Two types of effects are presented: sales impacts and construction impacts. The sales impacts represent a good guide to the likely magnitude of ongoing annual impacts if the dry counties were converted to wet counties. The construction impacts represent the cumulative one-time impacts that would accrue from construction of retail liquor stores.

ESTIMATED ECONOMIC EFFECTS OF CHANGING FROM DRY TO WET COUNTY STATUS

	Craighead	Faulkner	Saline
<b>Sales Impacts</b>			
Estimated 2013 Sales	\$24,765,039	\$28,274,398	\$34,244,219
County Sales Tax Revenues	\$247,650	\$141,372	No County Sales Tax
City Sales Tax Revenues	\$260,033	\$282,744	\$373,573
Property Tax Revenues	\$47,518	\$59,290	\$58,822
Local Economic Impact	\$10,537,874	\$11,324,158	\$12,546,003
Local Jobs	144.1	151.5	141.7
Local Labor Income	\$4,783,575	\$5,252,947	\$6,989,376
<b>Construction Impacts</b>			
Local Economic Impact	\$4,567,570	\$7,043,673	\$6,301,209
Local Jobs	48.4	53.0	45.7

## CRAIGHEAD COUNTY

- If Craighead County had been a wet county in 2013, residents would have spent \$13,778,788 in beer purchases and \$10,986,251 in liquor and wine sales in the county. The total package alcohol sales would have amounted to an estimated **\$24,765,039**.
- In 2013, those retail sales of alcohol would have generated an **additional 1.4 percent in sales tax revenues** for Craighead County or **\$247,650**.
- Total city sales taxes collected from the sales of retail liquor in Jonesboro in Craighead County would have amounted to **\$260,033**.
- Property taxes on new construction of package liquor stores will also generate ongoing revenue streams of **\$47,518** and would have been split among cities, counties, and school districts.
- Using economic multipliers and inter-industry coefficients to estimate economic impact, the economic impact of allowing retail sales of alcohol was estimated at **\$10,537,874** for the year 2013.
- This economic activity in Craighead County in 2013 would have been associated with a total of **144.1 jobs** (across all industries) with a labor income of **\$4,783,575**.
- In addition to ongoing economic impact, if 10 new liquor stores had been constructed, a one-time economic output of **\$4,567,570** would be generated and a total of **48.4 jobs** would be created across all industries in Craighead County.

## FAULKNER COUNTY

- If Faulkner County had been a wet county in 2013, residents would have spent \$15,731,327 in beer purchases and \$12,543,071 in liquor and wine sales in the county. The total package alcohol sales would have amounted to an estimated **\$28,274,398**.
- In 2013, those retail sales of alcohol would have generated an **additional 1.6 percent in sales tax revenues** for Faulkner County or **\$141,372**.
- Total city sales taxes collected from the sales of retail liquor in Conway and Greenbrier in Faulkner County would have amounted to **\$282,744**.
- Property taxes on new construction of package liquor stores will also generate ongoing revenue streams of **\$59,290** and would have been split among cities, counties, and school districts.
- The annual retail gap or unmet demand for full-service restaurants was \$9,079,532 in 2013. If all the retail demand is met when Faulkner County is wet, the county would have received up to **\$45,398** in additional tax revenues in 2013.
- Using economic multipliers and inter-industry coefficients to estimate economic impact, the economic impact of allowing retail sales of alcohol was estimated at **\$11,324,158** for the year 2013.
- This economic activity in Faulkner County in 2013 would have been associated with a total of **151.5 jobs** (across all industries) with a labor income of **\$5,252,947**.
- In addition to ongoing economic impact, if 12 new liquor stores had been constructed, a one-time economic output of **\$7,043,673** would be generated and a total of **53.0 jobs** would be created across all industries in Faulkner County.

## SALINE COUNTY

- If Saline County had been a wet county in 2013, residents would have spent \$19,052,820 in beer purchases and \$15,191,399 in liquor and wine sales in the county. The total package alcohol sales would have amounted to an estimated **\$34,244,219**.
- Total city sales taxes collected from the sales of retail liquor in Benton and Bryant in Saline County would have amounted to **\$373,573**.
- Property taxes on new construction of package liquor stores will also generate ongoing revenue streams of **\$58,822** and would have been split among cities, counties, and school districts.
- The annual retail gap or unmet demand for full-service restaurants was \$19,862,266 in 2013. If all the retail demand is met when Saline County is wet, the cities in the county would generate additional sales tax dollars.
- Using economic multipliers and inter-industry coefficients to estimate economic impact, the economic impact of allowing retail sales of alcohol was estimated at **\$12,546,003** for the year 2013.
- This economic activity in Saline County in 2013 would have been associated with a total of **141.7 jobs** (across all industries) with a labor income of **\$6,989,376**.
- In addition to ongoing economic impact, if 11 new liquor stores had been constructed, a one-time economic output of **\$6,301,209** would be generated and a total of **45.7 jobs** would be created across all industries in Saline County.

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## INTRODUCTION

In Arkansas, a dry county is one in which the government forbids the sale of alcoholic beverages. According to information supplied by the Arkansas Department of Finance and Administration, there are currently 38 wet counties (counties where the government allows sales of alcoholic beverages) and 37 dry counties. However, some dry counties do allow sales of alcohol by the drink from establishments such as restaurants that have obtained a private club license.

As the state of Arkansas continues to grow, counties like Craighead, Faulkner, and Saline make numerous contributions to the overall wellbeing of the state's economy. These counties can boast of population growth and people and industry seek to locate in these areas. However, even as Craighead, Faulkner, and Saline counties compete in the 21<sup>st</sup> century economy and seek to become attractive places to live, work, and play, they remain dry counties where the retail sale of alcohol is currently prohibited.

A group, organized under the name *Our Community Our Dollars* contacted the researchers at the Center for Business and Economic Research in the Sam M. Walton College of Business at the University of Arkansas with an interest in assessing the revenue and economic impacts of Craighead, Faulkner, and Saline counties becoming wet. Researchers from the Center for Business and Economic Research investigated available state and local data about alcohol related spending to arrive at an estimate of the revenue and economic impacts of legalizing retail alcohol sales in each of the counties.

The report begins with a description of the Center's methodology in conducting the study and a description of the data used to arrive at the report's conclusions. The following sections of this report details the various conclusions about the revenue and economic impacts of converting Craighead, Faulkner, and Saline counties into wet counties.

## METHODOLOGY

Several aspects of the local economy will change if Craighead, Faulkner, and Saline counties convert from dry county to wet county status. Some of the effects of this conversion will result in a changed economic development perception of these counties and an ability to recruit talented individuals who value alcohol consumption from across the nation and the world. These effects, though important, remain outside the scope of this study.

An important effect of these counties becoming wet will be the emergence of retail outlets that sell liquor to the community. Researchers from the Center for Business and Economic Research estimated the potential sales of alcohol and associated revenue, tax and economic impacts. The sales of beer, wine, liquor are recorded at the Arkansas Department of Finance and Administration as retail establishments in existing wet counties remit taxes to the state on those sales. Sales of beer at retail establishments are charged a 1 percent excise tax while sales of wine and liquor are charged a 3 percent excise tax. The tax totals were used to determine overall beer, wine, and liquor consumption in Arkansas. Dividing the total sales by population data from the U.S. Census Bureau allowed researchers to estimate consumption of alcohol beverage per person above the age of 21 in Arkansas. Consumer expenditure data from the Bureau of Labor Statistics was then used to adjust the estimates of per person alcohol expenditures for Craighead, Faulkner, and Saline counties. Using this method, researchers were able to calculate the total value of retail liquor sales that would have occurred in the Craighead, Faulkner, and Saline counties had they been wet in 2013.

Under current law, full-service restaurants may choose not to locate in Craighead, Faulkner, and Saline counties because of the added expense involved from having a private club license in order to serve alcohol. Restaurants with the private club license have to purchase liquor at higher costs from retailers in other wet counties as opposed to at wholesale prices directly from distributors. Researchers from the Center for Business and Economic Research used ESRI Retail Market Place Data to provide estimates of the unmet demand for full service restaurants that could be met if these counties were wet. Researchers also presented the potential sales tax revenues associated with meeting some of the demand for full-service restaurants in these counties.

This study employs an input-output approach to evaluate the economic impact of legalizing retail liquor sales in the three counties. The study relies on estimating multiplier impacts from a widely used input-output model, the IMPLAN model. IMPLAN is a regional impact model that enables the evaluation of the economic impact of specific activities like retail sales within an economy. The basic data sources for the current edition of the IMPLAN database and the model used in this study are the Input-Output Accounts of the United States, developed by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA), and county income and employment data published by BEA and the Bureau of Labor Statistics (BLS). The model reflects 2012 industrial

structure and technology, and 2012 prices (trade flows in the model are expressed in 2012 dollars). IMPLAN uses a 525-sector input/output model to measure the effects of three types of impacts: direct, indirect, and induced. Direct impacts consist of employment and purchases of goods and services in the region resulting from the activity being evaluated, in this case, Craighead, Faulkner, and Saline counties. Indirect (inter-industry) impacts consist of goods and services purchased by the firms, which supply inputs consumed in the direct activity. Induced impacts consist of increased household purchases of goods and services in the region by employees of direct and indirect employers. The model generates multipliers, which summarize the magnitude of the indirect and induced effects generated by a given direct change, to estimate changes in output, income, and employment. In other words, the multiplier is the ratio of total impact to direct impact. Using estimates provided by construction companies, researchers also assessed the economic impacts from the one-time construction of new establishments that will be retail alcohol outlets in these three counties community.

## ESTIMATING THE EFFECTS OF A WET CRAIGHEAD COUNTY

### SPENDING PATTERNS ON RETAIL ALCOHOL

Gaining an understanding of the alcohol spending patterns of Arkansans and Craighead County residents requires data on the population of these areas and the population that is of drinking age (over the age of 21). The data used in this study come from the detailed statistics collected by the U.S. Census Bureau as part of the 2013 Intercensal Population Estimates program and the 2012 American Community Survey. The state of Arkansas had a population of 2,959,373 in 2013 and 2,115,952 people, or 71.5 percent of the state’s population, were over the age of 21. The 2013 Intercensal Population Estimates program reported that Craighead County had a population of 101,488. 70.9 percent of the Craighead County population or 71,955 individuals were of drinking age.

TABLE 1: POPULATIONS OF ARKANSAS AND CRAIGHEAD COUNTY

	Arkansas			Craighead County		
	Population	Over 21 Population	Percent Over 21	Population	Over 21 Population	Percent Over 21
<b>2013</b>	2,959,373	2,115,952	71.5%	101,488	71,955	70.9%

Source: U.S. Census Bureau Intercensal Population Estimates program and American Community Survey

Sales of alcohol made at retail establishments such as liquor stores, gas stations and supermarkets are subject to taxes that must be remitted by these establishments to the state. Beer sales at these establishments are subject to a one percent beer excise tax while liquor and wine are subject to a three percent liquor excise tax. These taxes are collected by the Arkansas Department of Finance and Administration. Beer sales in Arkansas totaled \$405,187,300 (obtained by dividing the tax revenue by the one percent beer excise tax) in 2013 while liquor and wine sales totaled \$323,068,300 (obtained by dividing the tax revenue by the three percent liquor excise tax). Dividing these sales by the over-21 population in Arkansas, researchers estimate that in 2013, the average Arkansan over the age of 21 spent \$191 a year on beer purchases and \$153 in liquor and wine purchases.

Using data from the 2012-2013 U.S. Bureau of Labor Statistics Consumer Expenditure Survey, annual alcoholic beverage consumption expenditures were compared by income grouping. These data indicated that households with average incomes between \$40,000 and \$49,999 spent 5.1% more on alcoholic beverages than households with average incomes between \$30,000 and \$39,999 and households with average incomes between \$50,000 and \$69,000 spent 19.3% more on alcoholic beverages than households with average incomes between \$40,000 and \$49,999. The 2012 median household income was \$40,112 in Arkansas and \$44,111 in Craighead County,

allowing researchers to assume that the alcoholic beverage spending patterns of Arkansans and Craighead County residents over the age of 21 would be similar. This would mean that Craighead County residents over the age of 21 would have also spent an average \$191 a year on beer purchases and \$153 in liquor and wine purchases in 2013.

#### ESTIMATED 2013 RETAIL SALES OF ALCOHOL IN CRAIGHEAD COUNTY

Utilizing the available data and the ratio of alcohol spending patterns of Craighead County residents calculated above, researchers from the Center for Business and Economic Research were able to estimate the beer and liquor expenditures in Craighead County. If Craighead County were a wet county in 2013, and the residents purchased alcohol from Craighead County liquor stores, gas stations and supermarkets, residents would have spent \$13,778,788 in beer purchases and \$10,986,251 in liquor and wine sales in the county.

TABLE 2: ESTIMATED BEER, LIQUOR AND WINE SALES IN ARKANSAS AND CRAIGHEAD COUNTY

	Arkansas				Craighead County			
	Beer Sales	Liquor and Wine Sales	Beer sales per person	Liquor and Wine sales per person	Beer sales per person	Liquor and Wine sales per person	Beer Sales	Liquor and Wine Sales
<b>2013</b>	\$405,187,300	\$323,068,300	\$191	\$153	\$191	\$153	\$13,778,788	\$10,986,251

Source: Arkansas Department of Finance and Administration, U.S. Census Bureau and Center for Business and Economic Research Estimates

Assuming that Craighead County was a wet county in the year 2013, beer, liquor and wine sales estimated at \$24,765,039 would have occurred within the county. Craighead County currently charges a one percent county sales tax that would have also been collected on retail alcohol sales. This would have generated sales tax revenues of \$247,650 for Craighead County. The amount would have provided an additional 1.4 percent in revenues for Craighead County where total sales tax collections amounted to \$17,560,920 in 2013.

TABLE 3: ESTIMATED ADDITIONAL SALES TAX COLLECTIONS IN CRAIGHEAD COUNTY

	Estimated Beer Sales	Estimated Liquor and Wine Sales	Total Estimated Alcohol Sales	Estimated County Sales Tax Revenue
<b>Craighead County</b>	\$13,778,788	\$10,986,251	\$24,765,039	\$247,650

Source: Arkansas Department of Finance and Administration and Center for Business and Economic Research Estimates

## ESTIMATED CITY AND COUNTY LEVEL SALES AND PROPERTY TAXES

Should Craighead County residents decide to convert to wet status, individuals or groups wishing to open a liquor store or sell beer and wine in gas stations and supermarkets will be required to apply for and receive a permit to sell retail alcohol in Craighead County. The decision to grant a permit to sell retail liquor is governed by the Alcoholic Beverages Control Administration. There are several rules that affect the granting of a liquor permit in Arkansas and these are enlisted in Arkansas Code 3-4-201 through Arkansas Code 3-4-223. Among these rules are stipulations that the total number of permits in any county cannot exceed the number that represents one liquor store for every 5,000 county or other political subdivision residents (updated from 4,000 residents by Act 1068 of 2013). In Craighead County, with a population of 101,488, a maximum of 20 permits can be issued. However, within the county, only Jonesboro, with a 2013 population of 71,551, will be allowed to have liquor stores. The population of the other cities in Craighead County did not meet the minimum of 5,000 residents threshold. Jonesboro can be allocated a maximum of 14 permits and the remaining 6 permits can be issued to stores that locate in the unincorporated areas in the county.

Total local sales taxes collected from the sales of retail liquor in Craighead County would have amounted to \$260,033 in 2013 and would have accrued to Jonesboro. This would have represented 1.1 percent of the total sales tax collections in Jonesboro.

TABLE 4: ESTIMATED ADDITIONAL SALES TAX COLLECTIONS IN CRAIGHEAD COUNTY CITIES

City	Local Tax Rate	Permits	Estimated Liquor Sales	Estimated Local Sales Taxes Collected	% of 2013 Local Sales Taxes Collected	Estimated County Sales Tax Collected	% of 2013 County Taxes Collected
Jonesboro	1.5%	14	\$17,335,527	\$260,033	1.1%	\$173,355	1.0%
Unincorporated areas	-	6	\$7,429,512	-	-	\$74,295	0.4%
<b>Total</b>	-	20	\$24,765,039	\$260,033	-	\$247,650	1.4%

Source: Arkansas Department of Finance and Administration and Center for Business and Economic Research Estimates

Another important economic effect of converting Craighead County from a dry county to a wet county will be seen in the property taxes that can be collected from the construction of new liquor stores. Researchers conservatively estimate that 50 percent of the new liquor stores will occupy existing commercial space while the other 50 percent will occupy new construction. This would mean that 10 new liquor stores will be constructed in Craighead County with 7 stores constructed in Jonesboro and 3 stores constructed in unincorporated areas. These 10 stores will have a recurring impact as property taxes can be collected on these newly developed properties.

Prior research shows that nationally, the average liquor store is 5,318 square feet in size<sup>1</sup> and researchers from the Center for Business and Economic Research were able to consult with commercial real estate brokers and developers to estimate a price per square foot of building space that includes the construction costs as well as the costs of acquiring 0.5 acres of land for the building and associated parking spaces. The consensus estimate reached was \$100 per square foot of building space. Using this figure, researchers from the Center calculated the appraised value of the newly constructed liquor stores in Craighead County and then calculated the property taxes that would be collected for the cities, counties and school districts from these newly constructed liquor stores. The table below shows that when 10 new liquor stores are constructed, total property taxes of \$47,518 would be collected every year by the various jurisdictions. School districts would receive \$36,670 on an annual basis from the total property taxes collected as a result of the development of 10 new liquor stores.

TABLE 5: PROPERTY TAXES IN CRAIGHEAD COUNTY

City	Number of Newly Constructed Liquor Stores	Total Appraised Value	County Property Taxes	School District Property Taxes	City Property Taxes	Total Property Taxes
Jonesboro	7	\$744,520	\$6,031	\$24,644	\$2,234	\$32,908
Unincorporated areas	3	\$319,080	\$2,585	\$12,026	-	\$14,611
<b>Total</b>	10	\$1,063,600	\$8,615	\$36,670	\$2,234	\$47,518

Source: Craighead County Clerk and Center for Business and Economic Research Estimates

**FOOD AWAY FROM HOME RETAIL GAP OR UNMET DEMAND**

Another consequence of Craighead County becoming a wet county would be the location of full-service restaurants in Jonesboro and other parts of the county as the added expense involved from having a private club license in order to serve alcohol will be removed. Researchers from the Center for Business and Economic Research used ESRI Retail Market Place Data to ascertain the current demand for full-service restaurants, the current supply of full-service restaurants and the unmet demand or retail gap in Craighead County.

According to data from ESRI, the demand for full-service restaurants is more than being met in Craighead County and the surplus services are drawing in customers from other counties. These estimates would indicate that there may not be significant changes in the marketplace for full service restaurants if Craighead County were to become wet.

<sup>1</sup> <http://www.ci.lakeville.mn.us/departments/departmentspdf/LakevilleLiquorStudy.pdf>

TABLE 6: FOOD AWAY FROM HOME RETAIL GAP IN CRAIGHEAD COUNTY

	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Estimated County Sales Tax Revenue
<b>Craighead County</b>	\$38,071,127	\$52,118,478	\$24,047,351	N/A

Source: ESRI Retail Market Place Data

## ECONOMIC IMPACT

Researchers from the Center for Business and Economic Research used the IMLPAN input/output model to estimate the total economic impact of \$24,765,039 in annual retail alcohol sales. Using 2012 data, the model generated economic impacts of this hypothetical activity occurring in 2013 in Craighead County as seen in the table below. The direct effect of Craighead County becoming a wet county would have generated employment for 112 individuals with related labor income of \$3,611,308. When indirect and induced effects are added, the employment total reaches 144.1 and the labor income total reaches \$4,783,575. In all, the direct economic output of converting Craighead County from a dry county to a wet county was estimated at \$7,145,280, and the total economic impact was estimated at \$10,537,874 for the year 2013.<sup>2</sup>

TABLE 7: ECONOMIC IMPACT OF ALCOHOL SALES IN CRAIGHEAD COUNTY

<b>Economic Impacts of Alcohol Sales in Craighead County</b>				
Impact Type	Employment	Labor Income	Total Value Added	Output
<b>Direct Effect</b>	112.0	\$3,611,308	\$5,286,270	\$7,145,280
<b>Indirect Effect</b>	11.0	\$393,523	\$689,736	\$1,153,001
<b>Induced Effect</b>	21.1	\$778,745	\$1,424,856	\$2,239,593
<b>Total Effect</b>	144.1	\$4,783,575	\$7,400,862	\$10,537,874

Source: IMLPAN Input/Output Model 2012, Center for Business and Economic Research Calculations

In addition to these ongoing, yearly economic impacts, there are also one-time construction effects associated with the new liquor stores being constructed. Conversations with construction industry experts, developers and commercial real estate brokers yielded an estimated price of \$87 per square foot in construction costs (not including land costs). Another assumption is that half of all liquor stores will be new constructions and that half will be located in existing vacant retail space.

<sup>2</sup> In the IMLPAN model, retail sales are treated somewhat differently from other industries in that only the retail margin is included in the direct economic impact. In this case, total retail sales of \$24,765,039 are margined at 28.2 percent, the effect of the sales that do not leak out of Craighead County.

As seen in the table below, the construction of 10 new liquor stores will result in a direct economic impact of \$4,567,570 and a total economic impact of \$6,594,663. The construction of these stores will generate 30.6 jobs in the construction industry and a total of 48.4 jobs across all industries in Craighead County.

TABLE 8: CONSTRUCTION OF 10 NEW LIQUOR STORES IN CRAIGHEAD COUNTY

Impact Type	Employment	Labor Income	Value Added	Output
<b>Direct Effect</b>	30.6	\$1,591,506	\$1,803,067	\$4,567,570
<b>Indirect Effect</b>	7.5	\$350,801	\$563,100	\$936,390
<b>Induced Effect</b>	10.3	\$379,191	\$693,922	\$1,090,702
<b>Total Effect</b>	48.4	\$2,321,497	\$3,060,089	\$6,594,663

Source: IMPLAN Input/Output Model 2012, Center for Business and Economic Research Calculations

In conclusion, the study estimates that by being a wet county, Craighead County would have had additional retail sales worth \$24,765,039 in 2013 and similar levels of retail sales in subsequent years. These sales would have generated a previously non-existent recurring economic impact of \$10,537,874, dollars that would remain in Craighead County. This economic impact is associated with 144.1 jobs (across all industries) and an annual labor income of \$4,783,575. Cities, the county and school districts will also benefit from the development of retail alcohol stores in the form of new sales tax revenues and property tax revenues. In addition to the above enumerated economic impacts, as Craighead County becomes a wet county there will be other economic development benefits that are outside the scope of this study. The perception that a wet Craighead County is a place to live, work, and play will aid the recruitment and retention of talent for various industries in Craighead County. This awareness will contribute to the ongoing growth and economic vitality of the Craighead County region.

## ESTIMATING THE EFFECTS OF A WET FAULKNER COUNTY

### SPENDING PATTERNS ON RETAIL ALCOHOL

Gaining an understanding of the alcohol spending patterns of Arkansans and Faulkner County residents requires data on the population of these areas and the population that is of drinking age (over the age of 21). The data used in this study come from the detailed statistics collected by the U.S. Census Bureau as part of the 2013 Intercensal Population Estimates program and the 2012 American Community Survey. The state of Arkansas had a population of 2,959,373 in 2013 and 2,115,952 or 71.5 percent of the state's population was over the age of 21. The 2013 Intercensal Population Estimates program reported that Faulkner County had a population of 119,580. 68.7 percent of the Faulkner County population or 82,151 individuals were of drinking age.

TABLE 9: POPULATIONS OF ARKANSAS AND FAULKNER COUNTY

	Arkansas			Faulkner County		
	Population	Over 21 Population	Percent Over 21	Population	Over 21 Population	Percent Over 21
<b>2013</b>	2,959,373	2,115,952	71.5%	119,580	82,151	68.7%

Source: U.S. Census Bureau Population Estimates program and American Community Survey

Sales of alcohol made at retail establishments such as liquor stores, gas stations and supermarkets are subject to taxes that must be remitted by these establishments to the state. Beer sales at these establishments are subject to a one percent beer excise tax while liquor and wine are subject to a three percent liquor excise tax. These taxes are collected by the Arkansas Department of Finance and Administration. Beer sales in Arkansas totaled \$405,187,300 (obtained by dividing the tax revenue by the one percent beer excise tax) in 2013 while liquor and wine sales totaled \$323,068,300 (obtained by dividing the tax revenue by the three percent liquor excise tax). Dividing these sales by the over-21 population in Arkansas, researchers estimate that in 2013, the average Arkansan over the age of 21 spent \$191 a year on beer purchases and \$153 in liquor and wine purchases.

Using data from the 2012-2013 U.S. Bureau of Labor Statistics Consumer Expenditure Survey, annual alcoholic beverage consumption expenditures were compared by income grouping. These data indicated that households with average incomes between \$40,000 and \$49,999 spent 5.1% more on alcoholic beverages than households with average incomes between \$30,000 and \$39,999 and households with average incomes between \$50,000 and \$69,000 spent 19.3% more on alcoholic beverages than households with average incomes between \$40,000 and \$49,999. The 2012 median household income was \$40,112 in Arkansas and \$49,752 in Faulkner County,

allowing researchers to assume that the alcoholic beverage spending patterns of Arkansans and Faulkner County residents over the age of 21 would be similar. This would mean that Faulkner County residents over the age of 21 would have also spent an average \$191 a year on beer purchases and \$153 in liquor and wine purchases in 2013.

**ESTIMATED 2013 RETAIL SALES OF ALCOHOL IN FAULKNER COUNTY**

Utilizing the available data and the ratio of alcohol spending patterns of Faulkner County residents calculated above, researchers from the Center for Business and Economic Research were able to estimate the beer and liquor expenditures in Faulkner County. If Faulkner County were a wet county in 2013, and the residents purchased alcohol from Faulkner County liquor stores, gas stations and supermarkets, residents would have spent \$15,731,327 in beer purchases and \$12,543,071 in liquor and wine sales in the county.

**TABLE 10: ESTIMATED BEER, LIQUOR AND WINE SALES IN ARKANSAS AND FAULKNER COUNTY**

	Arkansas				Faulkner County			
	Beer Sales	Liquor and Wine Sales	Beer sales per person	Liquor and Wine sales per person	Beer sales per person	Liquor and Wine sales per person	Beer Sales	Liquor and Wine Sales
<b>2013</b>	\$405,187,300	\$323,068,300	\$191	\$153	\$191	\$153	\$15,731,327	\$12,543,071

Source: Arkansas Department of Finance and Administration, U.S. Census Bureau and Center for Business and Economic Research Estimates

Assuming that Faulkner County was a wet county in the year 2013, beer, liquor and wine sales estimated at \$28,274,398 would have occurred within the county. Faulkner County currently charges a half percent county sales tax that would have also been collected on retail alcohol sales. This would have generated sales tax revenues of \$141,372 for Faulkner County. The amount would have provided an additional 1.6 percent in revenues for Faulkner County where total sales tax collections amounted to \$8,588,836 in 2013.

TABLE 11: ESTIMATED ADDITIONAL SALES TAX COLLECTIONS IN FAULKNER COUNTY

	Estimated Beer Sales	Estimated Liquor and Wine Sales	Total Estimated Alcohol Sales	Estimated County Sales Tax Revenue
<b>Faulkner County</b>	\$15,731,327	\$12,543,071	\$28,274,398	\$141,372

Source: Arkansas Department of Finance and Administration and Center for Business and Economic Research Estimates

### ESTIMATED CITY AND COUNTY LEVEL SALES AND PROPERTY TAXES

Should Faulkner County residents decide to convert to wet county status, individuals or groups wishing to open a liquor store or sell beer and wine in gas stations and supermarkets will be required to apply for and receive a permit to sell retail alcohol in Faulkner County. The decision to grant a permit to sell retail liquor is governed by the Alcoholic Beverages Control Administration. There are several rules that affect the granting of a liquor permit in Arkansas and these are enlisted in Arkansas Code 3-4-201 through Arkansas Code 3-4-223. Among these rules are stipulations that the total number of permits in any county cannot exceed the number that represents one liquor store for every 5,000 county or other political subdivision residents (updated from 4,000 residents by Act 1068 of 2013). In Faulkner County, with a population of 119,580, a maximum of 23 permits can be issued. However, within the county, only Conway and Greenbrier, with 2013 populations of 63,816 and 5,111 respectively, will be allowed to have liquor stores. The population of the other cities in Faulkner County did not meet the minimum of 5,000 residents threshold. Conway can be allocated a maximum of 12 permits, Greenbrier can be allocated 1 permit and the remaining 10 permits can be issued to stores that locate in the unincorporated areas in the county.

Had Faulkner County been wet in 2013, local sales taxes collected from the sales of retail liquor would have amounted to \$258,158 in Conway or 1.1 percent of the total sales tax collections and \$24,586 in Greenbrier or 1.5 percent of the total sales tax collections.

TABLE 12: ESTIMATED ADDITIONAL SALES TAX COLLECTIONS IN FAULKNER COUNTY CITIES

City	Local Tax Rate	Permits	Estimated Liquor Sales	Estimated Local Sales Taxes Collected	% of 2013 Local Sales Taxes Collected	Estimated County Sales Tax Collected	% of 2013 County Taxes Collected
Conway	1.75%	12	\$14,751,860	\$258,158	1.1%	\$73,759	0.9%
Greenbrier	2.00%	1	\$1,229,322	\$24,586	1.5%	\$6,147	0.1%
Unincorporated areas	-	10	\$12,293,217	-	-	\$61,466	0.7%
<b>Total</b>	-	23	\$28,274,398	\$282,744	-	\$141,372	1.6%

Source: Arkansas Department of Finance and Administration and Center for Business and Economic Research Estimates

Another important economic effect of converting Faulkner County from a dry county to a wet county will be seen in the property taxes that can be collected from the construction of new liquor stores. Researchers conservatively estimate that 50 percent of the new liquor stores will occupy existing commercial space while the other 50 percent will occupy new construction. This would mean that 12 new liquor stores will be constructed in Faulkner County with 6 stores constructed in Conway, 1 store in Greenbrier, and 5 stores constructed in unincorporated areas. These 12 stores will have recurring impacts as property taxes can be collected on these newly developed properties annually. Prior research shows that nationally, the average liquor store is 5,318 square feet in size<sup>3</sup> and researchers from the Center for Business and Economic Research were able to consult with commercial real estate brokers and developers to estimate a price per square foot of building space that includes the construction costs as well as the costs of acquiring 0.5 acres of land for the building and associated parking spaces. The consensus estimate reached was \$100 per square foot of building space. Using this figure, researchers from the Center calculated the appraised value of the newly constructed liquor stores in Faulkner County and then calculated the property taxes that would be collected for the cities, counties and school districts from these newly constructed liquor stores. The table below shows that when 12 new liquor stores are constructed, total property taxes of \$59,290 would be collected every year by the various jurisdictions. School districts would receive \$47,054 on an annual basis from the total property taxes collected as a result of the development of 12 new liquor stores.

<sup>3</sup> <http://www.ci.lakeville.mn.us/departments/departmentspdf/LakevilleLiquorStudy.pdf>

TABLE 13: PROPERTY TAXES IN FAULKNER COUNTY

City	Number of Newly Constructed Liquor Stores	Total Appraised Value	County Property Taxes	School District Property Taxes	City Property Taxes	Total Property Taxes
Conway	6	\$638,160	\$5,297	\$24,314	\$1,978	\$31,589
Greenbrier	1	\$53,180	\$441	\$2,021	\$106	\$2,569
Unincorporated areas	5	\$531,800	\$4,414	\$20,719	-	\$25,133
<b>Total</b>	12	\$1,223,140	\$10,152	\$47,054	\$2,085	\$59,290

Source: Faulkner County Clerk and Center for Business and Economic Research Estimates

### FOOD AWAY FROM HOME RETAIL GAP OR UNMET DEMAND

Another consequence of Faulkner County becoming a wet county would be the location of full-service restaurants in Conway, Greenbrier, and other parts of the county as the added expense involved from having a private club license in order to serve alcohol will be removed. Researchers from the Center for Business and Economic Research used ESRI Retail Market Place Data to ascertain the current demand for full-service restaurants, the current supply of full-service restaurants and the unmet demand or retail gap in Faulkner County. Researchers also estimated the potential sales tax revenues associated with meeting the potential demand for full-service restaurants in Faulkner County.

According to data from ESRI, the annual retail gap or unmet demand for full-service restaurants is \$9,079,532 in 2013. Researchers from the Center for Business and Economic Research would add the caveat that some but not all of the unmet demand for full-service restaurants is likely to be met if Faulkner County is wet. The retail gap in the county may not be fully closed due to competition from existing, nearby full-service restaurants that are in wet counties. If all the retail demand is met in Faulkner County, the county would have received up to \$45,398 in additional tax revenues in 2013 or 0.5% of the total sales tax collections.

TABLE 14: FOOD AWAY FROM HOME RETAIL GAP IN FAULKNER COUNTY

	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Estimated County Sales Tax Revenue
<b>Faulkner County</b>	\$36,567,735	\$27,488,203	\$9,079,532	\$45,398

Source: ESRI Retail Market Place Data, Center for Business and Economic Research Calculations

## ECONOMIC IMPACT

Researchers from the Center for Business and Economic Research used the IMPLAN input/output model to estimate the total economic impact of \$ \$28,274,398 in annual retail alcohol sales. Using 2012 data, the model generated economic impacts of this hypothetical activity occurring in 2013 in Faulkner County as seen in the table below. The direct effect of Faulkner County becoming a wet county would have generated employment for 123.7 individuals with related labor income of \$4,257,374. When indirect and induced effects are added, the employment total reaches 151.5 and the labor income total reaches \$5,252,947. In all, the annual direct economic output of converting Faulkner County from a dry county to a wet county was estimated at \$8,157,810, and the annual total economic impact was estimated at \$11,324,158 for the year 2013.<sup>4</sup>

TABLE 15: ECONOMIC IMPACT OF ALCOHOL SALES IN FAULKNER COUNTY

<b>Economic Impacts of Alcohol Sales in Faulkner County</b>				
<b>Impact Type</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Total Value Added</b>	<b>Output</b>
<b>Direct Effect</b>	123.7	\$4,257,374	\$6,107,233	\$8,157,810
<b>Indirect Effect</b>	8.4	\$332,414	\$647,636	\$1,032,200
<b>Induced Effect</b>	19.5	\$663,159	\$1,351,261	\$2,134,148
<b>Total Effect</b>	151.5	\$5,252,947	\$8,106,130	\$11,324,158

Source: IMPLAN Input/Output Model 2012, Center for Business and Economic Research Calculations

In addition to these ongoing, yearly economic impacts, there are also one-time construction effects associated with the new liquor stores being constructed. Conversations with construction industry experts, developers and commercial real estate brokers yielded an estimated price of \$87 per square foot in construction costs (not including land costs). Another assumption is that half of all liquor stores will be new constructions and that half will be located in existing vacant retail space.

As seen in the table below, the construction of 12 new liquor stores will result in a direct economic impact of \$5,252,706 and a total economic impact of \$7,043,673. The construction of these stores will generate 38.3 jobs in the construction industry and a total of 53 jobs across all industries in Faulkner County.

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<sup>4</sup> In the IMPLAN model, retail sales are treated somewhat differently from other industries in that only the retail margin is included in the direct economic impact. In this case, total retail sales of \$28,274,398 are margined at 28.2 percent, the effect of the sales that do not leak out of Faulkner County.

TABLE 16: CONSTRUCTION OF 12 NEW LIQUOR STORES IN FAULKNER COUNTY

Impact Type	Employment	Labor Income	Value Added	Output
<b>Direct Effect</b>	38.3	\$1,574,265	\$1,835,333	\$5,252,706
<b>Indirect Effect</b>	6.7	\$310,716	\$548,729	\$912,290
<b>Induced Effect</b>	8.0	\$273,116	\$556,351	\$878,677
<b>Total Effect</b>	53.0	\$2,158,097	\$2,940,414	\$7,043,673

Source: IMPLAN Input/Output Model 2012, Center for Business and Economic Research Calculations

In conclusion, the study estimates that by being a wet county, Faulkner County would have had additional retail sales worth \$28,274,398 in 2013 and similar levels of retail sales in subsequent years. These sales would have generated a previously non-existent recurring economic impact of \$11,324,158, dollars that would remain in Faulkner County. This economic impact is associated with 151.5 jobs (across all industries) and an annual labor income of \$5,252,947. Cities, the county and school districts will also benefit from the development of retail alcohol stores in the form of new sales tax revenues and property tax revenues. In addition to the above enumerated economic impacts, as Faulkner County becomes a wet county there will be other economic development benefits that are outside the scope of this study. The perception that a wet Faulkner County is a place to live, work, and play will aid the recruitment and retention of talent for various industries in Faulkner County.

## ESTIMATING THE EFFECTS OF A WET SALINE COUNTY

### SPENDING PATTERNS ON RETAIL ALCOHOL

Gaining an understanding of the alcohol spending patterns of Arkansans and Saline County residents requires data on the population of these areas and the population that is of drinking age (over the age of 21). The data used in this study come from the detailed statistics collected by the U.S. Census Bureau as part of 2013 Intercensal Population Estimates program and the 2012 American Community Survey. The state of Arkansas had a population of 2,959,373 in 2013 and 2,115,952 or 71.5 percent of the state's population was over the age of 21. The 2013 Intercensal Population Estimates program reported that Saline County had a population of 114,404. 72.9 percent of the Saline County population or 83,401 individuals were of drinking age.

TABLE 17: POPULATIONS OF ARKANSAS AND SALINE COUNTY

	Arkansas			Saline County		
	Population	Over 21 Population	Percent Over 21	Population	Over 21 Population	Percent Over 21
<b>2013</b>	2,959,373	2,115,952	71.5%	114,404	83,401	72.9%

Source: U.S. Census Bureau Population Estimates program and American Community Survey

Sales of alcohol made at retail establishments such as liquor stores, gas stations and supermarkets are subject to taxes that must be remitted by these establishments to the state. Beer sales at these establishments are subject to a one percent beer excise tax while liquor and wine are subject to a three percent liquor excise tax. These taxes are collected by the Arkansas Department of Finance and Administration. Beer sales in Arkansas totaled \$405,187,300 (obtained by dividing the tax revenue by the one percent beer excise tax) in 2013 while liquor and wine sales totaled \$323,068,300 (obtained by dividing the tax revenue by the three percent liquor excise tax). Dividing these sales by the over-21 population in Arkansas, researchers estimate that in 2013, the average Arkansan over the age of 21 spent \$191 a year on beer purchases and \$153 in liquor and wine purchases.

Using data from the 2012-2013 U.S. Bureau of Labor Statistics Consumer Expenditure Survey, annual alcoholic beverage consumption expenditures were compared by income grouping. This data indicated that households with average incomes between \$40,000 and \$49,999 spent 5.1% more on alcoholic beverages than households with average incomes between \$30,000 and \$39,999 and households with average incomes between \$50,000 and \$69,000 spent 19.3% more on alcoholic beverages than households with average incomes between \$40,000 and \$49,999. The 2012 median household income was \$40,112 in Arkansas and \$58,009 in Saline County, allowing researchers to assume that the alcoholic beverage spending patterns of Saline County residents would be 19.3% higher than average spending of all Arkansas residents over the age of

21. This would mean that Saline County residents over the age of 21 would have also spent an average \$228 a year on beer purchases and \$182 in liquor and wine purchases in 2013.

### ESTIMATED 2013 RETAIL SALES OF ALCOHOL IN SALINE COUNTY

Utilizing the available data and the ratio of alcohol spending patterns of Saline County residents calculated above, researchers from the Center for Business and Economic Research were able to estimate the beer and liquor expenditures in Saline County. If Saline County were a wet county in 2013, and the residents purchased alcohol from Faulkner County liquor stores, gas stations and supermarkets, residents would have spent \$19,052,820 in beer purchases and \$15,191,399 in liquor and wine sales in the county.

TABLE 18: ESTIMATED BEER, LIQUOR AND WINE SALES IN ARKANSAS AND SALINE COUNTY

	Arkansas				Saline County			
	Beer Sales	Liquor and Wine Sales	Beer sales per person	Liquor and Wine sales per person	Beer sales per person	Liquor and Wine sales per person	Beer Sales	Liquor and Wine Sales
<b>2013</b>	\$405,187,300	\$323,068,300	\$191	\$153	\$228	\$182	\$19,052,820	\$15,191,399

Source: Arkansas Department of Finance and Administration, U.S. Census Bureau, and Center for Business and Economic Research Estimates

Assuming that Saline County was a wet county in the year 2013, beer, liquor and wine sales estimated at \$34,244,219 would have occurred within the county. Saline County currently has no sales tax.

TABLE 19: ESTIMATED ADDITIONAL SALES TAX COLLECTIONS IN SALINE COUNTY

	Estimated Beer Sales	Estimated Liquor and Wine Sales	Total Estimated Alcohol Sales	Estimated County Sales Tax Revenue
<b>Saline County</b>	\$19,052,820	\$15,191,399	\$34,244,219	N/A

Source: Arkansas Department of Finance and Administration and Center for Business and Economic Research Estimates

### ESTIMATED CITY AND COUNTY LEVEL SALES AND PROPERTY TAXES

Should Saline County residents decide to convert to a wet county, individuals or groups wishing to open a liquor store or sell beer and wine in gas stations and supermarkets will be required to apply for and receive a permit to sell retail alcohol in Saline County. The decision to grant a permit to sell retail liquor is governed by the Alcoholic Beverages Control Administration. There are

several rules that affect the granting of a liquor permit in Arkansas and these are enlisted in Arkansas Code 3-4-201 through Arkansas Code 3-4-223. Among these rules are stipulations that the total number of permits in any county cannot exceed the number that represents one liquor store for every 5,000 county or other political subdivision residents (updated from 4,000 residents by Act 1068 of 2013). In Saline County, with a population of 114,404, a maximum of 22 permits can be issued. However, within the county, only Benton and Bryant, with 2013 populations of 33,155 and 19,340 respectively, will be allowed to have liquor stores. The population of the other cities in Saline County did not meet the minimum of 5,000 residents threshold. Benton can be allocated a maximum of 6 permits, Bryant can be allocated 3 permits and the remaining 13 permits can be issued to stores that locate in the unincorporated areas in the county.

Had Saline County been wet in 2013, local sales taxes collected from the sales of retail liquor would have amounted to \$233,483 in Benton or 2.7 percent of the total sales tax collections and \$140,090 in Bryant or 1.2 percent of the total sales tax collections.

TABLE 20: ESTIMATED ADDITIONAL SALES TAX COLLECTIONS IN SALINE COUNTY CITIES

City	Local Tax Rate	Permits	Estimated Liquor Sales	Estimated Local Sales Taxes Collected	% of 2013 Local Sales Taxes Collected
Benton	2.50%	6	\$9,339,332	\$233,483	2.7%
Bryant	3.00%	3	\$4,669,666	\$140,090	1.2%
Unincorporated areas	-	13	\$20,235,220	-	-
Total	-	22	\$34,244,219	\$373,573	-

Source: Arkansas Department of Finance and Administration and Center for Business and Economic Research Estimates

Another important economic effect of converting Saline County from a dry county to a wet county will be seen in the property taxes that can be collected from the construction of new liquor stores. Researchers conservatively estimate that 50 percent of the new liquor stores will occupy existing commercial space while the other 50 percent will occupy new construction. This would mean that 11 new liquor stores will be constructed in Saline County with 3 stores constructed in Benton, 2 stores in Bryant, and 7 stores constructed in unincorporated areas. These 11 stores will have recurring impacts as property taxes can be collected on these newly developed properties. Prior research shows that nationally, the average liquor store is 5,318 square feet in size<sup>5</sup> and researchers from the Center for Business and Economic Research were able to consult with commercial real estate brokers and developers to estimate a price per square foot of building space that includes the construction costs as well as the costs of acquiring 0.5 acres of land for the building and associated parking spaces. The consensus estimate reached

<sup>5</sup> <http://www.ci.lakeville.mn.us/departments/departmentspdf/LakevilleLiquorStudy.pdf>

was \$100 per square foot of building space. Using this figure, researchers from the Center calculated the appraised value of the newly constructed liquor stores in Saline County and then calculated the property taxes that would be collected for the cities, counties and school districts from these newly constructed liquor stores. The table below shows that when 11 new liquor stores are constructed, total property taxes of \$58,822 would be collected every year by the various jurisdictions. School districts would receive \$45,734 on an annual basis from the total property taxes collected as a result of the development of 11 new liquor stores.

TABLE 21: PROPERTY TAXES IN SALINE COUNTY

City	Number of Newly Constructed Liquor Stores	Total Appraised Value	County Property Taxes	School District Property Taxes	City Property Taxes	Total Property Taxes
Benton	3	\$319,080	\$3,095	\$13,369	\$1,436	\$17,900
Bryant	2	\$159,540	\$1,548	\$5,935	\$303	\$7,786
Unincorporated areas	7	\$691,340	\$6,706	\$26,430	-	\$33,136
<b>Total</b>	11	\$1,169,960	\$11,349	\$45,734	\$1,739	\$58,822

Source: Saline County Assessor and Center for Business and Economic Research Estimates

#### FOOD AWAY FROM HOME RETAIL GAP OR UNMET DEMAND

Another consequence of Saline County becoming a wet county would be the location of full-service restaurants in Benton, Bryant, and other parts of the county as the added expense involved from having a private club license in order to serve alcohol will be removed. Researchers from the Center for Business and Economic Research used ESRI Retail Market Place Data to ascertain the current demand for full-service restaurants, the current supply of full-service restaurants and the unmet demand or retail gap in Saline County. Researchers also estimated the potential sales tax revenues associated with meeting the potential demand for full-service restaurants in Saline County.

According to data from ESRI, the annual retail gap or unmet demand for full-service restaurants is \$19,862,266 in 2013. Researchers from the Center for Business and Economic Research would add the caveat that some but not all of the unmet demand for full-service restaurants is likely to be met if Saline County is wet. The retail gap in the county may not be fully closed due to competition from existing, nearby full-service restaurants that are in wet counties.

TABLE 22: FOOD AWAY FROM HOME RETAIL GAP IN SALINE COUNTY

	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap
Saline County	\$34,689,925	\$14,827,659	\$19,862,266

Source: ESRI Retail Market Place Data, Center for Business and Economic Research Calculations

## ECONOMIC IMPACT

Researchers from the Center for Business and Economic Research used the IMPLAN input/output model to estimate the total economic impact of \$34,244,219 in annual retail alcohol sales. Using 2012 data, the model generated economic impacts of this hypothetical activity occurring in 2013 in Saline County as seen in the table below. The direct effect of Saline County becoming a wet county would have generated employment for 117.2 individuals with related labor income of \$6,205,047. When indirect and induced effects are added, the employment total reaches 141.7 and the labor income total reaches \$6,989,376. In all, the annual direct economic output of converting Saline County from a dry county to a wet county was estimated at \$9,880,241, and the annual total economic impact was estimated at \$12,546,003 for the year 2013.<sup>6</sup>

TABLE 23: ECONOMIC IMPACT OF ALCOHOL SALES IN SALINE COUNTY

Economic Impacts of Alcohol Sales in Saline County				
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	117.2	\$6,205,047	\$7,957,832	\$9,880,241
Indirect Effect	7.0	\$204,485	\$436,083	\$735,350
Induced Effect	17.5	\$579,845	\$1,257,922	\$1,930,412
<b>Total Effect</b>	<b>141.7</b>	<b>\$6,989,376</b>	<b>\$9,651,836</b>	<b>\$12,546,003</b>

Source: IMPLAN Input/Output Model 2012, Center for Business and Economic Research Calculations

In addition to these ongoing, yearly economic impacts, there are also one-time construction effects associated with the new liquor stores being constructed. Conversations with construction industry experts, developers and commercial real estate brokers yielded an estimated price of \$87 per square foot in construction costs (not including land costs). Another assumption is that half of all liquor stores will be new constructions and that half will be located in existing vacant retail space.

As seen in the table below, the construction of 11 new liquor stores will result in a direct economic impact of \$5,024,327 and a total economic impact of \$6,301,209. The construction of

<sup>6</sup> In the IMPLAN model, retail sales are treated somewhat differently from other industries in that only the retail margin is included in the direct economic impact. In this case, total retail sales of \$34,244,219 are margined at 28.2 percent, the effect of the sales that do not leak out of Saline County.

these stores will generate 34.1 jobs in the construction industry and a total of 45.7 jobs across all industries in Saline County.

**TABLE 24: CONSTRUCTION OF 11 NEW LIQUOR STORES IN SALINE COUNTY**

<b>Impact Type</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
<b>Direct Effect</b>	34.1	\$1,705,691	\$1,941,531	\$5,024,327
<b>Indirect Effect</b>	6.3	\$247,190	\$376,951	\$688,471
<b>Induced Effect</b>	5.3	\$176,968	\$383,420	\$588,411
<b>Total Effect</b>	45.7	\$2,129,849	\$2,701,901	\$6,301,209

Source: IMPLAN Input/Output Model 2012, Center for Business and Economic Research Calculations

In conclusion, the study estimates that by being a wet county, Saline County would have had additional retail sales worth \$34,244,219 in 2013 and similar levels of retail sales in subsequent years. These sales would have generated a previously non-existent recurring economic impact of \$12,546,003, dollars that would remain in Saline County. This economic impact is associated with 141.7 jobs (across all industries) and an annual labor income of \$6,989,376. Cities, the county and school districts will also benefit from the development of retail alcohol stores in the form of new sales tax revenues and property tax revenues. In addition to the above enumerated economic impacts, as Saline County becomes a wet county there will be other economic development benefits that are outside the scope of this study. The perception that a wet Saline County is a place to live, work, and play will aid the recruitment and retention of talent for various industries in Saline County.

## SOURCES

Arkansas Department of Finance and Administration

Craighead County Clerk's Office

ESRI Retail Market Place Data

Faulkner County Assessor's Office

IMPLAN Group LLC

Saline County Assessor's Office

U.S. Census Bureau, American Community Survey

U.S. Census Bureau, Intercensal Population Estimates