

**Technical Memorandum:**  
**Economic Impact of the *Benjamin Franklin: In Search  
of a Better World* Exhibition**

*Prepared for:*

**Greater Philadelphia Tourism  
Marketing Corporation**

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**Introduction**

Urban Partners was retained by The Greater Philadelphia Tourism Marketing Corporation to independently assess the economic impact of the National Constitution Center's *Benjamin Franklin: In Search of a Better World* exhibition, which was on view to the public from December 15, 2005 to April 30, 2006. This technical memorandum underscores the significant economic impact of this special exhibition on the cultural and economic vitality of the region, providing a direct benefit to the public, the City of Philadelphia, and the Commonwealth of Pennsylvania.

From the opening events beginning on December 15 through the close on April 30 the following year, this exhibition drew about 193,000 visitors, who came from across the nation and, in some

cases, from other countries. Approximately 11% of visitors were residents of Philadelphia; the remaining 89% were visitors who traveled from outside the City to experience *Ben 300*.

The National Constitution Center drew a total of approximately 432,000 visitors between January 2006 and April 2006. This visitation total represents a 72% increase from the prior year. In 2005, the National Constitution Center attracted approximately 251,000 visitors during this same time period.

Visitors directly motivated to come to Philadelphia because of the *Ben 300* exhibition brought new dollars into the regional economy, generating and enhancing activity in the hotel, restaurant, transportation, and retail industries, as well as at other local cultural attractions. 7,500 of these *Ben 300* exhibition-motivated visitors stayed in hotel rooms.

The benefit to the City of Philadelphia and the Commonwealth of Pennsylvania is reflected in the total economic activity calculated at \$25.1 million, the creation of 320 full-time equivalent jobs with over \$9.5 million in salary and wages, and more than \$1.5 million in tax revenues generated for the City and the Commonwealth.

## Summary of Impacts

The *Ben 300* exhibition hosted by National Constitution Center (NCC) generated significant economic impact within Philadelphia and Pennsylvania. This analysis of the economic impact of the *Ben 300* focuses on three factors: 1) the overall spending impact generated as a result of the exhibition; 2) employment generated by this activity; and 3) tax benefits received by the City of Philadelphia and the Commonwealth of Pennsylvania as a result of the exhibition. The *Ben 300* exhibition:

- Attracted about 193,000 visitors, including over 46,000 general audience visitors who live outside Philadelphia and came to the City specifically to see *Ben 300*
- Motivated approximately 49,500 visits to other area cultural attractions by individuals who came to Philadelphia specifically to see *Ben 300*:
  - 15,100 visits to the Liberty Bell
  - 12,500 visits to Independence Hall
  - 5,100 visits to the Franklin Institute
  - 4,200 visits to the Betsy Ross House
  - 1,900 visits to the Museum of Art
  - 1,600 visits to the Academy of Natural Sciences
  - 1,300 visits to Franklin Court
  - 1,000 visits to Fairmount Park
  - 800 visits to the Philadelphia Zoo, and
  - over 5,900 visits to other area attractions

- Generated total economic impact of \$25.1 million within the Philadelphia region, produced by the activities of the NCC and its exhibition marketing partners, including the Benjamin Franklin Tercentenary and the Greater Philadelphia Tourism Marketing Corporation (GPTMC), the in-NCC spending of all *Ben 300* visitors, and the out-of-NCC spending of those Constitution Center visitors who came to Philadelphia specifically to see *Ben 300*:
  - total direct economic impact of \$13.5 million
  - total indirect economic impact of \$11.6 million
- Created, directly or through contracts, 320 full-time equivalent jobs of which:
  - 275 positions are estimated to be located within Philadelphia
  - 205 are estimated to be held by City residents
- Produced a total local and state tax benefit of \$1.54 million:
  - \$808,000 in tax revenue for the City of Philadelphia
  - \$734,000 in tax revenue for the Commonwealth of Pennsylvania
- Generated the booking of over 7,500 Philadelphia hotel room nights by individuals coming to Philadelphia specifically to see *Ben 300*:
  - average rate of \$140 per room night
  - average length of stay of 1.9 days
  - average size of hotel party of 2.6 persons
- Motivated about 2,400 additional overnight visitors who came to Philadelphia specifically to see *Ben 300* and stayed with friends and family in Philadelphia and the region.

## Economic Impact

The overall economic impact (spending impact) of the *Ben 300* exhibition is derived from several interrelated components:

- the direct organizational economic impact of the NCC and its exhibition marketing partners attributable to this exhibition, especially that portion of economic activity occurring in the Philadelphia region and elsewhere in Pennsylvania; and
- the significant spending of visitors to the exhibition, in the NCC itself and elsewhere in the City as a direct result of their visit to *Ben 300*.

These two components of economic activity constitute the **direct economic impact** of the *Ben 300* exhibition. An important third impact—the **indirect economic activity** stimulated by this direct spending—can also be traced through the regional economy. **The total direct and indirect economic impact of the *Ben 300* exhibition is \$25.1 million (see Table 1).**

<b>Table 1</b>	
<b>Economic Impact of Ben 300 Exhibition for Philadelphia Region</b>	
<b>(All Estimates In Millions)</b>	
<b>Direct Economic Impact</b>	
Organizational Economic Impact	\$8.3
Audience Spending (Outside Venue)	\$5.2
Total Direct Economic Impact In Region	\$13.5
<b>Indirect Economic Impact</b>	
Indirect Impact of Organizational Expenditures	\$7.2
Indirect Impact of Audience Spending (Outside Venue)	\$4.5
Total Indirect Economic Impact	\$11.6
<b>Total Economic Impact</b>	<b>\$25.1</b>

### ***Direct Economic Impact***

This analysis was informed greatly by the significant audience survey completed during the *Ben 300* exhibition. GPTMC conducted over 500 on-site surveys to obtain information about *Ben 300* visitors' spending habits at the NCC and elsewhere in Philadelphia. GPTMC also conducted over 600 surveys from individuals who booked hotel packages and hotel rooms on gophila.com. In addition to on-site surveys, this study was informed by three economic impact analyses undertaken by Urban Partners: first, in 2004 on behalf of the Central Philadelphia Development Corporation in assessing the economic impact of all Parkway cultural institutions; second, in 2005 on behalf of the Philadelphia Museum of Art in assessing the economic impact of the *Salvador Dali* exhibition, which identified typical spending patterns of the Museum's various categories of visitors; and third, in 2006 on behalf of the Franklin Institute in assessing the economic impact of the *Body Worlds* exhibition, which also identified typical spending habits of the Institute's categories of visitors.

Urban Partners has analyzed available information to identify various categories of *Ben 300* exhibition visitors and determine the typical spending characteristics of each category. These spending characteristics have been applied to the estimated number of visitors to the exhibition from each category, using self-identifying geographic data provided by survey participants and the NCC's ticket sales tracking system.

*Ben 300* drew a wide range of visitors to the NCC and to Philadelphia. The incremental economic impact of a specific visitor on the Philadelphia and Pennsylvania economy varies

depending on several important factors. Was the visitor motivated to come to Philadelphia predominantly because of *Ben 300*? How long did the visitor stay in Philadelphia? Did the visitor stay overnight in a hotel? How far did the visitor travel to Philadelphia?

To allow for these various levels of economic impact, *Ben 300* visitors were analyzed in these major categories:

- residents of Philadelphia
- individuals living outside Philadelphia, but within a one-hour radius, including:
  - those for whom the primary purpose of their visit to Philadelphia was to see the *Ben 300* exhibition
  - those who visited *Ben 300* in conjunction with a planned visit to another Philadelphia attraction or activity
- individuals living beyond a one-hour radius, including:
  - those who stayed in a hotel for whom the primary purpose of their visit was to view the *Ben 300* exhibition
  - those who stayed in a hotel who visited *Ben 300* in conjunction with a planned visit to another Philadelphia attraction
  - those who did not stay in a hotel for whom the primary purpose of their visit was to attend the *Ben 300* exhibition
  - those who did not stay in a hotel who visited *Ben 300* in conjunction with a planned visit to another Philadelphia attraction or activity
- other individuals who visited *Ben 300* as part of a group or special program, including:
  - organized group tours
  - school groups.

For all categories of visitors, per capita in-NCC spending was calculated and confirmed through survey data and financial reports. In addition, for those categories of visitors that were *Ben*-driven—that is, those out-of-town visitors who traveled to Philadelphia specifically to view *Ben 300*—out-of-NCC expenditures related to lodging, dining, shopping, local transportation, and attendance at other regional attractions have also been included as components of the exhibition’s direct economic impact. Approximately 41% of all individual visitors to the *Ben 300* exhibition were identified as *Ben*-driven.

As shown in **Table 1**, taken together, the calculated **total direct economic impact of organizational and audience expenditures on the regional economy that are attributable to the *Ben 300* exhibition is \$13.5 million.**

### ***Indirect Economic Impact***

Assessing the indirect economic impact of these expenditures is complex and involves tracking the additional rounds of spending within the region induced by businesses and their employees as a result of these direct expenditures. In its September 1998 report, “*Greater Philadelphia’s*

*Competitive Edge: The Nonprofit Culture Industry and its Economic Value to the Region,*” the Pennsylvania Economy League (PEL) undertook the calculation of these indirect economic multipliers using the IMPLAN economic model of the regional economy. In that analysis, PEL concluded that the appropriate multiplier for indirect economic activity resulting from cultural institutions’ organizational expenditures was 1.08 and that the appropriate multiplier for indirect economic activity resulting from audience expenditures was 0.86.

Applying PEL’s multipliers to the organizational and audience expenditures of the *Ben 300* exhibition results in a **total indirect economic impact of \$11.6 million.**

### ***Additional Economic Impacts***

In order to conservatively calculate the economic impact of the *Ben 300* exhibition, it was determined that out-of-NCC expenditures would be calculated only for *Ben 300*-driven visitors—those who came to Philadelphia specifically to see *Ben 300*. Off-site expenditures by those *Ben 300* visitors in Philadelphia primarily for another purpose were excluded. It is possible and, indeed, probable, that some of these visitors extended their stay in Philadelphia in order to visit *Ben 300*; however, the any additional economic benefits attributable to these lengthened stays have not been measured in this analysis.

### **Employment Impact**

The *Ben 300* exhibition resulted in significant employment within the region and within Philadelphia (see **Table 2**). The NCC, its food services vendor, and its marketing partners internally supported 60 full-time equivalent positions during the preparation and execution of the *Ben 300* exhibition and the direct organizational expenditures by the NCC, its marketing partners, and its food services vendor related to the exhibition resulted in the support of an additional 10 full-time equivalent positions. Employment supported off-site by the out-of-NCC spending of the *Ben*-driven visitors is estimated at 105 full-time equivalent positions.

Taken together, these **direct employment impacts total 175 full-time equivalent jobs.** Due to the location of the NCC and the fact that much of the audience spending is concentrated in Center City Philadelphia, this direct employment impact is significantly concentrated within Philadelphia. Based on the NCC’s employment patterns, the locations of its contractors, and the employment patterns within the key industries in which audience spending was concentrated, we estimate that 170 of the 175 full-time equivalent jobs supported by *Ben 300* were located within Philadelphia and 130 full-time equivalent positions were filled by City residents.

The **indirect economic impact of the *Ben 300* exhibition resulted in the creation of a total of 145 full-time equivalent positions**—90 as a indirect result of the NCC’s organizational expenditures and 55 due to the indirect impact of audience spending outside the NCC. Because the indirect economic activity resulting from the *Ben 300* exhibition is more diffuse—both in

terms of industrial sectors and location of employment—this employment is believed to be spread more broadly throughout the region. We estimate that approximately 105 of the 145 full-time equivalent positions supported by the indirect economic impact of the *Ben 300* exhibition were located within Philadelphia and that 75 were filled by City residents.

Totaling the direct and indirect economic impacts of the *Ben 300* exhibition, we estimate that the exhibition supported a **total of 320 full-time equivalent positions, including 275 located within Philadelphia and 205 held by City residents.**

**Table 2**  
**Employment Impacts of Ben 300 Exhibition**

	Within Region	Within Philadelphia	Philadelphia Residents
<b>Direct Employment Impact</b>			
Organizational Employees (Annualized FTE Including Food Service Vendor)	60	55	40
FTE Employment Due To Non-Payroll Organizational Expenditures Within The Region	10	10	10
Employment Due To Audience Spending (Outside Venue)--Annualized FTE	105	105	80
<b>Total Direct FTE Employment Impact In Region</b>	<b>175</b>	<b>170</b>	<b>130</b>
<b>Indirect Employment Impact</b>			
Indirect Impact of Organizational Expenditures	90	70	50
Indirect Impact of Audience Spending	55	35	25
<b>Total Indirect Employment Impact</b>	<b>145</b>	<b>105</b>	<b>75</b>
<b>Total Employment Impact</b>	<b>320</b>	<b>275</b>	<b>205</b>



## Tax Revenue Impact

The *Ben 300* exhibition generated approximately \$1.54 million in tax revenues—\$808,000 in increased tax revenue for the City of Philadelphia and \$734,000 for the Commonwealth of Pennsylvania (see **Table 3**).

	<b>For City of Philadelphia</b>	<b>For State of Pennsylvania</b>	<b>Total City &amp; State</b>
Taxes on Wages & Salaries	\$338,000	\$293,000	\$631,000
Sales & Hotel Taxes	\$196,000	\$349,000	\$545,000
Business Privilege Taxes	\$91,000		\$91,000
Net Profits Taxes	\$7,000		\$7,000
Real Estate Taxes Paid On Business Property	\$74,000		\$74,000
Use & Occupancy Taxes Paid On Business Property	\$41,000		\$41,000
State Corporate & Other Business Taxes		\$92,000	\$92,000
Parking Taxes	\$61,000		\$61,000
<b>Total Annual Tax Benefits</b>	<b>\$808,000</b>	<b>\$734,000</b>	<b>\$1,542,000</b>

### *Wage Tax Revenue Impact*

The 320 full-time equivalent jobs supported directly and indirectly by the *Ben 300* exhibition are estimated to have generated wages and salaries of approximately \$9.53 million (see **Table 4**). These estimates of wage and salary impact were derived using industrial sector factors developed as part of the PEL IMPLAN analysis adjusted to 2006 dollars. Of this \$9.53 million in wages and salaries, \$8.12 million is estimated to be earned within Philadelphia and \$6.01 million is estimated to be earned by Philadelphia residents. This employment activity is estimated to have generated \$338,000 in wage tax revenue for the City of Philadelphia and another \$293,000 in income tax revenue for the Commonwealth of Pennsylvania (see **Table 5**).

**Table 4**  
**Wage & Salary Impacts Of Ben 300 Exhibition**  
**(In Millions of Dollars)**

	Within Region	Within Philadelphia	Philadelphia Residents
<b>Direct Wage &amp; Salary Impacts</b>			
Organizational Payrolls	\$2.89	\$2.64	\$1.98
Wages & Salaries Due To Non-Payroll Organizational Expenditures Within The Region	\$0.19	\$0.19	\$0.15
Wages & Salaries Due To Audience Spending (Outside Venue)	\$2.23	\$2.23	\$1.70
<b>Total Direct Wage &amp; Salary Impacts</b>	<b>\$5.31</b>	<b>\$5.06</b>	<b>\$3.83</b>
<b>Indirect Wage &amp; Salary Impacts</b>			
Indirect Wage & Salary Impact of Organizational Expenditures	\$2.62	\$2.04	\$1.46
Indirect Wage & Salary Impact of Audience Spending	\$1.60	\$1.02	\$0.73
<b>Total Indirect Wage &amp; Salary Impacts</b>	<b>\$4.23</b>	<b>\$3.06</b>	<b>\$2.19</b>
<b>Total Wage &amp; Salary Impacts</b>	<b>\$9.53</b>	<b>\$8.12</b>	<b>\$6.01</b>

**Table 5**  
**Taxes on Wages & Salaries**  
**Generated By Ben 300 Exhibition**

	Total Paid Within Philadelphia Region	Total Paid Within Philadelphia	Total Paid To Philadelphia Residents	Total Paid Within Philadelphia To Non-Philadelphia Residents
Total Direct Wages & Salaries	\$5,306,000	\$5,056,000	\$3,826,000	\$1,230,000
Total Indirect Wages & Salaries	\$4,227,000	\$3,061,000	\$2,186,000	\$875,000
<b>Total Wages &amp; Salaries</b>	<b>\$9,533,000</b>	<b>\$8,117,000</b>	<b>\$6,012,000</b>	<b>\$2,105,000</b>
<b>Wage Taxes Paid To City of Philadelphia</b>		<b>\$338,000</b>	<b>\$259,000</b>	<b>\$79,000</b>
<b>Income Taxes Paid To State of Pennsylvania</b>	<b>\$293,000</b>			

### ***Sales and Hotel Tax Impact***

Additionally, sales and hotel taxes directly and indirectly resulting from the on-site spending of all *Ben 300* visitors and the out-of-NCC spending of *Ben 300*-driven visitors is estimated to have generated another \$545,000 in increased public revenue, including \$196,000 in revenue collected by the City of Philadelphia and \$349,000 in revenue collected by the Commonwealth of Pennsylvania (see **Table 6**).

<b>Table 6 Sales Tax &amp; Hotel Tax Benefits Generated By Ben 300 Exhibition</b>	<b>Total</b>	<b>Total Paid To City of Philadelphia</b>	<b>Total Paid To State Of Pennsylvania</b>
<b>Direct Economic Activity</b>			
Sales Tax On In-Facility Sales	\$31,000	\$4,000	\$27,000
Sales Tax On Audience Shopping (Outside Venue)	\$67,000	\$10,000	\$57,000
Sales Tax On Audience Food Spending (Outside Venue)	\$127,000	\$18,000	\$109,000
Liquor Tax On Audience Retail Spending (Outside Venue)	\$45,000	\$45,000	
Amusement Tax On Audience Spending (Outside Venue)	\$8,000	\$8,000	
Sales Tax on Hotel Rooms	\$71,000	\$10,000	\$61,000
Gasoline Tax	\$16,000		\$16,000
Hotel Tax	\$71,000	\$71,000	
<b>Total Sales Taxes On Direct Economic Activity</b>	<b>\$436,000</b>	<b>\$166,000</b>	<b>\$270,000</b>
<b>Indirect Economic Activity</b>			
Sales Tax On Taxable Indirect Economic Activity	\$88,000	\$9,000	\$79,000
Liquor Tax On Indirect Economic Activity	\$2,000	\$2,000	
Hotel Tax	\$19,000	\$19,000	
<b>Total Sales Taxes On Indirect Economic Activity</b>	<b>\$109,000</b>	<b>\$30,000</b>	<b>\$79,000</b>
<b>Total Sales Taxes</b>	<b>\$545,000</b>	<b>\$196,000</b>	<b>\$349,000</b>

### ***Business and Real Estate Tax Impact***

Of the \$24.9 million in total direct and indirect economic impact, \$15.11 million is estimated to support private for-profit business activity, including \$11.09 million in business activity within Philadelphia (see **Table 7**). This for-profit business activity generated an estimated \$213,000 in additional tax revenue for the City of Philadelphia and \$92,000 for the Commonwealth of Pennsylvania (see **Table 8**).

**Table 7**  
**For-Profit Business Activity Generated By Ben 300 Exhibition**  
**(In Millions of Dollars)**

	Within Region	Within Philadelphia
<b>Direct For-Profit Business Activity</b>		
For-Profit Business Activity Due To Non-Payroll Organizational Expenditures	\$0.19	\$0.19
For-Profit Business Activity Due To Audience Spending	\$4.87	\$4.87
Total Direct For-Profit Business Activity	\$5.06	\$5.06
<b>Indirect For-Profit Business Activity</b>		
Indirect For-Profit Business Activity Due To Organizational Expenditures	\$6.20	\$3.72
Indirect For-Profit Business Activity Due To Audience Spending	\$3.85	\$2.31
Total Indirect For-Profit Business Activity	\$10.05	\$6.03
<b>Total For-Profit Business Activity</b>	<b>\$15.11</b>	<b>\$11.09</b>

**Table 8  
Business Tax & Real Estate Tax Benefits  
Generated By Ben 300 Exhibition**

	Within Region	Within Philadelphia
<b>Direct For-Profit Business Activity</b>		
For-Profit Business Activity Due To Non-Payroll Organizational Expenditures	\$190,000	\$190,000
For-Profit Business Activity Due To Audience Spending	\$4,869,000	\$4,869,000
Total Direct For-Profit Business Activity	\$5,059,000	\$5,059,000
<b>Indirect For-Profit Business Activity</b>		
Indirect For-Profit Business Activity Due To Organizational Expenditures	\$6,202,000	\$3,721,000
Indirect For-Profit Business Activity Due To Audience Spending	\$3,850,000	\$2,310,000
Total Indirect For-Profit Business Activity	\$10,052,000	\$6,031,000
Total For-Profit Business Activity	\$15,111,000	\$11,090,000
<b>Annual Business Privilege Taxes Paid</b>		<b>\$91,000</b>
<b>Annual Net Profits Taxes Paid</b>		<b>\$7,000</b>
<b>Annual Real Estate Taxes Paid On Business Property</b>		<b>\$74,000</b>
<b>Annual Use &amp; Occupancy Taxes Paid On Business Property</b>		<b>\$41,000</b>
<b>State Corporate and Other Business Tax Paid</b>	<b>\$92,000</b>	