Can a political party really ignite a local economy?

We will find out when the 2016 Democratic National Convention rolls into Philadelphia next month. This convention promises to be the single most revenue producer for the City of Brotherly Love since the Republican National Convention in 2000, with an economic multiplier effect five times greater — and providing a much larger economic punch than last September’s historic visit by Pope Francis.

**TOTAL ECONOMIC IMPACT**

According to Fiorenza’s estimates, the DNC convention should boost the gross regional product in the Delaware Valley by at least $130 million from the lead-up to the convention to after it ends on July 28.

The City of Philadelphia and DNC officials estimate an influx of $350 million for the area, but that figure is exaggerated— it will be lowered after the fact, just as Charlotte’s and Denver’s estimates were wildly off target. City officials always try to sell the economic impact package to their taxpaying constituents and the local business community with larger estimated numbers than actual numbers.

| $350 million |
| City of Philadelphia & DNC Officials Estimate |
| $130 million |
| Fiorenza’s Estimate¹ |

**+$200M** in Economic Impact (Based on 2000 RNC Value)

**+$15M** outside of Philadelphia

**+$40M** in taxes

**−$85M** in funds raised by donors and sponsors to present at the convention

**−$40M** for expanded security

¹ Estimates are based on pre-attendance figures that will use services related to hotels, airport, food, hospitality, transportation during the 4 day/5 night stay including volunteers and media.
The DNC will affect the following industries (and their labor unions):

- Public Sector
  - Security, public works, parks (city, state and national level)

- Wells Fargo Center
  - Personnel, vendors, parking, security

- Telecommunications, IT, Cable

- Retail Apparel, Shopping District

- Digital & Social Media

- Entertainment
  - Arts and cultural attractions

- Infrastructure

- Tourist Attractions
  - Philadelphia Zoo, Philadelphia Museum of Art, Barnes Foundation, Reading Terminal Market, National Constitution Center

- Food Industry

- Transportation
  - Air, ground (bus, taxi, Uber), rail (Septa, Amtrak)

- Hospitality Industry
  - All levels

- Media
  - Print, radio, TV, cable- local, national, international

- Public Relations Firms

**ATTENDANCE**

Conventions or conferences usually held at the Philadelphia Convention Center have up to 5,000 attendees. This year’s DNC will total over 60,000 people on a daily basis for the last week in July at the Wells Fargo Center and downtown Philadelphia.

This short term positive economic boost will also be powered by the 2,500 vendors that will provide every detail from catering to hospitality to dry cleaning services over the four days of the convention. Each industry will receive a boost, from cable to telecommunications, printing to public relations.
Over 60,000 Attendees

TAXES

<table>
<thead>
<tr>
<th>Tax</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Occupancy Tax</td>
<td>8.5%</td>
</tr>
<tr>
<td>City Sales Tax</td>
<td>2%</td>
</tr>
<tr>
<td>State Sales Tax</td>
<td>6%</td>
</tr>
<tr>
<td>Vehicle Rental Tax</td>
<td>2%</td>
</tr>
<tr>
<td>Tobacco &amp; Tobacco Related Products Tax</td>
<td>$0.36*</td>
</tr>
<tr>
<td>Liquor Tax (on retail sales at establishments but not at state owned liquor stores)</td>
<td>10%</td>
</tr>
<tr>
<td>Parking Tax</td>
<td>22.5%</td>
</tr>
</tbody>
</table>

1 Estimated tax revenue impact to the City of Philadelphia could be $40 million from all the taxes listed above and the city wage tax. This will net against the cost to taxpayers of $40 million noted above.
ECONOMIC IMPACTS OF PREVIOUS CONVENTIONS

Retail and wholesale merchandise, hospitality, food and liquor, lodging, transportation will all benefit but not at the projections given by the DNC committee or the City. What will be more difficult to measure is the positive long term economic impact years after the DNC has left the City. The enhancement of Philadelphia’s reputation and image is the most important factor.

<table>
<thead>
<tr>
<th>Year</th>
<th>Convention</th>
<th>City</th>
<th>Direct Spending Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>DNC Boston</td>
<td>$214 million</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>RNC New York</td>
<td>$255 million</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>DNC Denver</td>
<td>$266.1 million</td>
<td></td>
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<tr>
<td>2008</td>
<td>RNC St. Paul</td>
<td>$170 million</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>DNC Charlotte</td>
<td>$170 million</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>RNC Tampa</td>
<td>$214 million</td>
<td></td>
</tr>
</tbody>
</table>
This is Philadelphia’s chance to show the entire cable-watching audience the City’s assets from Reading Terminal Market to the Philadelphia Museum of Art to the National Constitution Center. Philadelphia has taken steps to ensure these events have economic value and are an economic generator. Residents, commuters and businesses will be watching to see if the event is safe, well managed and properly managed financially.

**KEY INFORMATION ON PHILADELPHIA**

1. **The 5th largest city** in the country
   *(CITY POP 1.56 MILLION)*

2. **The 2nd largest downtown** in population. One quarter of the US population lives within a 5-hour drive to Philadelphia.

3. **Major transportation hub**: AMTRAK, SEPTA, Philadelphia International Airport, I-95, I-76, Pennsylvania Turnpike and New Jersey Turnpike

4. **A 2-hour drive from New York, 2 ½ hour drive from Washington, D.C.**

5. **71 hotels in Philadelphia** *(42 IN INNER CITY)*

6. **16,000 hotel rooms** *(11,200 IN INNER CITY)*

7. **Largest Municipal Park system** in the country

8. **958 food establishments** *(369 OUTDOOR CAFES)*

Philadelphia has hosted events in the past with the same amount or more people in attendance:

- July 4th Celebration
- Wawa Welcome America Festival
- 2015 World Meeting of Families with Pope Francis
- 2000 Republican National Convention
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For more, visit business.villanova.edu.

About David Fiorenza

David Fiorenza is an Instructor of Economics at Villanova University. Fiorenza specializes in the Public Sector, Municipal Finance, Urban Renewal, Urban Development, Capital Budgeting, Comprehensive Annual Financial Reports, Economics of the Entertainment Industry and International Economics. Fiorenza has received the following awards:

• 2013 VITAL Grant - Urban Economics & Urban Renewal
• Meyer Innovation and Creative Excellence Award, VSB, 2012
• GFOA Distinguished Budget Presentation Award, 1993, 1994

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