



Economic Impact of Laredo International Airport

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Laredo is proud to serve as the largest inland port on the US-Mexico border, and the Laredo International Airport is an essential part of bringing both cargo and passengers into the city. We are excited to share this study on the Regional Economic Impacts of Laredo International Airport, which was performed by independent economic consultants at GRA, Incorporated and shows the full benefit to our community of the airport and the dedicated employees who serve there.

This report estimates that in 2019, the airport supported nearly 2,600 jobs, over \$85 million in earnings and approximately \$272 million in output. These benefits are spread throughout the City of Laredo and Webb County and in total account for approximately 1.5 percent of the area's gross regional product.

While the COVID-19 pandemic has taken a toll on the aviation industry, we believe this study is especially important now because it demonstrates the impact that the airport has on the broader community outside of the pandemic. We expect that the airport will return to and even exceed these impacts as the aviation industry continues to recover.

Laredo's underlying economy is strong and our status as a preeminent trade community is reflected in the mix of activity at the airport, including significant cargo operations; passenger airlines; aviation support functions such as fixed base operators, maintenance and training; government activities; and visitor spending. With new nonstop flights to Mexico City on Aeromar, we expect the economic impact of the airport to continue to grow.

We look forward to continuing to work with the airport's capable leadership, our City Council and the broader community to preserve and enhance the value that the Laredo International Airport provides to our region as one of our major economic engines.

Sincerely,



Pete Saenz,
Mayor



Robert A. Eads, ICMA-CM
City Manager



Pete Saenz,
Mayor



Robert A. Eads, ICMA-CM
City Manager

City of Laredo Government

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» **Alyssa Cigarroa**

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Dr. Carlos Valle Jr / AIRPORT ADVISORY BOARD



On behalf of the team at Laredo International Airport, it is a pleasure to share this study that documents the economic impact of the airport. Since I have arrived in Laredo, it has been clear that the airport is a critical part of the economic fabric of this community. This study from independent consulting firm GRA, Incorporated quantifies that impact in the form of almost 2,600 jobs, \$85 million in earnings and \$272 million in output.

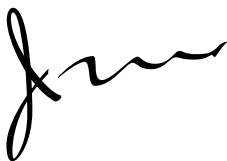
The cargo operations at the airport confirm and support Laredo's leading role in international trade and have grown to the point that Laredo International Airport is now the 7th busiest cargo airport in Texas and the 55th busiest in the U.S. With most of that cargo representing trade with Mexico, our airport ranks 5th in the U.S. for the volume of air cargo flying to/from Mexico. Our four passenger airlines—including Aeromar's recently-added nonstop service to Mexico City—enable Laredo residents, along with those in the greater region including Nuevo Laredo, to access the world to conduct business, go on vacation and visit friends and family. They also facilitate easy and convenient access to Laredo for business travelers and other visitors from around the country and all over the world.

We are constantly striving to improve the experience for passengers and operators at the airport. To that end, our capital improvement program calls for \$69 million in investments over the next five years. This includes improvements to taxiways and the cargo apron on the airfield, as well as investments in the passenger experience in the terminal through relocating the security checkpoint to create more space, renovating restrooms, expanding concessions, and other enhancements. We have also taken important steps to respond to the COVID-19 pandemic such as installing ultraviolet lights to continuously disinfect escalators.

Finally, I want to close with a sincere thanks to all of our tenants, business partners and other stakeholders, as well as the broader Laredo community and leadership for your ongoing support of the airport. We could not generate the economic impact numbers described in this report without the support of all of you.

Together with the entire team at the airport, I look forward to continuing to work with all of our stakeholders to continue growing the airport and the positive impact that it brings to the Laredo community.

Sincerely,



Jeffrey J. Miller, A.A.E., ACE
Airport Director



Jeffrey J. Miller, A.A.E., ACE
Airport Director

Elsy D. Borgstedte, C.M.
Assistant Director

Alejandro Labrada
Assistant Director

Executive Summary

GRA, Incorporated was tasked to assess the economic impact of Laredo International Airport (LRD). This report summarizes the results of that effort.¹ As shown in **Table 1**, aviation operations at LRD support almost 2,600 jobs on the airport and throughout the Laredo metropolitan area (which is contiguous with Webb County, Texas). Based on data from 2018 and 2019, these jobs generated over \$85 million annually in employee and proprietor earnings. These earnings made up only part of the regional economic activity totaling over \$272 million that stems from the airport's operations. The total economic impacts represent approximately \$172 million in value added to the regional economy; the remaining \$100 million of output comes from the use in Laredo of inputs produced outside of the region. This \$172 million of value added represents a contribution to Laredo's gross regional product (GRP), which was estimated to be \$11.7 billion in 2018.² Therefore, we estimate that LRD contributes approximately 1.5 percent of the metropolitan area's GRP.

Table 1

**Estimated Annual Economic Impact
of Laredo International Airport on Webb County**

Impact Type	Jobs	Earnings (\$M)	Output (\$M)	Value Added (\$M)
Direct Impacts	728	\$47.1	\$156.5	\$93.1
Indirect Impacts	1,238	\$23.8	\$73.5	\$47.8
Induced Impacts	614	\$14.4	\$42.1	\$31.1
Total Impacts	2,581	\$85.3	\$272.2	\$172.0

Direct, indirect and induced employment impacts account for 728, 1,238, and 614 full time equivalent jobs respectively, for a total of almost 2,600 full-time equivalent jobs. Direct employment associated with LRD, representing employment of businesses and organizations operating at the airport, provides earnings of \$47 million. Indirect earnings, representing individuals working at those businesses where earners of direct income spend their money as well as those supported by travelers' spending for hotels, rental cars, entertainment and restaurants, provide nearly \$24 million of earnings. The study also found over \$14 million in induced earnings, which are received by regional workers and proprietors as the spending from direct and indirect earnings circulate through the businesses and communities of Webb County.³

“Output” represents regional economic transactions from spending by firms, organizations and individuals (including employees) within the region. As an economic measure, output is often referred to as “regional economic activity.” For example, the direct output measure represents the economic activity and transactions that occur during the production of on-airport services for all users of the airport system at the airport. These direct impacts on economic output represent 54 percent of the airport's total impact in the Laredo region. However, not all of these impacts occur in the Webb County region.

¹ This analysis and report reflect the estimated impact of Laredo International Airport in 2019. As such, the analysis does not reflect the decline in aviation demand resulting from the COVID-19 pandemic.

² Federal Reserve Bank of St Louis FRED database

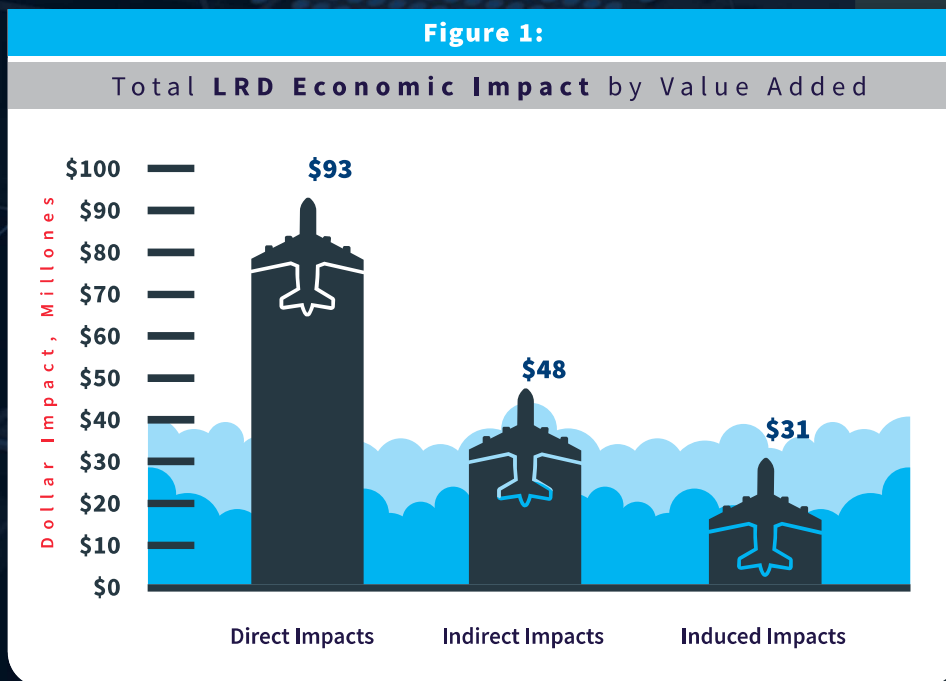
³ The impact area of Webb County is used for Laredo International Airport analysis, based on multipliers from the RIMS II System of the U.S. Department of Commerce.

The population of Laredo makes up almost 95% of the population of Webb County.

Publication Date: November 2020

Executive Summary

As such, this report uses value added as the “economic impact” for this report. The amounts of value added by the direct, indirect and induced impacts are shown in **Figure 1**; these impacts remain in Webb County. The direct impacts represent the value of gross spending in the region (\$93.1 Million or 54% of value added). The indirect value added impacts of \$47.8 million represent the local share of the purchased inputs by businesses on the airport and visitors to the region who arrived at the airport; these indirect impacts account for about 28 percent of the total impacts. The induced value added impacts of \$31.1 million represent all rounds of spending of wages and profits within the region and account for the remaining 18 percent of value added. **Table 2** reports the total impacts attributable to operations at LRD by the types of airport related businesses. These value added impacts illustrate the importance of air freight activities to the airport’s place in the region’s economic life (an estimated \$59.7 million). Other sources of value added impacts include other aviation such as passenger airlines (\$27.8 million), visitor spending (\$34.3 million), and governmental activities at the airport (\$14.8 million).



The significant share related to government activities reflects Laredo’s status as a very active border community, combined with the federal government’s role in maintaining the security and integrity of international borders as well as the level of freight flows through the airport. Federal government jobs tend to have higher wages than the average job in the Laredo area; however these jobs do not produce the same level of quantifiable output in terms of sales, so as a result they have higher earnings than other fields but lower output and value added.

Executive Summary

Table 2

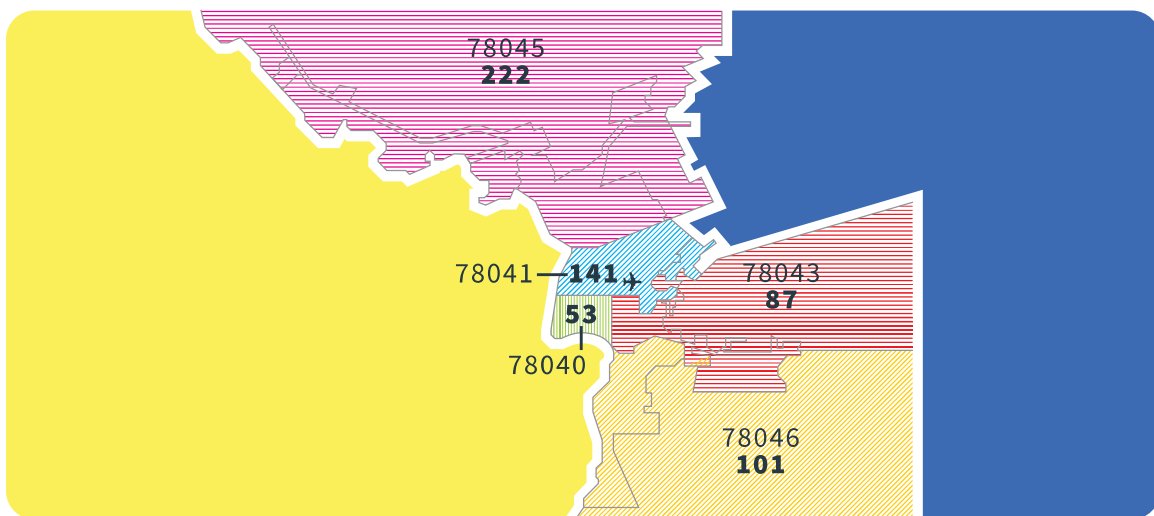
Total Economic Impacts of Laredo International Airport Activity by Type of Economic Activity

Type of Airport-Related Activity	Jobs	Earnings (\$M)	Output (\$M)	Value Added (\$M)
LRD Air Freight and Cargo Operations	460	\$18.4	\$97.7	\$59.7
LRD Other Aviation (Airlines, FBOs, Maint, Training)	482	\$15.3	\$45.9	\$27.8
LRD Construction and Engineering	79	\$3.4	\$18.2	\$12.2
LRD Other Airport Activities, e.g. rental cars, food service and sanitation	196	\$6.7	\$31.2	\$23.3
LRD Governmental Airport Activities	479	\$24.5	\$29.8	\$14.8
Visitor Spending (less rental car)	884	\$17.1	\$49.3	\$34.3
Total Impacts	2,581	\$85.3	\$272.2	\$172.0

The City of Laredo includes five ZIP Codes, and over fifty on-airport employees live in each Laredo ZIP Code. Approximately 83 percent of the jobs directly attributed to LRD are airport badge holders who reside within the City of Laredo.

Figure 2:

On-Airport Employees per ZIP Code



Overview

This report was prepared for Laredo International Airport (LRD) by GRA, Incorporated to estimate the impact of the airport on the local economy in 2019. LRD is the only public use airport in Webb County, TX and as such plays a large role in the economy.⁴ The City of Laredo makes up about 95% of the total Webb County population.⁵ LRD serves a number of U.S. government agencies such as the Transportation Security Administration (TSA), U.S. Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), the Drug Enforcement Administration (DEA) and Federal Bureau of Investigation (FBI). LRD also has on-site service by the Servicio de Administración Tributaria (SAT), which oversees the Mexican government's customs agency. LRD enplaned over 90,000 passengers and landed over 500 million pounds of cargo in 2019, based on final data from the Federal Aviation Administration as of September 2020.⁶

Laredo is along the Texas-Mexico border (defined by the Rio Grande River) and is adjacent to Nuevo Laredo, Mexico (see **Figure 3**). Laredo is the principal border crossing for a route from Monterrey, Mexico (Mexico's third largest city and a major manufacturing center) that runs through Laredo to San Antonio and then reaches the major Texas and other U.S. cities. The largest areas of U.S. population near Laredo run from the North (San Antonio) to the Southeast (Brownville and Harlingen).

Figure 3:

Location of Laredo in Texas



⁴ Data compiled by The County Information Program, Texas Association of Counties: <https://bcip.org/tac/census/airports.php?FIPS=48479> accessed May 28, 2020

⁵ <https://www.census.gov/quickfacts/fact/table/laredocitytexas,webbcountytx/PST045219> accessed June 2, 2020

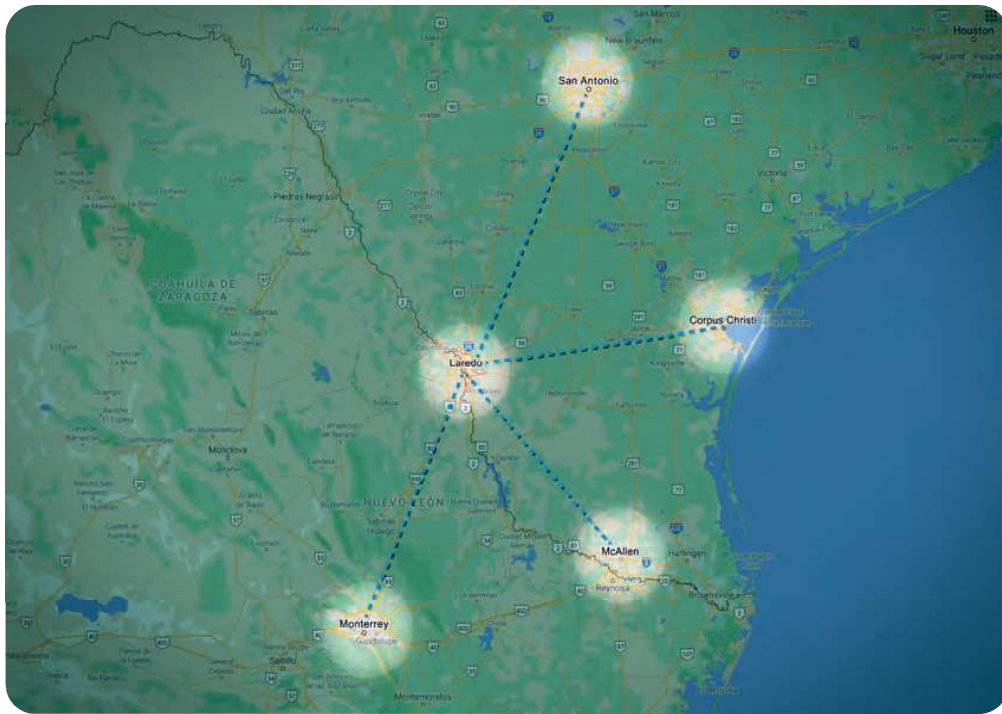
⁶ Passenger and cargo data for CY 19 from FAA's ACAIS accessed October 13, 2020

Introduction

The City of Laredo has a population of 262,491⁷ and is within 160 miles of McAllen, San Antonio, and Corpus Christi, TX in Southeast Texas with a total regional population of over 2 million.⁸ It also is just across the border from Nuevo Laredo and within 140 miles of Monterrey, Mexico, which have a combined population of over 5 million. Monterrey is the third largest city in Mexico and the center of automobile manufacturing in Mexico.

Figure 4:

Locations within 160 Road Miles of Laredo



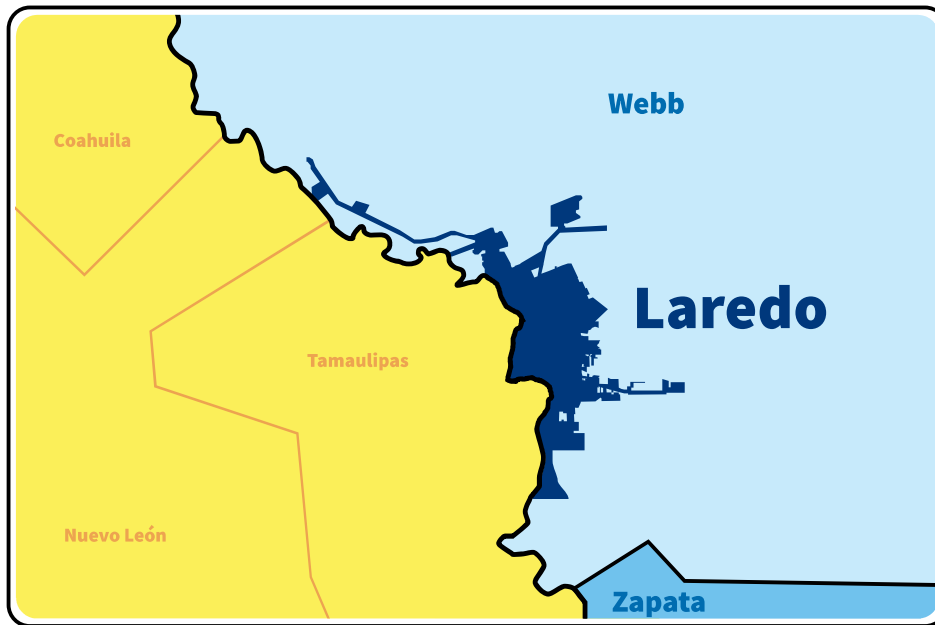
The city is located on the western edge of Webb County in South Texas and includes the ZIP codes of 78040, 78041, 78043, 78045, and 78046. Laredo is the county seat of Webb County and comprises 95 percent of the county's population.

⁷ Op. cit., U.S. Census estimate for 2019

⁸ We exclude San Antonio's population because LRD does not likely divert passengers from San Antonio.

Figure 5:

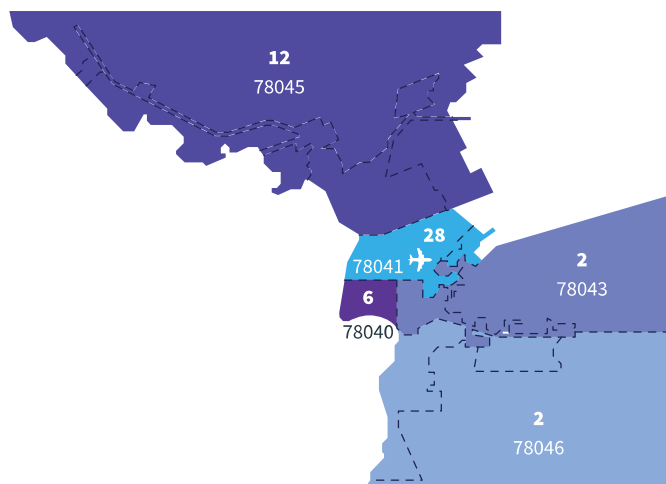
Location of Laredo in Webb County



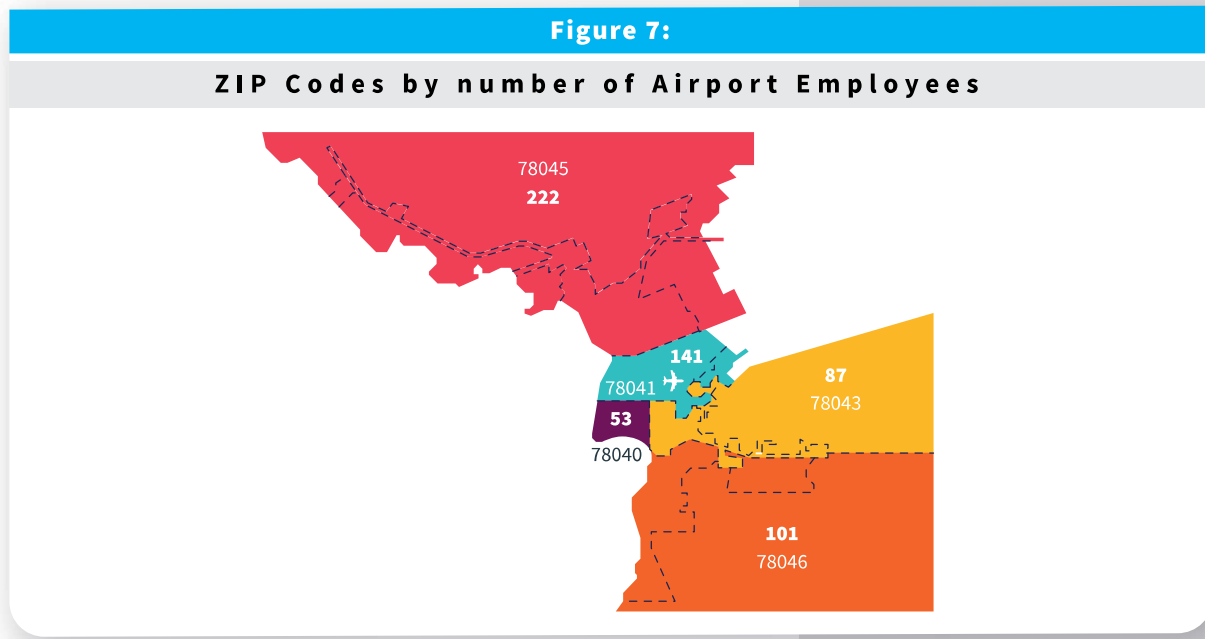
GRA received data indicating the ZIP Code where each business operating at Laredo International Airport (LRD) is located as well as where each badged employee lives. Based on this data, 50 out of the 62 businesses operating at the airport are located in Laredo, with a majority of the businesses located in the 78041 ZIP code, which includes the airport itself.

Figure 6:

ZIP Codes by Number of Airport Businesses



While the number of businesses per ZIP Code is heavily concentrated in 78041, over fifty airport employees live in each Laredo ZIP Code. Of the 728 direct airport jobs, 604 airport badges are held by people living in one of the five Laredo ZIP Codes.



Laredo is unique in that it is **the largest inland port along the U.S.-Mexico border**. The combined population of Laredo and Nuevo Laredo is estimated to be well over 600,000.⁹

According to data from the Laredo Economic Development Corporation:¹⁰

- ◆ “The Port of Laredo is the number 1 inland port along the US-Mexico border and rank(s) No. 2 in the nation with \$231.58 billion in imports and exports in 2019 according to U.S. Census Bureau data analyzed by WorldCity.
- ◆ Approximately 4,044,308 trucks crossed the border in 2019 north and south bound.
- ◆ Laredo is home to 220 freight forwarders, 650 trucking companies, and 120 U.S. Customs Brokers¹¹
- ◆ The Laredo-Mexico border has one rail Bridge and 4 vehicle bridges: 2 for commercial, 3 for private vehicles
- ◆ Goods shipped through Laredo travel to more than 60 countries”

⁹ <http://population.city/mexico/nuevo-laredo/>

¹⁰ <https://www.laredoedc.org/site-selection/international-trade/> accessed May 28, 2020

¹¹ The data for freight forwarders and U.S. Customs Brokers reflect the economic development organization's members only.

Figure 8 shows the distribution of LRD's 91 based aircraft by type as of 2019. It has 31 single engine aircraft, 30 jet aircraft, 13 helicopters, 9 multi engine aircraft, and 8 helicopters.¹²

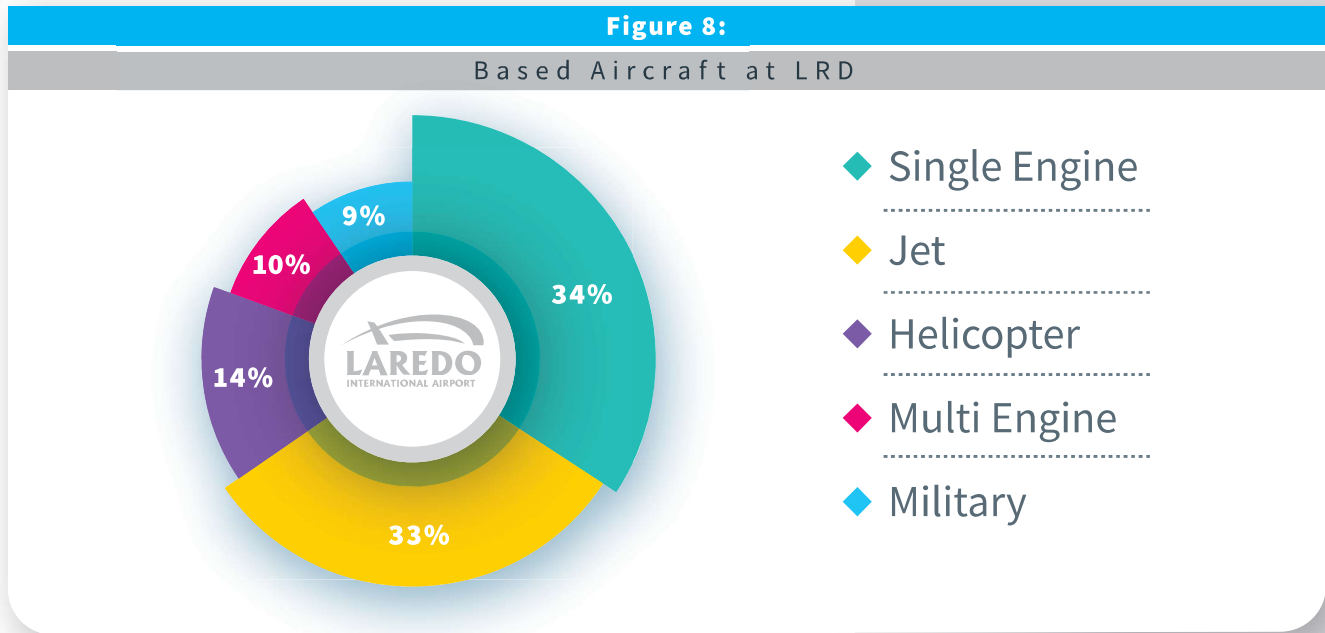
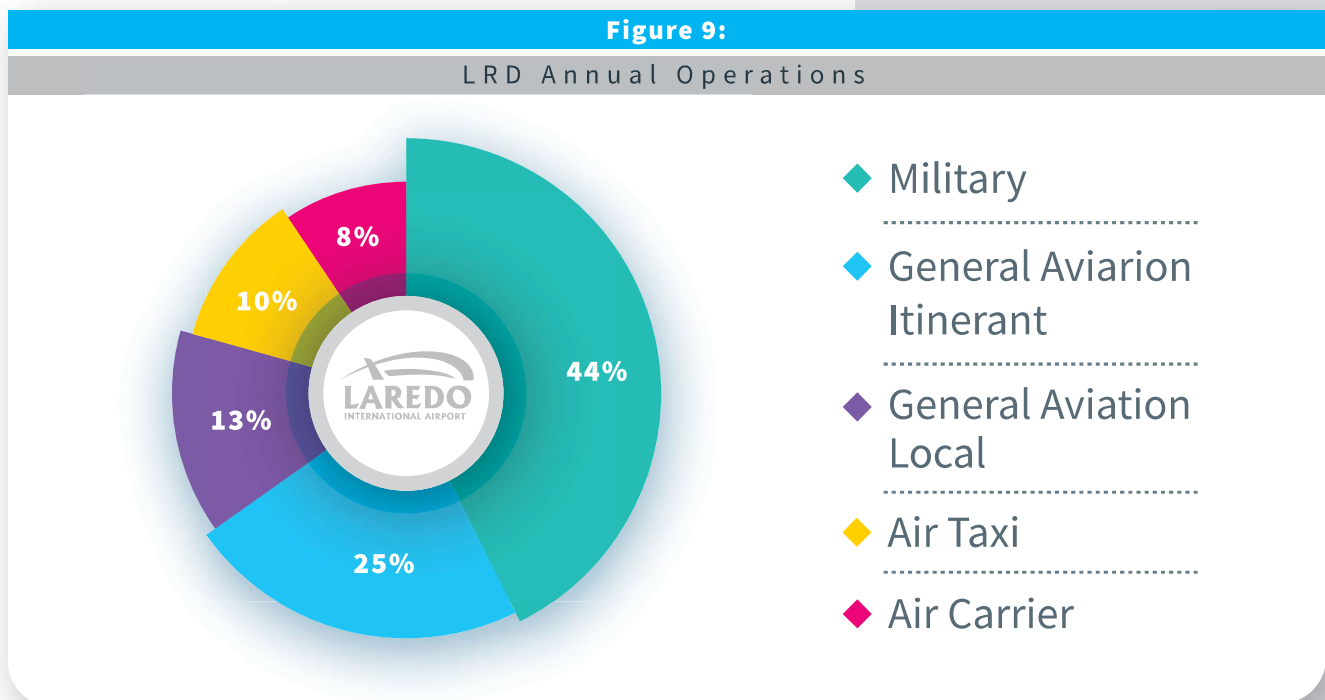


Figure 9 shows the 2019 aircraft operations count for LRD, which totals 79,247 operations. The airport has 34,723 military operations, almost 30,000 itinerant and local general aviation operations, 7,941 air taxi operations, and 6,689 air carrier operations.¹³



¹² Data from FAA Form 5010 for Laredo International Airport <https://adip.faa.gov/agis/public/#/airportData/LRD> accessed 6-20-2020
¹³ *ibid*

Methodology

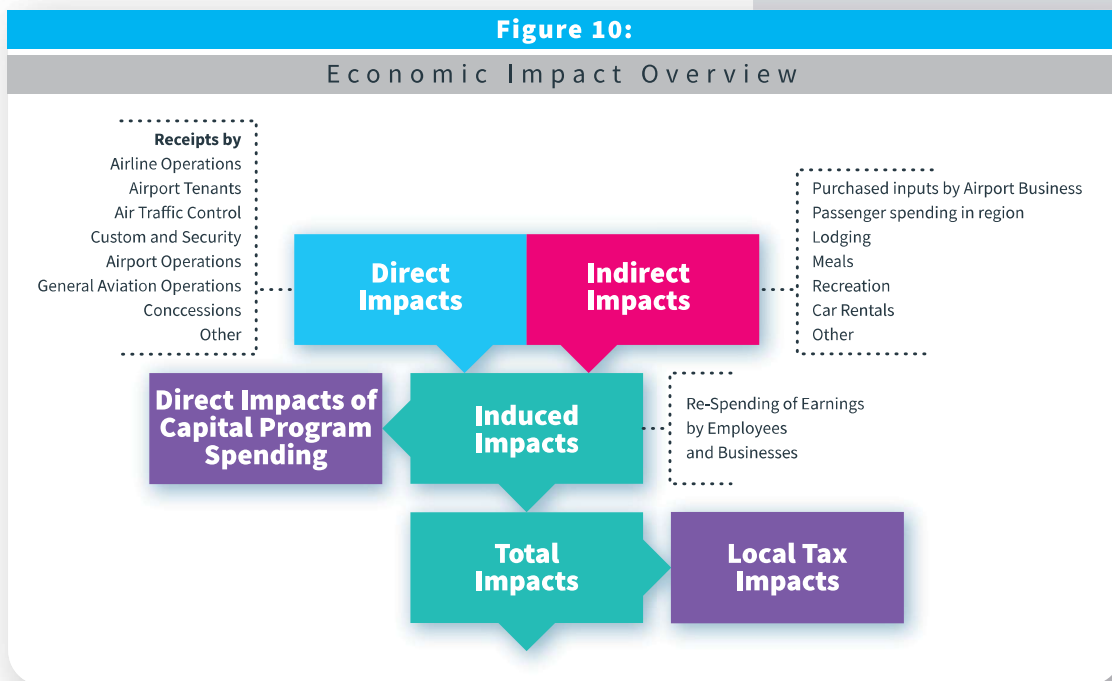
The analysis supporting LRD's economic impact study was conducted in late 2019 and early 2020. It reflects the status of the airport in 2019 and was completed before the drop-off in aviation resulting from measures to control the spread of COVID-19. GRA collected the basic data from LRD using a survey of the airport and its tenants to establish direct impacts from airport activity. Data on visitor spending came from a state survey. We used the estimated level of spending on rental cars by visitors arriving at LRD to derive the impacts of this spending. (In the case of rental cars, we estimated the total value of rental car activity at the airport using the rental car companies' concession payments to the airport.) The airport provided counts by entity for badge holders at LRD. We verified current employment for each airport entity to the extent possible. LRD provided salary information for airport staff and we used regional data for salaries by occupation for the remainder.

RIMS II is a model of input-output relationships within the regional economy. Developed and maintained by the U.S. Department of Commerce's Bureau of Economic Analysis, the RIMS II system is a standard tool in the calculation of economic impact measures within a region.¹⁴ It contains estimates of locally purchased inputs by sector and has economic multipliers to produce estimates of indirect and induced impacts by sector. We used Webb County as the relevant region for the economic impact study. Because the RIMS II system only captures impacts within the U.S., it likely undercounts the overall impact of LRD because some impacts would result from economic activity in Mexico.

The data and categories of economic activity used to estimate these impacts are presented below. Figure 10 depicts the relationships among these economic impact categories as well as the economic sectors that contribute to them in an airport environment. The study reports four measures of economic impacts: employment, earnings, value added and output. For each of these, the total impact includes direct, indirect, and induced components.

Detailed estimates of the impact of the airport have been developed from surveys and other data. These economic impacts come from the production of aviation and related services at the airports and from the business operations of airport-dependent entities in the Laredo region. These are treated as "direct" economic impacts of Laredo's airport. For example, spending on concessions by passengers at LRD waiting for their flight's departure would be captured as a direct economic impact.

¹⁴ RIMS-II multipliers are calculated by the Bureau of Economic Analysis, and show how changes in local demand affect total gross output, value added, earnings, and employment in the region. The RIMS II system of "multipliers" for employment levels, earnings, and economic activity or output are adjusted for spending that goes outside of (or "leaks from") the Laredo region during rounds of spending, and how much of the "induced" income and employment remains in the local economy after all rounds of spending.



Visitors to the Laredo area using the airport also spend money on accommodations, dining, transportation, and entertainment within the local economy. These expenditures are termed “indirect” economic impacts of the airport.

The earnings associated with direct impacts and the spending represented by the indirect impacts are spent within the region, and earnings derived from this spending are then re-spent. We estimated the extent of the “induced” economic impacts represented by this circulation of spending throughout the Laredo region by using the RIMS II model of input-output relationships within the regional economy that was described above.

Direct Impacts

Table 3 shows the direct value added economic impacts of Laredo International Airport, totaling \$93.1 million, based on the economic sector in which they were produced. **The air freight and cargo sector produces the largest direct value added impacts** (\$41.3 million) followed by Other Aviation including passenger airlines, fixed base operators (FBOs), maintenance and training (\$19.2 million), Other Airport Activities such as concessions, ground transportation, and contract security among others (\$15.1 million) and Governmental Airport Activities (\$9.8 million)

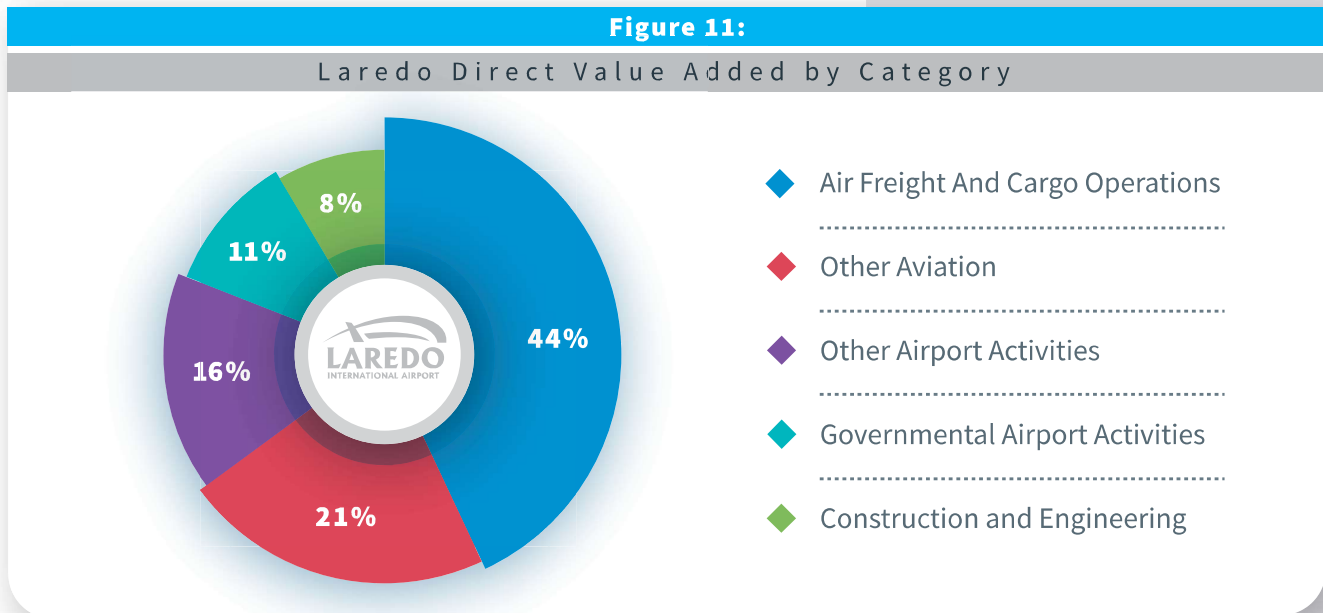
Methodology

Direct Impacts / Indirect Impacts

Table 3
Direct Economic Impacts

Direct Impacts				
	Employment	Earnings (\$000)	Output (\$000)	Value Added (\$000)
LRD Air Freight And Cargo Operations	150	\$9,899	\$68,686	\$41,253
LRD Other Aviation (Airlines, FBOs, Maint, Training)	157	\$8,215	\$32,254	\$19,227
LRD Construction and Engineering	48	\$2,447	\$12,236	\$7,757
LRD Other Airport Activities	108	\$4,330	\$21,171	\$15,065
LRD Governmental Airport Activities	265	\$22,191	\$22,191	\$9,777
Total Direct Impacts	728	\$47,083	\$156,539	\$93,079

Figure 11 shows the shares of direct value added by each type of on-airport entity. As noted above air freight and cargo produce almost one half of the value added impacts.



Indirect Impacts

Table 4 shows the **indirect impacts**, which **come from two sources: (1) spending by employees of businesses and organizations operating at the airport and (2) visitor spending**. Visitor spending is tracked as an indirect impact because it occurs off the airport. In total, these sectors account for \$48.5 million of indirect value added. **Visitor spending for accommodations, meals, entertainment, and local transportation is by far the largest indirect impact**. The tables below show values for visitor spending without including impacts from car rental facilities, as the car rental impacts are included in the “LRD Other Aviation” category. As can be seen, visitor spending (\$25.0 million) is by far the largest part of indirect value added, accounting for more than half of the total. It is followed by Air Freight and Air Cargo operations of \$11.2 million and Other Aviation of \$5.2 million which are next largest creators of indirect value added.

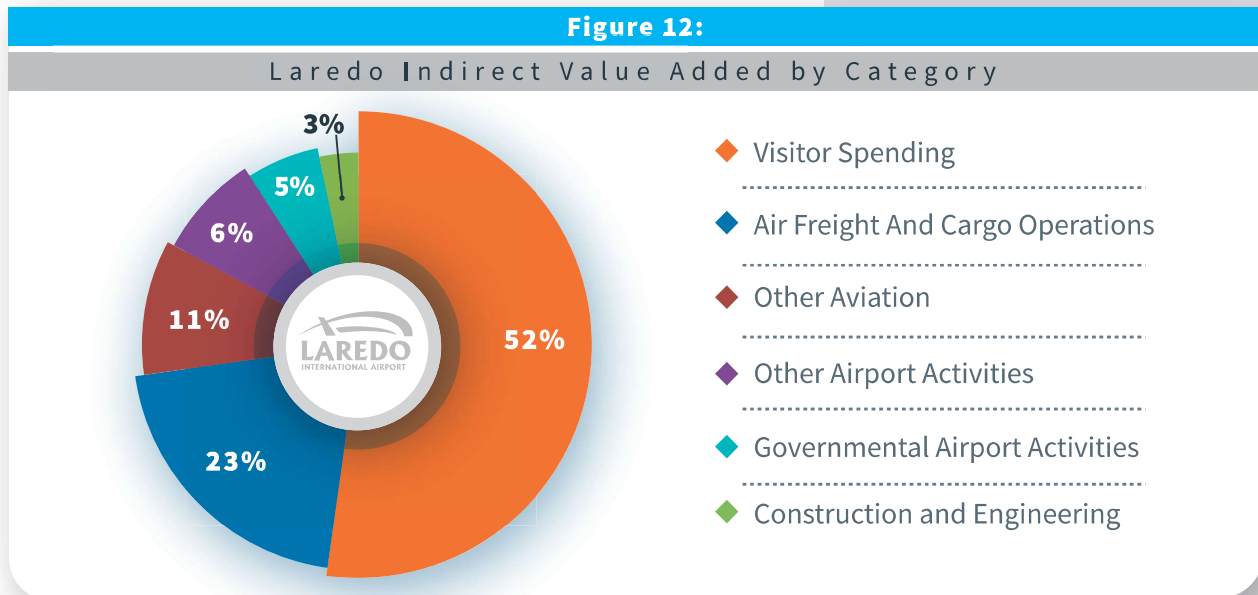
Methodology

Indirect Impacts / Induced Impacts

Table 4
Indirect Impacts

	Indirect Impacts			
	Employment	Earnings (\$000)	Output (\$000)	Value Added (\$000)
LRD Air Freight And Cargo Operations	183	\$5,417	\$18,648	\$11,200
LRD Other Aviation (Airlines, FBOs, Maint, Training)	182	\$4,649	\$8,767	\$5,226
LRD Construction and Engineering	11	\$382	\$2,512	\$1,593
LRD Other Airport Activities	43	\$1,225	\$4,057	\$2,817
LRD Governmental Airport Activities	162	\$1,097	\$4,458	\$2,657
Visitor Spending (less rental car)	662	\$11,166	\$36,019	\$25,008
Total Indirect Impacts	1,243	\$23,935	\$74,461	\$48,500

Figure 12 shows the shares of indirect value added from spending by workers and on airport organizations and that created from spending by visitors to the region that arrived via air. As can be seen, visitor spending accounts for over 50 percent of indirect value added.



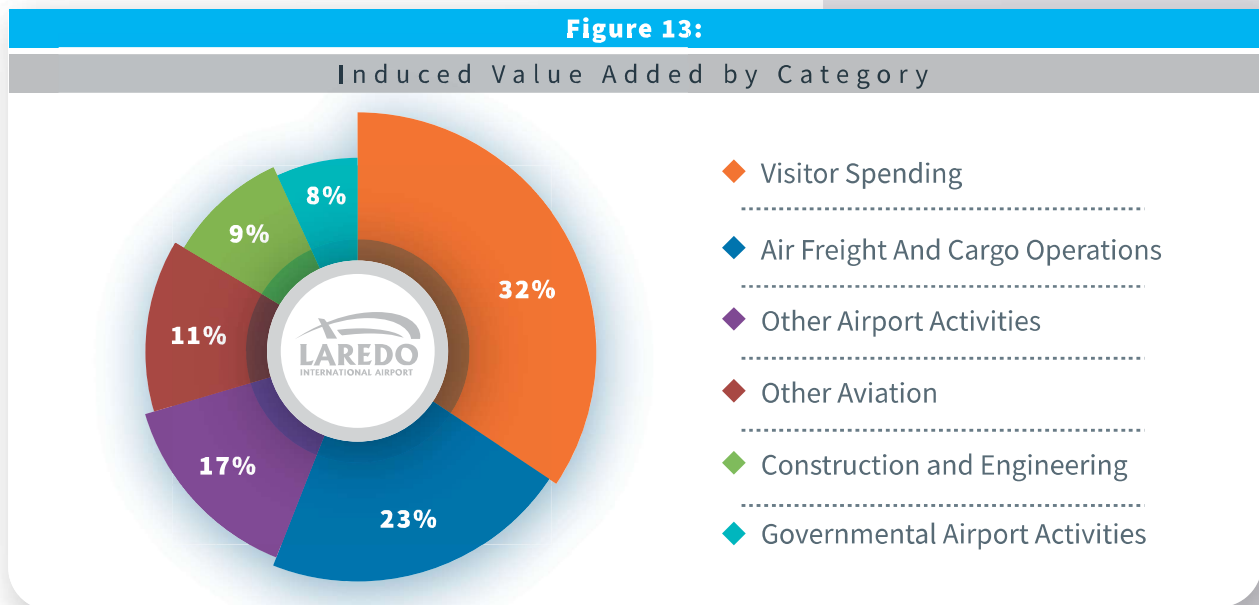
Induced Impacts

The direct and indirect sectors also create value added from the rounds of spending and respending that create additional employment, earnings, output and value added in the local economy. The RIMS II model calculates the parameters specific to Webb County that are needed to value this additional economic activity in the region. As shown in Table 5, the induced impacts support another 614 jobs and account for \$31.1 million in additional value added. **Visitor spending is the largest component of induced value added** (\$9.9 million) followed by Air Freight and Cargo (\$7.2 million) and Other Airport Activities (\$5.5 million).

Table 5
Induced Impacts

	Induced Impacts			
	Employment	Earnings (\$000)	Output (\$000)	Value Added (\$000)
LRD Air Freight And Cargo Operations	128	\$3,102	\$10,372	\$7,199
LRD Other Aviation (Airlines, FBOs, Maint, Training)	143	\$2,421	\$4,861	\$3,374
LRD Construction and Engineering	20	\$573	\$3,480	\$2,819
LRD Other Airport Activities	45	\$1,098	\$5,945	\$5,463
LRD Governmental Airport Activities	52	\$1,181	\$3,194	\$2,357
Visitor Spending (less rental car)	227	\$6,038	\$14,296	\$9,926
Total Induced Impacts	614	\$14,413	\$42,147	\$31,138

Figure 13 shows the shares of induced value added by where the spending originated. This represents value added from all the additional rounds of spending generated by direct and indirect value added. The largest share (nearly one-third) is from visitor spending followed by air freight and cargo activities.



Total Economic Impacts

Summing the direct, indirect and induced economic impacts, LRD is responsible for \$172 million of value added in the region. It supports almost 2,600 jobs with earnings of over \$85 million. These estimates exclude any impacts in Mexico, which is just across the bridge from Laredo. The Air Freight/Cargo sector is responsible for the largest impacts at the airport and the economy because Laredo is a major trade point between the economies of the U.S. and Mexico. The second largest value-added impacts are from visitor spending. The total economic impacts by sector are shown in Table 6.

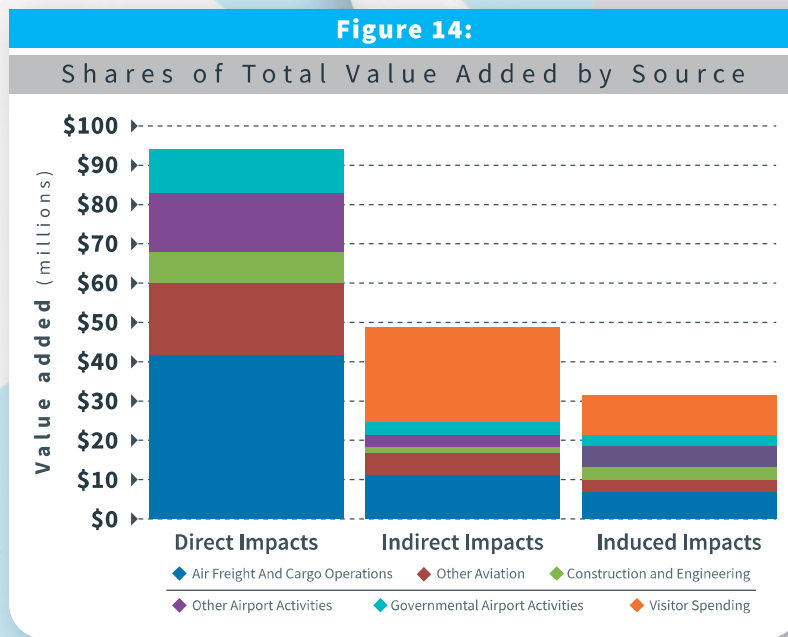
Methodology

Visitor Spending Economic Impacts

Table 6
Total Economic Impacts

	Total Impacts			
	Employment	Earnings (\$'000)	Output (\$'000)	Value Added (\$'000)
LRD Air Freight And Cargo Operations	460	\$18,418	\$97,706	\$59,652
LRD Other Aviation (Airlines, FBOs, Maint, Training)	482	\$15,285	\$45,882	\$27,827
LRD Construction and Engineering	79	\$3,402	\$18,228	\$12,169
LRD Other Airport Activities	196	\$6,653	\$31,172	\$23,344
LRD Governmental Airport Activities	479	\$24,469	\$29,843	\$14,791
Visitor Spending (less rental car)	884	\$17,058	\$49,332	\$34,251
Total Economic Impacts	2,581	\$85,286	\$272,164	\$172,034

Figure 14 shows the shares of direct, indirect and induced value added by each on airport activity and from visitor spending.



Visitor Spending Economic Impacts

Visitor spending impacts come from business and leisure air travel as well as from those visiting friends and relatives who used LRD to come to the region. While many travelers (particularly leisure travelers) use surface transportation, air travel is a viable option for those traveling long distances in the U.S. and Mexico. A substantial portion of air travelers fly into other airports, such as San Antonio International Airport, and use surface transportation to access Laredo. These visitors are not counted in the estimated economic impacts of visitor spending for LRD, which are detailed in Table 7. The total value added created by visitor spending is \$35.5 million with the largest amount (\$15.1 million) from restaurants and dining followed by accommodations (\$14.1 million).

Methodology

Tax Impacts

Table 7

Visitor Spending Impacts

Visitor Spending	Visitor Spending Total Impacts			
	Employment	Earnings (\$000)	Output (\$000)	Value Added (\$000)
Car Rental (counted in Other Airport Activities)	9	\$260	\$1,729	\$1,293
Accommodations	366	\$6,606	\$20,296	\$14,092
Entertainment	130	\$2,551	\$7,339	\$5,096
Restaurants and Dining	388	\$7,901	\$21,696	\$15,064
Total	894	\$17,318	\$51,061	\$35,544

Tax Impacts

The total sales tax applicable in the City of Laredo is 8.25 percent, comprised of a 6.25 percent Texas State sales tax, a 0.5 percent Webb County sales tax, a 1 percent city sales tax, a 0.25 percent local sales tax obligated for the city's Sports and Community Venue Tax Fund, and a 0.25 percent local sales tax obligated for the Laredo City Transit Department. In addition, the city has a Hotel Occupancy Tax of 14 percent, comprised of a 6 percent statewide tax, a 1 percent Webb County tax, and a 7 percent city tax. As shown in Table 8, GRA estimated the one-year tax impacts (to the state, county and Laredo government) associated with LRD. The airport generated approximately \$5.6 million in on-airport tax revenues.

Table 8

On Airport Tax Revenues

On Airport Taxes	Earnings (\$000)	State Tax Revenue (\$000)	Webb County Tax Revenue (\$000)	Local Tax Revenue (\$000)	Total Tax Revenue (\$000)
Air Freight and Cargo Operations	\$18,418	\$1,151	\$92	\$276	\$1,520
Other Airport Activities	\$5,972	\$373	\$30	\$90	\$493
Construction and Engineering	\$3,402	\$213	\$17	\$51	\$281
Other Aviation	\$15,285	\$955	\$76	\$229	\$1,261
Government Airport Activities	\$24,770	\$1,548	\$124	\$372	\$2,044
Total	\$67,848	\$4,240	\$339	\$1,018	\$5,597

GRA used spending on dining, accommodations, rental cars, and entertainment to estimate that the airport generated approximately \$5 million in sales taxes on visitor spending, as shown in Table 9. This is comprised primarily of tax revenues from hotels.

Methodology

Table 9

Visitor Spending Tax Revenues

On Airport Taxes	Earnings (\$000)	State Tax Revenue (\$000)	Webb County Tax Revenue (\$000)	Local Tax Revenue (\$000)	Total Tax Revenue (\$000)
Dining	\$15,258	\$954	\$76	\$229	\$1,259
Accommodations	\$14,693	\$1,800	\$220	\$1,249	\$3,269
Transportation	\$983	\$61	\$5	\$15	\$81
Entertainment	\$5,086	\$318	\$25	\$76	\$420
Total	\$36,019	\$3,133	\$327	\$1,569	\$5,029

The total tax impacts of LRD include \$5.6 million for on-airport sales taxes, \$5.0 million in tax revenues for visitor spending, and \$627 thousand in Texas Unemployment Insurance tax revenues, for a total of \$11.3 million in tax revenues. Because the population of the City of Laredo comprises 95 percent of the population of Webb County, GRA understands the tax impacts for the city to be very close to the total tax impacts of the airport as a whole.

Table 10

Total Tax Impacts

Total Taxes Generated by LRD State Tax	State Tax (\$000)	County Tax (\$000)	Local Tax (\$000)	Total (\$000)
Visitor Spending Sales Tax	\$3,133	\$327	\$1,569	\$5,029
On Airport Sales Tax	\$4,240	\$339	\$1,018	\$5,597
Texas Unemployment Insurance Tax	\$627			\$627
Total	\$8,000	\$666	\$2,586	\$11,253



Appendix Abbreviations

CBP: Customs and Border Protection – The U.S. federal law enforcement agency tasked with ensuring border security, regulating international trade, preventing the international spread of agricultural diseases, and collecting import duties. CBP is an agency of the U.S. Department of Homeland Security (DHS).

DEA: Drug Enforcement Administration – The U.S. federal law enforcement agency tasked with enforcing laws and regulations around controlled substances, including preventing illicit drug trafficking. DEA is an agency of the U.S. Department of Justice (DOJ).

DHS: Department of Homeland Security – The U.S. cabinet department tasked with overseeing border security, counter terrorism, immigration and customs, cyber security, economic security, and disaster prevention and management.

FBI: Federal Bureau of Investigation – The U.S. federal law enforcement agency tasked with domestic intelligence and security. The FBI is an agency of the U.S. Department of Justice (DOJ).

GRP: Gross Regional Product – An economic metric showing the final value of all goods and services produced in a region

ICE: Immigration and Customs Enforcement – The U.S. federal law enforcement agency tasked with enforcing immigration laws, combating transnational crime, and preventing terrorism. Unlike CBP, which specifically patrols borders, ICE operates throughout the United States. ICE is an agency of the U.S. Department of Homeland Security (DHS).

RIMS II: Regional Input-Output Modeling System – An economic model used to calculate the increase in economic activity in a region resulting from a specific project, in this case the Laredo International Airport. The RIMS II model is developed and maintained by the U.S. Bureau of Economic Analysis (BEA).

SAT: Servicio de Administración Tributaria (Tax Administration Service) – The Mexican government agency tasked with collecting taxes, operating customs, and collecting information related to fiscal policy. Mexican customs operates fully under the jurisdiction of SAT.

TSA: Transportation Security Administration – The U.S. government agency responsible for security in transportation, primarily air transportation. TSA is an agency of the U.S. Department of Homeland Security.

Air Freight and Cargo Operations – In this study, the business category encompassing cargo airlines and freight distribution operations at LRD.

Construction and Engineering – In this study, the business category encompassing construction and engineering firms operating at LRD.

Direct Impact – In this study, change in economic activity (employment, earnings, output, and value added) resulting from money spent at or by the Airport.

Earnings – Compensation of employees plus the net earnings of sole proprietors and partnerships. In RIMS II, earnings exclude personal contributions to social insurance programs, such as Social Security and Medicare, and employee pension plans.¹⁵

– **Direct Earnings** – Compensation of employees, as defined above, resulting from money spent at or by LRD, referring specifically to the earnings of employees at the airport.

– **Indirect Earnings** – Compensation of employees, as defined above, resulting from money spent in subsequent rounds of inputs purchased by industries affected by LRD, such as earnings of employees at businesses providing services to businesses operating at the airport.

– **Induced Earnings** – Compensation of employees, as defined above, resulting from changes in spending of workers whose earnings are affected by LRD, such as earnings of employees at businesses frequented by employees working at the airport.

Employment (also termed "Jobs" in this report) – Number of full- and part-time employees.¹⁶

– **Direct Employment** – Number of full- and part-time employees at the airport.

– **Indirect Employment** – Number of full- and part-time employees resulting from money spent in subsequent rounds of inputs purchased by industries affected by the airport, such as employees at businesses providing services to on-airport businesses.

– **Induced Employment** – Number of full- and part-time employees resulting from changes in spending of workers whose earnings are affected by the airport, such as employees at businesses frequented by on-airport employees.

Governmental Airport Activities – In this study, the business category encompassing U.S. federal, Mexican federal, U.S. state, U.S. county, and U.S. city-level government activities at LRD, as well as employees of the airport itself.

Indirect Impact – Change in economic activity resulting from the subsequent rounds of inputs purchased by industries affected by the Airport, such as purchases of goods and services by companies operating at the Airport in order to operate there.

Glossary

Induced Impact – Change in economic activity resulting from the changes in spending by workers whose earnings are affected by the Airport, such as purchases by airport employees.

Input – Intermediate inputs and labor used by an industry to produce output.¹⁷

Other Airport Activities – In this study, the business category encompassing restaurants, delivery, sanitation and janitorial services, local transportation, and banking.

Other Aviation – In this study, the business category encompassing airlines, helicopters, aircraft mechanics, maintenance, and ground handling.

Output – Economic transactions resulting from the Airport. On a regional level, output is often referred to as “regional economic activity.”

– **Direct Output** – The value of economic transactions resulting from money spent at or by the airport.

– **Indirect Output** – The value of economic transactions resulting from money spent in subsequent rounds of inputs purchased by industries affected by LRD, such as purchases from businesses providing services to on-airport businesses.

– **Induced Output** – The value of economic transactions resulting from changes in spending of workers whose earnings are affected by LRD, such as purchases by on-airport employees.

Value Added – Total value of income generated from production. This income consists of payments to labor (compensation of employees), payments to government (taxes on production and imports), and returns on investment (gross operating surplus). It is equivalent to gross domestic product.¹⁸

– **Direct Value Added** – Total value of income generated from production of goods and services at the airport.

– **Indirect Value Added** – Total value of income generated from production of goods and services purchased by industries affected by LRD, such as purchases from businesses providing services to on-airport businesses.

– **Induced Value Added** – Total value of income generated from production of goods and services purchased by workers whose earnings are affected by LRD, such as purchases by on-airport employees.



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