

Center for Economic Development and Business Research

School of Business and Industry
Jacksonville State University

Economic Impact of Passenger Rail Expansion on the State of Alabama



Prepared for:

The Southern Rail Commission
States of Alabama, Mississippi and
Louisiana

Economic Impact of Passenger Rail Expansion in Alabama

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Prepared for:

Southern Rail Commission

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March 2020

Executive Summary

This analysis considers the economic impact of expanding passenger rail service within the state of Alabama. The focus of this analysis is rail service between Birmingham and Mobile and Atlanta and Birmingham. The areas under consideration for this study encompass three distinct geographies: from Birmingham to Montgomery in phase I; from Montgomery to Mobile in phase II; and from Atlanta to Birmingham. The latter considers two distinguishable areas for construction estimates from Georgia-Alabama state line to Anniston and Anniston to Birmingham in measuring economic impact within the state of Alabama along that corridor.

Economic impact is tallied from railway construction along each aforementioned corridor and for usage of the service. Usage impacts are disseminated by operations and maintenance and new visitor spending as a component of tourism. While input variables may be included with a reasonable degree of accuracy, to the extent that a measure of actual values differs from anticipated values can make economic impacts subject to wide variation. This relationship is especially true the further in the future that the calculation extends. In making this analysis readily useful to decision-makers a range of utilization estimates and spending increases are proposed in developing each economic impact. Estimates are based on dollar values in the future commensurate with the expected dates of construction, operation, and spending. Economic impacts are further expressed in terms of employment, labor income, value-added, and output.

Based on a summary of each economic impact category the total economic output on Alabama's economy is as follows for Birmingham to Montgomery: Construction and Restoration of \$851.5 million (5,673 jobs generated); Railway Operations from \$6 million to \$16.1 million (22 – 59 jobs generated), based on low and high end usage estimations; and Increased Tourism Spending on a spectrum from \$11.8 million to \$223.8 million (134 – 2,309 jobs generated) based on a range of percent increase estimates of new visitors. Full illustration is summarized in Table 1 and also includes employment, labor income, and value-added estimated impacts for each event.

Table 1
Birmingham to Montgomery

Event	Total Economic Impact by Category			
	Employment	Labor Income	Value Added	Output
Railway Construction	5,673	\$316,094,437	\$429,250,135	\$851,496,399
Operations Revenue-Low End	22	\$ 2,331,092	\$3,810,153	\$ 6,022,459
Operations Revenue-High End	59	\$ 6,234,664	\$10,190,515	\$ 16,107,479
New Visitor Spending-1% increase	134	\$ 3,932,550	\$6,267,135	\$ 11,757,203
New Visitor Spending-12% increase	1,630	\$ 48,501,608	\$80,546,559	\$ 157,994,221
New Visitor Spending-17% increase	2,309	\$ 68,710,612	\$114,107,625	\$ 223,825,147

Construction values based in 2029-dollar year; operations and visitor spending in 2030-dollar year

For the Montgomery to Mobile phase total economic output on Alabama’s economy is as follows: Construction and Restoration of \$1.3 billion (10,800 jobs generated); Railway Operations from \$6.3 million to \$21.6 million (18 – 61 jobs generated), which is based on low and high end estimates; and Increased Tourism Spending from \$22.8 million on low end to \$389.2 million (227 – 3,867 jobs generated) on high end. Full illustration is summarized in Table 2 and also includes employment, labor income, and value-added estimated impacts for each event.

**Table 2
Montgomery to Mobile**

Event	Total Economic Impact by Category			
	Employment	Labor Income	Value Added	Output
Railway Construction	10,800	\$687,496,439	\$562,265,246	\$1,323,506,985
Operations Revenue-1 daily trip	18	\$ 1,582,887	\$3,152,766	\$ 6,306,932
Operations Revenue-3 daily trips	41	\$ 3,665,743	\$7,301,360	\$ 14,605,960
Operations Revenue-6 daily trips	61	\$ 5,419,552	\$10,794,565	\$ 21,593,922
New Visitor Spending-1% increase	227	\$ 7,026,697	\$11,673,688	\$ 22,892,045
New Visitor Spending-8% increase	1,820	\$ 56,213,573	\$93,389,499	\$ 183,136,352
New Visitor Spending-17% increase	3,867	\$ 119,453,845	\$198,452,688	\$ 389,164,750

Construction values based in 2034-dollar year; operations and visitor spending in 2035-dollar year

Considering railway development and use along the corridor from Atlanta to Birmingham, this analysis explores the segment from the Georgia-Alabama state line to Birmingham in calculating the total economic output on Alabama’s economy. Output is estimated as follows: Construction and Restoration to total \$2.6 billion (14,209 jobs generated), which is tallied for the part of the railway within Alabama and analyzed from state line to Anniston and Anniston to Birmingham; Railway Operations of \$47.5 million (175 jobs generated); and Increased Tourism Spending from \$7.9 million to \$189.0 million (81 – 1,950 jobs generated) based on a range of possible percent increases in new visitor spending. Full illustration is summarized in Table 3 and includes employment, labor income, and value-added estimated impacts for each event. The complete report includes type of impact – direct, indirect, and induced – for each economic impact category and methodology for calculating spending and cost estimates as input variables in developing the economic impact model.

Table3
Atlanta to Birmingham
Georgia-Alabama State Line to Birmingham

Event		Total Economic Impact by Category		
	Employment	Labor Income	Value Added	Output
State Line to Anniston Construction	4,095	\$232,884,295	\$337,988,017	\$760,693,058
Anniston to Birmingham Construction	10,114	\$575,239,356	\$834,852,385	\$1,878,961,331
Total Construction Impacts	14,209	\$808,123,651	1,172,840,402	\$2,639,654,389
Operations & Maintenance	175	\$18,372,606	\$30,029,897	\$47,466,288
New Visitor Spending-1% increase	81	\$ 2,417,987	\$4,015,549	\$ 7,876,606
New Visitor Spending-11% increase	894	\$ 26,597,863	\$44,171,037	\$ 86,642,666
New Visitor Spending-24% increase	1,950	\$ 58,031,647	\$96,373,082	\$ 189,038,368

Construction values based in 2029-dollar year; operations and visitor spending in 2030-dollar year

Resources

Minnesota IMPLAN Group, Inc. (n.d.). IMPLAN economic modeling input-output software.

Birmingham to Montgomery Passenger Rail Feasibility Study – Final Report December 2013 – Prepared by HDR Engineering, Inc.

Birmingham to Montgomery to Mobile Intercity Passenger Rail Feasibility Study – Draft Report November 2019 – AECOM

Atlanta to Birmingham High Speed Rail Planning Services – Final Report March 2012 – Prepared by HNTB

Alabama Tourism Department FY2018 Economic Impact