

Destination resorts would have a positive impact



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MY VIEW

ABOUT THE AUTHOR

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Few legislative sessions in Florida's history have had the economic growth opportunity that lies before the Legislature this year. As Florida's leaders search for ways to balance the budget, restore the state to a sustainable fiscal condition and create jobs, legislators have a historic opportunity in front of them — the creation of destination resorts in Florida.

The Washington Economics Group (WEG), for which I serve as principal adviser, in partnership with the Hass Center for Business Research and Economic Development at the University of West Florida, recently conducted a study focused on one destination resort (based on the preliminary business plan for Resorts World Miami). The study estimated the comprehensive economic impacts of one destination resort during the construction and operations phases by utilizing the professionally accepted REMI Dynamic Model. The study suggests that economic impacts from the destination resort will begin during a period of slow economic recovery, when unemployment is in double digits, and will contribute to employment growth when additional jobs are sorely needed.

The study concluded that a private-sector investment of \$3.8 billion, as planned by Resorts World Miami, is significant for Florida in many quantifiable and nonquantifiable ways. The REMI Model found that, by 2015, the construction impacts in addition to the operations of one destination resort could directly support approximately 45,000 new Florida jobs.

The "export business model," which the sample destination resort will use as its main strategy, attracts affluent visitors from outside of the state and as far away as Latin America, Europe and Asia. As "exporters" of entertainment and visitor services, destination resorts would align with the state of Florida's 2010-2015 Strategic Plan for Economic Development, "Roadmap to Florida's Future." In its early implementation phase, this plan considers the entertainment and visitor cluster as a foundational sector for economic development and diversification in the state.

The fiscal impacts generated by a destination resort's international and other non-Florida visitors, and their statewide tourism-related spending, will provide substantial public revenues to support statewide services, as well as create a sizable number of indirect jobs.

The large, market-driven, private investment of nearly \$4 billion that the sample destination resort plans to devote to Florida will considerably expand employment opportunities in South Florida and throughout the state. The current legislation provides for up to three destination resorts, and while it is not possible to hypothesize on the total private investment other developers will ultimately propose, each developer must invest, at minimum, \$2 billion.

Overall, economic development aspects of public-policy decisions should also consider "externality benefits," which can't be precisely quantified, since they involve long-term effects outside of the project itself. Among the top "externality benefits" of a project of this magnitude is an improvement in the business environment, as Florida attracts a major global direct investment to the state. The multibillion-dollar investments are private-sector led and are not being attracted by taxpayer-funded incentives. It is important to realize that these impacts are net revenues to the state.

A destination resort such as the one analyzed in our study — not the state of Florida and its taxpayers — will incur the full risk associated with its investment. Each destination resort would, in addition to payment of direct revenues to the state, become a significant taxpayer for the state and the local municipalities in which they are located.

As the legislative process continues, it is important to consider the real and considerable positive impacts destination resorts will have on the entire state. Destination resorts will strongly enhance the entertainment assets of the state, produce substantial revenues for statewide services, provide thousands of direct and indirect jobs to Floridians and serve as a catalyst to secure the state's leading position as a global entertainment and visitor destination.