DRPT
Virginia Department of Rail and Public Transportation

VIRGINIA
STATEWIDE RAIL PLAN

Rail Benefits in Virginia

CTB Rail Committee

Agenda

1. Changes to Executive Summary
2. Methodology to Calculate Macro-Economic Benefits
3. Detailed Outputs
4. Conclusion

Discuss changes to the Executive Summary that highlight the impact of investments in the rail network to the Virginia economy.

1.

Changes to Executive Summary

VIRGINIA STATEWIDE RAIL PLAN

Update to Executive Summary

BENEFITS OF RAIL IN VIRGINIA

VIRGINIA'S RAIL SYSTEMS

Virginia's rail network is a valuable asset for the Commonwealth. It provides an efficient means of moving freight and passengers both within and through the state. The Commonwealth recognizes the privately owned rail network as part of a multimodal system with public benefits and growing economic impacts. Since the 2000s, significant state investments have leveraged private and federal funds to improve freight and passenger rail transportation and support the overall transportation system.

Rail economic impacts to Virginia are estimated using multipliers from the IMPLAN® economic model with input data and assumptions from freight movement data, passenger rail operations, and visitor characteristics. Impacts of rail service-related spending in Virginia emanate from firms providing freight and passenger transport services, industries using such services to trade goods (shippers/receivers), and expenditures from visitors who reach Virginia via rail. Of these activities, freight-users generate the most significant impact.

- **$73 billion** of output. 8.8% of Virginia's total output
- **$19.8 billion** earned by employees. 6.4% of the state's total income
- **Over $30 billion** of added value. 6.0% of the state's Gross State Product (GSP)
- **341,519 jobs,** 6.7% of the 5.1 million jobs statewide
- **$1.9 billion** of tax revenue

Output – In terms of total revenue, the rail industry generated about $72.9 billion in output, which is 8.8 percent of Virginia's total output.

Income – $19.8 billion earned by these total employees represent 6.4 percent of Virginia's total labor income. Labor income includes employee compensation and proprietary income. Employee compensation, in turn, consists of wage and salary payments as well as benefits (health, retirement, etc.) and employer paid payroll taxes (employer side of social security, unemployment taxes, etc.). Proprietary income consists of payments received by self-employed individuals and unincorporated business owners.

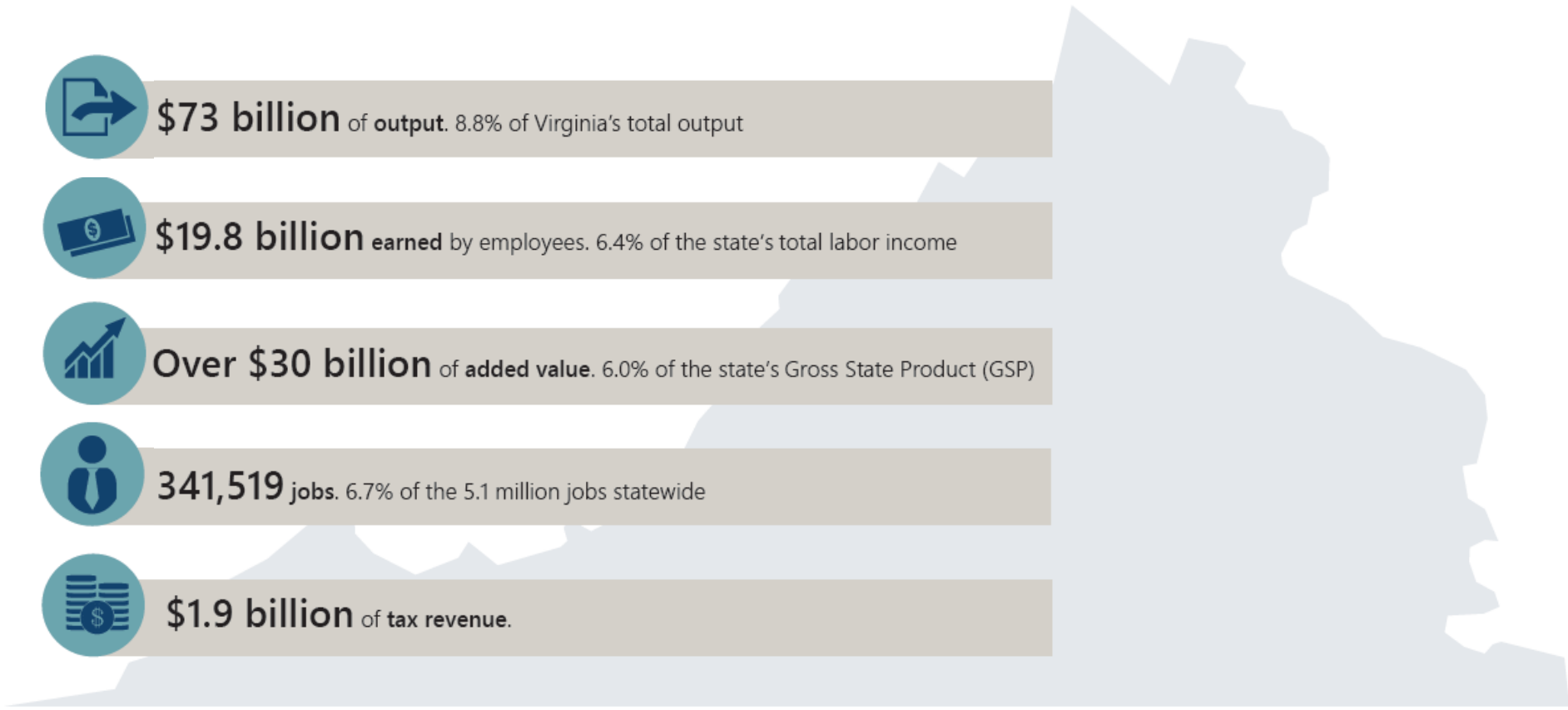
Value Added – The combined value added impact of rail services is over $30 billion and represents 6.0 percent of the state's Gross State Product (GSP).

Employment – Economic impacts of rail extend beyond the 6,762 directly employed in the provision of rail transport (both passenger and freight). When the freight and visitor impact activities and multiplier impacts are included, rail-related employment in Virginia amounts to 341,519 jobs, which represent 6.7 percent of the 5.1 million jobs statewide.

Tax Revenue – Federal, state and local tax revenues generated by the rail industry totaled $1.9 billion.

1

Macro-Economic Impact of Rail



- **$73 billion** of **output**. 8.8% of Virginia's total output
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- **Over $30 billion** of **added value**. 6.0% of the state's Gross State Product (GSP)
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- **$1.9 billion** of **tax revenue**.

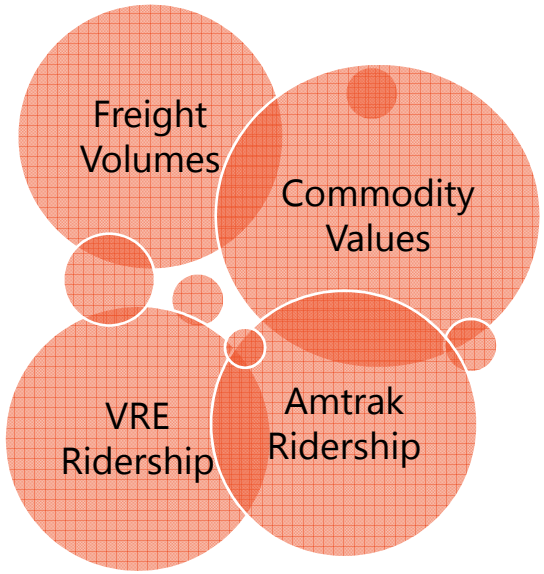
VIRGINIA STATEWIDE RAIL PLAN

Located in Rail Plan

Chapter 2	Section 2.1.7 (pages 36-42) details the economic impacts and socio-environmental benefits
Appendix F	Detailed methodology for the macro-economic impact of rail
Appendix G	Regional economic analysis and forecasting
Appendix H	Direct freight and passenger rail benefit methodology

2. Methodology

Methodology



Rail Traffic

IMPLAN

Economic Activity

Total Economic Benefit

Methodology

IMPLAN

- **DIRECT**: commodity and passenger movements generate direct economic impacts in Virginia (shippers/receivers/passenger services)
- **INDIRECT**: spending associated with visits to Virginia via rail (accommodations, food, recreation, etc.), and industries that support freight movement
- **INDUCED**: re-spending of income (both corporate and personal)

3.
Detailed Outputs

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Detailed Outputs

	Direct	Total	Definition	Notes
Output	$2.3 B	$72.9 B	Total sales value associated with all levels of economic activity.	8.8% of Virginia's total output.
Income	$627 M	$19.8 B	Wage/salary earnings paid to the associated jobs.	6.4% of Virginia's total labor income.
Value Added	$1.1 B	$30.1 B	Total output less gross intermediate inputs.	6.0% of the state's Gross State Product (GSP).
Jobs	6,762	341,519	Measured in terms of full-time equivalent (FTE) job-years.	6.7% of the 5.1 million jobs statewide.
Tax Revenue	$21.1 M	$1.9 B	Various taxes on production, and imports resulting from direct, indirect and induced rail industry business activity.	Federal, state, local, sales, property, excise, fines, fees, licenses, permits, etc.

4. Conclusions

VIRGINIA STATEWIDE RAIL PLAN

Conclusions

Rail is an Economic Driver for Virginia

- Creates jobs and increases revenue, tourism and output: **$73 Billion in Total Economic Output**.
- Contributes 5-10% to VA economy across most benchmarks.

Rail Leverages Private Assets for Public Use

- True Public-Private Partnership.
- Share investment costs.

Rail Has Multiple Direct and Indirect Benefits Across Virginia

- Decreases congestion by removing cars and trucks from the highway.
- Spurs indirect and induced spending.

Thank You

Questions?