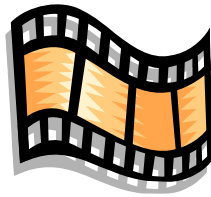

REPORT ON THE
IMPACTS
OF THE
SANTA BARBARA INTERNATIONAL FILM FESTIVAL
ON THE
REGIONAL ECONOMY OF
THE COUNTY OF SANTA BARBARA, CALIFORNIA



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Economic Forecast Project
University of California, Santa Barbara

Contents

Executive Summary	i
Introduction	1
Methodology.....	1
Who Came.....	2
How Long They Stayed.....	4
What They Spent.....	5
How Their Spending Affected the Economy	6
Conclusions.....	9

Exhibits

Exhibit 1: Age Distribution of Survey Respondents	2
Exhibit 2: Survey Respondents by Gender.....	2
Exhibit 3: Income Distribution of Survey Respondents	3
Exhibit 4: Calculation of Visitor Nights	4
Exhibit 5: Estimated Attendee Spending by Category	6
Exhibit 6: Estimated Impacts to Gross County Output	6
Exhibit 7: Estimated Impacts to Employment	7
Exhibit 8: Estimated Total Indirect Business Taxes Generated.....	8

Executive Summary

The 2005 Santa Barbara International Film Festival exerted a positive effect on the economy of Santa Barbara County. Ticket sales of approximately \$311,000 to out-of-county attendees induced spending on lodging, food, transportation, retail sales and other entertainment spending. This spending increased the gross county output by an estimated \$7.3 million dollars. As a result of that activity, state and local tax receipts increased by an estimated \$661,041. Transient occupancy and sales taxes estimated to total about \$340,000 were collected on transactions made by festival attendees.

Effects on the job market were also significant. The mean estimated number of jobs directly by the film festival is 81.2. When indirect and induced effects are considered, the total number of jobs supported rises to 108.

While this study quantifies the tangible impacts, there are also intangible effects associated with an event of this kind, among them the contributions to the cultural life of the community and the enhancement of Santa Barbara's reputation as a locus of celebrity and prestige. These contributions not only increase the appeal of the Santa Barbara Film Festival from one year to the next, but help reinforce the attractiveness of the area in general and that of all other cultural events in the city and county in particular.

Furthermore, this is a study of the positive economic impacts of the event. No attempt was made to estimate the costs associated with the event. Nor was an attempt made to evaluate other economic impacts.

Introduction

The 2005 Santa Barbara International Film Festival (SBIFF), which took place between January 28th and February 6th, marked the event's 20th Anniversary. It brought patrons and filmmakers from around the world to Santa Barbara County. During the 10-day event, the SBIFF organization distributed a survey at its various venues to gather information on spending patterns of attendees who had come from outside the county. Together, the survey and the ticket sales information were used to estimate the number of individual attendees and the impact their attendance had on the regional economy of Santa Barbara County.

Methodology

In preparation for this study, SBIFF organization worked with the Economic Forecast Project to devise a survey that would be handed out at festival venues. Survey respondents answered questions regarding their length of stay in the Santa Barbara area, the amounts per day they expected to spend on lodging, meals, and transportation, and the total amounts they expected to spend shopping in the area and on entertainment not associated with the film festival. Survey responses were collected from 297 people.

The survey served as a random sample from which it was possible to ascertain the demographic composition of festival patrons, and to find the average amounts spent in the various spending categories. These means were calculated and a 99 % confidence interval constructed, which is to say that there is only a 1% chance that the true mean would fall outside the interval established from the sample data.

Ticket sales information was also made available. This dataset contained information for approximately 3,500 individuals, both paying and guest attendees. From this dataset and the survey sample, it was determined that approximately 80% of the 3,500 ticket package buyers were visitors.¹ There are undoubtedly additional people who came and stayed in the area as part of actors', producers', directors' and studio executive's entourages, but there is no way to calculate this number accurately. Some may have had tickets, complimentary or purchased, but many may not have attended any events during their stays. The estimate of 2,764 out-of-county visitors is therefore considered a conservative estimate. The average length of stay and average spending figures calculated from the survey sample were then applied to these 2,764 people to estimate the confidence interval for total spending attributable to out-of-area attendees.

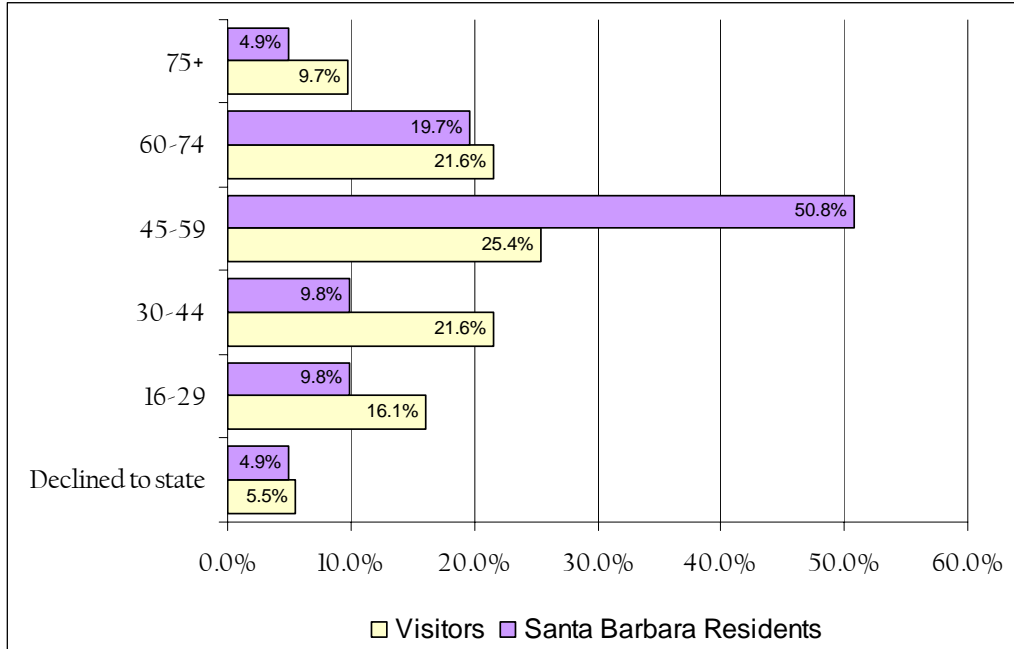
Finally the high, median, and low estimates for each spending category were used as inputs to IMPLAN Pro®, the input-output model which was used to estimate the impact of this spending on the economy of Santa Barbara County.

¹ Attendees who bought single tickets at the festival venues are not included in this study.

Who Came

Festival attendees were primarily middle-aged (Exhibit 1). The average age for all survey respondents was 48.2 years, with visitors being slightly younger (47 years) than Santa Barbara County residents (54 years).

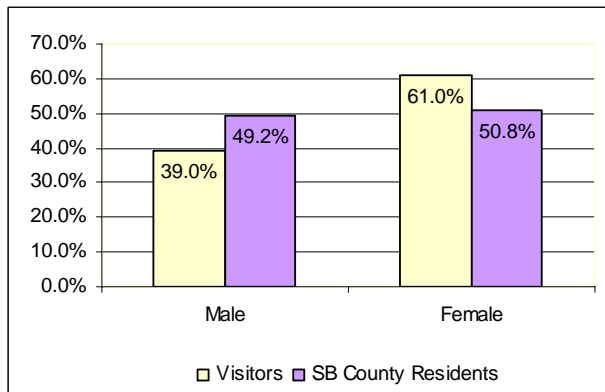
Exhibit 1: Age Distribution of Survey Respondents



Source: SBIFF attendee surveys

Many more women attended the festival than men. Overall, 59.8% of attendees were women, but there was a distinct difference between visitors from outside the county and Santa Barbara County residents (Exhibit 3), with the latter group composed of very nearly as many men as women.

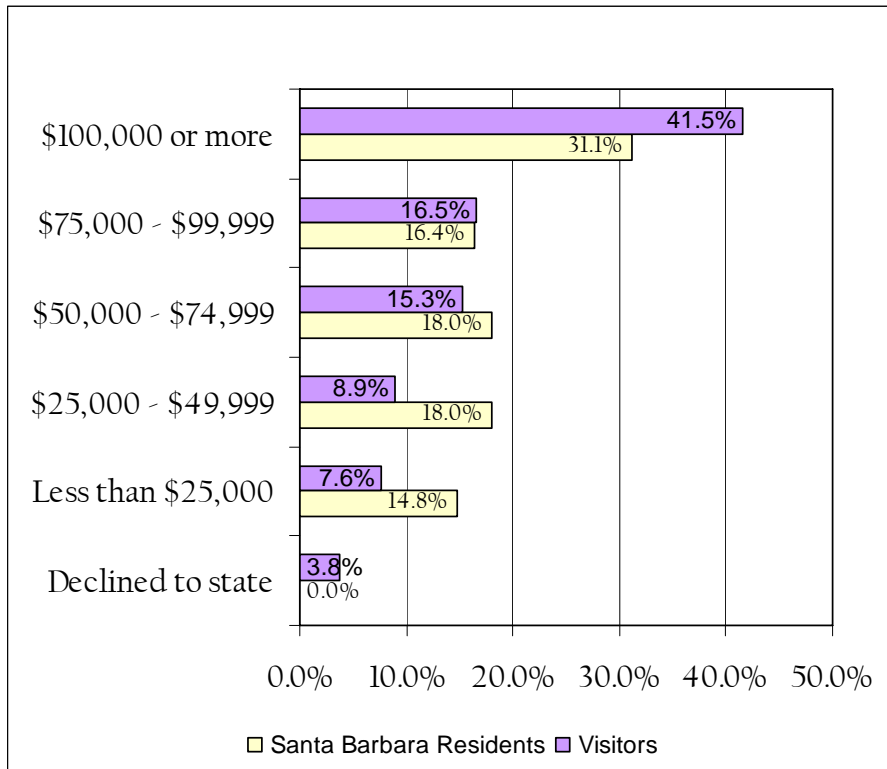
Exhibit 2: Survey Respondents by Gender



Source: SBIFF attendee surveys

Attendees were relatively affluent with visitors having an edge over Santa Barbara residents. More than 41% of surveyed visitors reported incomes of more than \$100,000. The comparable figure for Santa Barbara residents was about 31% (Exhibit 3). While only 16.5% of visitors reported incomes of less than \$50,000, the percentage of Santa Barbara resident attendees reporting in those brackets was 32.8% or nearly twice the visitors' rate, no doubt because the festival was convenient for lower income residents.

Exhibit 3: Income Distribution of Survey Respondents



Source: SBIFF attendee surveys

How Long They Stayed

On average, visitors to the festival stayed in the area for 4 nights. The range was large – from 1 night to several months. Those who reported staying more than 20 days were eliminated from calculations as extreme outliers. The remaining sample information was used to calculate the percent of respondents staying for various lengths of time. These percentages were then used to extrapolate the number of visitor nights for all out-of-town attendees. The results are shown in Exhibit 4. It is estimated that the 2,764 out-of-town attendees spent a total of nearly 16,000 nights in area hotels, motels, and other visitor accommodations.

Exhibit 4: Calculation of Visitor Nights

Nights spent in local hotels/motels	Number of responses in sample	Percent of sample by number of nights in hotel/motel	Estimated number of visiting attendees by number of nights in hotel/motel	Estimated visitor nights for all attendees
None	62	21.4%	12	
1	32	11.0%	386	386
2	36	12.4%	434	869
3	33	11.4%	398	1195
4	10	3.4%	121	483
5	37	12.8%	447	2233
6	15	5.2%	181	1086
7	25	8.6%	302	2112
8	9	3.1%	109	869
9	7	2.4%	84	760
10	17	5.9%	205	2052
14 or more	7	2.4%	84	3808
	290		2764	15,853

Source: SBIF attendee surveys and ticket sales data

What They Spent

Lodging

On average, visitors spent \$100.26 per night on lodging. As would be expected in Santa Barbara, the range was quite large. The highest per night rate reported was \$700. The 99% confidence interval constructed for the average of this variable ranges from \$79.97 to \$120.55.

Food

The average per day spending on food for survey respondents was \$90.93. As with lodging, the range was fairly large; the distribution however was more highly skewed. Spending on food was positively correlated with income, as would be expected, and negatively correlated with age.

Transportation

Similar to lodging and food, transportation costs varied widely. On average attendees reported spending \$18.79 per day getting around. The highest per day cost reported was \$400. The confidence interval ranges from \$10.00 to \$27.59.

Merchandise

Santa Barbara is a shopper's paradise, and film festival attendees came prepared to spend. On average anticipated spending was reported to be about \$174.72, with some reporting intentions to spend as much as \$5,000 through the course of their stay. The confidence interval ranges from \$103.95 to \$245.49.

Other Entertainment

Attendees expected to have a good time while in Santa Barbara. In addition to spending for tickets to the festival, survey respondents expected to spend nearly \$175 for other entertainment during their stay.

Festival Ticket Sales

Festival ticket sales totaled \$391,268. With 79.53% of attendees coming from out-of-area, sales to them were estimated to be worth \$311,175.

Exhibit 5: Estimated Attendee Spending by Category

	Low Estimate	Mean	High Estimate
Lodging	\$ 1,267,769	\$ 1,589,407	\$ 1,911,045
Meals	\$ 1,080,906	\$ 1,442,537	\$ 1,804,167
Transportation	\$ 158,632	\$ 298,166	\$ 437,699
Merchandise	\$ 216,545	\$ 422,379	\$ 628,214
Other entertainment	\$ 289,371	\$ 486,352	\$ 683,334
Subtotal	\$ 3,013,223	\$ 4,238,841	\$ 5,464,459
Ticket Sales	\$ 311,175	\$ 311,175	\$ 311,175
Total	\$ 3,324,398	\$ 4,550,016	\$ 5,775,635
99% confidence interval			

How Their Spending Affected the EconomyOutput

The impacts film festival attendees' spending has on the Santa Barbara County economy was assessed using IMPLAN Pro®, an input-output model that predicts how changes in expenditures will flow through the economy by modeling the relationships between firms that make up the county's economy and their suppliers, and between households and the firms. Specifically, a social account matrix analysis was used in this instance. This analysis takes into account reductions in disposable income due to various taxes, institutional saving. It also accounts for commuting and for inter-institutional transfers. Three multiplier effects are calculated: direct effects, which result from the first round of spending; indirect effects, which are those that proceed from industry purchases from other industries; and induced effects, which are the result of proprietors and employees spending their incomes for household expenses.

Exhibit 6: Estimated Impacts to Gross County Output

	Direct	Indirect	Induced	Total
High estimate	\$5,775,635	\$ 1,544,451	\$ 1,933,938	\$ 9,254,024
Mean	\$4,550,016	\$ 1,219,296	\$ 1,512,989	\$ 7,282,301
Low estimate	\$3,324,398	\$ 930,529	\$ 1,169,533	\$ 5,424,460
Stated in 2005 dollars				

Source: IMPLAN Pro®

The estimated total impacts to the economy range from a low of \$5.4 million to a high of \$9.25 million.

Jobs

In addition to estimating the monetary impacts, IMPLAN also calculates the number of jobs that are supported by this economic activity (Exhibit 7). Between 57.9 and 104.6 jobs are directly supported by the spending activity associated with the film festival. When the indirect and induced activity are added, the total number ranges between 78.8 and 138.8 jobs, which is to say that for every 3 jobs directly supported, about one additional job is supported by the indirect and induced spending.

Exhibit 7: Estimated Impacts to Employment

	Direct	Indirect	Induced	Total
High estimate	104.6	13.6	20.6	138.8
Mean	81.2	10.7	16.1	108.0
Low estimate	57.9	8.4	12.5	78.8

Source: IMPLAN Pro®

Taxes

Since lodging constitutes the largest spending category associated with the film festival, the transient occupancy tax (TOT) figures prominently in the tax impact to county coffers. The countywide TOT is currently set at 10%. The City of Santa Barbara’s tax is 12%, with the additional 2% being earmarked for Clean Water and Creek Restoration programs. Without information on how many film festival attendees stayed within the City’s boundaries, only the 10% TOT which flows either to the cities’ or the County’s general funds is considered here.

Data from the UCSB Economic Forecast Project’s Economic Outlook 2005 Santa Barbara County indicate that in 2003, about 80% of tourist lodging expenditures went to hotels, motels and bed-and-breakfast facilities. About 4% went to camping facilities, and nearly 16% went to private and vacation homes. Based on these figures, this study assumes that TOT fees many not have been collected in as many as 15% of lodging transactions. Hence the estimated range of TOT collections is from \$107,760 to \$162,442. To put this in perspective, the city reported February 2005 TOT receipts of \$699,349. If all attendees had paid the average of \$100.26 per night and stayed within the city limits, they would have accounted for 19% of total TOT receipts for that month.

Sales tax revenue estimates range between \$135,000 and \$275,000, based on the current countywide rate of 7.75%.

In total, the estimated indirect business taxes generated by the spending of film festival attendees ranges between \$391,385 and \$691,110 (Exhibit 8). This includes federal government taxes (custom duties, excise taxes, etc.) and state and local taxes (sales tax, TOT, motor vehicle license tax, severance tax, etc).

When taxes on employee compensation, proprietary income, household expenditures (induced impacts), corporate income and indirect business taxes are considered, the total amount of taxes generated is estimated to range between \$791,605 and \$1.4 million and of these, between \$479.9 thousand and \$839.8 thousand flowed into state and local coffers.

Exhibit 8: Estimated Total Indirect Business Taxes Generated

	Direct	Indirect	Induced	Total
High estimate	\$ 493,057	\$ 71,605	\$ 126,448	\$ 691,110
Mean	\$ 389,459	\$ 55,702	\$ 98,925	\$ 544,086
Low estimate	\$ 272,557	\$ 42,359	\$ 76,469	\$ 391,385
Stated in 2005 dollars				

Source: IMPLAN Pro®

Conclusions

The 2005 Santa Barbara International Film Festival exerted a positive effect on the economy of Santa Barbara County. Ticket sales to out-of-county attendees induced enough activity to increase the gross county output by an estimated average of \$7.3 million dollars. As a result of that activity, between \$479.9 and \$839.8 thousand dollars flowed into state and local coffers. Transient occupancy and sales taxes estimated to total between \$107.8 thousand and \$162.4 thousand were collected on transactions made by festival attendees.

Effects on the job market were also significant. The mean estimated number of jobs directly by the film festival is 81.2. When indirect and induced effects are considered, the total number of jobs supported rises to 108.

While this study quantifies the tangible impacts, there are also intangible effects associated with an event of this kind, among them the contributions to the cultural life of the community and the enhancement of Santa Barbara's reputation as a locus of celebrity and prestige. These contributions not only increase the appeal of the Santa Barbara Film Festival from one year to the next, but help reinforce the attractiveness of the area in general and that of all other cultural events in the city and county in particular.

Furthermore, this is a study of the positive economic impacts of the event. No attempt was made to estimate the costs associated with the event. Nor was an attempt made to evaluate other economic impacts.