

MARYLAND HERITAGE AREAS PROGRAM MAKES AN IMPACT ACROSS ALL REACHES OF THE STATE

ECONOMIC CONTRIBUTION ANALYSIS DECEMBER 2020





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MARYLAND HERITAGE AREAS PROGRAM

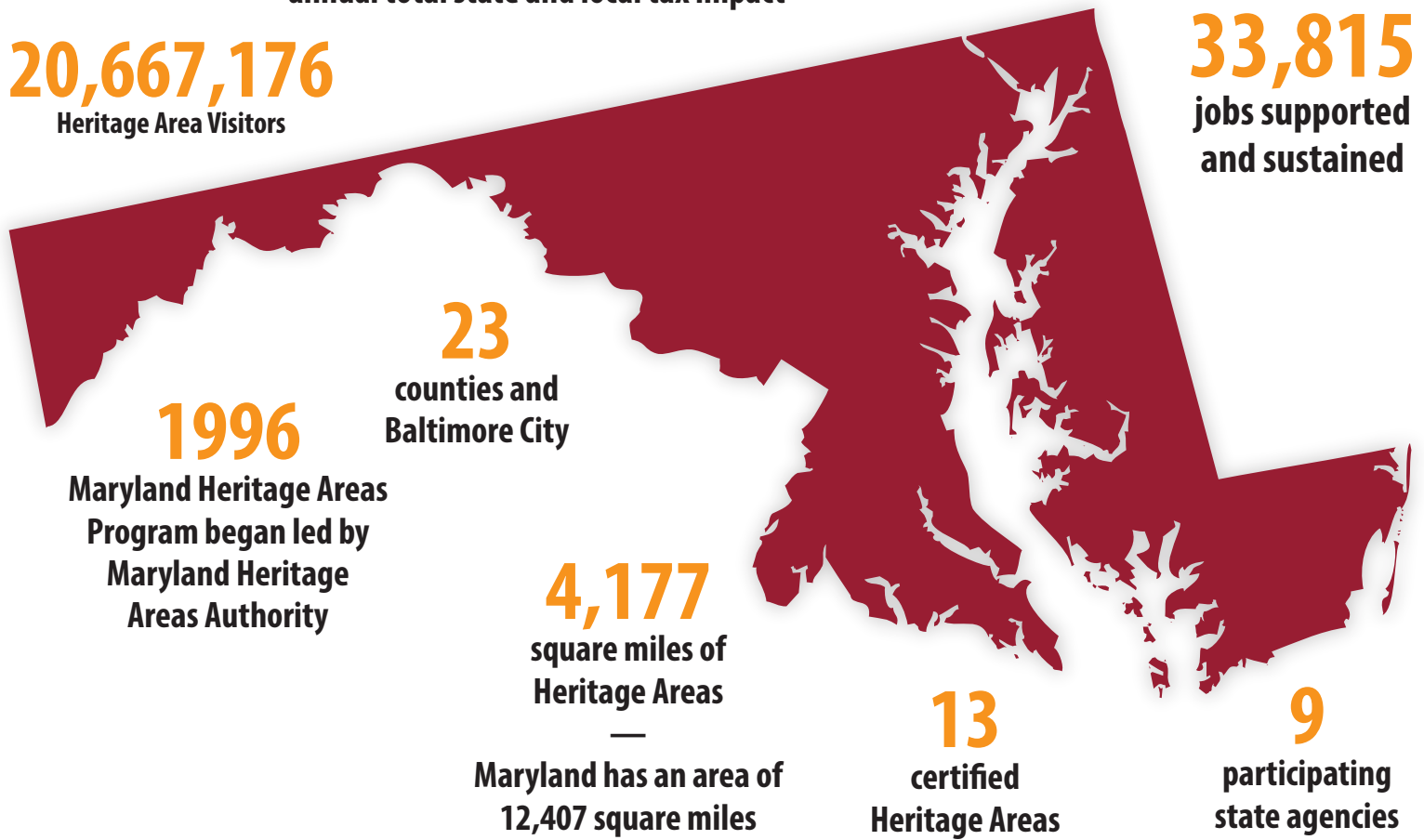
2019 IMPACT

\$2.4 BILLION

\$319.8 MILLION annual economic impact
annual total state and local tax impact

20,667,176
Heritage Area Visitors

33,815
jobs supported
and sustained



Since 1996, nearly \$43 million in financial assistance awarded and more than \$1.6 billion in non-state funds for heritage tourism projects and activities leveraged.

*All impact numbers represented reflect FY19

Maryland Heritage Areas Program

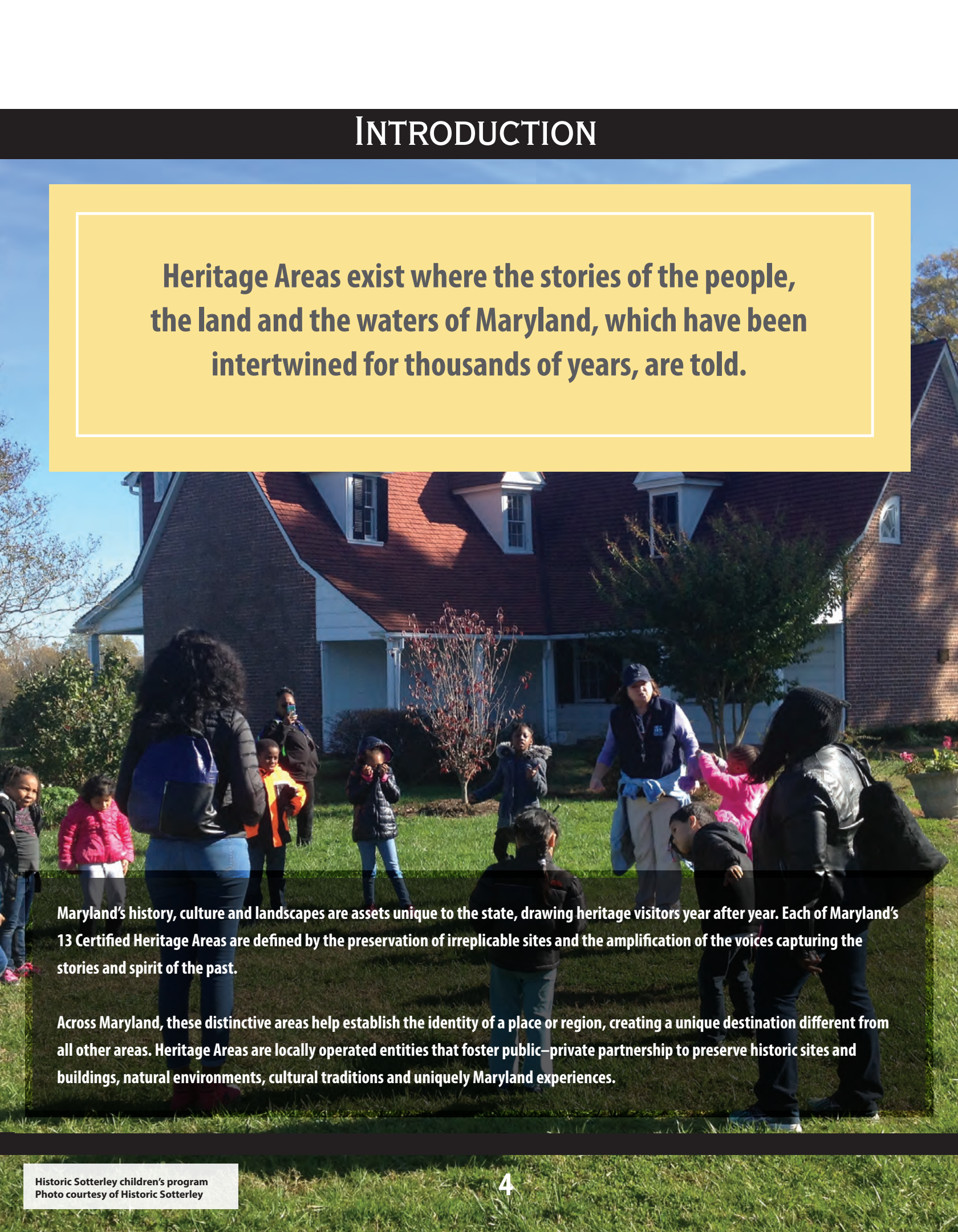
Maryland has 13 certified Heritage Areas, covering a portion of every county in the state and the City of Baltimore. Created in 1996, the Heritage Areas Program is one of the primary tools used to encourage heritage tourism to Maryland. In Heritage Areas, individuals, businesses, nonprofits and governments form partnerships to preserve the best of Maryland's historic sites and towns, unspoiled natural landscapes and enduring traditions.

Maryland's Heritage Areas are locally designated and state-certified regions where public and private partners make commitments to preserving historical, cultural and natural resources for sustainable economic development through heritage tourism. At the local level, Heritage Areas focus community attention on often under-appreciated aspects of history, living culture and distinctive natural areas, thus fostering a stronger sense of pride in the places where Marylanders live and work.



INTRODUCTION

Heritage Areas exist where the stories of the people, the land and the waters of Maryland, which have been intertwined for thousands of years, are told.



Maryland's history, culture and landscapes are assets unique to the state, drawing heritage visitors year after year. Each of Maryland's 13 Certified Heritage Areas are defined by the preservation of irreplicable sites and the amplification of the voices capturing the stories and spirit of the past.

Across Maryland, these distinctive areas help establish the identity of a place or region, creating a unique destination different from all other areas. Heritage Areas are locally operated entities that foster public-private partnership to preserve historic sites and buildings, natural environments, cultural traditions and uniquely Maryland experiences.

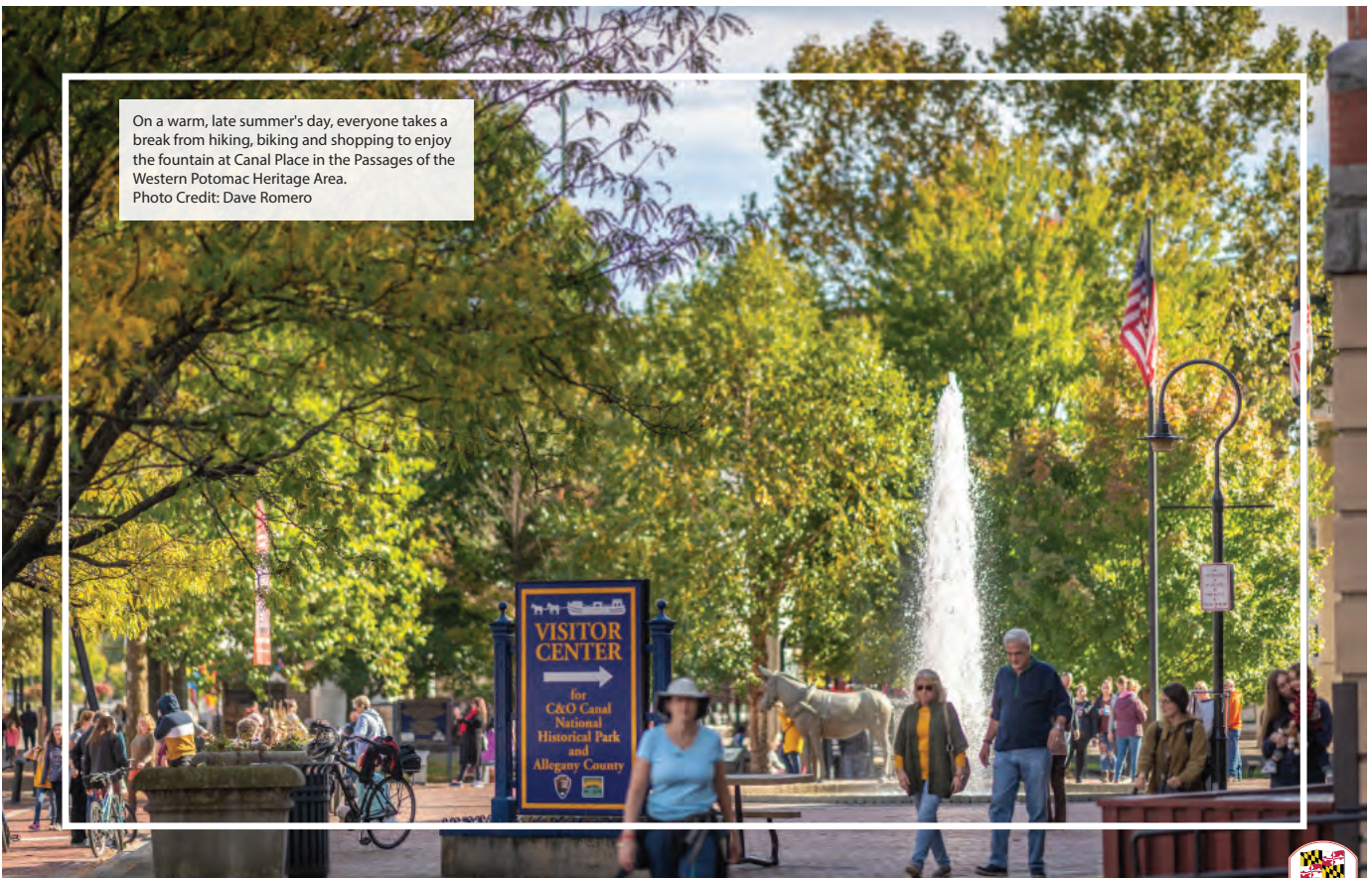
INTRODUCTION

One visit to a Maryland Heritage Area will reveal the relevance of the area through distinctive branding and a well-organized approach to experiencing each site. From major tourist attractions like Baltimore's Ft. McHenry, to small-scale museums nestled along the byways of the Eastern Shore like the Julia A. Purnell Museum in Snow Hill, the destinations packaged inside each Maryland Heritage Area rely on and hold in high regard their local heritage.

The concept of heritage tourism can be difficult to capture for those who are not regularly engaged in the promotion or administration of it. Simply stated, it is visitor experiences centered around the culture, history and geography that make a place unique. Heritage tourism celebrates Maryland's landscapes, history and culture by showcasing the state's one-of-a-kind assets. Museums, trails, waterways, festivals, parks and historic sites are a defining part of every county in Maryland.

The organization and support of Maryland Heritage Areas helps to sustain historic and cultural treasures that might otherwise be consumed by the pace and price required to compete with a 21st-century society. Encouraging residents and visitors to embrace these living pages of the American story helps define Maryland as a place that respects the past, engages in its preservation, encourages the stewardship of living traditions and understands the economic contribution possible through heritage tourism.

On a warm, late summer's day, everyone takes a break from hiking, biking and shopping to enjoy the fountain at Canal Place in the Passages of the Western Potomac Heritage Area.
Photo Credit: Dave Romero



INTRODUCTION

“WHEN THE MARYLAND HERITAGE AREAS PROGRAM WAS CONCEIVED, THE INSTIGATORS HOPED THAT IT WOULD RESULT IN A MORE MEANINGFUL UNDERSTANDING AND INTERPRETATION OF THE HERITAGE AND CULTURE OF MARYLAND’S DIVERSE REGIONS, INCREASED COMPATIBLE ECONOMIC DEVELOPMENT (PARTICULARLY HERITAGE TOURISM), AND GREATER COLLABORATION AMONG PRIVATE STAKEHOLDERS AND LOCAL AND STATE GOVERNMENTS. AS ONE WHO WAS THERE AT CREATION, I CAN AUTHORITATIVELY STATE THAT THE MATURE HERITAGE AREAS PROGRAM HAS EXCEEDED EXPECTATIONS.”

J. RODNEY LITTLE,
FORMER DIRECTOR AND STATE HISTORIC PRESERVATION OFFICER,
MARYLAND HISTORICAL TRUST

Photo courtesy of Mountain Maryland Gateway to the West Heritage Area

DEFINITION OF HERITAGE TOURISM

“TRAVELING TO EXPERIENCE THE PLACES, ARTIFACTS, AND ACTIVITIES THAT AUTHENTICALLY REPRESENT THE STORIES AND PEOPLE OF THE PAST AND PRESENT. IT INCLUDES CULTURAL, HISTORIC AND NATURAL RESOURCES”

NATIONAL TRUST FOR HISTORIC PRESERVATION, 2008.

**State-Level
Funding
for Maryland
Heritage
Areas
Authority**

**Management
Grants to Maryland's
13 Heritage Areas**

**Leveraged Cash
and In-Kind Match**

**Marketing Grants
to Heritage Areas**

**Leveraged Cash
and In-Kind Match**

**Project Grants and Mini-Grant
Funds to Heritage Area Related
Sites and Partners**

**Leveraged Cash
and In-Kind Match**

INTRODUCTION

Maryland's Heritage Areas Program recognizes the value of each area's unique heritage resources, and through state, government, and private-sector partnerships, strives to preserve and enhance the resources that make the area attractive to visitors. Cultivating stakeholder connections are part of the program's secret sauce. Through local grants and the leveraging of those grants, each area is playing a capacity-building role by connecting sites to resources and to expertise at other sites.

The program fosters partnerships and prioritizes promotion to enhance local sites and markets each area effectively by defining what visitors can expect when they are traveling in or to an area. On any given day or weekend regardless of the season, throughout Maryland, heritage tourism is happening. From the Autumn Glory Festival, the Captain Avery Oyster Festival, Maryland Days, Antietam Battlefield living history programs, the Kunte Kinte Festival, train rides on the Frostburg Flyer, walks down the beaches of Assateague, and the Poe Fest — to name a few — people from all over the state, country and world are coming to Maryland to learn about and enjoy one-of-a-kind experiences and celebrations throughout the state.

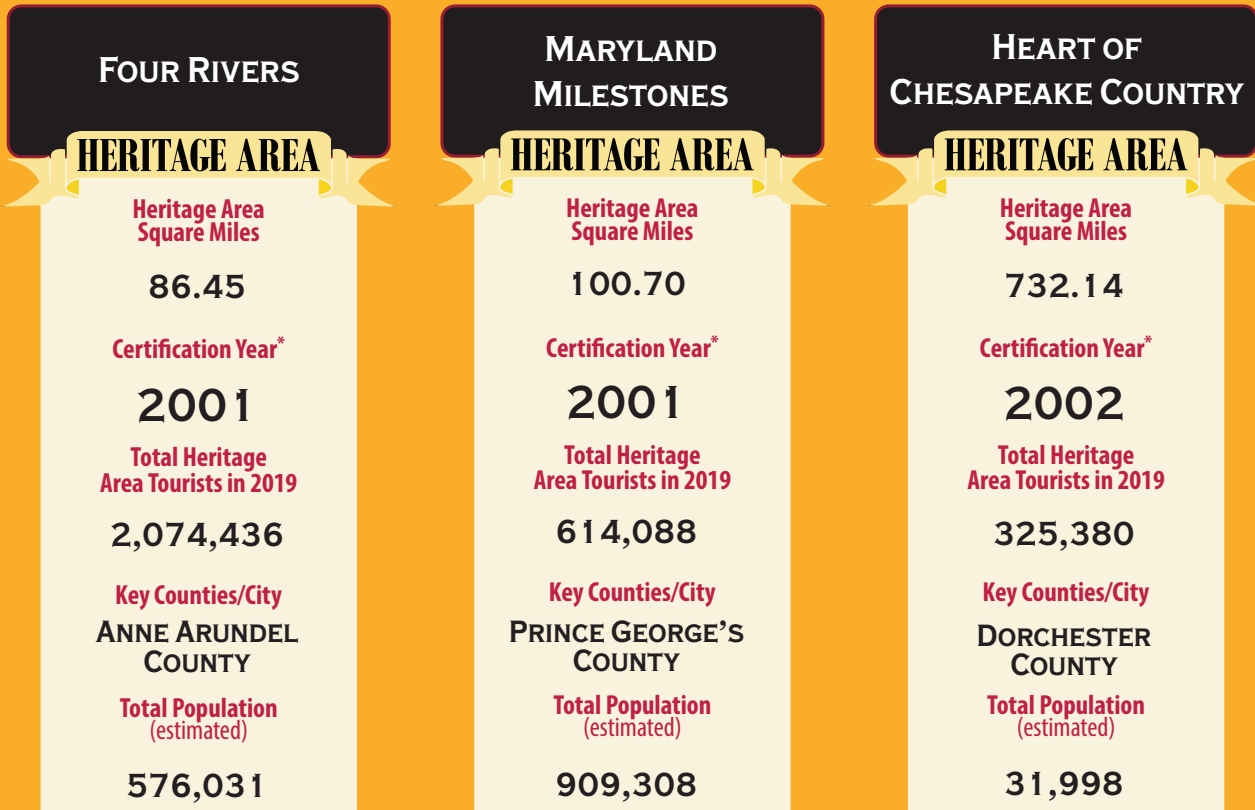
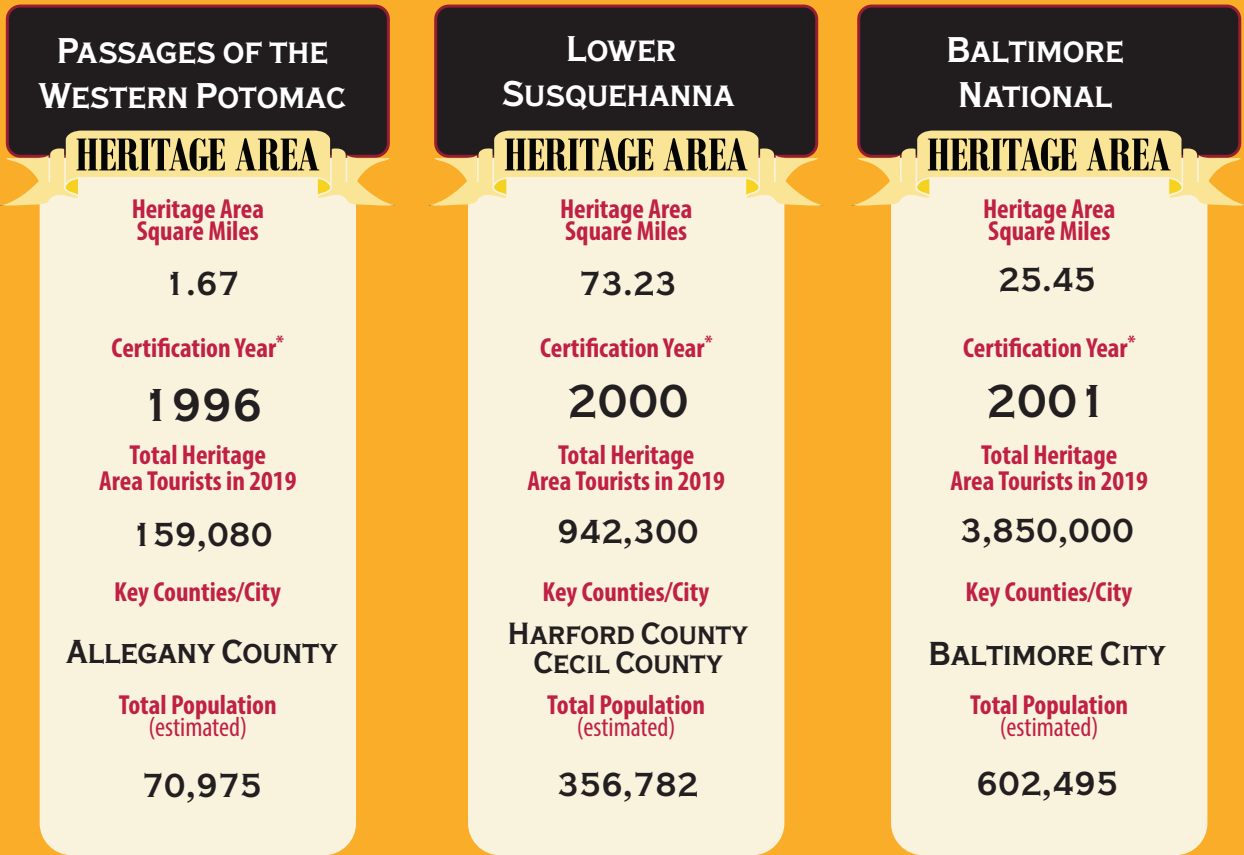
The Maryland Heritage Areas Authority (MHAA) grants administered through the Maryland Historical Trust are evidence of the strategic approach to locally investing in Heritage Areas, and it makes sense. The Douglas G. Bast Museum of History and Preservation was granted \$17,264 to complete work on their historic building, which will become a new heritage tourism resource in Boonsboro, MD to make the area more attractive to visitors. The grant to Washington College for the Chesapeake Heartland African American Humanities Truck will create a traveling resource center to help collect and disseminate the African American history of the Eastern Shore. These grants are two examples of how funding is enhancing heritage tourism throughout the state.

Each Maryland Heritage Area's strategic investments of public dollars to create tourism-related products sparks matching private investment and motivates local leadership to invest in these one-of-a-kind resources. The Maryland Heritage Areas Authority's stewardship of sustainable funding of heritage tourism helps strengthen communities, improves the state's quality of life and helps generate economic energy. Collectively, the power of that Heritage Area network of organizations, resources and the stories behind them is more powerful than any one individual or any subset of them.

ABOUT MHAA

The Maryland Heritage Areas Authority (MHAA) is an independent unit within the Executive branch of state government and is administered by the Maryland Historical Trust, an agency of the Maryland Department of Planning. Funding which is currently \$6 million annually comes out of Program Open Space funds. In 2019, approximately \$5.1 million was allocated in grants.

INTRODUCTION



* Becoming a Maryland Heritage Area is a two-step process — certification is the second and final step.

INTRODUCTION

BEACH TO BAY

HERITAGE AREA

Heritage Area
Square Miles

341.01

Certification Year*

2003

Total Heritage
Area Tourists in 2019

1,755,006

Key Counties/City

SOMERSET COUNTY
WORCESTER COUNTY
WICOMICO COUNTY

Total Population
(estimated)

180,693

HERITAGE MONTGOMERY

HERITAGE AREA

Heritage Area
Square Miles

262.60

Certification Year*

2004

Total Heritage
Area Tourists in 2019

3,193,023

Key Counties/City

MONTGOMERY
COUNTY

Total Population
(estimated)

1,052,570

DESTINATION SOUTHERN MARYLAND

HERITAGE AREA

Heritage Area
Square Miles

397.76

Certification Year*

2004

Total Heritage
Area Tourists in 2019

1,578,287

Key Counties/City

CALVERT COUNTY
CHARLES COUNTY
ST. MARY'S COUNTY

Total Population
(estimated)

366,170

STORIES OF THE CHESAPEAKE

HERITAGE AREA

Heritage Area
Square Miles

1,201.57

Certification Year*

2005

Total Heritage
Area Tourists in 2019

824,800

Key Counties/City

CAROLINE COUNTY
KENT COUNTY
QUEEN ANNE'S COUNTY
TALBOT COUNTY

Total Population
(estimated)

366,170

HEART OF THE CIVIL WAR

HERITAGE AREA

Heritage Area
Square Miles

732.06

Certification Year*

2006

Total Heritage
Area Tourists in 2019

3,816,250

Key Counties/City

CARROLL COUNTY
FREDERICK COUNTY
WASHINGTON COUNTY

Total Population
(estimated)

575,003

MOUNTAIN MARYLAND GATEWAY TO THE WEST

HERITAGE AREA

Heritage Area
Square Miles

185.54

Certification Year*

2011

Total Heritage
Area Tourists in 2019

781,152

Key Counties/City

GARRETT COUNTY

Total Population
(estimated)

29,163

PATAPSCO VALLEY

HERITAGE AREA

Heritage Area
Square Miles

37.15

Certification Year*

2015

Total Heritage
Area Tourists in 2019

753,374

Key Counties/City

BALTIMORE COUNTY
HOWARD COUNTY

Total Population
(estimated)

1,151,627

ABOUT THE STUDY



"ANACOSTIA TRAILS HERITAGE AREA KEEPS THE COMMUNITY INSPIRED AND ENGAGED WITH EXPERIENCES THAT TRULY GIVE MARYLANDERS A REASON TO HAVE PRIDE OF PLACE VALUES"

– JESSICA SMITH HEBRON
PRINCE GEORGE'S AFRICAN AMERICAN MUSEUM & CULTURAL CENTER



In June 2019, MHAA engaged Parker Philips Inc. to measure the economic and societal contribution of Maryland's 13 Heritage Areas, and their visitors, across the state. The goal of this analysis is to provide a complete assessment of the total economic, employment, and state and local tax impact of Maryland's Heritage Areas and related heritage tourism. Beyond the economics, the goal of the project is to tell the story of Maryland's Heritage Areas and their cultural impact. Each individual Heritage Area represents a facet of Maryland's one-of-a-kind story.

MARYLAND HERITAGE AREAS STUDY PROFILE

Data Source: Maryland Heritage Area Authority, Individual Heritage Areas, Heritage Tourist Survey Data

Study Type: Economic Contribution Analysis

Geography: Maryland

Study Year: 2019

Methodology: IMPLAN

The primary tool used in the performance of this study is the I-O model and dataset developed by IMPLAN Group LLC. Primary financial data used in this study was obtained from MHAA and individual Heritage Areas and included the following data points: operational expenditures, grants and leveraged grant dollars for 2019. Primary data collected from 2,612 surveys was used to calculate spending by visitors (local day, non-local day and overnight). Surveys were collected throughout the Heritage Areas and online. In addition, 55 interviews were conducted with key stakeholders at the Heritage Area level to capture the unique voice and story of Maryland's Heritage Areas. Additional information on the methodology and assumptions used to complete this study can be found in Appendix B.

Key Stakeholder Interview Top 3 Findings

1. Maryland Heritage Areas drive heritage tourism and build capacity at the local and state level.
2. Strong partnerships and relationships exist between Heritage Area Program directors and the key community stakeholders
3. Increased state funding of the Heritage Areas Program expands the operating capacity and impact of heritage tourism at the local and state level.

ABOUT THE STUDY

Heritage tourism has a variety of economic impacts. Heritage tourists contribute to sales, profits, jobs, tax revenues and income throughout the Maryland economy. The most direct effects occur within the primary tourism sectors such as lodging, restaurants, transportation, amusements and retail. Through secondary effects, tourism affects most sectors of the economy. This economic impact analysis of heritage tourism activity focuses on changes in sales, income and employment in a region resulting from heritage tourism.

The impact presented in this analysis is broken down into three categories: direct impact, indirect impact and induced impact. The indirect and induced impacts are commonly referred to as the “multiplier effect.”

Direct effects are the changes in economic activity during the first round of spending. For Maryland heritage tourism this involves the impacts on the tourism industries (businesses selling directly to tourists) themselves.

Indirect effects are the changes in sales, income or employment within the region in backward-linked industries supplying goods and services to heritage tourism-related businesses. For example, the increased sales in restaurant supply firms resulting from more food and beverage sales is an indirect effect of visitor spending.

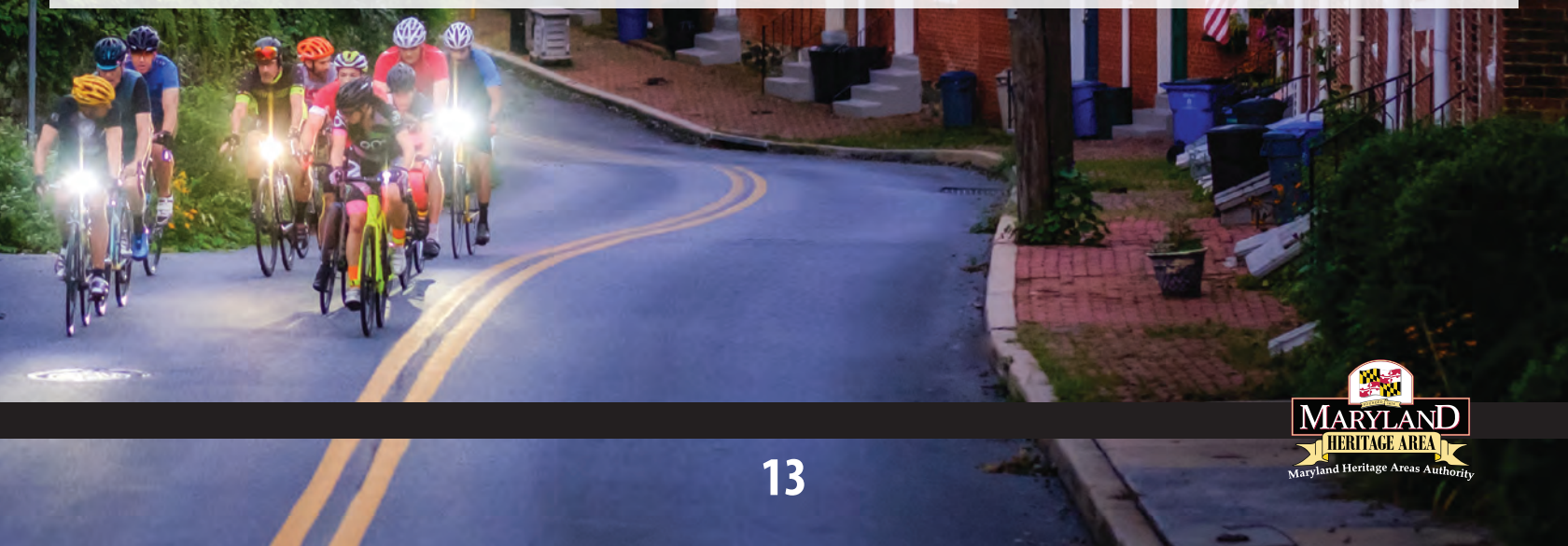
Induced effects are the increased sales within the region from household spending of the income earned in heritage tourism and supporting industries. Employees in heritage tourism and supporting industries spend the income they earn from tourism on housing, utilities, groceries and other consumer goods and services. This generates sales, income and employment throughout Maryland's economy.

Heritage tourism is a branch of tourism focused on the cultural heritage of the location where tourism is occurring. It showcases the uniqueness of place, and by its nature is a one-of-a-kind experience.

“HERITAGE TOURISM IS THE BEST OF BOTH WORLDS FOR MARYLAND; IT IS A BUSINESS WHICH CHERISHES THE VERY THINGS THAT MAKE THE STATE A GREAT PLACE TO LIVE AND WORK, WHILE BRINGING INTO THE STATE THE DOLLARS OF PEOPLE WHO COME FROM ELSEWHERE TO SHARE THOSE EXPERIENCES.

THE JOBS CREATED IN HERITAGE TOURISM CAN NEVER BE OUTSOURCED TO ANY OTHER REGION; THEY ARE A RETURN ON INVESTMENT THAT WILL ALWAYS BE UNIQUELY LOCAL AND OUR OWN. HERITAGE AREA BENEFITS ALLOW NONPROFITS AND LOCAL JURISDICTIONS TO ENHANCE AND PRESERVE THE HERITAGE PRODUCT, GIVING TRAVELERS REASONS TO EXTEND THEIR STAYS, RETURN OFTEN AND RECOMMEND THE MARYLAND HERITAGE AREAS TO FRIENDS.”

SOURCE: MARYLAND HERITAGE AREAS, “WHAT IS A HERITAGE AREA”



ABOUT THE STUDY

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“COLLECTIVELY, THE POWER OF THE FOUR RIVERS HERITAGE AREA NETWORK OF ORGANIZATIONS IN PROTECTING THE RESOURCES AND THE STORIES BEHIND THEM IS WAY MORE POWERFUL THAN OF ANY ONE INDIVIDUAL SITE OR ANY SUBSET OF THEM.”

**– ANSON “TUCK” HINES
DIRECTOR OF THE SMITHSONIAN ENVIRONMENTAL RESEARCH CENTER**



Family enjoys the exhibits in the Maryland State House.
Photo courtesy of Visit Annapolis and Anne Arundel County.

MARYLAND HERITAGE AREAS PROGRAM CONTRIBUTES TO THE STATE AND LOCAL ECONOMY

Maryland's Heritage Areas Program contributes to the local and statewide economies through expenditures on operations, capital projects and wages, and the spending of heritage tourists to sites and events throughout the state of Maryland. The direct, day-to-day expenditures of Maryland's Heritage Areas, combined with heritage tourism spending, cause a ripple effect throughout the statewide economy.

The economic impact of Maryland's Heritage Areas and heritage tourism in the state of Maryland totaled \$2.4 billion in FY 19. This contribution to the local and statewide economies is a point-in-time snapshot depicting how the expenditures of Maryland's Heritage Areas and heritage tourism make an impact. The impact can increase or decrease depending on state funding and number of heritage tourists.² In response to the global pandemic, MHAA quickly awarded emergency COVID-19 funds, extended deadlines and allowed current grantees to convert their grants to be used for operations.

“

“NOW IS AN INCREDIBLY IMPORTANT TIME FOR THE STATE TO INVEST IN OUR SHARED CULTURAL ATTRACTIONS – MUSEUMS AND HISTORIC SITES ACROSS THE STATE ARE RISING TO THE CHALLENGE OF TRANSITIONING THEIR EFFORTS TO DIGITAL OUTREACH. MANY OF THE SELECTED MHAA GRANTEES SHOWED GREAT CREATIVITY AND DEDICATION TO PURSUING INCLUSIVE HISTORY AND INTERPRETATION THAT WILL HAVE A POSITIVE CHANGE ON THE WAY WE ALL SEE AND UNDERSTAND MARYLAND HISTORY.”

— MEAGAN BACO
PRESERVATION MARYLAND
DIRECTOR OF COMMUNICATIONS
MEMBER OF MHAA GRANTS REVIEW PANEL

”



“Take My Hand” by Michael Rosato depicts Harriet Tubman and is located on the wall of the Harriet Tubman Museum and Educational Center in Cambridge Maryland.

² The 2020 COVID-19 pandemic will have a significant impact on the economic impact of heritage tourism in Maryland. Given travel restrictions imposed for public health and safety, tourism numbers declined to many heritage sites and in the tourism industry overall.

MARYLAND HERITAGE AREAS PROGRAM CONTRIBUTES



Emancipation Day at Button Farm in the Montgomery County Heritage Area. The Menare Foundation, which operates Button Farm, was able to convert their FY 2020 MHAA grant to use for emergency operating expenses as a result of the COVID-19 pandemic. Photo by Sarah Rogers and courtesy of Heritage Montgomery.

Weathering the COVID-19 Storm Together

In response to the unprecedented economic impact of the COVID-19 pandemic, the Maryland Heritage Areas Authority took the initiative to support the state's heritage nonprofits with much-needed financial liquidity. In March 2020, MHAA approved 59 Emergency COVID Operating Grants, providing \$600,440 to support partner organizations. These funds were used to pay rents, utilities, salaries and other basic operational expenses, providing a vital lifeline for their network of partners. This infusion of support generated **\$968,891** in economic impact in the Maryland economy.

Additionally, recipients of fiscal year 21 grants can convert up to \$20,000 of their award and all previous open grants can convert the unexpended portion of their grant award COVID-related operating expenses. In total, 23 grantees have converted approximately \$400,000 from their original awards into operating expenses. Many grantees have used these funds to transfer their exceptional projects to the digital world, creating much-appreciated opportunities to enjoy Maryland's culture and heritage from home.

MHAA is dedicated to working with their partner organizations to ensure they remain strong during this period of adversity. In addition to offering emergency funding, MHAA has provided automatic extensions to grant deadlines and worked one-on-one with grantees to offer support. They have also made changes to match requirements to provide grantees with greater opportunities to leverage in-kind donations. MHAA continues to work with their partners to ensure Maryland's heritage is protected, to ensure sites are visitor-ready once the threat is lifted to open their doors and generate revenue for the statewide economy.

MARYLAND HERITAGE AREAS PROGRAM CONTRIBUTES

The Maryland Heritage Areas Program contributes a combined total of \$2.4 billion annually to the Maryland economy.

OPERATIONS AND GRANTS CONTRIBUTION

The Maryland Heritage Areas Program supports and sustains a combined total of 33,815 full-time and part-time jobs throughout the state. A total of \$17.9 million as a result of operational spending. Operations and grantmaking generated \$10.4 million direct economic impact, \$3.7 million indirect economic impact and \$3.8 million induced economic impact.

HERITAGE TOURISM CONTRIBUTION

Heritage Area visitor spending contributed a total of **\$2.4 billion**. Visitors to Maryland's Heritage Area's generated \$1.4 billion direct economic impact, \$482.2 million indirect economic impact and \$520.5 million induced economic impact.

	Operations and Grantmaking	Heritage Tourism	TOTAL Impact
Direct	\$10,364,913	\$1,381,095,539	\$1,391,460,452
Indirect	\$3,735,786	\$478,552,412	\$482,288,198
Induced	\$3,810,034	\$516,723,287	\$520,533,321
Total	\$17,910,733	\$2,376,371,238	\$2,394,281,971

Source: Parker Phillips using IMPLAN



Havre de Grace Lighthouse in the Lower Susquehanna Heritage Greenway.
Credit: Photo by Malgorzata Baker and courtesy of the Lower Susquehanna Heritage Greenway

CREATING AND SUSTAINING JOBS THROUGHOUT MARYLAND

The Maryland Heritage Areas Program supports and sustains a combined total of **33,815 full-time and part-time jobs** throughout the state.

OPERATIONS AND GRANTS CONTRIBUTION

The Maryland Heritage Areas Program supports and sustains a total of **216 jobs** — 137 direct jobs, 41 indirect jobs and 38 induced jobs.

HERITAGE TOURISM CONTRIBUTION

Visitors to Maryland’s Heritage Areas Program supported and sustained a total of **33,599 jobs** as a result of visitor spending — 23,886 direct jobs, 4,610 indirect jobs and 5,103 induced jobs.

	Operations and Grantmaking	Heritage Tourism	TOTAL Employment
Direct	137	23,886	24,023
Indirect	41	4,610	4,651
Induced	38	5,103	5,141
Total	216	33,599	33,815

Source: Parker Phillips using IMPLAN

Based on analysis by industry sector, jobs supported in the Maryland economy impacted as a result of Maryland Heritage Areas and heritage tourism include: 1) tourism-related jobs — hotels, restaurants, retail, museums, parks; and 2) sectors in the economy supporting the heritage tourism industry workforce — hospitals/healthcare, real estate, insurance carriers and employment services.



Chesapeake Heartland African American Humanities Truck.

MHAA has awarded grants to Washington College for the purchase of the vehicle and for traveling exhibits, digital archiving technology and oral history recording equipment that will be used to outfit the truck.

Photo courtesy of Washington College.

CREATING AND SUSTAINING JOBS

“

“IN BALTIMORE, WE HAVE HAD A WILLINGNESS TO EMBRACE CULTURAL CHALLENGES TO ACHIEVE A BETTER UNDERSTANDING OF OURSELVES HISTORICALLY. THE BALTIMORE NATIONAL HERITAGE AREA ENCOURAGES COLLABORATION BETWEEN THE HISTORICAL COMMUNITY AND CULTURAL COMMUNITY BECAUSE THEY ARE INTERTWINED. WHEN THE TWO COMMUNITIES WORK TOGETHER WITHOUT COMPROMISING EITHER SIDE, REAL COLLABORATION HAPPENS, AND PROGRESS IS MADE THROUGHOUT THE CITY OF BALTIMORE.”

**— JEANNIE HOWE
BOARD OF DIRECTORS OF THE BNHA
EXECUTIVE DIRECTOR OF THE GREATER BALTIMORE CULTURAL ALLIANCE**

”

Pride of Baltimore II in Baltimore's Inner Harbor.
Photo by Jeffrey G. Katz.

GENERATING LOCAL AND STATE TAX REVENUES

The Maryland Heritage Areas Program, its employees, Heritage Area tourists, suppliers and its related constituencies contribute significantly to the local and statewide tax bases. In FY 19, Maryland's Heritage Areas and related tourism contributed an estimated **\$319.8 million** in state and local taxes through local spending (operational, grantmaking, heritage tourism), as well as direct and indirect support of jobs.

At the state and local levels, Maryland Heritage Areas and related tourism contributes to the tax bases through its purchasing. Specific taxes include employee and employer contributions to state and local social insurance funds, sales taxes, personal property taxes, taxes paid on motor vehicle licenses and payments of fines and fees.



Memorial Illumination at Antietam National Battlefield. Courtesy of the National Park Service.

“

“THE HEART OF THE CIVIL WAR HERITAGE AREA IS DOING AN INCREDIBLE SERVICE IN CREATING INTEREST IN THE AREA AND ITS MANY RESOURCES. LINKING SITES AND STORIES CREATES CONNECTIONS TO THE HERITAGE AREA. THE HERITAGE AREA REALLY FOSTERS RELATIONSHIPS AND ENCOURAGES CREATIVITY ON HOW TO ENHANCE THE AREA.”

— JAKE WYNN

DIRECTOR OF INTERPRETATION AT THE NATIONAL MUSEUM OF CIVIL WAR MEDICINE

”

APPENDIX A: TERMS & DEFINITIONS

Direct Employment	Total number of employees, both full-time and part-time, at the organization based on total jobs, not FTEs
Direct Impact	All direct expenditures made by an organization due to its operating expenditures. These include operating expenditures and pay and benefits expenditures.
Dollar Year	Presented in 2019 dollars
Government Revenue/ State and Local Tax Impact	Government revenue or tax revenue that is collected by governmental units at the state and local level in addition to those paid directly by an organization. This impact includes taxes paid directly by the organization itself, employees of the organization and vendors who sell products to the organization and at the household level.
Indirect Employment	Additional jobs created as a result of an organization's economic impact. Local companies or vendors that provide goods and services to an organization increase their number of employees as purchasing increases, thus creating an employment multiplier.
Indirect Impact	The indirect impact includes the impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money is spent outside of the local economy, either through imports or by payments to value added (multiplier effect).
Induced Employment	Additional jobs created as a result of household spending by employees of an organization and the employees of vendors. This is another wave of the employment multiplier.
Induced Impact	The response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added. IMPLAN's default multiplier recognizes that labor income (employee compensation and proprietor income components of value added) is not lost to the regional economy. This money is recirculated through household spending patterns causing further local economic activity (multiplier effect).
Multiplier Effect	The multiplier effect is the additional economic impact created as a result of the organization's direct economic impact. Local companies that provide goods and services to an organization increase their purchasing by creating a multiplier (indirect/supply chain impacts). Household spending generated by employees of the organization and the organization's suppliers create a third wave of multiplier impact (induced/household spending impacts).
Study Year	Fiscal year 2019
Total Value Added	Includes organizational spending on operations, labor income expenditures and direct contributions to Maryland gross domestic product (GDP) as a result of expenditures made by an organization. It is the combined impact of direct, indirect and induced impacts.
Visitor Type	Three types of visitors are defined in the study. Local day visitors (travel from less than 50 miles), day visitors (travel more than 50 miles) and overnight visitors.

APPENDIX B: DATA & METHODS

Data used to complete the Maryland Heritage Areas Program contribution analysis was provided by: MHAA, individual Heritage Areas and survey data collected from 2,612 heritage tourists attending events sponsored or hosted by the heritage areas and tourists visiting heritage sites throughout Maryland. Primary data was used to complete the input–output models in IMPLAN. The study approach and economic impact findings are a conservative estimate of impact and are based on actual financial information. The study is a snapshot of the economic impact of the Maryland Heritage Areas.

OVERVIEW AND THE IMPLAN MODEL

The most common and widely accepted methodology for measuring the economic impacts of economic sectors is input–output (I-O) analysis. At its core, an I-O analysis is a table that records the flow of resources to and from companies/organizations and individuals within a region at a given time. For a specified region like a state of the nation, the input-output table accounts for all dollar flows between different sectors of the economy in a given time period. With this information, a model can then follow how a dollar added into one sector is spent and re-spent in other sectors of the economy, generating outgoing ripples of subsequent economic activity. This chain of economic activity generated by one event is called the “economic multiplier” effect.

The primary tool used in the performance of this study is the I-O model and dataset developed and maintained by IMPLAN Group LLC (formerly Minnesota IMPLAN Group Inc.). IMPLAN is a widely accepted and used software model first developed by the U.S. Forest Service in 1972. That data used in the baseline IMPLAN model and dataset come largely from federal government databases. The input–output tables themselves come from the Bureau of Economic Analysis. Much of the annual data on labor, wages, final demand and other market data comes from the Bureau of Labor Statistics, the U.S. Census Bureau and other government sources.

Government agencies, companies and researchers use IMPLAN to estimate the economic activities associated with spending in a particular industry or on a particular project. The IMPLAN model extends conventional I-O modeling to include the economic relationships between government, industry and household sectors, allowing IMPLAN to model transfer payments such as taxes. Producers of goods and services must secure labor, raw materials and other services to produce their product.



APPENDIX B: DATA & METHODS

The resources transferred to the owners of that labor or those raw materials and services are then spent to secure additional goods and services or inputs to the products they sell. For example, an organization in a region may develop a company that produces trains with a value of \$1 million. However, to produce that product, they may be required to spend \$500,000 in wages and benefits, \$200,000 to supplier of parts, \$100,000 for electricity, \$50,000 for transportation of goods and raw materials to and from the plant and \$50,000 in various professional services associated with operating a business (e.g., attorneys and accountants). The suppliers will, in turn, spend those resources on labor and raw materials necessary to produce trains. Workers and the owners of the company will buy goods and services from other firms in the area (e.g., restaurants and gas stations) and pay taxes. The suppliers, employees and owners of this second tier will, in turn, spend those resources on other goods and services within the study region or elsewhere. The cycle continues until all of the money leaves the region.

IMPLAN METHODOLOGY

The model uses national production functions for over 536 industries to determine how an industry spends its operating receipts to produce its commodities. These production functions are derived from U.S. Census Bureau data. IMPLAN couples the national production functions with a variety of county-level economic data to determine the impacts at a state and congressional district level. IMPLAN collects data from a variety of economic data sources to generate average output, employment and productivity for each industry in a given county. IMPLAN combines this data to generate a series of economic multipliers for the study area. The multiplier measures the amount of total economic activity generated by a specific industry's spending an additional dollar in the study area. Based on these multipliers, IMPLAN generates a series of tables to show the economic event's direct, indirect and induced impacts to gross receipts or output, within each of the model's more than 536 industries.

The model calculates three types of effects: direct, indirect and induced. The economic impact of the Maryland Heritage Areas Program is the sum of these three effects.

CONSIDERATIONS CONCERNING IMPLAN

There are two important points about the use of IMPLAN (or any other input–output model):

It is a fixed-price model. The model assumes that changes in consumption are not limited by capacity and do not affect prices. This simplifying assumption does not cause a problem for the analysis presented here because we are taking a snapshot of the Maryland Heritage Areas in a specific year.

As in many studies using this type of model, the direct impacts are not calculated by the model; they are a reflection of actual spending levels and patterns created by the Heritage Areas and Heritage Area visitors. Changing the level of direct spending allows us to calculate the magnitude of the indirect and induced effects associated with the initial level of spending.

APPENDIX B: DATA & METHODS

Because the model continues to calculate additional spending until all of the money leaves the region (i.e., “leakage”), the larger and more economically diverse the region, the longer it will take for spending to leave the regions, and the larger the impact is likely to be. For example, employees of a Maryland Heritage Area may spend some amount of their income on buying a car. If there are no car manufacturers in their state or county, this spending will leave the region and the multiplier effect will stop. At the national level, some portion of that same spending by that same individual may go to a national auto producer. That spending would lead to more spending at the national level than would be captured by a more regional model. The national impact will be larger than the sum in the individual states, and the individual state impact will be larger than the sum of the impacts in its congressional districts.

Maryland Heritage Area Programs

Economic Analysis Process and Underlying Assumptions

Definitions

- **Direct contributions** of Heritage Area and tourism expenditures become business receipts which in turn are used to pay wages and salaries and taxes.
 - **Indirect contributions** are attributed to local businesses spending part of their receipts on goods and services needed to serve customers. As a result, their suppliers must purchase goods and services from other vendors. This is the ripple effect of economic activity attributed to visitor spending to Maryland’s Heritage Areas.
 - **Induced contributions** include the household sector. It is the spending of wages and salaries directly and indirectly generated by the visitors and suppliers to the Maryland Heritage Areas and key partners. Induced effects refer to dollars that are circulated through the spending patterns of households causing a third ripple of economic impact.
-

Data Collection and Verification

Maryland Heritage Areas were asked to verify prepopulated data collection forms and provide missing data to Parker Philips. All data points were described within the data collection form. These include operating expenditures, the number of Heritage Area employees, funding from grants and mini grants plus any additional public or private matching dollars. Parker Philips collected 2,612 surveys from heritage tourists at heritage area sponsored or hosted events and key tourism sites to calculate the spending impacts. This survey data drives the heritage tourism impact portion of the study.

Heritage Tourism Impacts

Heritage tourist expenditures are best described as the initial monetary activity that stimulates the production process and initiates realistic measurement of economic benefit or impact. Visitor economic impact typically requires three basic inputs: (1) the number and types of visitors, (2) visitor spending patterns and (3) local economic ratios and multipliers. Multipliers for this analysis were obtained from IMPLAN databases, geographically focused for regions around Heritage Areas and the state economies. This data was collected from visitors across Heritage Area sites throughout Maryland.

APPENDIX B: DATA & METHODS

Annual visitation averages are applied to three specific visitor segments from field research and survey collection information about visitor information data. The type of visitors included in the study are local day (less than 50 miles), non-local day (more than 50 miles) and overnight visitors. The percentage of the overall visitors and their respective segments are represented in the table below, **Spending by Visitor Type**.

SPENDING BY VISITOR TYPE

Visitor Segment	% of Total Visitation	Average Daily Spending
Local Day	32.8%	\$32.67
Non-Local Day	27.1%	\$78.80
Overnight	40.1%	\$247.36

Each visitor type spends varying amounts of money while visiting the Heritage Areas. The spending estimates of these groups are then applied to spending averages from the spending patterns analyzed from the survey data. The ratio of Heritage Area visitors and spending averages are then calculated to provide total spending estimates for each type of spending associated with visitation and tourism.

SPENDING ESTIMATES BY VISITOR TYPE

Spending Percentages	Lodging	Camping Fees	Restaurants & Bars	Amusements	Groceries	Gasoline	Local Transportation	Retail Purchases
Local day-trip	0.0%	0.0%	47.7%	22.5%	2.63%	6.15%	0.92%	20.1%
Non-local day-trip	0.0%	0.0%	44.6%	6.8%	7.5%	14.8%	1.7%	24.5%
Overnight	50.9%	0.96%	23.1%	5.1%	3.7%	5.4%	1.3%	9.6%

Each spending category has an associated IMPLAN code for which it is related to within the IMPLAN Pro software. The spending category and IMPLAN codes are detailed in the table below, **Spending Estimates by IMPLAN Sector**.

SPENDING ESTIMATES BY IMPLAN SECTOR

IMPLAN Sector	Sector Name	Spending Type
406	Retail - Food and beverage stores	Groceries
408	Retail - Gasoline stores	Gas & oil
410	Retail - Miscellaneous store retailers	Retail purchases
520	Transit and ground passenger transportation	Local transportation
501	Museums, historical sites, zoos, and parks	Amusements
507	Hotels and motels, including casino hotels	Motel, hotel, bed and breakfast
508	Other lodging accommodations	Camping fees
510	Limited-service restaurants	Restaurants & bars

APPENDIX B: DATA & METHODS

Once the spending amounts are calculated for each visitor segment and spending type, using data from the surveys collected at heritage area partner sites and events, the next step is entering the spending amounts into the IMPLAN software. Local resident spending is included in the economic benefits measures, as this captures all economic activity associated with Heritage Area visits, including local and non-local visitors. Spending by local residents on visits to Heritage Areas does not represent new money to the region.

Operational Impacts

The operational impacts of the Maryland Heritage Areas Program are calculated based on operational expenditures, number of jobs and a fully loaded payroll. The employment or spending is entered into the IMPLAN model within Sector 522, Grantmaking, Giving, and Social Advocacy Organization.

The economic analysis completed for the operational impact analysis uses actual expenditures and Maryland Heritage Areas Program employment numbers to drive the total economic contribution analysis of employment, income and tax revenue. Operational impacts refer to the day-to-day management, coordination and activities executed by state staff and each Maryland Heritage Area. It refers to the impact of “keeping the lights on” as a heritage tourism organization in the state.

Grant Funding (including match) and Mini Grants

Data from the 2019 grant season including the cash and in-kind match was utilized to calculate the impact upon the Maryland economy. IMPLAN sector Code 501 was utilized to calculate this impact. Data was supplied to Parker Philips from MHAA and the individual Heritage Areas.



Wild ponies on Assateague Island.
Photo by Laura Seigel Powell.

APPENDIX C: FAQs

WHAT IS AN ECONOMIC CONTRIBUTION ANALYSIS?

Technically, this study is a contribution analysis. The study quantifies the economic contribution of the Maryland Heritage Areas Program and heritage tourism in terms of economic impact, jobs and local and state tax revenue. The study calculates how spending by Maryland's Heritage Areas and heritage tourists contributes to the economy of Maryland. It examines how expenditures create additional impact in the economy both directly and through the multiplier.

An economic contribution analysis quantifies the broader and more general case of how the economic activity cycles through an existing economy. For the purposes of this study, an economic contribution is defined as the gross changes in Maryland's existing economy that can be attributed to the Maryland Heritage Areas Program and heritage tourism. Contribution analysis is a descriptive analysis that tracks gross economic activity: how spending by Heritage Areas and their constituencies cycle dollars through the economy. The MHAA economic contribution analysis does not consider how spending by a heritage tourist could crowd out another type of tourist within the state. This type of analysis is one of the most common that is performed and is very often mislabeled as an economic impact study. Please note that while the terms used to express the contribution of heritage tourism to the statewide economy are referred to as economic impact, this is a contribution analysis.

WHAT SHOULD YOU REMEMBER ABOUT THE STUDY WHEN YOU READ IT?

- It is a point-in-time calculation of impact for FY 19.
- The study quantifies the amount of impact that the Maryland Heritage Areas Program and heritage tourism produces each year.
- The economic numbers can fluctuate year to year based on operational spending, capital spending, pay and benefits, number of employees, number of visitors and state funding.
- These are conservative numbers and adhere to industry respected protocols.

WHAT METHODOLOGY WAS USED TO COMPLETE THIS STUDY?

IMPLAN data and software were used to conduct this economic contribution analysis. The IMPLAN database is built using county, state, ZIP code and federal economic statistics that are specialized by region, not estimated from national averages, to measure the contribution or impact of an organization's economic activity.

WHAT WERE THE MULTIPLIERS FOR THIS STUDY?

The multipliers used in this study range from 1.8 to 2.1. The multipliers are derived through the input–output models created using the IMPLAN software based upon industries selected during the modeling process.

APPENDIX C: FAQs

WHAT DATA DOES THIS STUDY USE TO CALCULATE THE ECONOMIC IMPACT?

Primary data used in this analysis is for FY 19 and was obtained from MHAA, individual Heritage Areas and primary survey data. Data addresses the following subjects:

- Operating expenditures
- Pay and benefits
- Program management grants with in-kind and cash match
- Number and types of visitors
- Visitor spending habits (local day, non-local day and overnight visitors)

WHY DID MHAA COMMISSION A STUDY?

MHAA commissioned the analysis to quantify the impact of the **Maryland Heritage Areas Program**, its 13 Heritage Areas and related heritage tourism. MHAA and the individual Heritage Areas have a number of tools helpful in explaining the value proposition for supporting heritage tourism; this independent study is one way to help explain its worth. In trying to explain the value of heritage tourism to both internal and external constituents, it is important to quantify the financial and societal gains realized throughout the state. There are many ways to view the impact and value of heritage tourism — economic impact is one.



Kayaking on the Anacostia River.
Photo by Mr. T in DC and courtesy
of Maryland Milestones.

MARYLAND
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<https://mht.maryland.gov/heritageareas.shtml>

Parker Philips
assess. analyze. assert!