

The \$9 Billion Economic Impact of the Nightlife Industry on New York City:

***A Study of Spending by
Bar/Lounges and Clubs/Music Venues
and their Attendees***

**Prepared for the New York Nightlife Association
by Audience Research & Analysis**

January 2004



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PREFACE

January 2004

Dear Reader:

New York City is proudly known as the "Nightlife Capital of the World." It maintains this status because of its large and vibrant nightlife "industry," which continually reinvents itself. Every night of the year in New York City, trends are started, music is created, styles are established and people socialize with each other. Much of the influence of the City's nightlife industry is visible, and therefore known to the public at large. However, the nightlife industry's economic impact, though much greater than that of other entertainment industries in New York, is often minimized and sometimes ignored.

New York City's nightlife industry includes hundreds of bars, lounges and licensed nightclub establishments. As millions of people come and go through these venues—seeking cultural as well as social entertainment—they spend money. Nightlife patrons do not simply pay a cover charge and buy drinks. They also buy clothes in City shops, eat food in New York's restaurants, stay in our hotels and pay for transportation to and from their destinations. In addition to the ancillary spending of nightlife patrons, the bars and clubs themselves spend substantial sums on such items as capital improvements to real estate, rent, employees, supplies, utilities and taxes.

In order to quantify the economic impact of these activities, the New York Nightlife Association has commissioned this report. It is part of our ongoing efforts to establish a real and practical understanding of what a valuable resource the nightlife industry is to the economic well being of this city. The report was prepared by George A. Wachtel of Audience Research & Analysis, the firm that spearheaded the 2003 Study of Visitors to Upper and Lower Manhattan for NYC & Company. Audience Research & Analysis has also conducted numerous studies detailing the economic impact of Broadway shows and other important New York cultural institutions.

As significant as the financial and demographic data reported here is, it is important to also note some items that have not been included in the study but are equally relevant to the nightlife industry's economic impact. For example, when artists such as Moby, Madonna or Maxwell are discovered in New York City's clubs and go on to sell millions of records for music labels located in New York, doesn't the income generated by those record companies contribute to New York's economy? We think it does. Nightlife also helps the City and its economy when important firms like Citibank and Merrill Lynch use the City's legendary nightlife as an enticement when recruiting prospective employees to move to New York.

We hope this report offers its readers useful information on how to leverage this previously hidden industry. The fashion industry, restaurant and beverage business, print and broadcast media and other industries will profit from knowing more about the customers they share with nightlife. We also hope the leaders of New York's City and State governments will recognize nightlife as a critically important cultural and economic component of the vibrant fabric of our City, and we look forward to working with them to ensure that New York remains the "city that never sleeps."

Sincerely,

David Rabin
President
New York Nightlife Association

Andrew Rasiej
Founder
New York Nightlife Association

KEY FINDINGS

- The nightlife industry generated an estimated \$9.7 billion in economic activity, \$2.6 billion in earnings (primarily wages) and 95,500 jobs in New York City.
- The industry contributed an estimated \$391 million in tax revenues to New York City and an additional \$321 million to New York State.
- Annual attendance at nightlife venues totaled an estimated 65,445,000 admissions – more than three times the attendance of all New York City's sports teams combined.
- Of the 838 nightlife businesses surveyed, \$1.29 billion was spent for labor, supplies and other operational expenditures. These businesses employed an estimated 19,400 people, 91 percent of whom lived in New York City.
- 36 percent of attendees live outside New York City, including 14 percent who reside outside the New York metropolitan area.
- 77 percent of all out-of-town attendees identified visiting a nightlife bar or club as their primary reason for being in the City.
- Among the out-of-town attendees, 86 percent spent money on shopping, hotels and restaurants for an average expenditure of \$352. They also spent an average of \$110 each on transportation.
- Based on an estimated 9.1 million visits by nightlife-motivated out-of-towners, direct spending for ancillary activities and NYC-based transportation amounted to an estimated \$3.7 billion.



Overall, the nightlife \$9.7 billion in economic activity, \$2.6 billion in earnings (primarily wages) and 95,500 jobs in New York City.

- 81 percent of nightlife attendees living in New York City participated in another activity (such as dining out) before coming to the bar or club spending an average of \$67 each on this other activity. In addition, they spent an average of \$13 each on transportation.
- Total direct spending by New York City residents for pre-nightlife activities and transportation amounted to an estimated \$908 million.
- 48 percent of nightlife attendees bought special wardrobe and accessory items to go out at night, spending an estimated \$693 million in New York City stores.
- Nightlife attendees had a mean age of 30 years, and were divided almost evenly with regard to gender. They earned \$70,000 annually, on average, and were most likely to work in the FIRE, advertising, PR, and publishing industries.
- 10 percent of attendees were full-time students attending college in New York City.
- 83 percent of attendees who were not students had a college degree.



INTRODUCTION & METHODOLOGY

The New York Nightlife Association (NYNA) retained Audience Research & Analysis (ARA) to conduct a visitor profile and economic impact analysis of the Nightlife Industry. For the purpose of this study, we have defined the nightlife industry as bars, lounges, live music venues and dance clubs.

Size of the Industry

The Nightlife industry operates in two general categories:

- Bars and Lounges
- Dance Clubs and Music Venues

The Time Out New York Bars & Clubs guide (published in 2003) lists **949 bars and lounges** in the five boroughs of New York City, including 789 (83 percent) located in Manhattan. In addition, the guide identifies **60 dance clubs and 66 music venues** for a total of **1,075 nightlife spots** in New York City¹

Similarly, the 2003/04 New York City Nightlife Zagat Survey identifies an even greater number – 1,175 – of nightlife venues, which are listed alphabetically (citywide) across all categories.

Approximately 25 percent of the bars and lounges listed in the Time Out publication (as well as in Zagat Nightlife) operate both as restaurants² and bars/lounges. Without passing judgment on which role is the venue's primary operation, we include in this study only the bar and lounges that do not have an independent restaurant operation.

Annual attendance at nightlife venues covered in this study totaled an estimated 65,445,000.



¹ The Time Out guide also listed eight Cabaret and 16 Comedy Clubs which were not included in this study.

² Listed in the 2003 New York City Restaurant Zagat Survey in addition to the Time Out New York Bars & Clubs guide and/or 2003/04 New York City Nightlife Zagat survey.

We have chosen to base our analysis on the smaller number, 949 bars and lounges in the Time Out New York Bars & Clubs publication, adjusting the number of listings downward by 25 percent to arrive at a **net number of non-restaurant bars and lounges of 712**. In addition, we cover the **126 dance clubs and music venues** identified in the publication for a **total of 838 nightlife businesses**.

It must be noted that the nightlife industry in New York City as defined by this survey is comprised of significantly more than 838 businesses. For the purposes of this study, we chose to use only the number of bars, clubs and lounges based on the Zagat and Time Out guides. However, there are no doubt hundreds more establishments, especially in the outer boroughs, that are not represented in this survey.

Survey of Attendees

ARA conducted onsite interviews of attendees at 10 bars/lounges and 11 clubs/music venues primarily in Manhattan, but also in Queens and Brooklyn. A total of 1,036 attendees – 491 at bars and lounges and 545 at clubs and venues – completed questionnaires between January 24 and March 15, 2003.

Survey of Industry Expenditures

Owners of bar and lounges and clubs and music venues completed an expenditure survey that detailed labor expenses, cost of goods sold, supplies and services, advertising/marketing, capital expenditures, rent and debt service, utilities, and other expenses. They also reported annual attendance, which averaged 60,000 for bars and lounges and 180,300 for clubs and music venues. Based on the total number of bars/lounges and club/music venues cited above, annual attendance at nightlife venues covered in this study totaled an estimated 65,445,000.

ECONOMIC IMPACT

Expenditures on the part of the Nightlife Industry occur in two categories:

- **Attendee spending for ancillary activities**
- **Industry spending for operations**

Ancillary attendee spending has several components including:

- Non-city residents motivated to visit New York by its nightlife who spent money for lodging, food, and shopping as well as transportation
- City residents who spent money on activities complementary to their nightlife attendance such as dining out
- All attendees who shopped for a “going-out” wardrobe in New York City stores

Industry spending for operations covers expenditures of the nightlife businesses including payroll, contract labor, the costs of goods sold, supplies, building rent and maintenance, utilities, debt service, marketing, fees and taxes, and other expenses.

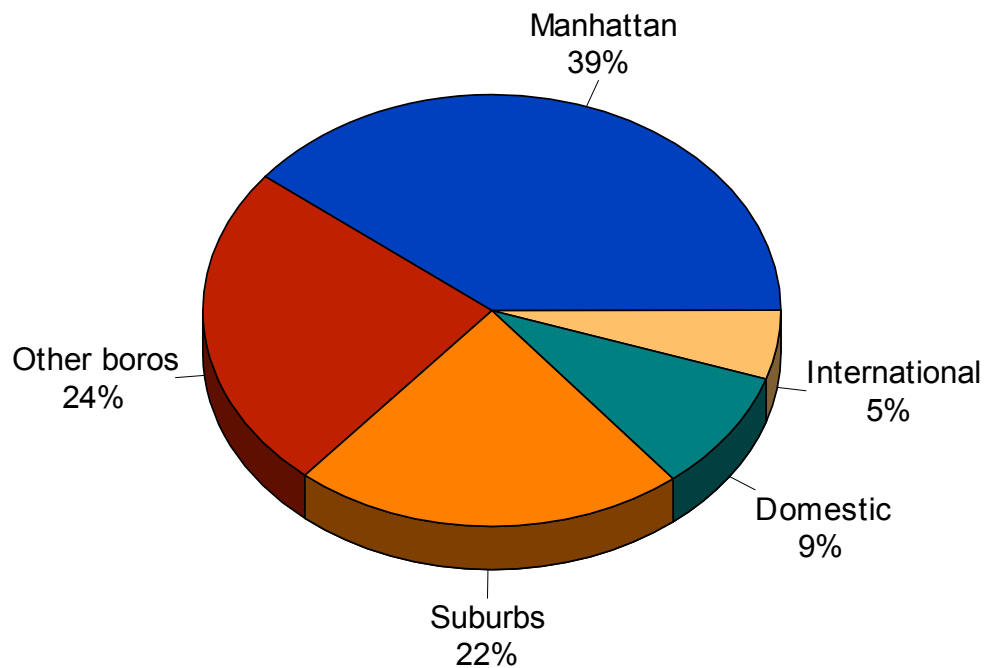


The 838 bars and clubs that participated in this study employed 19,400 people on a full-time equivalent basis.

Ancillary Spending Motivated by Nightlife Attendance
Geography of Attendees

Geography of Nightlife Attendees

Bars and Clubs



Audience Research & Analysis

36 percent of all nightlife attendees lived **outside the five boroughs**. More than one out of five lived in the suburbs while one out of seven were visitors to the New York metropolitan area.

Out-of-Town Attendees

Of those who live outside of the New York City, 77 percent indicated that their *main reason for coming in to the city was to dance, see a band at a club, or have drinks at a bar or lounge*. Multiplying the percent of non-city residents by the percent whose primary motivation to be in the city was nightlife attendance results in a ***net nightlife-motivated NYC attendee*** proportion of 28 percent. *The spending of these nightlife-motivated NYC attendees would not have taken place in the city without their nightlife attendance.*

Out-of-town nightlife-motivated attendees³ engage in other activities while in New York City: 86 percent enjoyed either dining out, attending the theatre or other ticketed event, shopping, staying in a hotel, sightseeing, visiting a museum, and/or another activity. The incidence of each of these activities among nightlife-motivated visitors to the city are displayed below along with the average amount spent per attendee, and calculated net spending prorated over all attendees.

Activity (during visit to NYC)	Incidence (%)	Amount (\$)	Net spending (\$)
Hotel	24.8	307.29	73.14
Restaurant	70.6	122.49	86.48
Sightseeing	19.7	51.67	10.18
Museum	18.2	37.76	6.87
Theatre, other ticketed event	41.6	95.47	39.72
Shop	33.5	379.31	127.07
Other	11.4	72.62	8.27
Any/All activities	85.9	1,066.61	351.72

Of those who live outside of the New York City, 77 percent indicated that their main reason for coming in to the city was to dance, see a band at a club, or have drinks at a bar or lounge.

Not surprisingly, the activity with the highest incidence – 71 percent – was eating in a restaurant. Over the course of their stay in New York City, these attendees spent an average of \$122. Spread out over all attendees, the prorated average spending per person amounted to \$86.

About one-half of non-city residents arrive in New York by car, train being the next most popular mode of transportation, bringing about three out of ten to town. Including the 30 percent of out-of-towners who lived outside of the greater New York metropolitan area, nightlife-motivated attendees spent \$110.05 per person traveling to and from New York City.

³ Thirty percent of these attendees lived outside of the New York metropolitan area.

Means of Transportation	Incidence (%)	Amount (\$)	Net spending (\$)
Air	16.7	469.69	78.44
Car	52.0	39.07	20.32
Train	29.0	23.54	6.83
Bus	5.2	21.62	1.12
Other	3.3	101.29	3.34
All means	*106.2	655.21	110.05

*multiple means of transportation

As inter-city transportation typically has operations at both the origination and destination, we divided the net spending by two, attributing only half of all transportation expenditures to New York City. Thus from the above table, **we allocated \$55 to the Nightlife industry.**

81 percent of nightlife attendees who live in New York City...spent money on some other activity before coming to the bar or club.



Attendees Who Live in New York City

Attending a show, museum, or nightlife venue is rarely an isolated event. Attendees typically precede their attendance with complementary activities such as dining out. 81 percent of nightlife attendees **who live in New York City** dined out, bought drinks, attended a movie or spent money on some other activity before coming to the bar or club. Their expenditures – often on more than one activity – are described below.

Activity Prior to Nightlife	Incidence (%)	Amount (\$)	Net spending (\$)
Dined out	58.1	74.12	43.03
Bought drinks	37.8	46.36	17.54
Saw a movie	8.1	14.85	1.20
Other	23.0	22.87	5.27
All activities	*127.0	158.20	67.03

*multiple activities

Since we cannot be sure that some of these activities would not have taken place in the absence of going to a bar or club, **we count only one-half of these expenditures which reduces the net amount per person of “other activity” spending attributable to nightlife attendance to \$33.51.**

New York City residents also spent money on local transportation getting to and from the bars and clubs. **82 percent of nightlife attendees spent an average of \$15.88 resulting in a net per person expenditure of \$13.02.**

Attendees Who Shopped for a Going-Out Wardrobe

The survey questionnaire asked all nightlife attendees if they specifically **bought clothes, shoes, or accessories to go out at night in New York City.** Those who answered affirmatively were asked to indicate the amount they spent *in New York City stores.* A total of 48 percent, overall, (54 percent of city residents and 37 percent of visitors) spent an average of \$1,979.61 a year on their going-out wardrobe, for a net per person annual expenditure of \$944.27. This total, however, has to be spread over the all nights in a year that attendees went to clubs, which averaged 84 visits annually. **Calculated on a per-person, per-night basis, wardrobe expenditures amounted to \$11.24.**



In addition to clothing, nightlife attendees who spent money on a going-out wardrobe incurred expenses in New York City for make-up, jewelry, dry cleaning, hairdressers, and other personal care products. **The sum of their expenditures for personal care and accessories amounted to \$9.32 on a per-person, per-night basis.**

Therefore, the combined expenditures of wardrobe, personal care and accessories amounts to approximately \$21 on a per-person, per night basis. However, with regard to both wardrobe and personal expenses, **we attributed only one-half of the totals to the nightlife industry** on the assumption that these garments and accessories may be worn and used at other times as well.

Calculation of Direct Visitor Spending

The study found that 36 percent of nightlife attendees were out-of-town visitors. On the basis of 65,445,000 total annual nightlife attendees, the out-of-town segment accounts for 23,691,000 visits. This number is further trimmed to 18,147,000 to reflect the fact that only the 77 percent of the visitors said that attending a bar or club was their primary reason for coming into New York City. And since the surveys found that out-of-town attendees visited an average of 2.0 clubs per night, the effective number of club nights per person⁴ accounted for by these nightlife-motivated out-of-city visitors was further adjusted downward to 9,073,000.

We then multiplied the number of club nights per person by the average expenditure incurred by nightlife-motivated out-of-town visitors of \$351.72 (for food, lodging, and shopping during their visit to NYC) plus \$55.02 (one-half transportation expenses) yielding **total direct spending by nightlife-motivated visitors of \$3,690,641,000.**



The industry contributed an estimated \$391 million in tax revenues to New York City and an additional \$321 million to New York State.

Almost two-thirds – 64 percent – of nightlife attendees reside in New York City, 82 percent of whom spent money traveling to their nightlife destination. While some are came directly from home, 81 percent⁵ participated in an activity, such as dining out, prior to going to the bar or club on which they spent an average of \$67.03. Because we cannot be sure that the prior activities occurred *solely* on account of the club attendance, we have **attributed only half of these expenditures to the Nightlife industry.** This reduces the effective average per person prior activity expenditure to \$33.51. In addition, these city residents spent an average of \$13.02 for local transportation, such as taking taxis to their destination.

64 percent of annual nightlife attendance was accounted for by New York City residents which amounted to an estimated 41,754,000 admissions. Many, however, visit more than one bar or club per night. The survey revealed that New York City resident nightlife attendees visit an average of 2.14 venues per night.

In order not to overstate the total spending, expenditures for transportation and prior activities must be allocated over the number clubs visited per night. This reduces the number of club nights per person to 19,511,000. Multiplying this net number of club nights per person by the per night expenditure for transportation, dining, drinking, seeing a movie, and other prior activities

⁴ Defined as the number of nights an attendee visited one or more clubs.

⁵As shown above, 58 percent had dinner in a restaurant, 38 percent met for drinks, 8 percent saw a movie, and 23 percent engaged in some other fee-based prior activity.

results in **direct spending for transportation and prior activities by New York City residents of \$907,857,000.**



This and previous studies of the industry have found that there is a going-out lifestyle that accompanies nightlife attendance. Over and above activities such as dining out, nightlife attendees spent money on clothing and accessories as part of a “going-out” wardrobe. As reported above, the survey found that on a per-person, per-night basis nightlife attendees spent \$11.24 on their wardrobe and \$9.32 on accessories and personal care items.

Based on 65,445,000 total admissions spread over an average of 84 nights out per person, and attributing only one-half of the spending to nightlife activities, **expenditures for wardrobe, personal care and accessories bought in New York City stores, specifically to go out at night, totaled \$693,267,000.**

Spending of the Nightlife Businesses

In addition to the spending of visitors, bars and clubs incurred expenses in a number of categories, including labor, supplies, capital improvements and other operational expenses.



Each bar/lounge had an average of 17.5 employees on its payroll and each club/music venue similarly employed 37.9 people. On a nightlife industry-wide basis, 90.5 percent of W-2 employees lived in New York City, with the income and taxes they paid contributing to the local economy. In addition to labor on payroll, nightlife venue owners also paid musicians and DJs and other independent contractors. All bought beverages for resale and some purchased foodstuffs. All venues paid insurance and had an array of expenditures for supplies from office to maintenance to

kitchen. There were also expenditures for rent and debt service, renovations, marketing, utilities, and other operating expenses.

As was noted for the labor expenses, each category was examined for the proportion of expenditures made in New York City. Over 90 percent of legal services, for example, were based in New York City. Only two-thirds of furniture, however, was sourced locally.

All tolled, the direct spending of nightlife businesses in New York City amounted to an estimated \$1,285,241,000 including \$531,062,000 in earnings (wages and salaries). The 838 bars and clubs employed 19,400 people on a full-time equivalent basis.

Calculation of Economic Impact

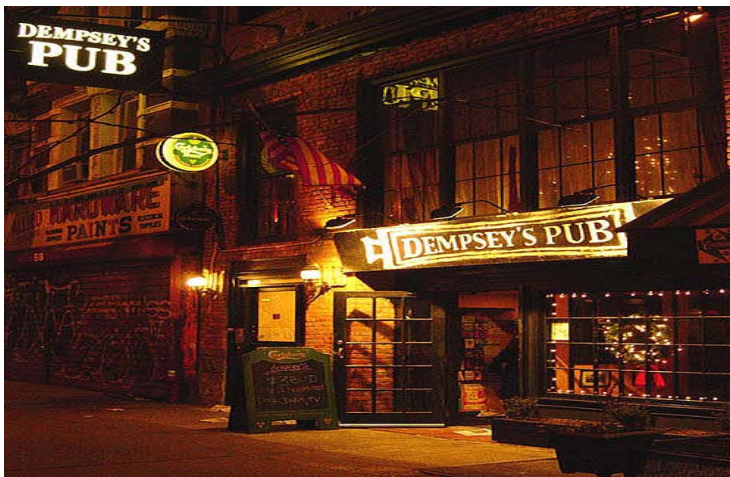
We customized RIMS II (Regional Input-Output Modeling System), developed by the U.S. Department of Commerce, for New York City to calculate the total economic impact of the nightlife industry (businesses and attendee expenditures). A widely used input-output model, RIMS II estimates the industry's indirect output, income and jobs impact on other industries resulting from its own local purchases and the purchases of its attendees. Sometimes referred to as the "ripple effect," RIMS II estimates the multiplier – the number of times an initial dollar of spending is multiplied as it ripples through the local economy.



Nightlife businesses make local purchases from wholesalers and providers of professional services, among others. In addition, the direct payroll generated by the industry will be spent locally, thereby producing even more spending in the region. The input-output model sums up all of these successive rounds of spending, giving a total spending impact, as well as estimates of the total increase in citywide income and jobs generated directly and indirectly.

The table below summarizes the direct and indirect spending of the industry as described in the paragraphs above. The nightlife industry employs 19,400 people directly and generates another 8,600 jobs through the spending of its employees and other recipients of its spending. Nightlife attendees pump an estimated \$5.3 billion dollars into the New York City economy through shopping, dining out, and other nightlife-attendance related activities. The additional rounds of spending caused by the initial visitor expenditures for goods and services result in another \$1.6 billion in economic activity in the City.

Overall, the nightlife industry – through its own spending and that of its attendees – generated an estimated \$9.7 billion in economic activity, earnings of \$2.6 billion, and 95,500 jobs in New York City.



Nightlife businesses make local purchases from wholesalers and providers of professional services, among others. In addition, the direct payroll generated by the industry will be spent locally, thereby producing even more spending in the region.

Category of Spending ⁶	Output (\$)	Earnings (\$)	Employment
Nightlife Businesses – Direct	1,285,241,000	531,062,000	19,400
(output multiplier=2.23) Indirect	1,584,429,000	322,100,000	8,600
Attendees – Direct	5,284,355,000	1,707,090,000	67,500
Indirect (multiplier=1.30)	1,567,029,000		
Total Impact (combined multiplier=1.48)	9,721,054,000	2,560,252,000	95,500

39 percent of the jobs generated by the nightlife industry are in the eating and drinking industry followed by 12 percent in wholesale and retail trade, 12 percent in hotels, eight percent in entertainment and cultural, eight percent in personal and repair services, and the remainder in auto parking, finance, health services, associations and organizations, and other industries.

⁶ A more detailed Economic Impact Table appears in the tables at the end of the report.

Calculation of Tax Impact

Nightlife business and attendee spending resulted in tax revenues for New York City. Through sales and use taxes, as well as business taxes and personal income taxes, nightlife businesses contributed, directly and indirectly, \$104 million in taxes. Attendees, primarily through sales and use taxes, are responsible for \$287 million in tax revenues for a total tax impact of \$391 million.

Taxes Impact on NYC	Total (\$)	Businesses (\$)	Attendees(\$)
Personal income taxes	32,317,000	8,757,000	23,559,000
Sales and Use	301,288,000	73,142,000	228,146,000
Business	57,777,000	21,972,000	35,805,000
Total⁷	391,382,000	103,872,000	287,511,000



Similarly, the spending of nightlife businesses and their attendees produced tax revenues totaling \$321 million for New York State.

Taxes Impact on NYC⁸	Total (\$)
Personal income taxes	\$ 53,804,351
Sales and Use	\$ 220,385,326
Business	\$ 46,430,934
Total⁹	\$ 320,620,611

⁷ Totals may not agree due to rounding error.

⁸ Taxes are estimated from a tax model developed by T. J. Spitznas & Associates, Inc. In addition, the industry generated \$321-million in tax revenues for New York State.

⁹ Totals may not agree due to rounding error.

VISITOR PROFILE

51 percent of nightlife attendees were female. The mean age was 29.7 years; 50 percent were under 28 years of age.

Age	Percent	Cumulative
Under 21	1.5	1.5
21 to 24	24.9	26.4
25 to 27	23.6	50.1
28 to 30	16.2	66.3
31 to 34	12.9	79.2
35 to 39	9.1	88.3
40 to 44	5.2	93.5
45+	6.5	100.0

Most – 74 percent – were single (never married). 13 percent were married, nine percent were partnered, and three percent were divorced or widowed.

One-fifth – 19 percent – were full-time students of whom 44 percent attended college or university in New York City. Overall, 78 percent had a college or higher degree (including 25 percent with graduate degrees). Excluding current students, 83 percent had earned at least a college education including 26 percent with graduate credentials.



Annual household incomes averaged \$70,086. Average income among non-students was higher: \$77,278. Overall, one-third earned more than \$75,000 annually.

Income (000)	Percent	Cumulative
Under \$18	12.6	12.6
\$18 to \$24	5.9	18.6
\$25 to \$29	11.0	29.5
\$35 to \$49	14.4	43.9
\$50 to \$74	22.8	66.7
\$75 to \$99	14.2	80.9
\$100-\$149	9.3	90.2
Over \$150	9.8	100.0

68 percent rented and 23 percent owned their dwelling, while nine percent lived with their parents.

Overall, 76 percent worked full-time while 12 percent were employed part-time. 12 percent were not currently employed and one percent were homemakers. Excluding current students, 87 percent worked full-time. Of those who worked full-time or part-time, one out of five worked in the FIRE (finance, insurance, real estate) sector.

Field of Work	Percent
FIRE	19.7
Advertising, PR, Publishing	12.0
Entertainment, Performer	10.2
Education, Human & Social Services	9.4
Computer, Communications, Engineering	9.0
Retail, Restaurant, Travel	8.5
Legal, Accounting	7.6
Health Care, Medical, Dental	7.0
Art, Design, Architecture	5.6
Government, Civil Service	4.6
Other	6.2

APPENDICES

Tables on the Nightlife Industry, 2002

Summary Economic Impact on
New York City
C/Y 2002

	OUTPUT	EARNINGS	EMPLOYMENT
Direct Industry Spending (1)	\$ 1,285,240,817	\$ 531,062,211	19,394
Indirect Industry Impact (2)	\$ 1,584,428,879	\$ 322,099,939	8,631
Total (Direct and Indirect) Industry Impact	\$ 2,869,669,696	\$ 853,162,150	28,025
Direct Visitor Spending	\$ 5,284,355,212	NA	NA
Indirect Visitor Spending Impact	\$ 1,567,029,444	NA	NA
Total (Direct & Indirect) Visitor Spending Impact (3)	\$ 6,851,384,656	\$ 1,707,089,575	67,508
Total (Industry and Visitor Spending) Impact	\$ 9,721,054,352	\$ 2,560,251,725	95,533
Multipliers (4)			
Industry	2.23	1.61	1.45
Visitor Spending	1.30	NA	NA
Industry and Visitor Spending Combined	1.48	NA	NA

(1) Total local spending (operations goods and services) by Nightlife businesses in 2002

(2) Total local interindustry impact resulting from spending by Nightlife business and their employees

(3) Total local impact resulting from spending by visitors to Nightlife venues

(4) Total Direct and Indirect Impact divided by Direct Impact

Summary Impact Table (1)
New York City
C/Y 2002

TAXES:	TOTAL	COMPANIES	VISITORS
Personal Income Taxes	\$ 32,316,805	\$ 8,757,338	\$ 23,559,467
Sales & Use Taxes (2)	\$ 301,288,466	\$ 73,142,192	\$ 228,146,274
Business Taxes (3)	\$ 57,777,058	\$ 21,972,169	\$ 35,804,888
Total Taxes	\$ 391,382,329	\$ 103,871,699	\$ 287,510,630

(1) Taxes resulting from Direct, Indirect and Visitor economic impact on NYC

(2) Includes the Hotel Tax

(3) General Corporation Tax, Bank Tax, Unincorporated Business Tax, Utilities Tax, Commercial Rent Tax, Mortgage Recording Tax, Real Property Transfer Taxes, Local Property Tax & Commercial Rent Tax
Excludes other taxes and fees, which are not sensitive to economic activity

Notes:

--Taxes are estimated from a tax model developed by T. J. Spitznas & Associates, Inc. The model estimates personal income taxes from formulas based on current tax law and schedules, and takes into account the distribution of filing status. Sales taxes are estimated directly from the increased output (sales) of industries largely subject to the sales tax, with taxable sales portions derived from data in Taxable Sales and Purchases, NYS Dept. of Taxation and Finance, January 2002. Business taxes are estimated on the basis of historical relationships of tax receipts with total private output.

--Totals may not agree due to rounding error

Summary Tax Impact Table (1)
 NYC and NYS
 C/Y 2002

TAXES:	NYC	NYS	TOTAL NYC & NYS
Personal Income Taxes	\$ 32,316,805	\$ 53,804,351	\$ 86,121,156
Sales & Use Taxes (2)	\$301,288,466	\$ 220,385,326	\$ 521,673,792
Business Taxes (3)	\$ 57,777,058	\$ 46,430,934	\$ 104,207,991
Total Taxes	\$391,382,329	\$ 320,620,611	\$ 712,002,940

(1) Taxes resulting from Direct, Indirect and Visitor economic impact on NYC

(2) Includes the Hotel Tax (NYC only)

(3) General Corporation Tax, Bank Tax, Unincorporated Business Tax, Utilities Tax, Commercial Rent Tax, Mortgage Recording Tax, Real Property Transfer Taxes, Local Property Tax (NYC only) & Commercial Rent Tax
 Excludes other taxes and fees, which are not sensitive to economic activity

Notes:

--Taxes are estimated from a tax model developed by T. J. Spitznas & Associates, Inc. The model estimates personal income taxes from formulas based on current tax law and schedules, and takes into account the distribution of filing status. Sales taxes are estimated directly from the increased output (sales) of industries largely subject to the sales tax, with taxable sales portions derived from data in Taxable Sales and Purchases, NYS Dept. of Taxation and Finance, January 2002. Business taxes are estimated on the basis of historical relationships of tax receipts with total private output.

--Totals may not agree due to rounding error

Audience Research & Analysis (ARA) is a market research and economic analysis firm specializing in entertainment, the visual and performing arts, tourism, education and economic development. ARA's clients include the Museum of Modern Art, NYC & Company (Convention and Visitors Bureau), Alliance for Downtown New York, Disney Theatrical Productions, Tony Award Productions, Manhattan Theatre Club, Theatre for a New Audience, The College Board, Empire State Building Observatory, Intrepid Sea Air Space Museum, Madame Tussaud's New York, Rhode Island School of Design, El Museo del Barrio, Museum of Jewish Heritage, Prospect Park Alliance, MacNeil-Lehrer Productions, Theatre Development Fund, MGM OnStage, Brooklyn Academy of Music, Dance Theatre of Harlem, Upper Manhattan Empowerment Zone, Lincoln Square BID, MetroTech, Queens Botanical Gardens and many Broadway shows including *The Lion King*, *Mamma Mia!*, and *Chicago*.

ARA conducted the first-ever economic analysis of the Nightlife Industry for the New York Nightlife Association in 1998, which focused on the economic impact of several hundred live music venues and dance clubs and found that the industry was on a par with Broadway in terms of economic activity, job creation and tax revenues. Another interesting finding of The Economic Impact of the Nightlife Industry on New York City was the high level of participation in the local political process: 79% percent of NYC residents who attended music venues voted in the 1997 mayoral election. Citywide turnout was only 40%.

For The Museum of Modern Art, ARA prepared an economic impact study of the Museum's plans for expansion on its current site. On April 28, 1998 The New York Times reported that "Mayor Rudolph W. Giuliani pledged yesterday that the city would contribute \$65 million over the next three years to help pay for a major expansion project at the Museum of Modern Art." The Times credited the work by ARA as follows: "The figures come from a study conducted for the Modern by George Wachtel of Audience Research & Analysis."

ARA's president, George A. Wachtel, is frequently called upon by the media for his commentary on the arts and its impact on tourism. The President's Committee on the Arts and Humanities commissioned a paper from him for its report to the President (Clinton) "Creative America." He is a board member of NYC & Company, Treasurer of Government Affairs Professionals, a member of the Travel and Tourism Research Association and an associate member of The League of American Theatres and Producers.

Aline Chatmajian, ARA's General Manager, conducted the financial analysis of the nightlife businesses. She previously worked on ARA's economic impact study of Cultural Tourism for the Upper Manhattan Empowerment Zone.

Thomas J. Spitznas customized the RIMS (Regional Input-Output Modeling System) for New York City and estimated state and local taxes and fees from his proprietary model. Tom worked on the 1998 Nightlife Study and numerous other projects for ARA.