

## **CHAPTER FOUR**

### **Profile of, and Economic Impacts from, the Arkansas Main Street Program**

## INTRODUCTION AND SUMMARY

This chapter examines the contributions of the Arkansas Main Street Program. It begins with an overview of the national Main Street effort. This is followed by a profile of the Arkansas Main Street initiative and details of its direct investment as well as its total economic impacts. The analysis is for the fiscal year (FY) 2004, which, when this study commenced, was the last annual period for which Arkansas Main Street Program information was fully available. The results of the analysis are summarized below:

- The State of Arkansas has an active Main Street program with eighteen communities participating (Batesville, Bentonville, Blythevill, Clinton, Dumas, El Dorado, Hardy, Harrison, Helena, North Little Rock, Osceola, Ozark, Paragould, Rogers, Russellville, Searcy, Texarkana and West Memphis).
- In FY 2004, the Arkansas Main Street Program resulted in the following:

### EXHIBIT 4.1 Arkansas Main Street Program (FY 2004)

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<b><u>Component</u></b>	
Number of façade renovations, building rehab., new construction	85
<u>Number of public improvement projects</u>	<u>37</u>
Total projects	122
Number of new jobs	187
Number of new businesses	40
Number of business expansions and relocations to downtowns	38
Number of volunteer hours	26,930
<u>Total private investment</u>	<u>\$2.04 million</u>

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- During fiscal year 2004, the 18 cities involved in Main Street recorded 187 new jobs during the year, as well as a net gain of 40 new businesses and 38 business expansions and relocations into downtown areas. These towns saw 85 façade renovations, building rehabilitations, and new construction projects in their downtown areas, representing \$2,040,267 in private investment. In addition, the Main Street cities recorded 37 Main Street-generated public improvement projects during fiscal year 2004, and logged in 26,930 volunteer hours during the year.
- The total national economic impacts, including both direct and multiplier effects, from the annual average Arkansas Main Street investment included a gain of 272 jobs, \$4.5 million in income, \$12.9 million in output, \$7.2 million in gross domestic product, and \$2.2 million in taxes. The in-state Arkansas gains were roughly 82 to 90 percent of the above-cited figures (see below) with in-state wealth creation of \$4.8 million.

**EXHIBIT 4.2**  
**Total Economic Impacts of the Annual Net Arkansas Main Street Investment**

	<b>In Arkansas</b>	<b>Outside Arkansas</b>	<b>Total (U.S.)</b>
Jobs (person years)	246	26	272
Income (\$million)	3.8	.7	4.5
Output (\$million)	10.1	2.8	12.9
GDP/GSP <sup>b</sup> (\$million)	5.9	1.3	7.2
Total taxes (\$million)	2	.2	2.2
Federal (\$million)	1.1	.1	1.2
State/Local (\$million)	.9	.1	1
In-state wealth (\$million) (GSP minus federal taxes)	4.8	—	—

<sup>b</sup>GDP/GSP=Gross Domestic Product/Gross State Product.

**THE MAIN STREET PROGRAM: NATIONAL OVERVIEW**

In 1980, the National Trust for Historic Preservation established the National Main Street Center (NMSC). With the goal of revitalizing downtown areas and neighborhood commercial districts across the United States, the NMSC set up the Main Street Program. The program focuses on improving downtown business districts, primarily through historic preservation themes. All Main Street Programs are locally driven and funded, though advice from the NMSC is available. In the past twenty-five years, almost 2,000 communities and more than forty states have used the Main Street approach to invigorate their downtown areas. The results have produced both economic and social benefits.

Main Street programs are initiated by concerned citizens such as business and property owners or civic and government officials. Public and private community leaders are then called upon to organize the program, raise funds, and hire a Main Street Manager. They also create committees and a board of directors to carry out the work. Once these entities are in place, a long-term strategy can be formed based on local issues and concerns. Each community's overall strategy, however, is based on the Main Street Four Point Approach. The approach stresses looking at four areas in order to encourage successful downtown revitalization. These four components are:

- *Design:* Enhancing the visual appearance of the downtown.
- *Organization:* Building consensus and cooperation among the groups and members that have a concern with the downtown. Groups in both the public and private sectors must collaborate.
- *Promotion:* Marketing the improved downtown to the public to attract customers, investors, developers, and new businesses.
- *Economic Restructuring:* Strengthening the downtown's existing economic assets, while expanding its economic base to meet new opportunities.

The implementation of the Main Street Four Point Approach is based on eight principles known as the Main Street Philosophy. The principles are:

- **Comprehensive:** A successful revitalization must have a comprehensive long-term approach.
- **Incremental:** Begin with small projects, which will show progress, then move onto larger ones.
- **Self-Help:** Local leaders are the key to making the projects successful.
- **Public/Private Partnership:** Both the public and private sectors must contribute to the program.
- **Identifying and Capitalizing on Existing Assets:** The existing and unique local assets of a community should be the solid foundation for its program.
- **Quality:** All elements of the program must be focused on quality.
- **Change:** Changes in attitude and practice must be made in order to improve the public opinion of the downtown.
- **Action-Oriented:** Frequent and visible changes will help to change the perception of the downtown, serving as reminders that revitalization is under way.

NMSC provides informational material, in a variety of formats, to assist communities. Often it will provide technical assistance to state programs. It also sponsors a national conference, which provides training. Sometimes, NMSC will provide specialized assistance to a community for a fee.

Downtown revitalization afforded through the Main Street Program is important and worthwhile for many reasons, both tangible and intangible. The most important reasons include:

- **Business is strengthened and stabilized:** profits are kept in town, local family-owned businesses are supported, and tax revenues increase.
- **Main Street districts often become tourist attractions, which draw revenue.**
- **Infrastructure is improved.**
- **Jobs are created through construction done during renovations.**
- **Community-eroding sprawl is controlled.**

- A civic forum is created, which develops a sense of community through parades and celebrations held on Main Street.
- Main Street is a symbol of economic health, pride, and community history.

The Main Street Program has been extensively applied. From 1980 to 2003, the total amount of public and private reinvestment in Main Street communities has been \$18.3 billion. According to NMSC, 244,543 new jobs have been created as well as 60,577 new businesses and 96,283 building rehabilitations. On average, for every \$1 spent, \$35.17 has been reinvested.

## **THE ARKANSAS MAIN STREET PROGRAM**

In numerous small Arkansas cities, downtowns are in a serious state of decline. The automobile, suburban housing, and the growth of local and regional shopping centers and malls have greatly reduced the traditional role of these communities' downtowns as the principal center of economic activity. Many government programs, such as urban renewal and various city beautification programs, have failed to halt the decline of Arkansas's main commercial corridors.

The Arkansas Main Street Program attempts to spur economic revitalization by capitalizing on the unique character of the downtown coupled with direct development assistance such as technical support, design services and small business consultations. The Arkansas Main Street Program is based on the Main Street Four Point Approach of the NMSC. As noted, the NMSC was established in 1980 by the National Trust for Historic Preservation; the Arkansas Main Street Program has been in existence since 1984. The specific mission of the Arkansas Main Street Program is to assist communities to economically and physically revitalize their downtowns.

Four initial communities were chosen in 1984: Batesville, Harrison, Helena and Rogers. Today, the program officially recognizes eighteen towns: Batesville, Bentonville, Blytheville, Clinton, Dumas, El Dorado, Hardy, Harrison, Helena, North Little Rock, Osceola, Ozark, Paragould, Rogers, Russellville, Searcy, Texarkana, and West Memphis.

The Main Street Arkansas is a program of the Arkansas Historic Preservation Program (AHPP), an agency of the Department of Arkansas Heritage. The Historic Preservation Alliance is the private non-profit sponsor, and the Arkansas Department of Economic Development provides assistance through the Main Street Advisory Board. Although Main Street Arkansas offers consulting and training for downtown revitalization efforts, implementation of a successful local program rests squarely on the community and the downtown organization supporting the program. Besides a philosophical commitment to the Main Street approach, a strong financial commitment must be made by townspeople to establish their local program. Communities with a population under 5,000 must have at least \$33,400 pledged for 2005 and \$33,500 for 2006. Communities with a population of 5,001 to 50,000 must have at least \$57,900 pledged for 2005 and \$59,600 for 2006. The committed funds should come from diverse sources and show a strong public-private partnership. A

typical funding formula is: 25% Government, 25% Financial Institutions/Industry, 25% Local Businesses, and 25% Other (individuals, fundraisers, grants, etc.).

Any community in the state is eligible to receive the following services:

- Technical assistance to help ensure that each local program develops at a pace and in a manner that is appropriate to the town's needs (for Main Street cities).
- Preservation design consultation for downtown buildings and streetscapes help to ensure a good start for each commercial rehabilitation or new development project.
- Business consultation for business owners to ensure that they stay viable and competitive in today's market (for Main Street districts).
- The state provides local workshops and coordinates quarterly meetings where program managers and board members can exchange ideas with other Main Street Arkansas communities.

The overall goal of the state program is to encourage development and revitalization of downtown commercial areas in small cities and towns across Arkansas by helping communities capitalize on their individual resources. We present the activities of one illustrative Arkansas Main Street Program below.

### **Illustrative Arkansas Main Street Program: Rogers, Arkansas**

Introduced to the community of Rogers, Arkansas in 1985, the Main Street Rogers Program, a branch of the National Trust for Historic Preservation, is a revitalization program available to historic downtown districts that impacts the core business district, and in doing so energizes the entire community. Some indicators of the program's success include the number of: 1. façade renovations, 2. investment and reinvestment, 3. rental rates, and 4. new businesses.

Today Rogers has seen 95 rehabilitated facades, almost \$12 million in downtown investment and reinvestment, and rental rates have jumped from 40 cents per square foot to \$8-\$12 per square foot. The Downtown Recruitment Program has brought 40 new businesses to the commercial corridor in 2002-2003 and currently 98 percent of the retail space is occupied, as well as 95 percent of the office space. Additionally, building owners have renovated upper floors into upscale residential housing for their owners.

#### *The Rogers' Approach*

Main Street Rogers works in all areas of revitalization, including image building, business assistance programs, design guidelines, and heritage tourism.

Business development is a pillar of Main Street Rogers. Its Preferred Loan Program offers a total of \$4.5 million in loans from nine participating banks, and the Mini-grant Program distributed \$13,000 last year. Main Street Rogers also helped secure five Main Street Arkansas Model

Business Grants for large projects and developed a debit/gift card program for downtown stores in 2003. Main Street also sponsors a variety of small business seminars to complement its business consulting services. The revitalization effort has also had a positive impact on job recruitment.

Main Street Rogers has found a strong ally in the city government, which annually offers contributions, in-kind office space, and utility donations. In addition, the city involves Main Street Rogers when projects are being considered in the downtown area. Departments such as the Planning Department and Parks and Recreation provide technical assistance, manpower, and equipment that are critical for success. Main Street Rogers and the Parks and Recreation Department successfully applied for an ISTE grant for the FriscoPark and Trail redevelopment, including a bike and pedestrian trail. The park pavilion is a community destination on summer nights for concerts and a farmers' market.

#### *Example of Investment in Rogers' Main Street Program*

The City of Rogers was formed in 1881. It basked in the glory of the Frisco Railroad but when the railway-based economy declined, the town was left with decaying, turn-of-the-century Italianate buildings and a failing economy. Thanks to Main Street Rogers and its partners, the town has held onto its roots by renovating many of its buildings and recalling the railroad with the antique Frisco Caboose that sits in the heart of the Walnut Street Historic District, which is home to 23 buildings listed in the National Register of Historic Places.

Built in 1916, the Amos Warehouse is a three-story wood warehouse that was once an important stop on the Frisco Railroad. Over time, the structure deteriorated and rusted to the point that it detracted from the other revitalization work already being done. After sustaining damage from a bad storm, it became too difficult for the owner to maintain the buildings. Main Street Rogers arranged for an architect from Main Street Arkansas to identify what could be done to the building, and Main Street Rogers stepped in with a \$10,000 grant and helped the owner get a loan with one of its partner banks. The completed project, which exceeded \$38,000, has since received numerous accolades from the entire community.

The Victory Theater, a 1927 movie theater, was added to the National Register in 2002. By 1977, the theater had become an indoor flea market. The local community theater group approached Main Street Rogers in 1994 to find space downtown; the Victory Theater was the perfect choice. After a sum of \$2 million, including a \$30,560 Model Business Grant from Main Street Arkansas, and 10,000 volunteer hours, the curtains went up in 2000.

#### **Other Illustrative Examples of Arkansas Main Street Programs**

The next section describes the outcomes of two additional Main Street Programs in Arkansas. El Dorado's Main Street program reinvigorated its downtown. A series of efforts by public, private, and non-profit partners led to the installation of new lights, trees, and artwork in addition to the general business development. In Russellville, a Main Street Model Business grant helped rehabilitate the historic Peters Family Living furniture store. As a result, the store was able to renovate and remain in the original structure, instead of demolishing the block to build a new

building to meet its business needs. The grant helped Russellville maintain its historic architectural character.

### *Revitalizing Downtown El Dorado*

Downtown El Dorado has come a long way from the 95 percent downtown vacancy rate in the late 1960s. Today, downtown El Dorado has a 98 percent occupancy rate and is beginning to see residential development in its commercial core.

Called “the most beautiful downtown in Arkansas” by some, that distinction came from the hard work of a group of committed citizen who helped El Dorado join the Main Street program in 1987. This work has led to 141 new business openings, 368 new jobs, and \$7,637,380 invested in downtown El Dorado since 1987.

Partnerships are the hallmark of any Main Street organization and Main Street El Dorado cultivated a number of successful ones over the years. This has resulted in the planting of more than 1,000 trees downtown, the addition of 35 concrete planters, 54 park benches and 24 black metal garbage cans. Working with the Chamber of Commerce and Prescolite Lighting Company, downtown El Dorado received 20 replica turn-of-the-century streetlights.

The Downtown Business Association is comprised of a group of merchants and business owners in the downtown district. The group is strong and active and participates in special events and promotions with Main Street El Dorado. The City of El Dorado’s advertising and promotion commission has financially funded many of Main Street El Dorado’s special events and promotions. The Advertising and Promotion Commission has funded “Showdown at Sunset,” Musicfest, Crawfish Boil/Mayhaw Festival and the Christmas Lighting Project.

A partnership with the El Dorado Arts Council and the Arkansas Arts Council led to a very successful public art project, where local artists, capitalizing on our oil heritage, created public art from 55 gallon oil drums donated by a local oil company, Murphy Oil. This project brought tremendous attention to downtown, while generating excitement, improving civic beauty and raised funds for not only Main Street, but the Arts Council and funded the project for the following years.

### *Main Street Model Business Partnerships: Peters Family Living in Russellville*

Since 1991, Main Street Arkansas Model Business Grants have been a major element of efforts to bring new life the historic commercial hearts of cities across Arkansas. Between the program’s inception in 1991 and 2006, \$1,357,957 has been granted to local Main Street programs to fund interior and exterior rehabilitations and technical assistance for local businesses that then serve as examples for others to follow.

A good example of the effects of Model Business Grants can be seen in Peters Family Living, a family owned furniture and appliance store that had been a downtown Russellville stalwart since its establishment in 1944. Located in turn-of-the-century buildings that covered an entire downtown block, the owners of the business were facing the difficult decision of whether to renovate the aging structures or demolishing them to be replaced with a metal building.

Main Street Russellville received a \$53,000 Model Business Grant in 2003 to work with Peters Family Living, and owner Bill Peters made the commitment to remain in his historic buildings. In a project that totaled more than \$106,000, the buildings' walls, ceilings and floors were repaired, lighting was improved, the exterior was repaired and painted, colorful new awnings were added to replace a dilapidated wooden canopy, and an entrance was modified to provide access to handicapped customers.

The result was dramatic as an aging landmark received a makeover that made it a vibrant addition to the Main Street Russellville streetscape. Three years after the project was completed, Bill Peters reported a 20 percent rise in sales, which he attributed in part to the restoration project. "We hope the sales increases we have enjoyed from the restoration, as well as the overall added value to the downtown project, will encourage other property owners and business people to improve their buildings as well," he said

## **DATA MAINTAINED BY THE NATIONAL MAIN STREET PROGRAM**

Every month, communities participating in a Main Street program are supposed to compile a series of data items (e.g., Project Status Information Sheets and a Reinvestment Summary Sheet) including a “Monthly Report.” The Monthly Report is divided into five sections. The first section asks for feedback in the format known as the Main Street Four Point Approach, as designed by the NMSC; the community must report on the month’s accomplishments in organization, promotion, quality design, and economic restructuring. The second section asks the community to discuss any “brick walls” (obstacles) that the program has encountered. Section three requests a list of the previous month’s completed meetings and the following month’s planned meetings. Section four focuses on goals and methodology—what does the community plan to accomplish next month? The last section asks if the community has any questions or needs that it would like addressed by the Main Street Program staff.

The Project Status Information Sheets comprise Project Status, Acquisitions, Business Starts, Business Failures, and Business Rehabilitation sheets. The Project Status sheet displays the proposed, pending, and completed work in the Main Street District. The Acquisitions sheet tracks the buying and selling of buildings. The Business Starts sheet shows new businesses that have opened, as well as the expansion or relocation of existing businesses to the Main Street District. If any business in the Main Street District closes down, it is included in the Business Failures sheet. The Building Rehabilitation sheet records substantial building improvement projects. Since the purpose of these sheets is to track the work and progress of the local program, they are updated frequently. All of the sheets are maintained by the local Main Street Manager.

The Private Sector Reinvestment Summary Sheet, which builds from the Project Status Information Sheets, comprises seven categories, all of which contain cumulative totals reflecting results since the inception of the community’s local Main Street Program. Twice a year the figures compiled in the Reinvestment Summary are included in an informational packet which the specific state Main Street Program distributes throughout the state and also submits to NMSC. The categories of data in the Reinvestment Summary are:

- A. Rehabilitation
- B. New Construction
- C. Buildings Sold
- D. Total Private Reinvestment
- E. Public/Private Joint Ventures
- F. Grand Total of Public and Private Sector Reinvestment
- G. New Businesses and Jobs

Exhibit 4.3 contains the fields of data assembled in the Reinvestment Summary and details what these fields contain.

**EXHIBIT 4.3**  
**Main Street Reinvestment Summary**

City: \_\_\_\_\_ Dates: \_\_\_\_\_ to \_\_\_\_\_

<b>Rehabilitation Projects</b> Number of Buildings	<b>Rehabilitation Projects</b> Total Expenditures	<b>New Construction</b> Number of Buildings	<b>New Construction</b> Total Expenditures	<b>Buildings Sold</b> Number of Buildings
#1	#2	#3	#4	#5
<b>Buildings Sold</b> Total Expenditures	<b>Total Private Sector Reinvestment</b>	<b>Public/Private Joint Ventures</b> Number of Projects	<b>Public/Private Joint Ventures</b> Total Expenditures	<b>Grand Total</b>
#6	#7	#8	#9	#10
<b>Total Business Starts, Relocations, and Expansions</b>	<b>Net Gain in Business Starts, Relocations, and Expansions</b>	<b>Net Gain in Jobs Created</b>		
#11	#12	#13		

### **Key to Boxes in Exhibit 4.3**

Box #1—the number of buildings that have had rehabilitation work completed since the beginning of the local Main Street program.

Box #2—the dollar (\$\$) amount that has been spent on the rehabilitation of downtown buildings since the beginning of the local Main Street program.

Box #3—the total number of new buildings built in the Central Business District/Main Street District since the beginning of the local Main Street program.

Box #4—the dollar (\$\$) amount spent on new construction of buildings in the Central Business District/Main Street District since the beginning of the local Main Street program.

Box #5—the number of buildings sold in the Central Business District/Main Street District since the beginning of the local Main Street program.

Box #6—the dollar (\$\$) amount spent on purchasing the buildings sold.

Box #7—the total private sector reinvestment figure. This dollar (\$\$) amount is obtained by adding the dollar (\$\$) amounts in boxes #2, #4, and #6.

Box #8—the total number of public/private projects, including all streetscapes, public buildings, and facilities in the Central Business District/Main Street District since the beginning of the local Main Street program.

Box #9—the total expenditures of public/private projects.

Box #10—add the total in box #7 (“total private sector projects) to obtain the “Grand Total” reinvestments.

Box #11—the total number of businesses that have opened/expanded in the Central Business District/Main Street District since the beginning of the local Main Street program.

Box #12—the net gain/loss in businesses, relocations, expansions, etc. in the Central Business District/Main Street District since the beginning of the local Main Street program. This figure is obtained by subtracting the total number of businesses failures/lost from the total number of new businesses.

Box #13—the net gain in jobs created in the Central Business District/Main Street District since the beginning of the local Main Street program. This figure is obtained by subtracting the total number of jobs lost through business failures from the total number of jobs created through business opening.

Of the three databases mentioned above—Monthly Report, Project Status, and Reinvestment Summary—the last contains the most complete information for ascertaining the total economic impacts of the Main Street Program, encompassing both direct and multiplier effects.

The reinvestment outcomes for Arkansas Main Street are detailed in exhibit 4.4 and are summarized below. Here and elsewhere the reader should be cautioned that statewide data on the Arkansas Main Street Program is far from complete.

**EXHIBIT 4.4**  
**Arkansas Main Street Program: Cumulative Reinvestment Statistics**

	1984-2004		2004
	Buildings	\$ Millions	\$ Millions
A. Total private investment (facade renovations, rehabilitations and new construction projects)	2,461	68.6	2
B. Public improvement projects	630	n/a	.3
C. Grand total invested	<b>3,091</b>	<b>n/a</b>	<b>2.3</b>
D. New businesses	789		40
E. Expansion or downtown relocation	794		38
F. New jobs	4,102		187

*Source:* Arkansas Main Street Program

- A. *Total private reinvestment*—between 1984 and 2004, total private reinvestment in the Main Street communities occurred in 2,461 buildings at a value of roughly \$68.6 million. In 2004, total private reinvestment in Main Street communities occurred in 85 buildings at a value of about \$2 million.
- B. *Public improvement projects*—between 1984 and 2004, public improvement projects in 630 buildings. In 2004, these projects were valued at \$0.35 million.
- C. *Grand total of public/private-sector reinvestment*—the grand total of all public and private projects in the Arkansas Main Street Cities between 1984 and 2004 was 3091 buildings with over \$68.6 million of investment (total public investment dollars were not available for earlier than 2004). In 2004, the grand total was \$2.3 million.
- D. *New jobs*—the total number of business starts, relocations, and expansions between 1984 and 2004, was about 1,583. During these same years, approximately 4,102 jobs were created. In 2004, there were about 78 new businesses, relocations, and expansions and 187 new jobs.

## **DIRECT ECONOMIC IMPACTS OF THE ARKANSAS MAIN STREET PROGRAM**

The reinvestment results summarized above comprise the *direct* economic impacts of the Arkansas Main Street program as of FY2004. The PEIM will translate the data into total economic benefits, including multiplier effects. A dollar investment in Main Street investments such as building rehabilitation and new construction has ripple effects throughout the economy. Building materials are bought by suppliers, suppliers then increase orders from manufacturers, households working at both the suppliers and manufacturers increase their spending for goods and services, and so on. It is just this multitude of transactions, which fuels the ripple or multiplier effects.

As of FY2004, the Arkansas Main Street initiative has occasioned a total \$2.04 million in renovations, rehabilitation, and new construction. Additionally, a total of 187 net new jobs have been created.

We must make some further adjustment to avoid double counting. This study previously calculated the average level of historic rehabilitation occurring in Arkansas, that is, the renovations taking place in properties on, or eligible for, historic designation. Some of the Arkansas Main Street rehabilitation is likely taking place in such designated properties; while we do not know this amount for certain, we estimate this would be 25 percent, that is, that 25 percent of the Arkansas Main Street Program–counted rehabilitation is effected in designated or eligible properties. (This is a very gross estimate.) The *net* Main Street rehabilitation, that is, the amount over and above that tallied in the rehabilitation chapter, is therefore 80 percent of the FY2004 Arkansas Main Street rehabilitation, or about \$1.53 million ( $\$2.04 \text{ million} \times .75$ ). It should be noted, however, that the initial \$2.04 million includes façade renovation, rehabilitations, and new construction. Since we are unable to separate rehabilitation, we have conservatively estimated 25 percent of all Main Street activity measured, as opposed to solely rehabilitation, falls within designated or eligible properties.

We similarly have to adjust the net jobs credited to Main Street since these include employment associated with heritage tourism (e.g., a Arkansas heritage traveler visiting a Arkansas Main Street area and patronizing a store manned by an employee credited to the Arkansas Main Street Program). If we didn't adjust, we would then be double counting. While we do not know the exact overlap between Arkansas Main Street jobs and jobs associated with Arkansas heritage tourism (the latter counted in Chapter Three), we estimate this overlap at 10 percent. (Again, this is a very gross estimate.) Therefore to avoid double counting, we will credit 90 percent of the Arkansas Main Street-generated jobs as net of the tourism-associated employment, or on average 168 jobs annually ( $187 \text{ jobs} \times .9$ ).

In summary, the net additional annual direct economic gains from the Arkansas Main Street Program (using FY2004 figures) include:

\$1.53 million of renovation, rehabilitation, and new construction

*and*

168 net jobs (Since the 168 net jobs will contain many part-time retail positions, we count these 168 jobs as 112 full-time equivalent [FTE] positions.)

## **TOTAL ECONOMIC IMPACTS FROM THE ARKANSAS MAIN STREET PROGRAM**

The next step is to translate the above-cited direct effects into total economic benefits by applying the PEIM. The total economic impacts of the Arkansas Main Street Program investment just noted are summarized below and detailed in Exhibits 4.6 and 4.7. Item 1 of Section II in exhibit 4.5 shows how the average annual Main Street output of \$5.6 million translates into direct economic effects nationwide. It creates 265 jobs (technically “job-years”), which produce \$5.4 million in labor income and \$6.9 million in GDP.

Nationally, the indirect and induced effects of Main Street investment create 239 more jobs, and generate \$8.0 million more in income, and \$13 million more in GDP in their support. As a consequence, the total economic impact—the national sum of the direct and indirect and induced effects—of Main Street investment is 504 jobs; \$13.4 million in income; and \$20.0 million in GDP. In other words, the multiplier effects are greater than the direct effects. The national multipliers are near to or substantially greater than 2.0.

According to exhibit 4.7, of the 504 jobs created annually, about 71 percent (359 jobs) are created within the state. Arkansas retains nearly all of the jobs (253 of the 265) created directly by state-based Main Street activity. However, the indirect and induced impacts of Arkansas Main Street activity tend to leak out of the state. This finding is not surprising, in light of Arkansas being only one state in the national economy.

We can learn other interesting aspects of the impacts of Main Street investment by examining them by detailed industry (see Exhibits 4.7 and 4.9). For example, the largest number of in-state Arkansas jobs fostered by Main Street investment is in the retail sector (209 of 359 jobs). In turn, the greatest numbers of retail jobs are in apparel and accessory, eating and drinking establishments, general merchandise, and miscellaneous retail stores with 62 and 53 jobs respectively.

In summary, the economic impacts estimated through the PEIM models of the Arkansas and the U.S. economies reveal that the annual Main Street activity in Arkansas generates modest employment and attendant income and production benefits.

**EXHIBIT 4.5**  
**National Economic and Tax Impacts of Annual**  
**Arkansas Main Street Activity (\$2.04 Million+ 187 service jobs)**

	Economic Component			
	Output (000\$)	Employment (jobs)	Income (000\$)	Gross Domestic Product (000\$)
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
Private				
1. Agriculture	130.4	1	8.5	20.4
2. Agri. Serv., Forestry, & Fish	18.5	1	6.7	7.9
3. Mining	85.9	0	18.5	52.7
4. Construction	989.9	21	536.5	843.4
5. Manufacturing	2,414.4	15	539.4	933.3
6. Transport. & Public Utilities	669.6	4	166.6	314.6
7. Wholesale	322.7	4	131.2	171.5
8. Retail Trade	6,299.0	196	2,440.8	3,814.2
9. Finance, Ins., & Real Estate	1,001.7	11	333.1	632.0
10. Services	885.6	18	365.2	419.6
<b>Private Subtotal</b>	12,817.6	271	4,546.6	7,209.6
Public				
11. Government	61.5	1	18.7	29.3
<b>Total Effects (Private and Public)</b>	12,879.1	272	4,565.3	7,238.9
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	7,242.2	204	2,915.3	4,505.6
2. Indirect and Induced Effects	5,636.9	68	1,649.9	2,733.2
3. Total Effects	12,879.1	272	4,565.3	7,238.9
4. Multipliers (3/1)	1.778	1.332	1.566	1.607
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages—Net of Taxes				4,176.9
2. Taxes				
a. Local/State				867.2
b. Federal				
General				198.4
Social Security				421.5
Federal Subtotal				619.8
c. Total taxes (2a+2b)				1,487.1
3. Profits, dividends, rents, and other				1,574.9
4. Total Gross State Product (1+2+3)				7,238.9
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				37.5
Income				630,371
Local/State Taxes				1,033,194
Gross State Product				7,242,214

Note: Detail may not sum to totals due to rounding.

\*Terms:

Direct Effect (State)—the proportion of direct spending on goods and services produced.

Indirect Effects—the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects—the value of goods and services needed by households that provide the direct and indirect labor.

**EXHIBIT 4.6**  
**National Economic Impacts (Industry Detail) of Annual**  
**Arkansas Main Street Activity (\$2.04 Million+ 187 service jobs)**

	Industry Component			
	Output (\$000)	Employment (jobs)	Income (\$000)	Gross Domestic Product (\$000)
<b>Agriculture</b>	<b>130.4</b>	<b>1</b>	<b>8.5</b>	<b>20.4</b>
Dairy Farm Products	26.6	0	1.6	2.3
Eggs	0.2	0	0.0	0.0
Meat Animals	55.9	0	2.5	5.2
Misc. Livestock	0.5	0	0.0	0.1
Wool	0.2	0	0.0	0.0
Cotton	2.3	0	0.2	0.6
Tobacco	0.1	0	0.0	0.0
Grains & Misc. Crops	4.3	0	0.1	1.2
Feed Crops	14.0	0	0.3	3.6
Fruits & Nuts	15.6	0	2.6	3.9
Vegetables	1.9	0	0.2	0.6
Greenhouse & Nursery Products	3.1	0	0.6	1.3
Sugar Beets & Cane	1.5	0	0.0	0.5
Flaxseed, Peanuts, Soybean, Sunflower	4.0	0	0.2	1.1
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>18.5</b>	<b>1</b>	<b>6.7</b>	<b>7.9</b>
Agri. Services (07)	11.2	0	5.8	5.1
Forestry (08)	5.5	0	0.5	2.1
Fishing, Hunting, & Trapping (09)	1.7	0	0.4	0.8
<b>Mining</b>	<b>85.9</b>	<b>0</b>	<b>18.5</b>	<b>52.7</b>
Coal Mining (12)	14.3	0	4.5	12.9
Oil & Gas Extraction (13)	50.2	0	6.7	23.7
Nonmetal Min.-Ex. Fuels (14)	20.2	0	7.0	15.2
Metal Mining (10)	1.1	0	0.3	0.9
<b>Construction</b>	<b>989.9</b>	<b>21</b>	<b>536.5</b>	<b>843.4</b>
General Bldg. Contractors (15)	613.9	12	335.5	548.2
Heavy Const. Contractors (16)	201.7	6	135.3	188.6
Special Trade Contractors (17)	174.3	3	65.6	106.5
<b>Manufacturing</b>	<b>2414.4</b>	<b>15</b>	<b>539.4</b>	<b>933.3</b>
Food & Kindred Prod. (20)	426.9	2	60.7	152.5
Tobacco Manufactures (21)	15.0	0	1.4	10.2
Textile Mill Prod. (22)	87.1	1	18.7	21.4
Apparel & Other Prod. (23)	81.7	1	23.3	14.2
Limber & Wood Prod. (24)	116.5	1	26.8	34.1
Furniture & Fixtures (25)	33.8	0	10.5	11.7
Paper & Allied Prod. (26)	74.8	0	16.5	28.9
Chemicals & Allied Prod. (28)	126.6	1	23.9	64.0
Petroleum & Coal Prod. (29)	239.5	1	31.1	96.6
Rubber & Misc. Plastics (30)	95.5	1	26.7	42.5
Leather & Leather Prod. (31)	15.9	0	4.2	3.6
Stone, Clay, & Glass (32)	171.7	2	53.1	61.3
Primary Metal Prod. (33)	78.7	0	17.8	36.6
Fabricated Metal Prod. (34)	241.0	2	72.6	100.9
Machinery, Except Elec. (35)	104.2	1	34.2	41.1
Electric & Elec. Equip. (36)	159.4	1	37.0	69.6
Transportation Equipment (37)	170.8	1	26.3	76.0
Instruments & Rel. Prod. (38)	25.9	0	7.2	8.3
Misc. Manufacturing Ind's. (39)	27.4	0	8.2	14.6
Printing & Publishing (27)	122.0	1	39.5	45.4

**EXHIBIT 4.6 (continued)**  
**National Economic Impacts (Industry Detail) of Annual**  
**Arkansas Main Street Activity (\$2.04 Million+ 187 service jobs)**

	Industry Component			
	Output (\$000)	Employment (jobs)	Income (\$000)	Gross Domestic Product (\$000)
<b>Transport. &amp; Public Utilities</b>	<b>669.6</b>	<b>4</b>	<b>166.6</b>	<b>314.6</b>
Railroad Transportation (40)	23.9	0	9.9	18.7
Local Pass. Transit (41)	18.1	0	7.8	10.7
Trucking & Warehousing (42)	129.6	2	61.0	70.9
Water Transportation (44)	19.7	0	5.8	9.1
Transportation by Air (45)	28.7	0	10.0	13.8
Pipe Lines-Ex. Nat. Gas (46)	2.8	0	0.3	1.3
Transportation Services (47)	10.3	0	3.9	5.0
Communication (48)	170.4	1	36.0	67.7
Elec., Gas, & Sanitary Serv. (49)	266.2	1	32.0	117.4
<b>Wholesale</b>	<b>322.7</b>	<b>4</b>	<b>131.2</b>	<b>171.5</b>
Wholesale-Durable Goods (50)	134.0	1	54.5	71.2
Wholesale-Nondurable Goods (51)	188.7	2	76.7	100.3
<b>Retail Trade</b>	<b>6,299.0</b>	<b>196</b>	<b>2,440.8</b>	<b>3,814.2</b>
Bldg. Mat.-Garden Supply (52)	35.8	1	15.5	23.4
General Merch. Stores (53)	1,479.3	36	533.4	966.3
Food Stores (54)	1,468.0	54	572.3	958.9
Auto. Dealers-Serv. Stat. (55)	110.7	1	29.1	72.3
Apparel & Access. Stores (56)	1,440.7	51	676.6	941.0
Furniture & Home Furnish. (57)	18.7	0	8.8	12.2
Eating & Drinking Places (58)	1,647.7	51	560.1	766.0
Miscellaneous Retail (59)	98.2	3	44.9	64.1
<b>Finance, Ins., &amp; Real Estate</b>	<b>1,001.7</b>	<b>11</b>	<b>333.1</b>	<b>632.0</b>
Banking (60)	121.6	1	32.1	69.4
Nondep. Credit Institut. (61)	235.8	4	123.5	113.7
Security, Comm. Brokers (62)	31.8	0	15.6	19.3
Insurance Carriers (63)	198.8	2	80.0	164.0
Ins. Agents, Brokers (64)	46.1	1	17.8	21.5
Real Estate (65)	301.5	3	29.5	204.9
Holding and Invest. Off. (67)	66.2	1	34.7	39.2
<b>Services</b>	<b>885.6</b>	<b>18</b>	<b>365.2</b>	<b>419.6</b>
Hotels & Other Lodging (70)	46.3	1	14.8	25.6
Personal Services (72)	80.1	2	28.6	30.5
Business Services (73)	232.4	4	93.4	109.3
Auto Repair, Serv., Garages (75)	56.8	1	15.1	25.7
Misc. Repair Services (76)	30.8	1	12.1	16.8
Motion Pictures (78)	50.5	1	13.4	14.0
Amusement & Recreation (79)	43.4	1	16.0	23.6
Health Services (80)	77.6	1	42.1	43.0
Legal Services (81)	35.3	0	16.3	18.0
Educational Services (82)	31.6	1	16.2	16.2
Social Services (83)	18.8	1	9.2	9.7
Museums, Gardens & Mem. Orgs. (84, 86)	80.7	2	42.1	40.3
Engineer. & Manage. Serv. (87)	65.3	1	30.0	30.3
Private Households (88)	2.2	0	2.2	2.2
Miscellaneous Services (89)	33.8	1	13.8	14.6
<b>Government</b>	<b>61.5</b>	<b>1</b>	<b>18.7</b>	<b>29.3</b>
<b>Total</b>	<b>12,879.1</b>	<b>272</b>	<b>4,565.3</b>	<b>7,238.9</b>

Note: Detail may not sum to totals due to rounding.

**EXHIBIT 4.7**  
**In-State Economic and Tax Impacts of Annual**  
**Arkansas Main Street Activity (\$2.04 Million+ 187 service jobs)**

	<b>Economic Component</b>			
	<b>Output</b>	<b>Employment</b>	<b>Income</b>	<b>Gross Domestic</b>
	<b>(\$000)</b>	<b>(jobs)</b>	<b>(\$000)</b>	<b>Product (\$000)</b>
<b>I. TOTAL EFFECTS (Direct and Indirect/Induced)*</b>				
Private				
1. Agriculture	20.6	0	1.5	3.3
2. Agri. Serv., Forestry, & Fish	11.5	0	4.7	5.1
3. Mining	30.7	0	7.5	18.9
4. Construction	920.9	20	511.4	799.7
5. Manufacturing	1,125.8	8	275.0	435.4
6. Transport. & Public Utilities	416.5	3	104.2	196.4
7. Wholesale	223.4	2	90.9	118.7
8. Retail Trade	6,208.6	194	2,408.4	3,764.5
9. Finance, Ins., & Real Estate	531.0	6	152.7	328.4
10. Services	593.0	12	253.2	285.2
<b>Private Subtotal</b>	<b>10,082.1</b>	<b>245</b>	<b>3,809.3</b>	<b>5,955.6</b>
Public				
11. Government	49.6	1	15.0	23.3
<b>Total Effects (Private and Public)</b>	<b>10,131.7</b>	<b>246</b>	<b>3,824.3</b>	<b>5,978.9</b>
<b>II. DISTRIBUTION OF EFFECTS/MULTIPLIER</b>				
1. Direct Effects	7,049.0	202	2,863.8	4,426.0
2. Indirect and Induced Effects	3,082.7	43	960.5	1,552.9
3. Total Effects	10,131.7	246	3,824.3	5,978.9
4. Multipliers (3/1)	1.437	1.215	1.335	1.351
<b>III. COMPOSITION OF GROSS STATE PRODUCT</b>				
1. Wages—Net of Taxes				3,527.8
2. Taxes				
a. Local/State				795.6
b. Federal				
General				170.7
Social Security				410.0
Federal Subtotal				580.8
c. Total taxes (2a+2b)				1,376.4
3. Profits, dividends, rents, and other				1,074.8
4. Total Gross State Product (1+2+3)				5,978.9
<b>EFFECTS PER MILLION DOLLARS OF INITIAL EXPENDITURE</b>				
Employment (Jobs)				34.0
Income				528,054
Local/State Taxes				943.0
Gross State Product				825,563

Note: Detail may not sum to totals due to rounding.

\*Terms:

Direct Effect (State)—the proportion of direct spending on goods and services produced.

Indirect Effects—the value of goods and services needed to support the provision of those direct economic effects.

Induced Effects—the value of goods and services needed by households that provide the direct and indirect labor.

**EXHIBIT 4.8**  
**In-State Economic Impacts (Industry Detail) of Annual**  
**Arkansas Main Street Activity (\$2.04 Million+ 187 service jobs)**  
**Industry Component**

	Output	Employment	Income	Gross Domestic Product
	(\$000)	(jobs)	(\$000)	(\$000)
<b>Agriculture</b>	<b>20.6</b>	<b>0</b>	<b>1.5</b>	<b>3.3</b>
Dairy Farm Products	0.0	0	0.0	0.0
Eggs	0.0	0	0.0	0.0
Meat Animals	13.6	0	0.6	1.3
Misc. Livestock	0.0	0	0.0	0.0
Wool	0.0	0	0.0	0.0
Cotton	0.3	0	0.0	0.1
Tobacco	0.0	0	0.0	0.0
Grains & Misc. Crops	1.1	0	0.0	0.3
Feed Crops	0.0	0	0.0	0.0
Fruits & Nuts	2.9	0	0.5	0.7
Vegetables	0.1	0	0.0	0.0
Greenhouse & Nursery Products	1.4	0	0.3	0.6
Sugar Beets & Cane	0.0	0	0.0	0.0
Flaxseed, Peanuts, Soybean, Sunflower	1.1	0	0.1	0.3
<b>Agri. Serv., Forestry, &amp; Fish</b>	<b>11.5</b>	<b>0</b>	<b>4.7</b>	<b>5.1</b>
Agri. Services (07)	7.8	0	4.1	3.6
Forestry (08)	2.4	0	0.2	0.9
Fishing, Hunting, & Trapping (09)	1.3	0	0.3	0.6
<b>Mining</b>	<b>30.7</b>	<b>0</b>	<b>7.5</b>	<b>18.9</b>
Coal Mining (12)	0.0	0	0.0	0.0
Oil & Gas Extraction (13)	15.0	0	2.0	0.9
Nonmetal Min.-Ex. Fuels (14)	15.5	0	5.5	11.7
Metal Mining (10)	0.1	0	0.0	0.1
<b>Construction</b>	<b>920.9</b>	<b>20</b>	<b>511.4</b>	<b>799.7</b>
General Bldg. Contractors (15)	589.5	12	324.3	528.9
Heavy Const. Contractors (16)	194.9	6	131.9	183.5
Special Trade Contractors (17)	136.5	2	55.2	87.4
<b>Manufacturing</b>	<b>1,125.8</b>	<b>8</b>	<b>275.0</b>	<b>435.4</b>
Food & Kindred Prod. (20)	169.2	1	26.2	62.9
Tobacco Manufactures (21)	0.0	0	0.0	0.0
Textile Mill Prod. (22)	33.9	0	5.9	8.0
Apparel & Other Prod. (23)	22.3	0	6.3	3.9
Limber & Wood Prod. (24)	84.3	1	19.8	24.3
Furniture & Fixtures (25)	22.0	0	7.0	7.7
Paper & Allied Prod. (26)	34.5	0	7.4	13.5
Chemicals & Allied Prod. (28)	31.8	0	6.0	16.2
Petroleum & Coal Prod. (29)	147.2	1	25.4	65.4
Rubber & Misc. Plastics (30)	23.8	0	6.7	10.7
Leather & Leather Prod. (31)	5.3	0	1.4	1.2
Stone, Clay, & Glass (32)	133.7	1	40.5	46.8
Primary Metal Prod. (33)	33.8	0	7.6	15.9
Fabricated Metal Prod. (34)	172.7	1	51.3	71.6
Machinery, Except Elec. (35)	69.0	1	22.6	27.0
Electric & Elec. Equip. (36)	45.6	0	11.2	20.5
Transportation Equipment (37)	22.4	0	5.3	10.9
Instruments & Rel. Prod. (38)	4.9	0	1.6	1.5
Misc. Manufacturing Ind's. (39)	9.2	0	2.7	4.5
Printing & Publishing (27)	60.6	1	19.9	22.8

**EXHIBIT 4.8 (continued)**  
**In-State Economic Impacts (Industry Detail) of Annual**  
**Arkansas Main Street Activity (\$2.04 Million+ 187 service jobs)**  
**Industry Component**

	Output	Employment	Income	Gross Domestic Product
	(\$000)	(jobs)	(\$000)	(\$000)
<b>Transport. &amp; Public Utilities</b>	<b>416.5</b>	<b>3</b>	<b>104.2</b>	<b>196.4</b>
Railroad Transportation (40)	12.4	0	5.1	9.7
Local Pass. Transit (41)	8.5	0	3.7	5.0
Trucking & Warehousing (42)	79.0	1	39.1	44.4
Water Transportation (44)	4.9	0	1.7	2.5
Transportation by Air (45)	15.4	0	5.4	7.4
Pipe Lines-Ex. Nat. Gas (46)	0.9	0	0.1	0.4
Transportation Services (47)	5.5	0	2.1	2.7
Communication (48)	119.9	0	25.8	48.0
Elec., Gas, & Sanitary Serv. (49)	169.8	0	21.3	76.3
<b>Wholesale</b>	<b>223.4</b>	<b>2</b>	<b>90.9</b>	<b>118.7</b>
Wholesale-Durable Goods (50)	99.7	1	40.5	53.0
Wholesale-Nondurable Goods (51)	123.7	1	50.3	65.8
<b>Retail Trade</b>	<b>6,208.6</b>	<b>194</b>	<b>2408.4</b>	<b>3764.5</b>
Bldg. Mat.-Garden Supply (52)	32.6	1	14.2	21.3
General Merch. Stores (53)	1,472.6	35	531.0	961.9
Food Stores (54)	1,462.1	53	570.0	955.0
Auto. Dealers-Serv. Stat. (55)	100.7	1	26.5	65.8
Apparel & Access. Stores (56)	1,437.3	51	675.0	938.8
Furniture & Home Furnish. (57)	17.0	0	8.0	11.1
Eating & Drinking Places (58)	1,596.6	49	542.7	751.9
Miscellaneous Retail (59)	89.7	2	41.0	58.6
<b>Finance, Ins., &amp; Real Estate</b>	<b>531.0</b>	<b>6</b>	<b>152.7</b>	<b>328.4</b>
Banking (60)	95.4	1	25.2	54.5
Nondep. Credit Institut. (61)	105.3	2	55.1	50.8
Security, Comm. Brokers (62)	16.4	0	8.0	9.9
Insurance Carriers (63)	58.5	1	23.5	48.3
Ins. Agents, Brokers (64)	35.4	1	13.6	16.5
Real Estate (65)	206.9	2	20.2	140.6
Holding and Invest. Off. (67)	13.2	0	6.9	7.8
<b>Services</b>	<b>593.0</b>	<b>12</b>	<b>253.2</b>	<b>285.2</b>
Hotels & Other Lodging (70)	9.0	0	3.2	5.4
Personal Services (72)	58.3	2	20.6	22.3
Business Services (73)	167.1	3	66.9	79.0
Auto Repair, Serv., Garages (75)	42.4	0	11.2	19.2
Misc. Repair Services (76)	18.1	0	7.1	9.9
Motion Pictures (78)	20.9	0	5.2	6.1
Amusement & Recreation (79)	14.8	0	4.8	8.0
Health Services (80)	69.9	1	38.2	39.0
Legal Services (81)	24.5	0	11.3	12.5
Educational Services (82)	25.7	1	13.4	13.1
Social Services (83)	16.8	1	8.2	8.6
Museums, Gardens & Mem. Orgs. (84, 86)	51.0	2	28.9	27.3
Engineer. & Manage. Serv. (87)	48.7	1	22.4	22.5
Private Households (88)	2.0	0	2.0	2.0
Miscellaneous Services (89)	23.8	0	9.7	10.3
<b>Government</b>	<b>49.6</b>	<b>1</b>	<b>15.0</b>	<b>23.3</b>
<b>Total</b>	<b>10,131.7</b>	<b>246</b>	<b>3,824.3</b>	<b>5,978.9</b>

*Note:* Detail may not sum to totals due to rounding.

