



## MEMORANDUM

**Date:** Thursday, February 7, 2013  
**To:** All Interested Parties  
**From:** Eric Criss  
Chair, Natural Gas Vehicle Coalition  
**Re:** Economic Impact of Natural Gas Incentives

### BACKGROUND

In August of 2012 the Florida Natural Gas Vehicle Coalition commissioned the firm *Fishkind & Associates* to conduct a research study into benefits of transitioning Florida's commercial fleets to natural gas fuels. The most important and encouraging result of that study was the real return on investment to Florida taxpayers. Research demonstrated that a State of Florida incentive program for natural gas vehicles would yield 10,000 new jobs, \$330,000,000 in new wages, and \$1,000,000,000 in economic output – all over a 20-year period. A key underlying assumption behind these numbers was how many new natural gas vehicles per year would be put into use. The results of the August study can be found on the website of the Florida Natural Gas Vehicle Coalition under the “Policy” tab at [www.fuelforjobs.com](http://www.fuelforjobs.com).

Based on legislation introduced by Senator Wilton Simpson and Representative Lake in February of 2013 (SB 560 and HB 579), the Florida Natural Gas Vehicle Coalition commissioned additional research to reflect the details of current legislative proposals, including a significantly higher estimate of natural gas vehicles put into service. The results of the latest *Fishkind & Associates* study are below. **In short, this new research reflects a dramatic increase in the positive economic impact of an incentive program targeted toward commercial fleets in one quarter of the previously calculated time: over 20,000 new jobs, \$715,000,000 million in new wages, and \$2,500,000,000 in economic output – all over a 5-year period rather than a 20-year period.**

### RESULTS

Based on current proposals, the following scenario was used: a \$12-million per year incentive for 5 years with \$30,000 going for large trucks and \$15,000 going for medium trucks. Job numbers were determined using the *Glastein, Neadross, and Associates* (author of the *GNA Report*) job calculator developed specifically for the natural gas industry in response to a 2009 U.S. Department of Energy Clean Cities Program grant

solicitation. Calculations based on these assumptions yield the base numbers for the projections of *Fishkind & Associates*:

	<b>Annual</b>
Trucks	1,200
Trucks per Station	60
Stations	20
Jobs per Truck	1.6
Jobs	1,920

Source: Glastein, Neadross, and Associates, Inc.

### **Jobs, Wages, and Economic Output**

Based on the jobs generated according to the Department of Energy calculator created by *Glastein, Neadross, and Associates*, the economic output for those jobs is calculated below using RIMS II (Regional Input-Output Modeling System) as developed by the Bureau of Economic Analysis.

The RIMS method utilizes I-O (Input-Output) tables, the distribution of the inputs purchased and the outputs sold, to analyze these economic effects. The annual and 5-year output for those categories are noted below. The 5-year number is shown since that is the life of the \$12,000,000/year incentive.

<b>RIMS II</b>	<b>Direct and Indirect Impacts</b>		
	<b>Output<sub>SEP</sub><sup>L1</sup>(dollars)</b>	<b>Earnings<sub>SEP</sub><sup>L1</sup>(dollars)</b>	<b>New Job Creation</b>
<b>Economic Impacts</b>			
Annual Economic Numbers	\$504,724,872	\$143,145,744	4,088
<b>5-Year Incentive Economic Numbers</b>	<b>\$2,523,624,361</b>	<b>\$715,728,722</b>	<b>20,439</b>

<b>RIMS II</b>	<b>Direct Impacts</b>	
	<b>New Job Creation</b>	<b>Output<sub>SEP</sub><sup>L1</sup>(dollars)</b>
<b>Economic Impacts</b>		
Annual Economic Numbers	1,920	\$254,436,090
<b>5-Year Incentive Economic Numbers</b>	<b>9,600</b>	<b>\$1,272,180,451</b>

## Private Investment in Florida's Infrastructure

Private investment is calculated by taking the new truck cost and the new station cost and multiplying them by the appropriate number of new trucks and stations then subtracting the state investment from that total. The following tables show the private investment that will occur both on an annual basis and over the 5-year incentive period:

<b>Annual Private Investment</b>	
Trucks	1,200
Cost/Truck	\$152,000
Stations	20
Cost/Station	\$2,000,000
Less State Incentive	\$12,000,000
<b>Total private Investment</b>	<b>\$210,400,000</b>

<b>5-Year Private Investment</b>	
Trucks	6,000
Cost/Truck	\$152,000
Stations	100
Cost/Station	\$2,000,000
Less State Incentive	\$60,000,000
<b>Total Private Investment</b>	<b>\$1,052,000,000</b>