

EXECUTIVE SUMMARY
Analysis of Potential Economic and Fiscal Impacts on Kern County
Clean Cars 2040 Act (AB 1745)

The following executive summary is excerpted from a detailed report prepared by The Natelson Dale Group, Inc. (TNDG) that evaluates the potential economic and fiscal impacts that the proposed Clean Cars 2040 Act (AB 1745) would have on Kern County. TNDG's analysis focuses on AB 1745's potential impacts on the following types of business activities:

- Retail gasoline sales
- Wholesale gasoline sales
- New and used automobile sales
- Automobile repair services and parts sales

Existing Economic Footprint of Automobile and Gasoline Related Industries in Kern County

Summary Table A, on the following page, summarizes the existing (2016) economic "footprint" of automobile and gasoline related industries in Kern County. The existing economic impacts include the following:

- ***Total business activity supported.*** The countywide volume of business activity in automobile and gasoline related industries in 2016 is estimated at \$2.9 billion. Through the "multiplier effects" of business and household spending, these businesses and their employees support an additional \$1.3 billion in indirect/induced business activity in the county. Thus, the total (direct plus indirect/induced) business activity supported by automobile and gasoline related industries in 2016 is estimated at \$4.2 billion.
- ***Total jobs supported.*** Automobile and gasoline related industries directly support nearly 6,500 jobs in Kern County. Based on the multiplier (indirect/induced) effects of these industries, an additional 1,800 jobs are supported in the county. Thus, total existing employment supported by these industries is estimated at approximately 8,300 jobs.
- ***Total payroll generated.*** The total direct payroll associated with automobile and gasoline related industries in Kern County is estimated at \$265 million in 2016 (an average of \$40,900 per job). Based on the multiplier (indirect/induced) effects of these industries, an additional \$48 million in annual payroll is generated in the county. Thus, total existing payroll generated by these industries is estimated at approximately \$313 million per year.
- ***Total fiscal benefit to County of Kern.*** Automobile and gasoline related industries generate an estimated total of \$91.2 million per year (in 2016) to the County of Kern. The largest components of this total are State Gas Tax (\$55.1 million), Sales Tax (\$29.2 million), and Property Tax (\$6.4 million).

**Summary Table A
Economic and Fiscal "Footprint" in 2016
Auto and Gasoline Related Industries
Kern County Totals**

	Direct	Indirect/ Induced (1)	Total Impact
Business Volume	\$2.9 billion	\$1.3 billion	\$4.2 billion
Jobs	6,477	1,833	8,310
Payroll	\$265 million	\$48 million	\$313 million
Fiscal Benefits to County			
Property Tax	\$6.4 million		
Sales Tax	\$29.2 million		
State Gas Tax	\$55.1 million		
Other (2)	\$0.5 million		
Total	\$91.2 million		

(1) Indirect/induced jobs in other industries (based on business-to-business spending of direct industries, and household expenditures of direct industries' employees).

(2) Includes revenue accruing to County Agricultural Commissioner for registration/inspection fees and unclaimed gasoline tax (UGT) from the state.

Baseline Forecast of Economic Footprint in 2040

Even without AB 1745 it is likely that that some reduction in the economic footprint of automobile and gasoline related industries would occur in Kern County by 2040. Based on reasonably foreseeable market trends (which are influenced to some extent by State and Federal policies already in place), per capita consumption of gasoline and gasoline-powered cars is likely to decline significantly (see Chapter 4 for a discussion of these assumptions). However, the decline in per capita gasoline consumption (and ownership in gasoline powered vehicles) would be offset to some degree by the substantial population growth projected for Kern County (from about 888,000 residents in 2016 to over 1.2 million residents in 2040). Based on these countervailing forces (declines in per capita consumption versus growth in overall population), TNDG projects that the total economic footprint of these industries in 2040 (in the absence of AB 1745) would be about 94% of 2016 levels (see Summary Table B on the following page):

- Total business activity: \$3.9 billion
- Total employment: 7,800 jobs

- Total payroll: \$313 million
- Total fiscal benefit to County: \$85.6 million

The forecasted numbers for 2040 represent the total economic and fiscal benefits that would be “at stake” with the implementation of AB 1745.

The summary numbers presented in this Executive Summary are for the County overall. Estimated impacts to each of the County’s incorporated cities are provided in the full report.

Summary Table B
Baseline Forecast of Economic and Fiscal "Footprint" in 2040
Auto and Gasoline Related Industries
Kern County Totals

	Direct	Indirect/ Induced (1)	Total Impact
Business Volume	\$2.7 billion	\$1.2 billion	\$3.9 billion
Jobs	6,075	1,719	7,794
Payroll	\$249 million	\$45 million	\$294 million
Fiscal Benefits to County			
Property Tax	\$6.0 million		
Sales Tax	\$27.4 million		
State Gas Tax	\$51.7 million		
Other (2)	<u>\$0.5 million</u>		
Total	\$85.6 million		

(1) Indirect/induced jobs in other industries (based on business-to-business spending of direct industries, and household expenditures of direct industries' employees).

(2) Includes revenue accruing to County Agricultural Commissioner for registration/inspection fees and unclaimed gasoline tax (UGT) from the state.