

# Economic and Fiscal Benefits of the Proposed Scranton-to-NYC Rail Service

September 2022

Submitted to:

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# Introduction



# Introduction

Congress recently passed the Bipartisan Infrastructure Deal (Infrastructure Investment and Jobs Act), a once-in-a-generation investment in our nation's infrastructure and competitiveness. The legislation positions rail to play a central role in the nation's transportation and economic future, investing \$66 billion in additional rail funding to eliminate the Amtrak maintenance backlog, modernize the Northeast Corridor, and bring world-class rail service to areas outside the northeast and mid-Atlantic. This is the largest investment in passenger rail since Amtrak's creation, 50 years ago, and will create safe, efficient, and climate-friendly alternatives for moving people and freight.

Despite being separated by just 125 miles, Scranton and New York haven't been connected by rail service in more than 50 years. The passing of the Infrastructure Investment and Jobs Act represents a significant opportunity to capitalize on the available \$66 billion in rail funding and complete the Scranton-to-NYC corridor ("the corridor"), which would include rail stations in Tobyhanna, Mount Pocono and East Stroudsburg, plus additional stops in New Jersey.

To quantify the economic impacts, Tourism Economics took the following steps:

- Examined consumer demographics to estimate potential ridership along the proposed corridor
- Prepared a comprehensive model to quantify the impacts arising from new visitor spending attributable to increased visitation to the Upstate PA and Pocono Mountains regions, as defined in Tourism Economics' existing research on the economic impact of tourism in Pennsylvania on behalf of the Pennsylvania Tourism Office at the Department of Community and Economic Development



# Consumer Demographics

The background of the slide is a dark blue, semi-transparent image of a large, modern architectural interior. The ceiling is a prominent feature, with a complex, curved, grid-like structure that creates a sense of depth and scale. Below the ceiling, there is a walkway or platform with a railing, and some structural elements like pillars or columns are visible. The overall atmosphere is one of a high-tech, futuristic space.

# Consumer Demographics

When considering *potential* leisure ridership to the Poconos region along the proposed Scranton-to-NYC corridor, it is important to have a solid understanding of the total population base surrounding the corridor.

Tourism Economics compiled detailed block group-level demographic and socioeconomic data on residents in counties throughout New York and New Jersey. The analysis assumes the majority of riders to the Upstate PA and Mount Poconos regions will originate from areas with easy access to the existing stations in New York and New Jersey (particularly New York Penn Station, which will be one of the anchors of the planned rail line and has the highest current rider count among existing stops along the corridor), and the primary counties in the defined market area for the consumer demographic analysis include New York County, Bronx County, Queens County, Kings County, Bergen County, and Hudson County.





# Consumer Demographics

## Select leisure and recreation activities

Tourism Economics identified specific leisure and recreation activities in which consumers within the trade area are expected to participate in 2022. Consumers who are expected to participate in the selected activities would be more likely to ride on the proposed corridor to visit the Upstate PA or Mount Poconos regions.

The accompanying table outlines the leisure activities identified by the research team and the number of adults expecting to participate in each activity in 2022. As shown, nearly 12.7 million adults in the market area are expected to participate in the identified leisure and recreation activities in 2022.

The analysis references 2022 data to control for participation data in 2020 and 2021 that may be skewed due to higher (or lower) numbers of adults participating in certain leisure activities as a result of COVID-19.

In addition, the table provides an MPI (Market Potential Index) for each activity. An MPI measures the relative likelihood that adults in the market area will participate in each activity compared to the national average of 100. For example, an MPI of 103 for backpacking riding indicates that adults within the specified market area are 3% more likely to go backpacking than the average adult across the US.

The maps on the following page show the estimated number of adults and corresponding MPI at the census block group-level for each of the identified leisure activity.

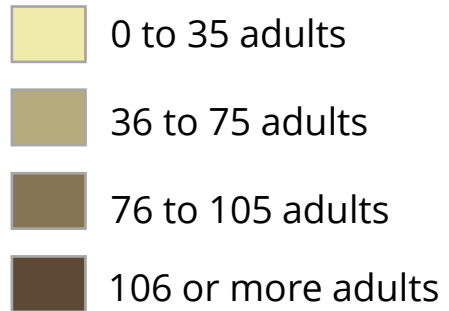
### Expected number of adults participating in select leisure and recreation activities

By leisure activity (2022)

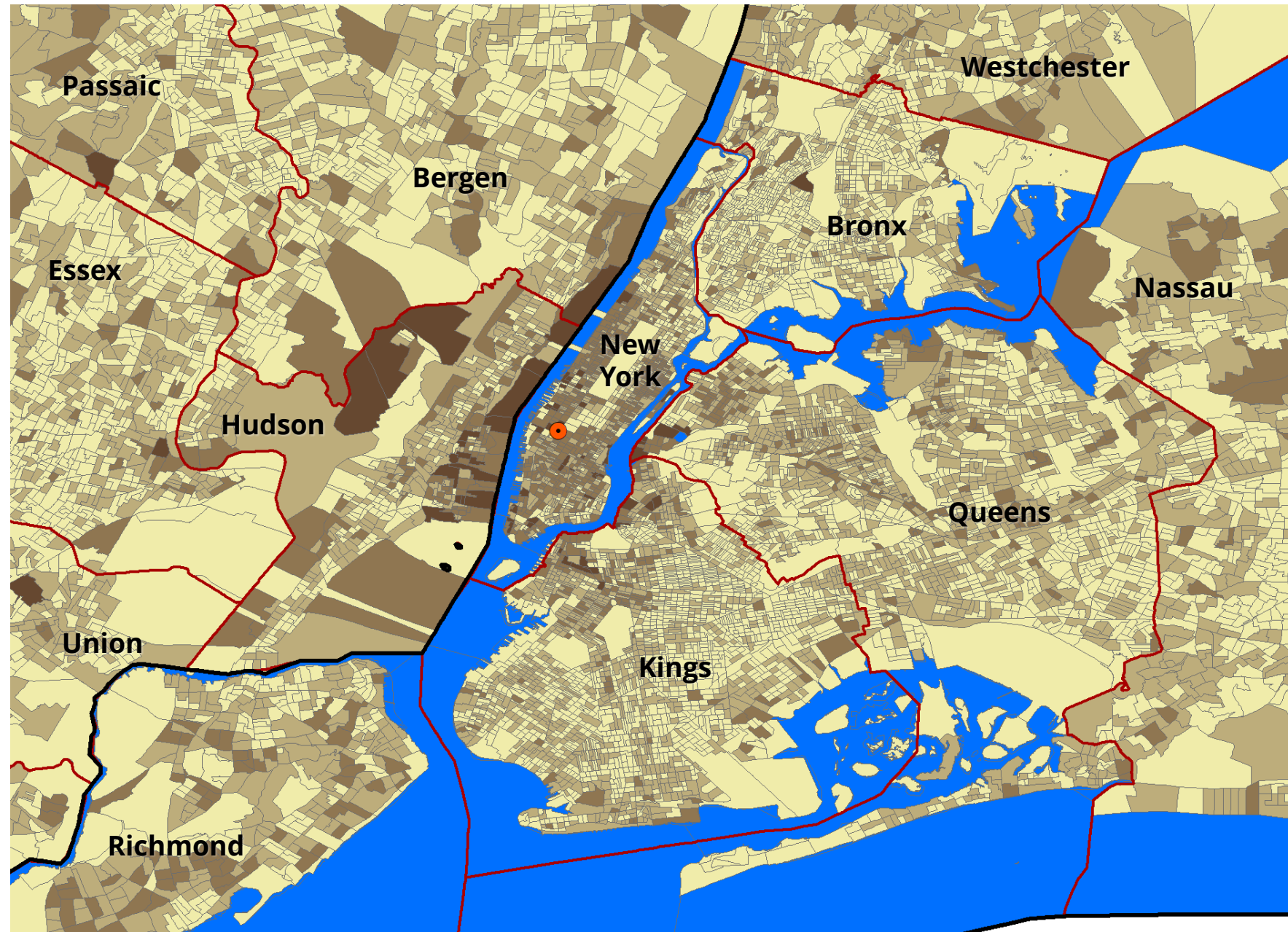
Leisure Activity	Expected number of adults participating in 2022	Market potential index
Participated in backpacking	413,775	103
Participated in bicycling (mountain)	391,997	107
Participated in canoeing/kayaking	555,329	89
Participated in fishing	805,772	101
Participated in hiking	1,709,543	108
Participated in horseback riding	250,443	118
Participated in hunting	391,997	101
Visited an aquarium	653,328	112
Went to beach	3,484,418	113
Did birdwatching	413,775	81
Went on overnight camping trip	860,216	71
Visited a theme park	2,101,540	115
Participated in skiing	359,331	141
Participated in target shooting	304,887	74
<b>Total</b>	<b>12,696,348</b>	

Sources: Tourism Economics, US Census Bureau, ESRI (2022)

# Backpacking (Number of people)



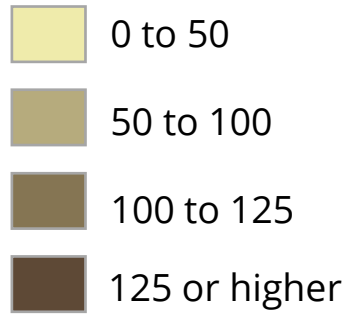
The data indicate the number of adults in each Census block group expected to participate in the indicated leisure/recreation activity in 2022



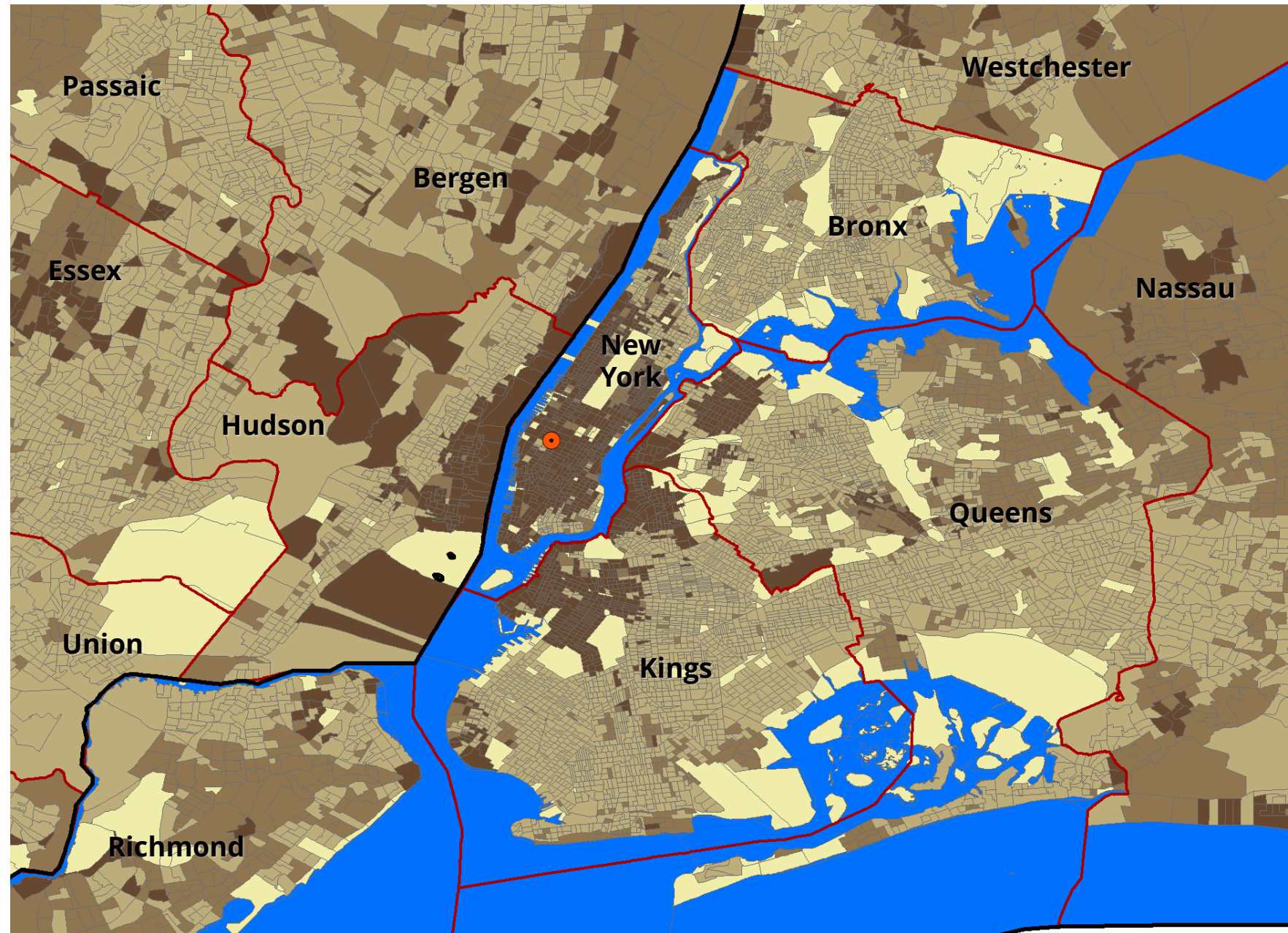


# Backpacking

(Market Potential Index)

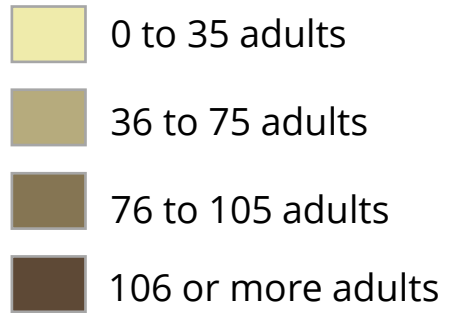


An MPI measures the relative likelihood that adults in the market area will participate in each activity compared to the national average of 100.

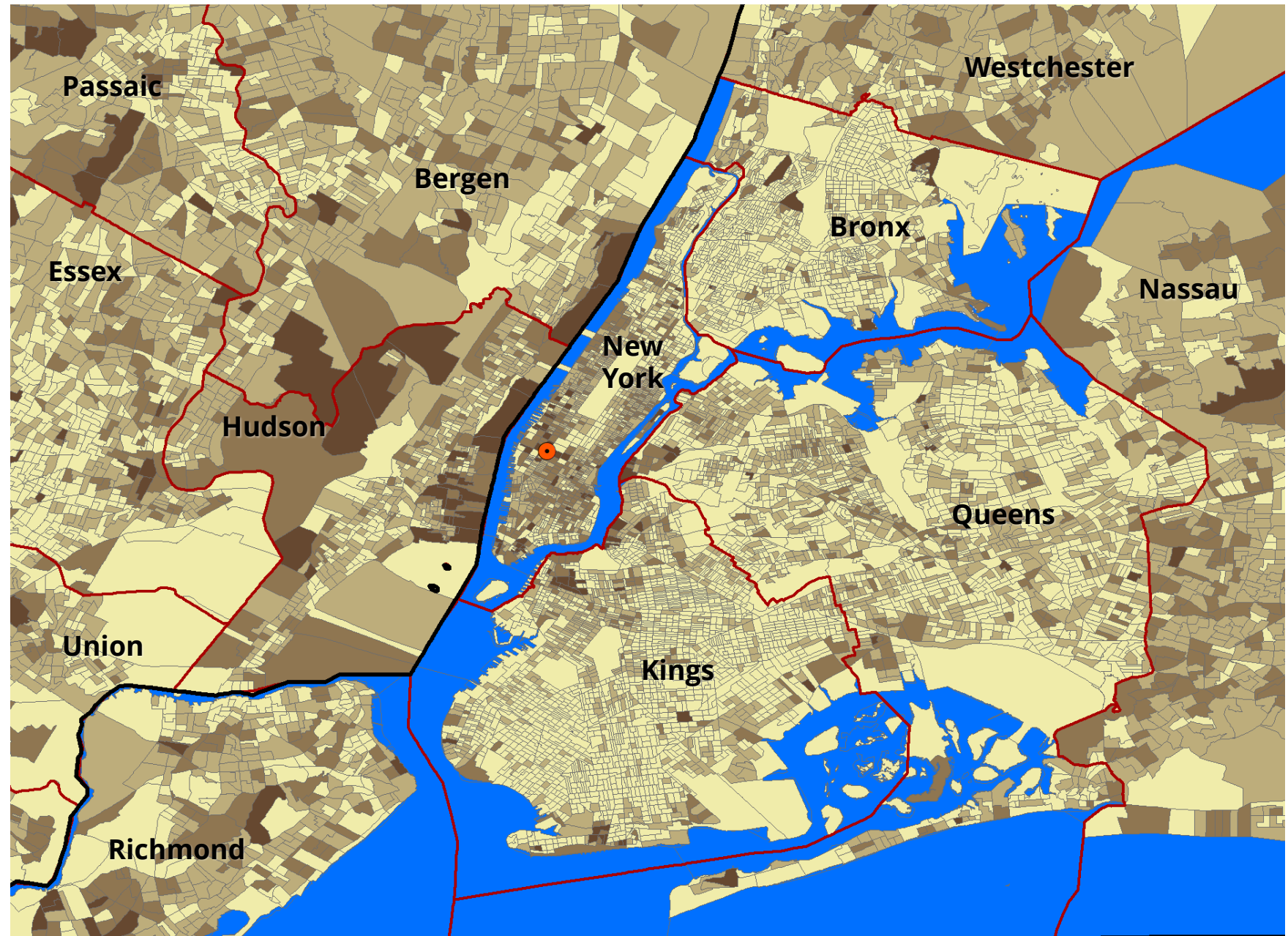


# Fishing

(Number of people)



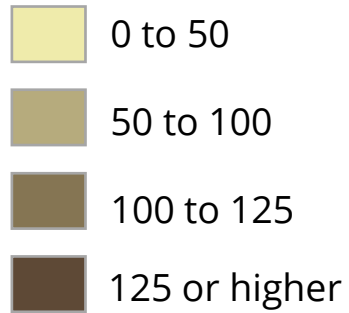
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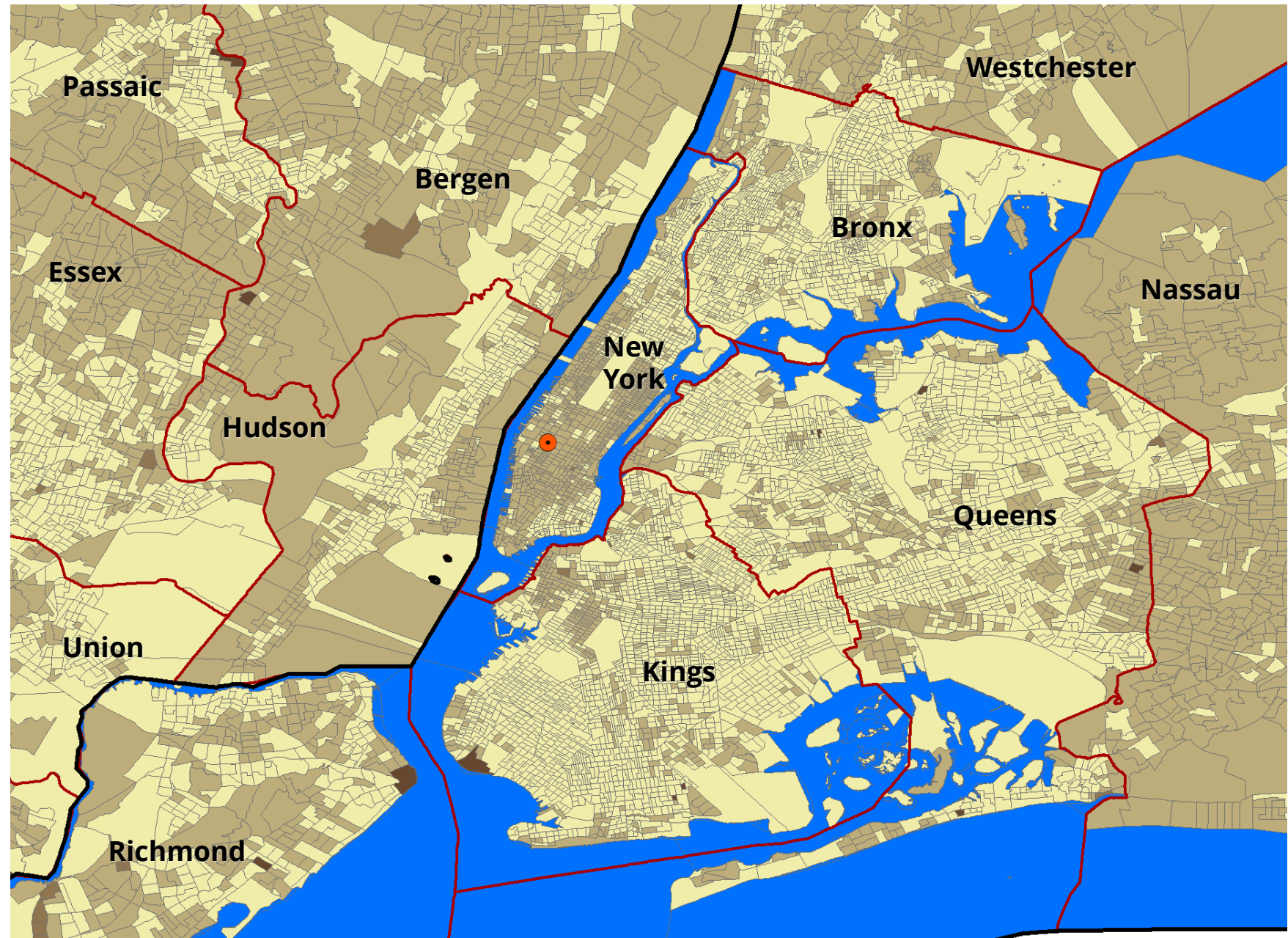


# Fishing

## (Market Potential Index)

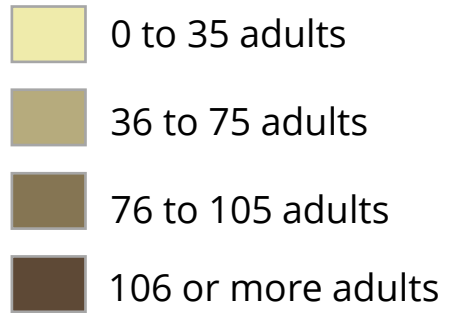


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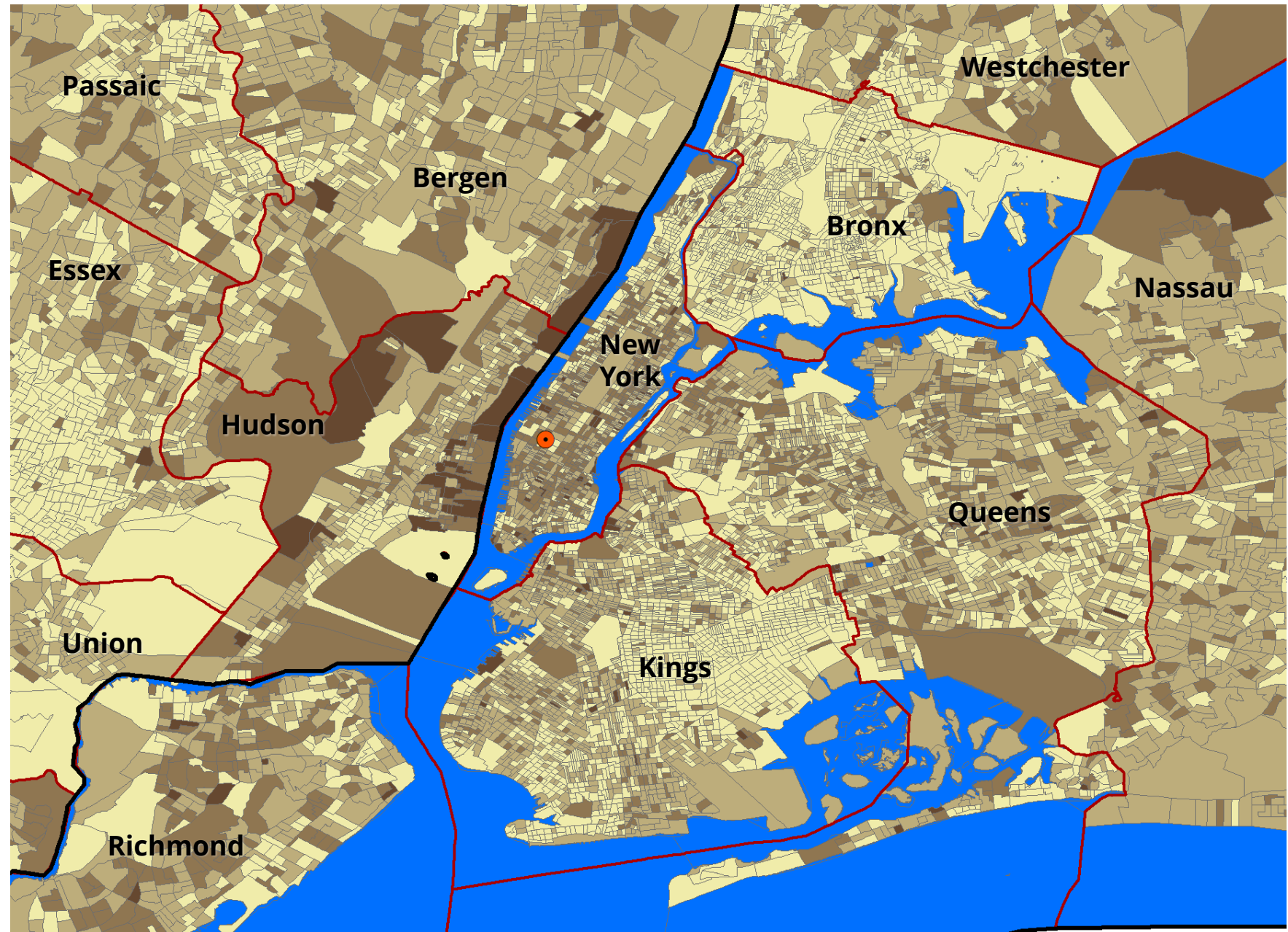


# Hiking

(Number of people)



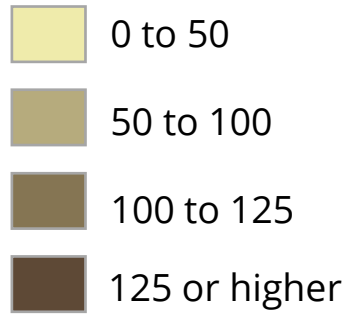
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# Hiking

(Market Potential Index)

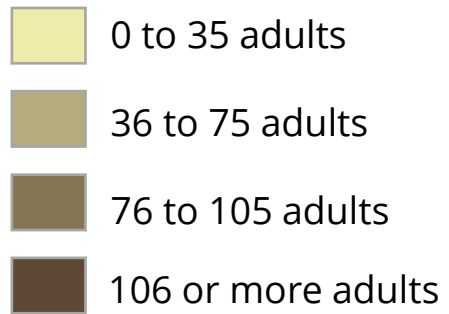


An MPI measures the relative likelihood that adults in the market area will participate in each activity compared to the national average of 100.

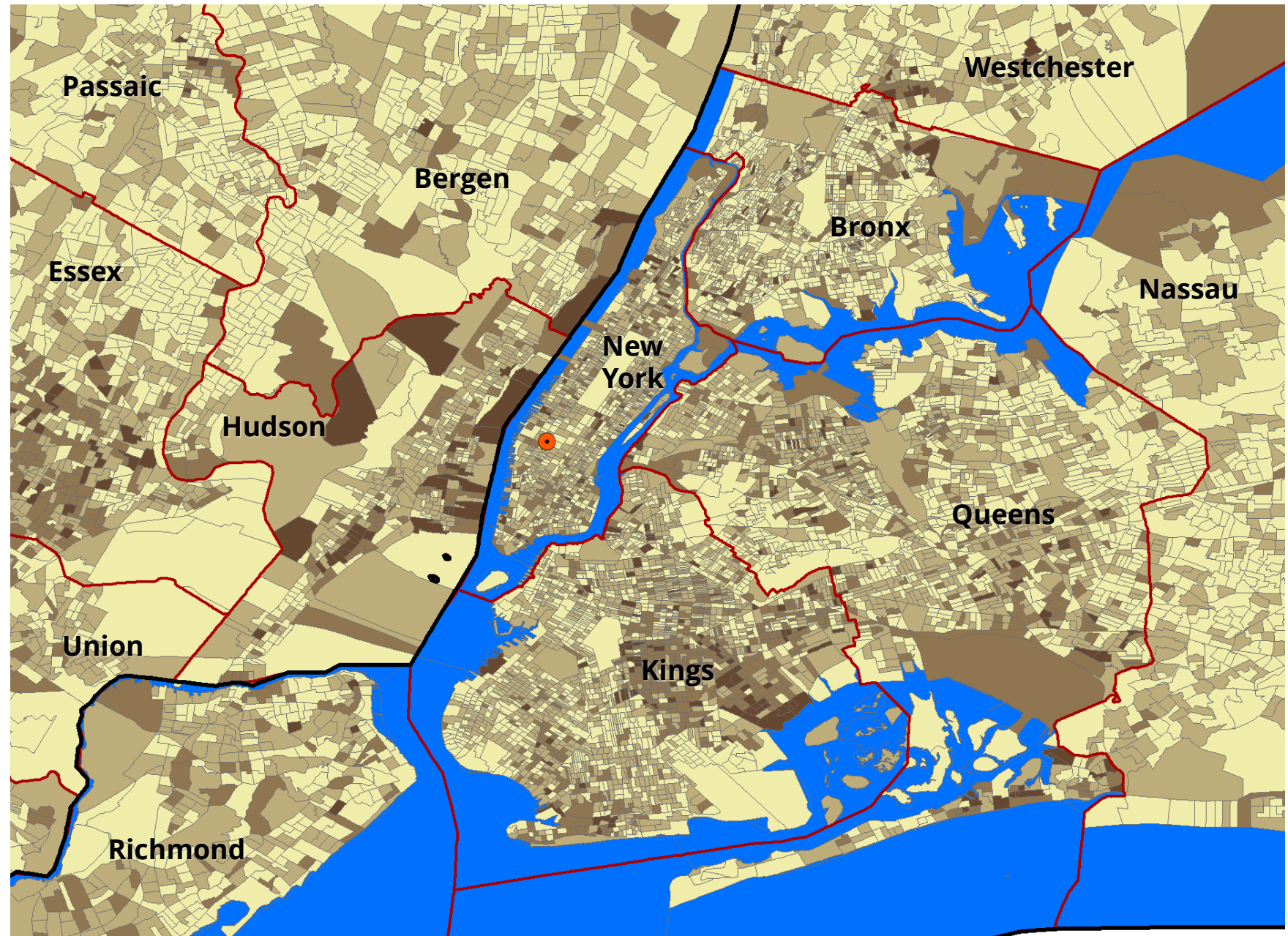


# Horseback Riding

(Number of people)



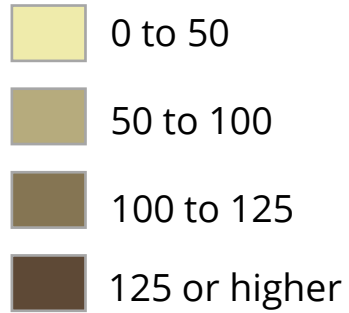
The data indicate the number of adults in each Census block group expected to participate in the indicated leisure/recreation activity in 2022





# Horseback Riding

## (Market Potential Index)

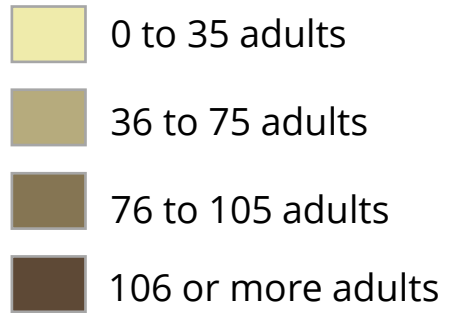


An MPI measures the relative likelihood that adults in the market area will participate in each activity compared to the national average of 100.

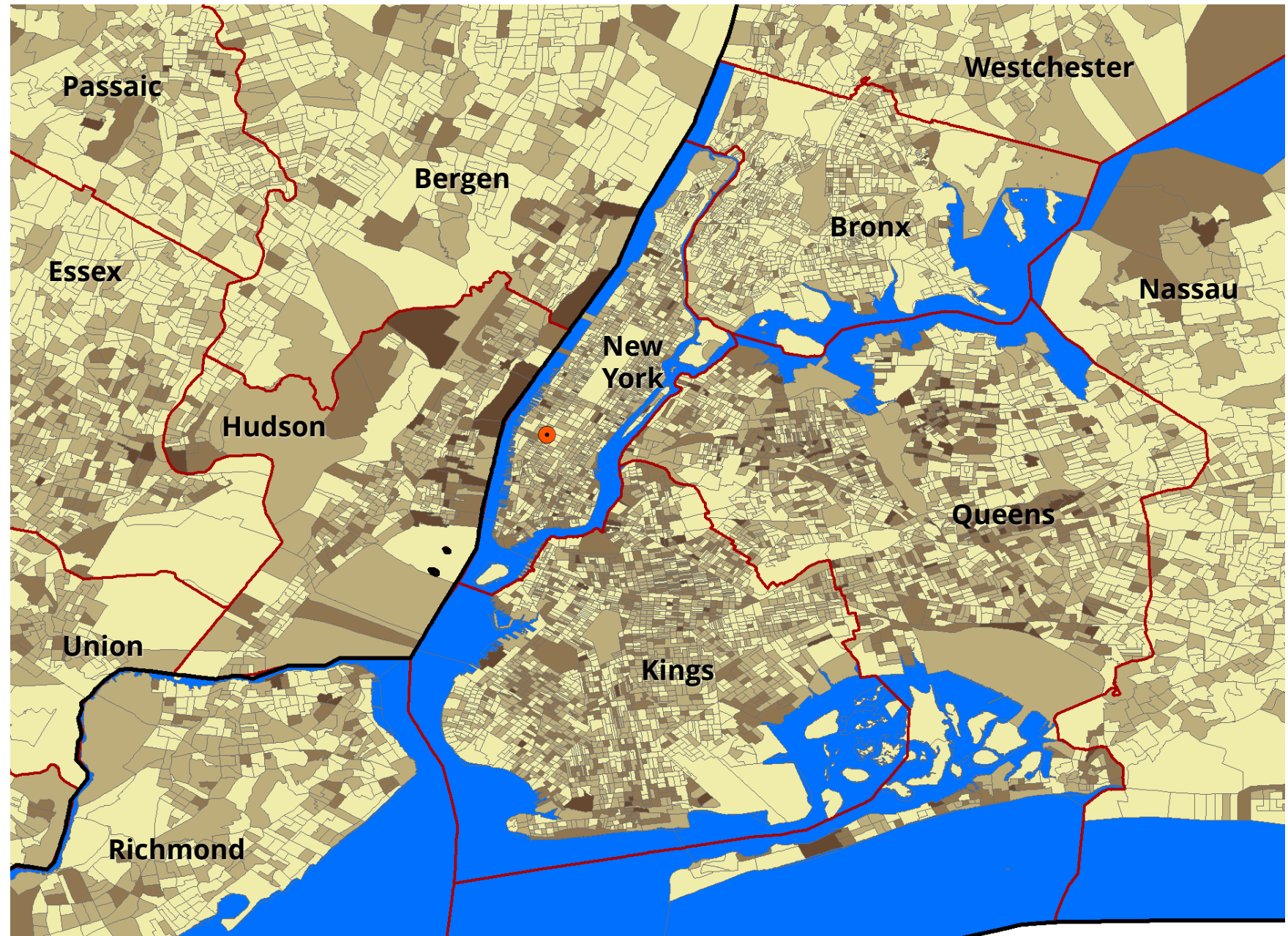


# Hunting

(Number of people)



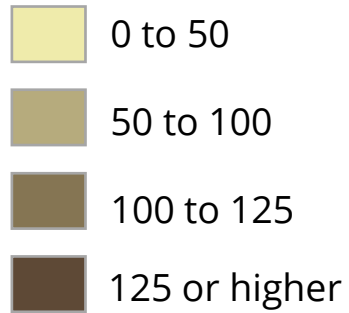
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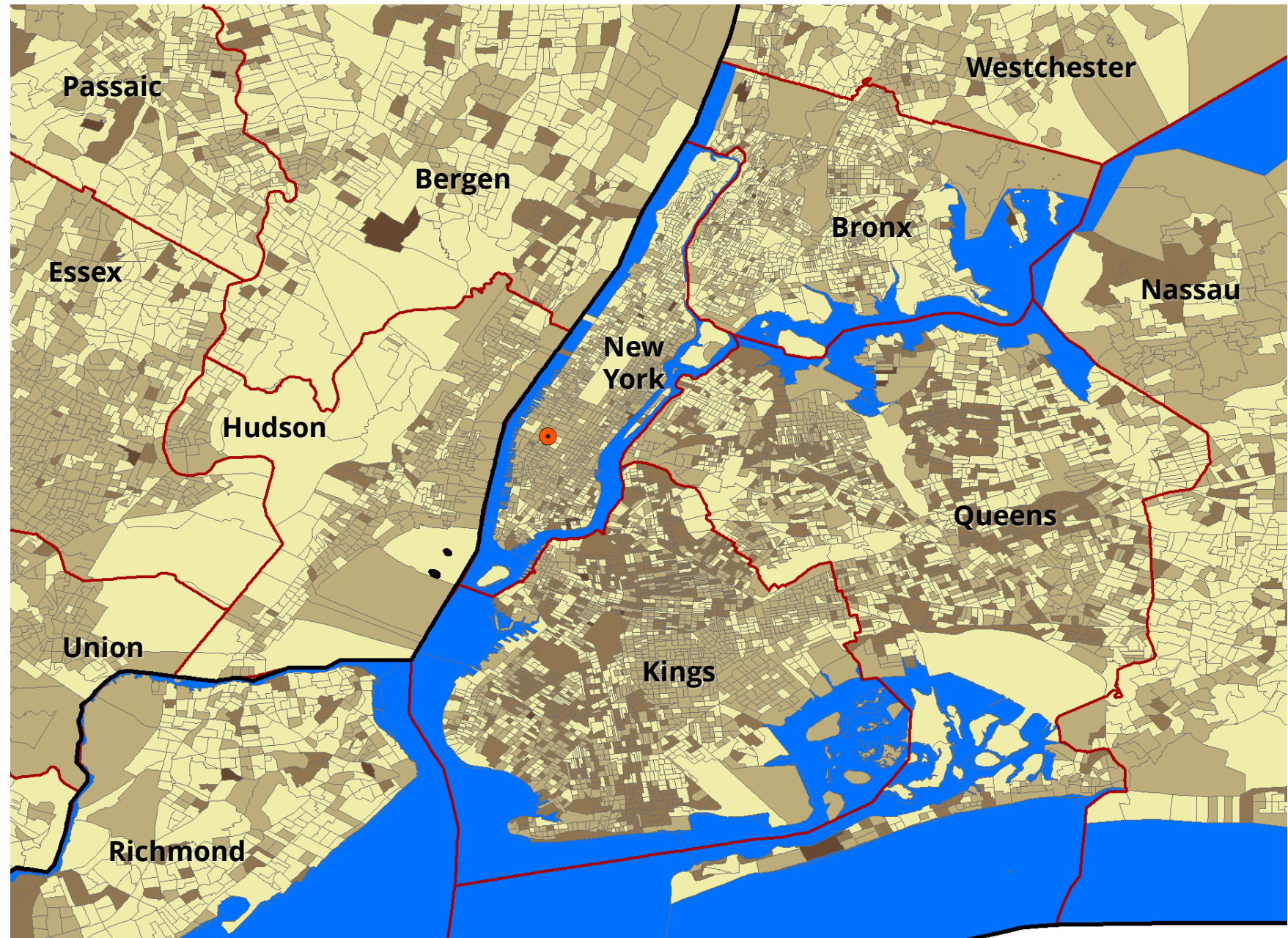


# Hunting

(Market Potential Index)

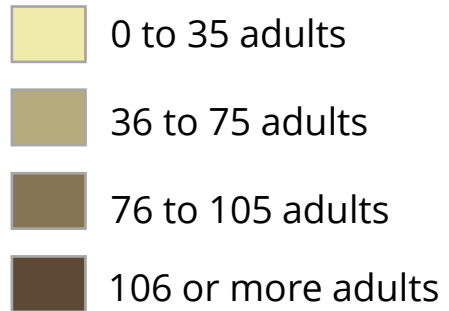


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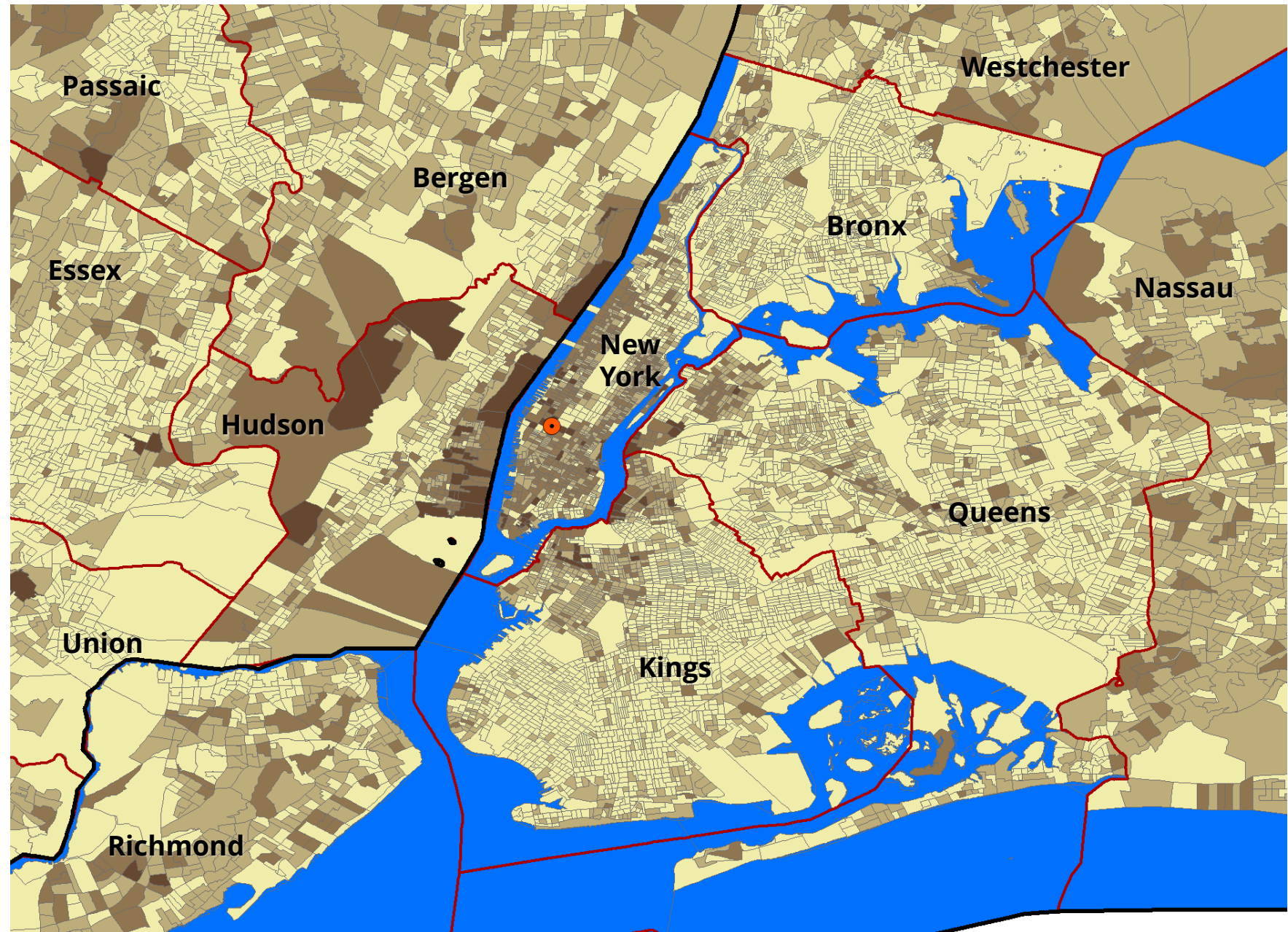


# Kayaking

(Number of people)



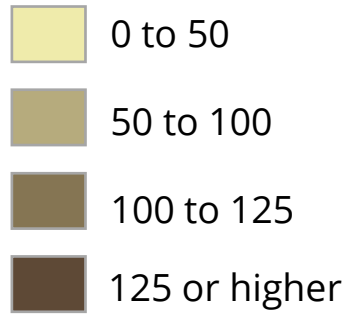
The data indicate the number of adults in each Census block group expected to participate in the indicated leisure/recreation activity in 2022



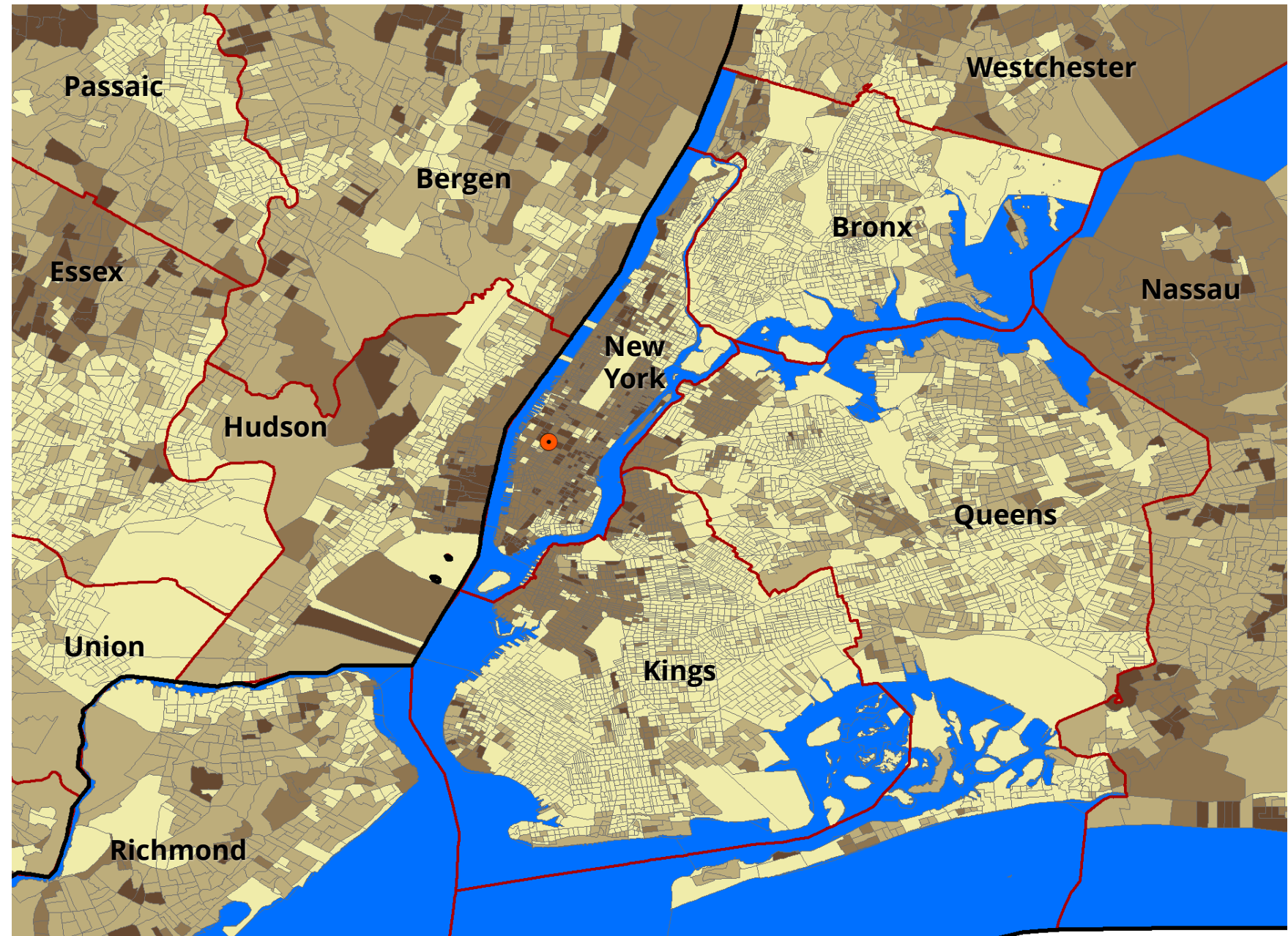


# Kayaking

## (Market Potential Index)

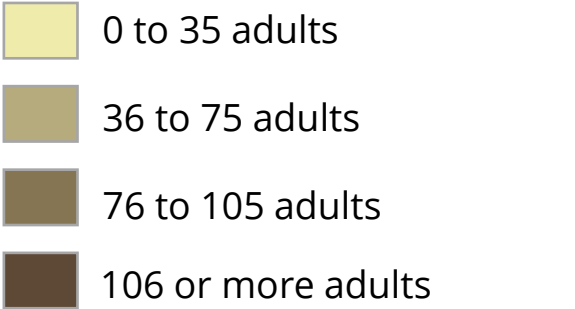


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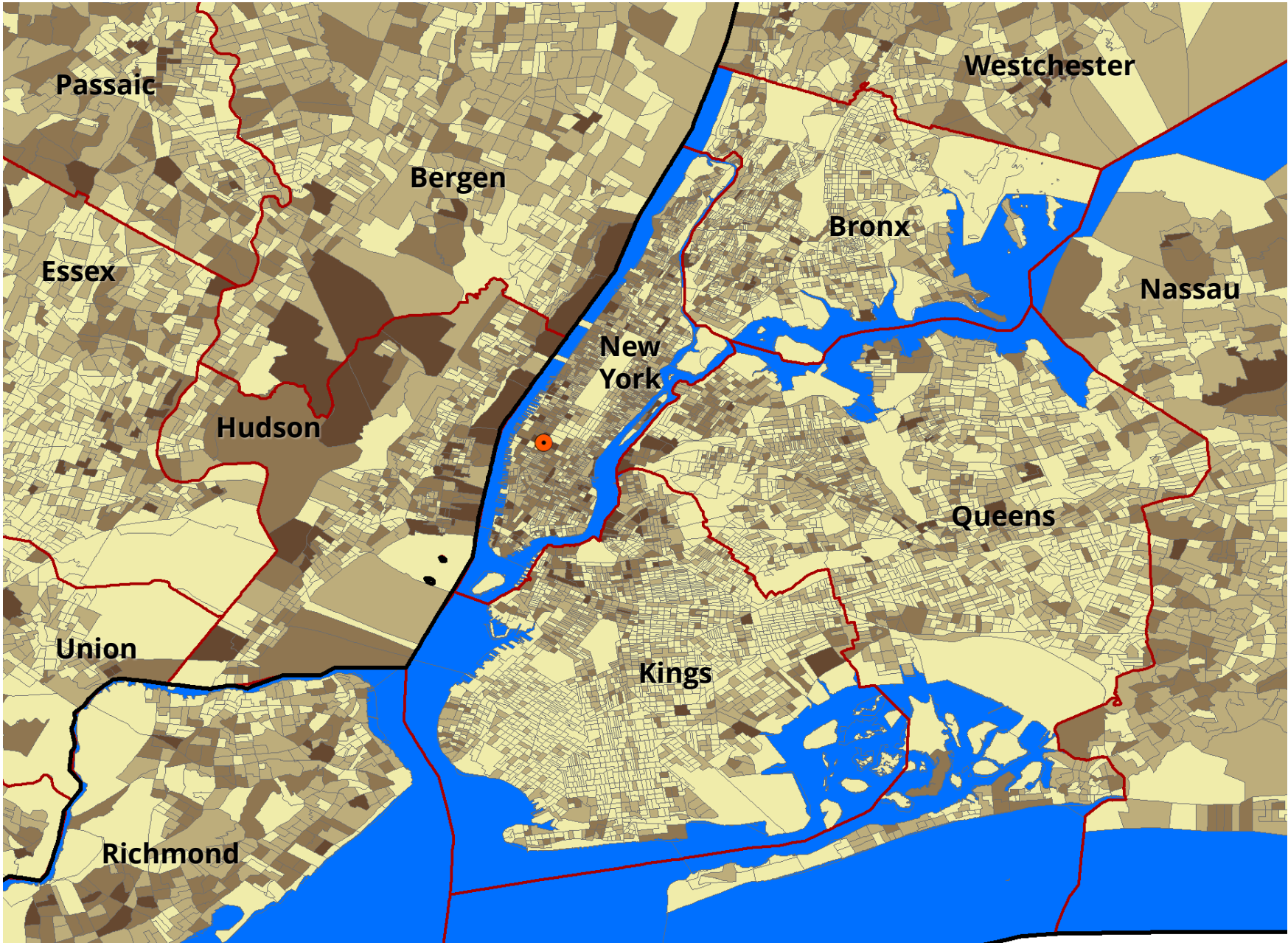


# Mountain Biking

(Number of people)



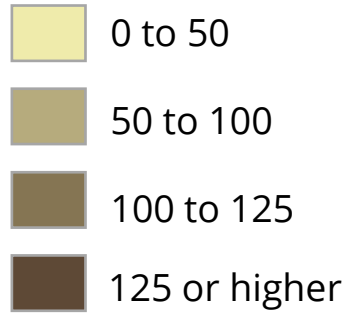
The data indicate the number of adults in each Census block group expected to participate in the indicated leisure/recreation activity in 2022



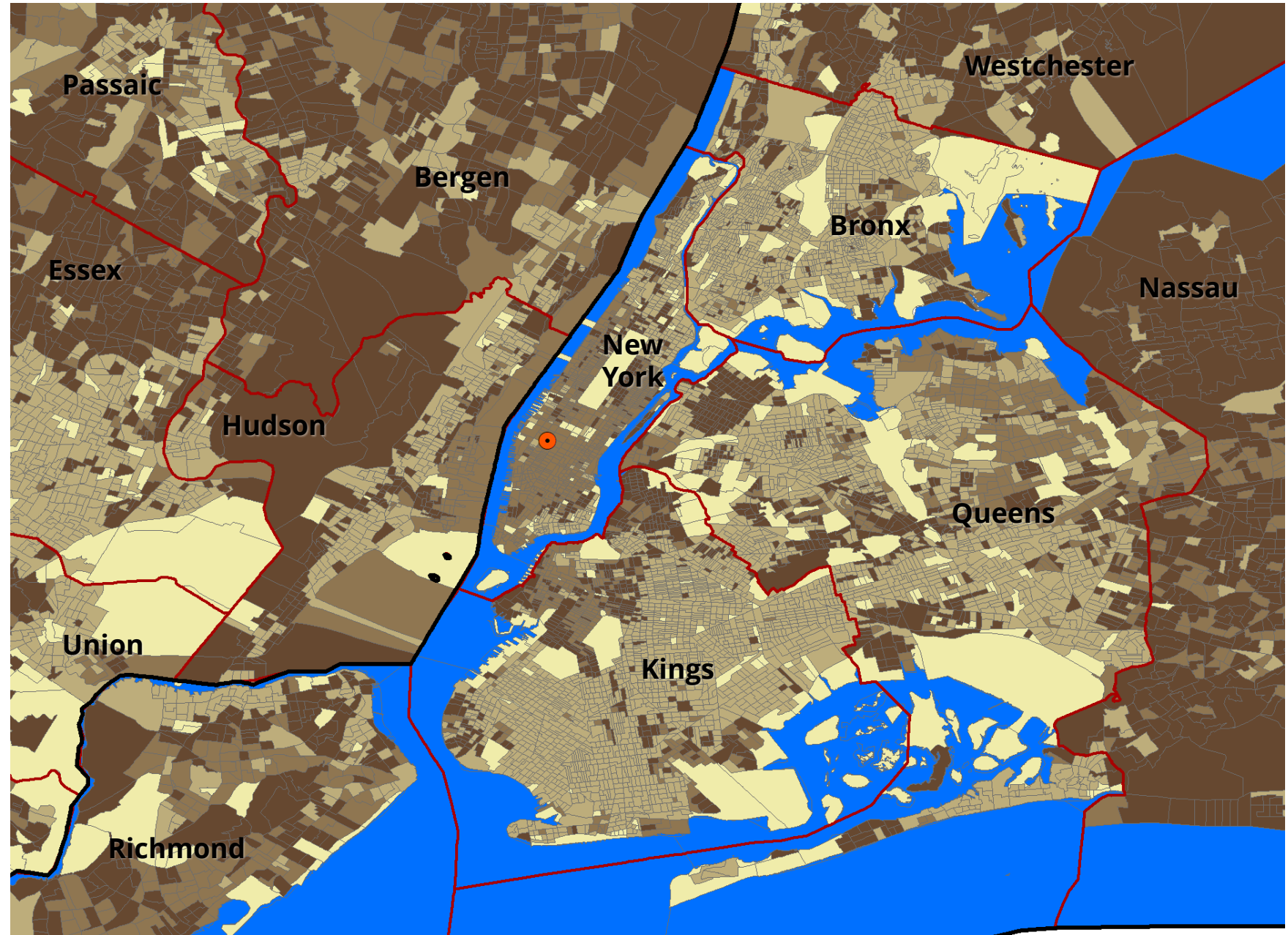


# Mountain Biking

## (Market Potential Index)

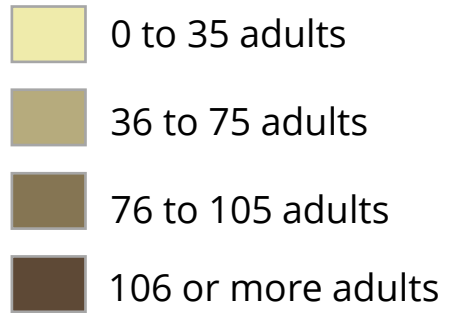


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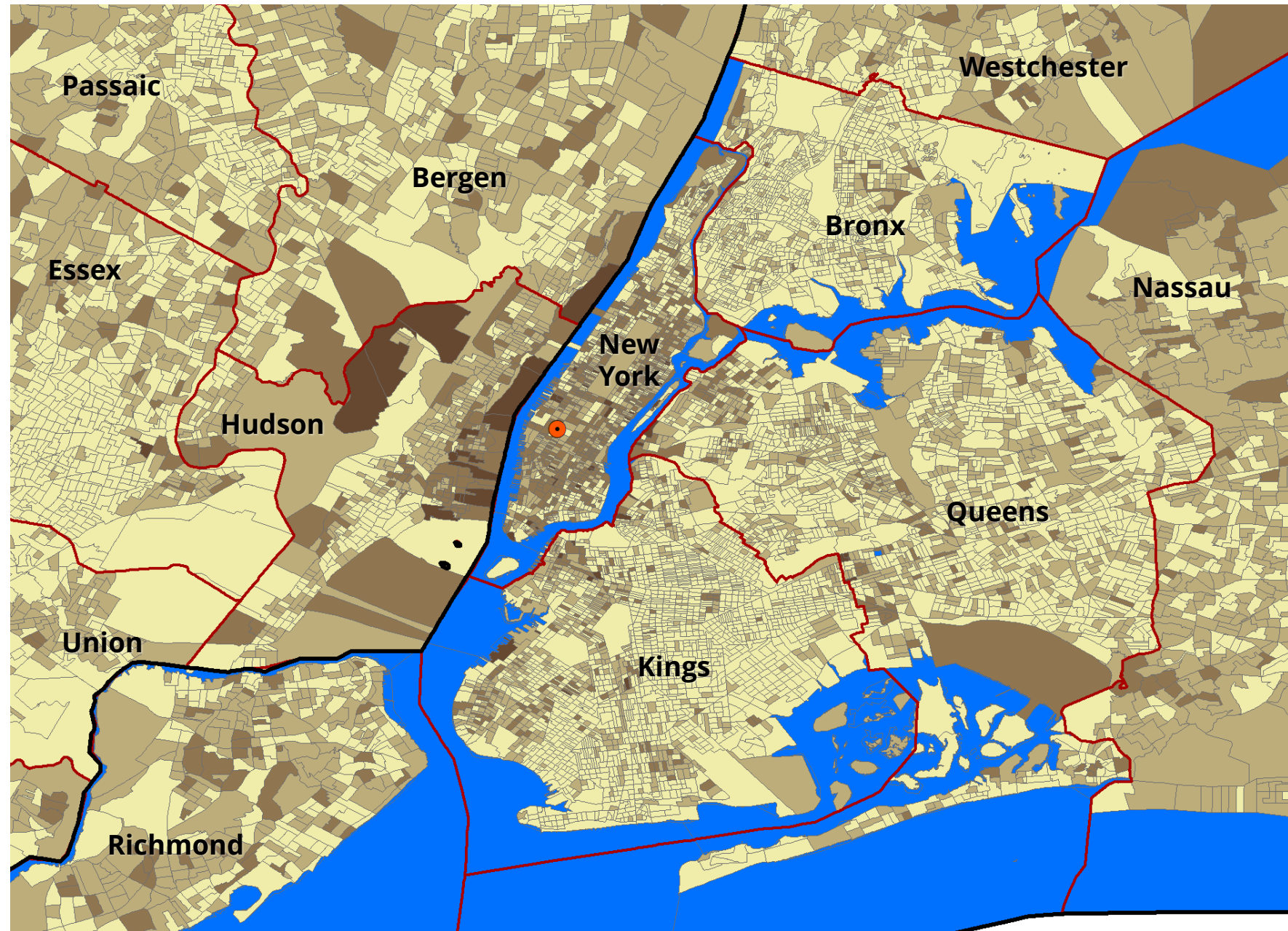


# Skiing

(Number of people)



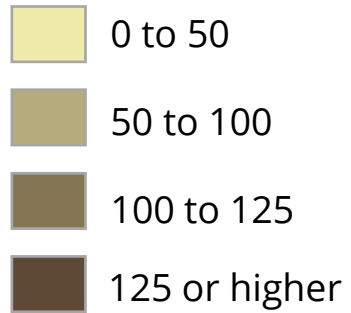
The data indicate the number of adults in each Census block group expected to participate in the indicated leisure/recreation activity in 2022



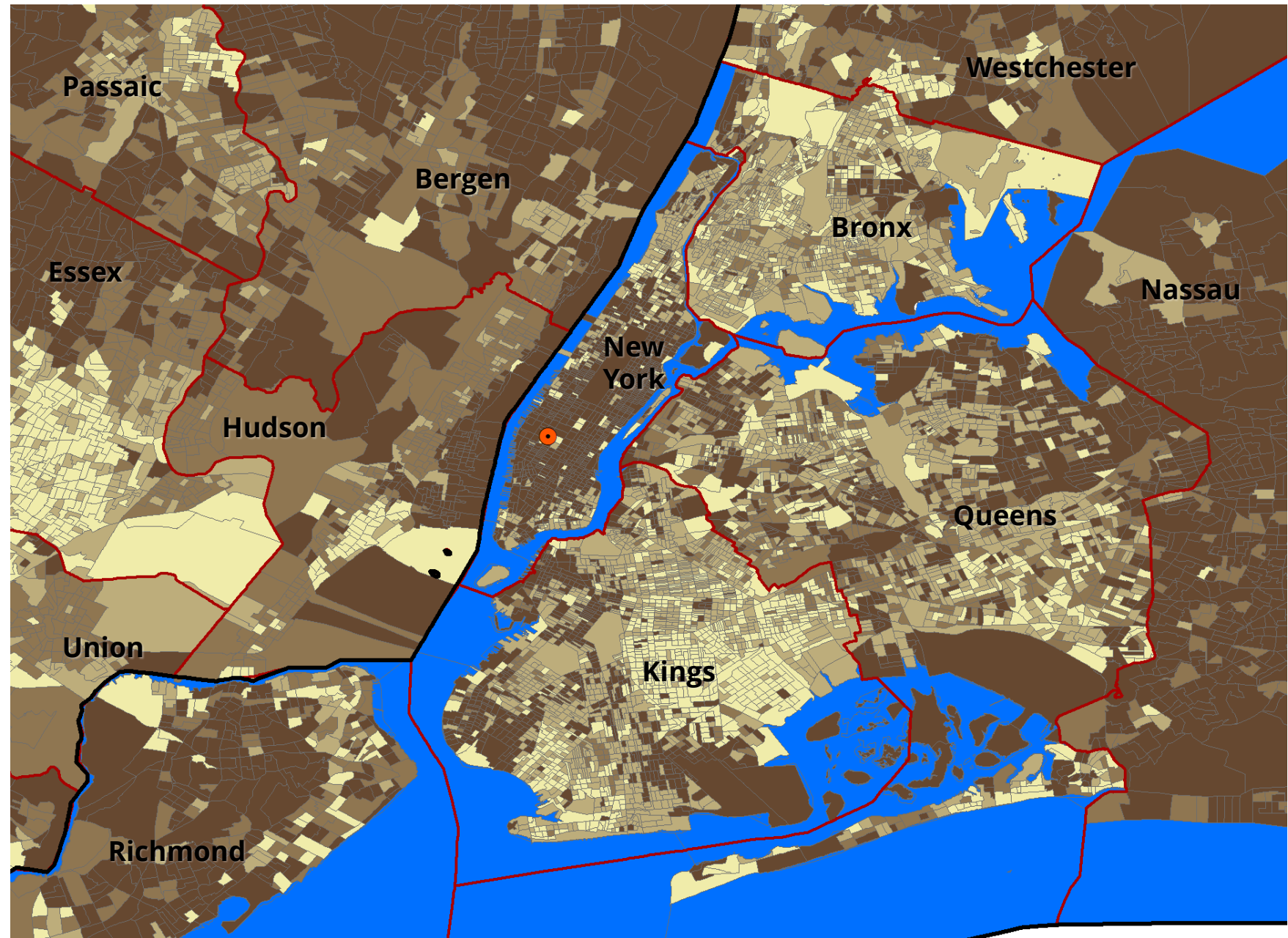


# Skiing

(Market Potential Index)

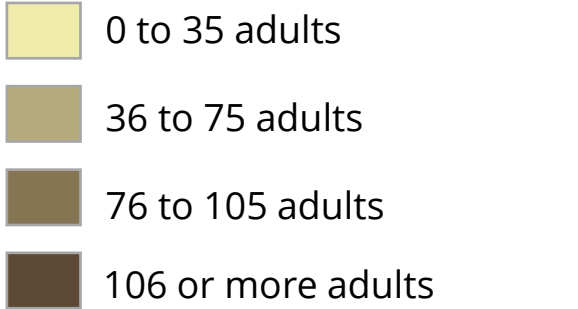


An MPI measures the relative likelihood that adults in the market area will participate in each activity compared to the national average of 100.



# Target Shooting

(Number of people)



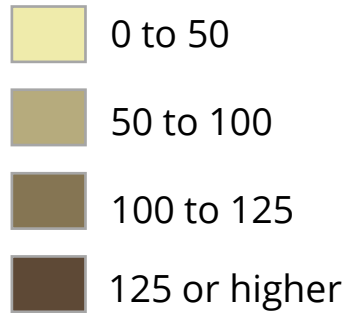
The data indicate the number of adults in each Census block group expected to participate in the indicated leisure/recreation activity in 2022





# Target Shooting

(Market Potential Index)



An MPI measures the relative likelihood that adults in the market area will participate in each activity compared to the national average of 100.



# Potential Ridership & Visitor Spending

The background of the slide is a photograph of a large, modern transit station. The station features a prominent, arched glass and steel roof structure that allows natural light to filter through. The interior is spacious, with visible tracks and platform areas. The overall color palette is dark blue, which is used as a background for the white text.



# Potential New Ridership

## New visits to Upstate PA & Mount Poconos

Based on the total number of adults in the specified market area who participated in the identified leisure and recreation activities in 2022, the research team estimated the potential number of adults who could ride on the proposed corridor to visit the Upstate PA and Mount Poconos regions.

As shown in the accompanying table, Tourism Economics estimates that approximately 489,000 riders will visit the Upstate PA region, while nearly 182,000 riders will visit the Mount Poconos region.

As defined in Tourism Economics' study, "Economic Impact of Tourism", which is prepared for the Pennsylvania Tourism Office at the Department of Community and Economic Development, the Upstate PA region includes the following counties: Bradford, Lackawanna, Luzerne, Schuylkill, Sullivan, Susquehanna, and Wyoming. The Poconos Mountain region includes Carbon County, Monroe County, Pike County, and Wayne County.

## Potential number of riders to the Upstate PA & Mount Poconos regions

By leisure activity

Leisure Activity	Expected number of adults participating in 2022	Market potential index	Potential number of riders to Upstate PA	number of riders to Mount Poconos
Participated in backpacking	413,775	103	20,689	11,379
Participated in bicycling (mountain)	391,997	107	19,600	10,780
Participated in canoeing/kayaking	555,329	89	27,766	8,330
Participated in fishing	805,772	101	40,289	12,087
Participated in hiking	1,709,543	108	85,477	42,739
Participated in horseback riding	250,443	118	12,522	3,757
Participated in hunting	391,997	101	19,600	3,920
Visited an aquarium	653,328	112	26,133	3,920
Went to beach	3,484,418	113	87,110	13,067
Did birdwatching	413,775	81	20,689	6,207
Went on overnight camping trip	860,216	71	43,011	21,505
Visited a theme park	2,101,540	115	52,538	15,762
Participated in skiing	359,331	141	17,967	16,170
Participated in target shooting	304,887	74	15,244	12,195
<b>Total</b>	<b>12,696,348</b>		<b>488,635</b>	<b>181,816</b>

Source: Tourism Economics (2022)

# Potential New Ridership

New visitation relative to existing visitation levels

Based on Tourism Economics’ existing research of the visitor economy in the State of Pennsylvania, the Upstate PA and Pocono Mountains regions welcomed 8.9 million and 19.4 million total visitors, respectively, in 2019.

The 489,000 potential riders to the Upstate PA region would represent a 5.5% increase compared to 2019 regional visitation levels, while the 182,000 potential riders to the Pocono Mountains region would represent a 0.9% increase compared to 2019 regional visitation levels.

## Potential number of riders to the Upstate PA & Mount Poconos regions

Increased visitation relative to 2019

Description	Upstate PA Region	Pocono Mountains Region
Estimated potential rail riders to region	488,635	181,816
Visitation to region in 2019	8,909,131	19,353,210
% increase in regional visitation attributable to proposed rail	5.5%	0.9%

Source: Tourism Economics (2022)

Note: As defined in Tourism Economics’ study, “Economic Impact of Tourism”, which is prepared for the Pennsylvania Tourism Office at the Department of Community and Economic Development, the Upstate PA region includes the following counties: Bradford, Lackawanna, Luzerne, Schuylkill, Sullivan, Susquehanna, and Wyoming. The Poconos Mountain region includes Carbon County, Monroe County, Pike County, and Wayne County.



# Potential New Visitor Spending

New spending relative to existing spending levels

Based on Tourism Economics’ existing research of the visitor economy in the State of Pennsylvania, riders to the Upstate PA and Mount Poconos regions will spend \$262 and \$283 per person, respectively, resulting in approximately \$128 million in new visitor spending in the Upstate PA region and approximately \$51 million in new visitor spending in the Pocono Mountains region.

The \$128 million in potential new visitor spending in the Upstate PA region would represent a 5.3% increase relative to \$2.4 billion in total visitor spending in the region in 2019. The \$51 million in potential new visitor spending in the Pocono Mountains region would represent a 1.2% increase relative to the \$4.2 billion in total visitor spending in the region in 2019.

## Potential new visitor spending in the Upstate PA & Mount Poconos regions

Increased visitor spending relative to 2019

Description	Upstate PA Region	Pocono Mountains Region
Estimated potential rail riders to region	488,635	181,816
Estimated average spending per traveler (\$)	\$262	\$283
<b>Estimated increase in visitor spending (\$ millions)</b>	<b>\$128</b>	<b>\$51</b>
Visitor spending in region in 2019 (\$ millions)	\$2,397	\$4,211
<b>% increase in regional visitor spending attributable to rail</b>	<b>5.3%</b>	<b>1.2%</b>

Source: Tourism Economics (2022)

Note: As defined in Tourism Economics’ study, “Economic Impact of Tourism”, which is prepared for the Pennsylvania Tourism Office at the Department of Community and Economic Development, the Upstate PA region includes the following counties: Bradford, Lackawanna, Luzerne, Schuylkill, Sullivan, Susquehanna, and Wyoming. The Poconos Mountain region includes Carbon County, Monroe County, Pike County, and Wayne County.

# Economic Impacts





# Economic & Fiscal Impact Analysis

Direct, indirect, and induced impacts

## Develop economic impact model

After estimating potential new riders along the proposed corridor and associated visitor spending, the research team utilized Input-Output (I-O) models for the regional economies, developed through IMPLAN ([www.implan.com](http://www.implan.com)), to trace the full extent of impacts across multiple industries. IMPLAN is recognized as an industry standard in local-level I-O models.

An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and produces estimates of the following components:

- Direct impacts
- Indirect impacts
- Induced impacts

For example, an I-O model tracks the flow of a visitor's **direct** spending on restaurant expenditures to wages, profits, capital, taxes and suppliers. The supplier chain is also traced to food wholesalers, to farmers, and so on. In this way, the I-O model allows for the measurement of the direct and **indirect** sales generated by a restaurant meal. The model also calculated the induced impacts of visitor spending attributable to the Scranton-to-NYC corridor. These **induced** impacts represent benefits to the economy as employees spend their wages in the local economy, generating additional output, jobs, taxes, and wages.

IMPLAN calculates three levels of impact – direct, indirect, and induced – for the following concepts:

- Business Sales
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

## Tourism Economics Economic Impact Model

### DIRECT IMPACTS

Scranton-to-NYC corridor's contribution measured by visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

### INDIRECT IMPACTS

Purchases of inputs from suppliers  
Suppliers' own supply chains



SUPPLY  
CHAIN  
EFFECTS



B2B GOODS  
& SERVICES  
PURCHASED

### INDUCED IMPACTS

Consumer spending out of  
employees' wages:



INCOME  
EFFECT



HOUSEHOLD  
CONSUMPTION

### TOTAL IMPACTS

Direct, indirect,  
and induced  
impacts



SALES



GDP



JOBS



INCOME



TAXES

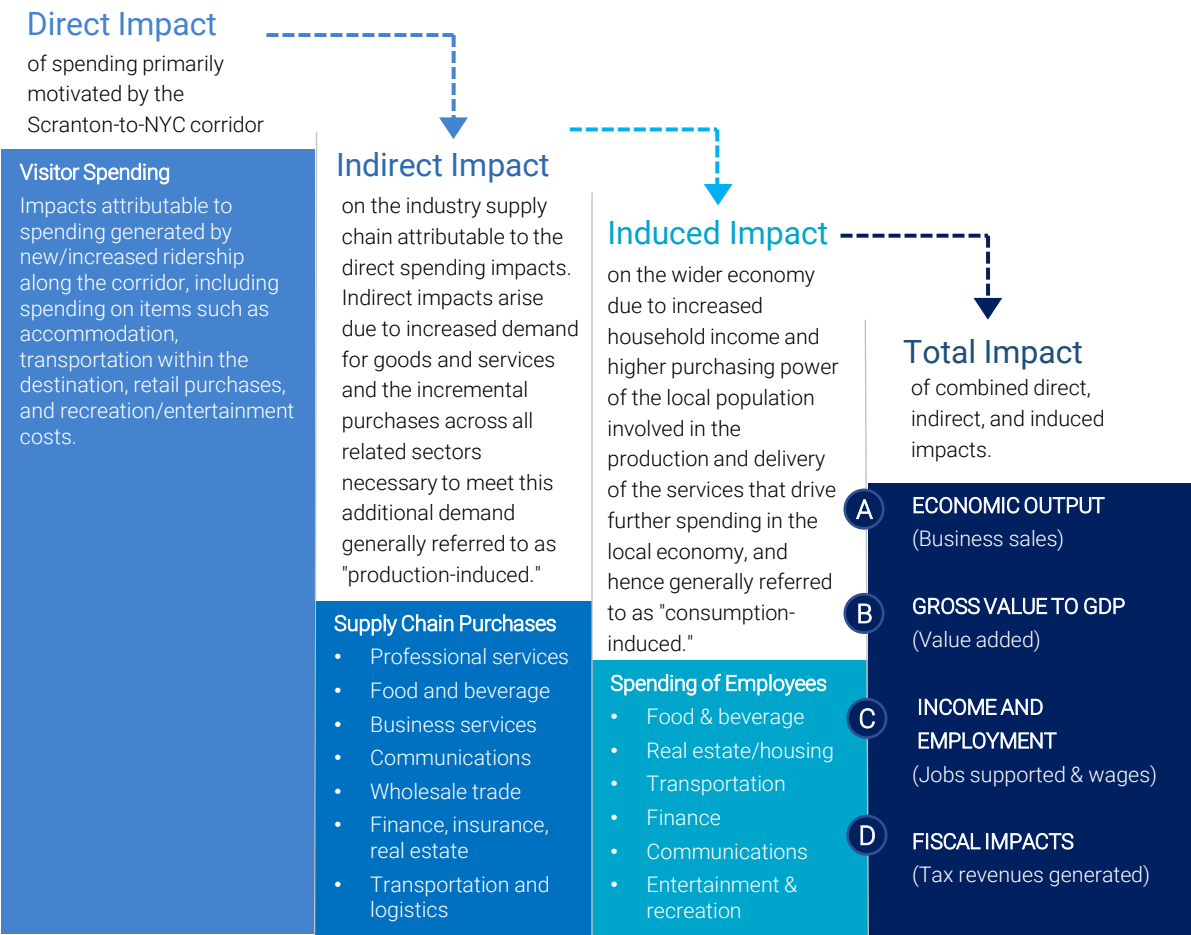
# Economic & Fiscal Impact Analysis

Direct, indirect, and induced impacts

## Develop economic impact model (continued)

The modeling process started with aligning the various data inputs with the related sectors in the model. Each component of the main data inputs was matched with the appropriate IMPLAN industry specification. The main data inputs encompassed the impacts attributable to spending generated by new/increased ridership along the corridor

Tourism Economics then adjusted the model to balance the results with known industry measurements, including Tourism Economics’ existing research of the existing visitor economy in the State of Pennsylvania. IMPLAN is flexible, allowing for adjustments in coefficients. This ensures that the results of the model are consistent and reasonable compared with other sources of industry employment and taxes data.





# Summary Economic Impacts

## Upstate PA Region

As previously outlined, the 488,635 new rail riders to the Upstate PA region will generate \$128.0 million in new visitor spending throughout the region.

The \$128.0 million in new visitor spending will generate \$39.1 million in indirect and induced expenditures, resulting in a total economic impact of \$167.1 million in the Upstate PA region. The total regional economic impact would generate \$68.6 million in labor income, supporting more than 1,800 total part-time and full-time jobs throughout the region.

The total economic impact of \$167.1 million would generate significant fiscal (tax) benefits as spending circulates through the regional economy. Total state and local taxes would amount to \$15.0 million dollars, while total federal taxes would amount to \$15.9 million.

### Summary Economic and Fiscal Impacts

#### Upstate PA Region

Upstate PA Region	
Description	
Estimated potential rail riders to region	488,635
Economic Impacts	
Total economic impacts (business sales) (\$ millions)	\$167.1
Direct visitor spending attributable to new rail riders (\$ millions)	\$128.0
Indirect and induced expenditures (\$ millions)	\$39.1
Total jobs (part-time and full-time jobs)	1,822
Total labor income (\$ millions)	\$68.6
Fiscal (Tax) Impacts	
State and local taxes (\$ millions)	\$15.0
Federal taxes (\$ millions)	\$15.9

Source: Tourism Economics (2022)

Note: All figures are reported in current dollars

# Summary Economic Impacts

## Pocono Mountains Region

As previously outlined, the 182,000 new rail riders to the Poconos will generate \$51.5 million in new visitor spending in the Pocono Mountains region.

The \$51.5 million in new visitor spending attributable to the proposed rail service would generate \$14.4 million in indirect and induced expenditures, resulting in a total economic impact of \$65.9 million in the Pocono Mountains region. This total regional economic impact would generate \$26.8 million in labor income, supporting nearly 600 total part-time and full-time jobs throughout the region.

The total economic impact of \$65.9 million would generate significant fiscal (tax) benefits as spending circulates through the regional economy. Total state and local taxes would amount to \$5.9 million dollars, while total federal taxes would amount to \$6.3 million.

### Summary Economic and Fiscal Impacts

#### Pocono Mountains Region

Description	Pocono Mountains Region
Estimated potential rail riders to region	181,816
<b>Economic Impacts</b>	
<b>Total economic impacts (business sales) (\$ millions)</b>	<b>\$65.9</b>
Direct visitor spending attributable to new rail riders (\$ millions)	\$51.5
Indirect and induced expenditures (\$ millions)	\$14.4
<b>Total jobs (part-time and full-time jobs)</b>	<b>576</b>
<b>Total labor income (\$ millions)</b>	<b>\$26.8</b>
<b>Fiscal (Tax) Impacts</b>	
<b>State and local taxes (\$ millions)</b>	<b>\$5.9</b>
<b>Federal taxes (\$ millions)</b>	<b>\$6.3</b>

Source: Tourism Economics (2022)

Note: All figures are reported in current dollars



# About Tourism Economics and Oxford Economics

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

For more information:

[admin@tourismeconomics.com](mailto:admin@tourismeconomics.com)



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