Exhibit No.:
Witness: Paul A. Coomes, Ph.D.
Type of Exhibit: Direct Testimony
Issues: Noranda Economic Impact
Sponsoring Party: Noranda Aluminum, Inc.
Case No.: ER-2010-0036

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Union Electric Company, d/b/a AmerenUE's Tariffs to Increase Its Annual Revenues for Electric Service	)	**Case No. ER-2010-0036** Tariff Nos. YE-2010-0054 and YE-2010-0055

Direct Testimony of Paul A. Coomes, Ph.D.

On behalf of

Noranda Aluminum, Inc.

January 6, 2010

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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STATE OF KENTUCKY)
) **SS**
COUNTY OF JEFFERSON)

Affidavit of Paul A. Coomes, Ph.D.

Paul A. Coomes, being first duly sworn, on his oath states:

1. My name is Paul Coomes. I am a consulting economist and a member of the faculty of the University of Louisville. My address is 3604 Trail Ridge Road, Louisville, KY 40241.

2. Attached hereto and made a part hereof for all purposes is my direct testimony, which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2010-0036.

3. I hereby swear and affirm that the testimony is true and correct.

_____
Paul A. Coomes

Subscribed and sworn to before me this ___ day of January, 2010.

_____
Notary Public

Before the

Missouri Public Service Commission

Case No. ER-2010-0036

Prepared Direct Testimony of Paul A. Coomes, Ph.D.

Q: Please state your name, address, profession and educational background.

A: My name is Paul A. Coomes. My address is 3604 Trail Ridge Road, Louisville KY 40241. I am a consulting economist. I have a Ph.D. in economics from the University of Texas. I have been a faculty member of the University of Louisville since 1985.

Q: Describe your experience in testifying in utility rate cases.

A: I have testified several times before the Kentucky Public Service Commission, as well as the Public Utility Commission of Ohio.

Q: What is the purpose of your testimony?

A: Noranda Aluminum, Inc., operates an aluminum smelter on the Mississippi River a few miles south of New Madrid, Missouri. I have been retained by Noranda to analyze the likely economic and fiscal impacts in the region if the smelter were to close. My testimony is provided to assist the Public Service Commission in understanding the regional economic importance of Noranda's operations, and the ramifications of electricity costs should aluminum prices reach a threshold such that the smelting operations would be financially threatened. The purpose of my testimony is to communicate the regional economic and fiscal importance of

this plant.

Q: How would you summarize your findings?

A: My primary objective was to measure the economic importance of Noranda's smelter operations to the regional economy. My approach was to simulate what would like happen to jobs, payroll, and tax revenues were the plant to close. Noranda employs around 900 people and pays wages and salaries annually of $60 million. Employees live in 71 communities in eight states; however 95 percent of employees live in just seven counties, all in Missouri. Were the plant to close, I estimate that the total net annual impact in the region would be a loss of 3,207 jobs and $121 million in total employee compensation. State and local governments in Missouri would lose about $16 million annually in tax revenues.

Q: What information have you relied on in reaching your conclusions, and what is the source of that information?

A: Noranda has provided me with background information about its operations and its workforce. Specifically, Noranda is a major producer of primary aluminum in the United States. It currently employs nearly 900 people and pays wages and salaries annually of over $60 million, plus large fringe benefits. Workers reside in 71 communities in eight states. However 95 percent of employees reside in the top seven counties, those nearest to the city of New Madrid – New Madrid, Scott, Dunklin, Pemiscot, Stoddard, Mississippi, and Cape Girardeau counties, all in Missouri.

Q: What type of analysis have you performed with respect to the economic impact of Noranda's aluminum smelter?

A: I have taken the seven Missouri counties listed above as the primary impact region for the smelter, and have built an impact model of the regional economy. The model is capable of predicting in great detail the effects of smelter operations on jobs, payroll, and output in all the other industries in the region. The model predicts that if the smelter were to close the regional economy would lose a total of 3,207 jobs and annual wages and salaries of $121 million. The impacts on local and state government revenues would be severe. I estimate that annual tax receipts to state and local governments would fall by at least $16 million were the plant to close.

Q: Have you also analyzed the impact of Noranda's aluminum smelter on the economy of the state of Missouri?

A: Yes. I have also estimated the impacts on the state of Missouri as a whole. These are larger than the more geographically constrained seven county area. I estimate the loss in Missouri would be 3,885 jobs with annual wages and salaries of $158 million. State and local governments would lose over $19 million in annual tax receipts were the plant to close.

Q: Besides the loss of jobs, wages and salaries and tax revenues, does Noranda's aluminum smelter have any other impact on the state of Missouri?

A: Yes. My estimates concerning job loss, wages and salaries and tax revenues

involve the economic and fiscal categories most easily quantified. There are other impacts, though they are harder to measure with precision. Local real estate and retail markets are linked to the payrolls at the smelter. Social indicators, like unemployment and crime, also are related to the plant's employment levels, as are public costs for unemployment benefits, retraining, and social services.

Q: For background purposes, can you describe the basic operations of an aluminum smelter?

A: Yes. Aluminum is made from alumina, or aluminum oxide, essentially by passing enormous electric current through steel 'pots' containing a cryolite-alumina mixture. This process is often called reduction, because the electrolysis process separates alumina into its elements, one of which is the aluminum metal. The process is also called smelting. The molten aluminum is siphoned off the pots and formed into crucibles, which when cooled become the familiar ingots traded on the international metals market. The website mii.org/Minerals/photoal.html provides a simple explanation of the production process. Alumina is made from bauxite, most of which is obtained from Australia, Brazil, Guinea, and Jamaica. Because of the extremely large electricity requirements, most aluminum smelting is done near sources of inexpensive electricity, such as hydroelectric plants. Moreover, since the least cost method of shipping alumina and aluminum is by barge, smelters are often located on major rivers such as the Mississippi and Ohio rivers.

Q: Is Noranda's smelter a important source of employment in its region?

A: Yes. The Noranda smelter is among the largest private sector employers in the regional economy, and clearly the largest industrial employer in New Madrid County. The web site for the City of New Madrid contains a statistical profile for each county (www.new-madrid.mo.us). It shows the top employers in New Madrid County to be Noranda, Associated Electric Cooperative, Riceland, Beverly Healthcare, Specialloy Metals, and City, County, and State governments. The electric coop, nursing home and government operations exist to serve the local market, and hence do not bring in new dollars to the regional economy.

Q: Does Noranda's smelter contribute a significant portion of the salaries and wages earned in New Madrid County?

A: Yes. Federal data shows that $136.6 million, or 43 percent, of the County's $320.7 million in total private industry labor and proprietor earnings are attributed to the manufacturing industry, of which Noranda is by far the largest firm. With the average pay close to $69,000, no other place of work in the County comes close to this employment opportunity. Moreover, employee benefits are very lucrative. The company reports that its contributions to the social security and Medicare programs for its employees, plus the value of retirement, health insurance, and other fringe benefits adds about 60 percent to the base wages and salaries.

Q: Besides the loss of salaries and wages, how does the loss of a large employer affect an area like New Madrid County?

A: The effect of losing a large employer, particularly in a lightly populated county, goes far beyond the loss of payrolls. Often the company is the primary force in the

local housing market, the largest contributor of property taxes to the local school system, the largest contributor of health care benefits and therefore the largest indirect customer of the local hospital, and the largest contributor of dollars and time to local charities. Moreover, when a large plant closes, not only do public revenues fall but public costs go up. Other statewide employers and employees must contribute to pay for the unemployment benefits to laid off workers, increased Medicaid costs as families lose income and health insurance coverage, and overall increased social services costs. Crime rates tend to rise with unemployment, as do alcohol and drug addiction. Local community and technical colleges see enrollments surge as laid off workers try to retrain. And major community investments must be made in economic development efforts to replace the lost engines.

Q: Can you provide the Commission with an example of a community similar to New Madrid that actually experienced the closure of a smelter and demonstrates the likely consequences of a closure of Noranda's aluminum smelter?

A: Yes. The linkage between smelter closures and local unemployment is clear from the public data on Monroe County, Ohio – the site of the Ormet aluminum smelter which was shut down during most of 2004-2006, and then restarted. Monroe County has a population of only about 14,000, and like New Madrid the aluminum plant is most important employer in the county, drawing employees from a similar seven county region.

Q: What was the impact of the closure of the Ormet aluminum smelter?

A: In Schedules 1 and 2, I provide the official estimates of payroll growth and unemployment rates in Monroe and for the state of Ohio as a whole. In Schedule 1, one can clearly see a negative impact on county payrolls as the plant was shut down, then restarted. The payroll growth also tracks county unemployment data, as shown in Schedule 2. The state of Ohio tracks the national unemployment rate fairly closely, and one can see the effects of the 2001-02 recession, with Ohio's unemployment rate rising from four to six percent, before falling in 2005. Monroe County has been consistently higher than the state average. And it is clear that Monroe had a major jump in unemployment when the Ormet smelter was idled during the 2004-06 period, and fell in 2007 after the plant was back in production.

Q: Describe the approach you took in choosing a methodology to estimate the economic and fiscal impacts of Noranda's aluminum smelter.

A: Because the aluminum and related manufacturing operations serve primarily national and international markets, they bring new dollars into the regional economy. In this sense, a shut-down of the smelter would have large and predictable negative economic and fiscal impacts in southeast Missouri. The activity supports thousands of jobs and millions of dollars in payrolls, and ultimately large tax revenues for Missouri state and local governments. I took these factors into account in defining the regional economic footprint for purposes of this impact study, and used an input-output model and tax rate calculations to measure the regional impacts.

Q: How did you determine the geographic area to include in your analysis?

A: Noranda's aluminum smelter is located in an industrial park on the Mississippi River a few miles south of New Madrid, Missouri. While New Madrid County is the site for the aluminum plant, the economic and fiscal impacts permeate a much larger region. I defined the impact region based on the geographic footprint of the workforce. Workers commute in to the aluminum plant, and take their paychecks to their home county, where they pay for housing and many retail and personal services. Noranda provided a breakdown of employment by city and zip code of residence, and I converted these to a county basis, as shown in the Schedule 4. Workers reside in 71 communities in eight states. However 95 percent of employees reside in the top seven counties, those nearest to the city of New Madrid – New Madrid, Scott, Dunklin, Pemiscot, Stoddard, Mississippi, and Cape Girardeau counties, all in Missouri. Schedule 3 is a map that shows the regional counties, major cities, road and water features in the economic impact area. The counties shaded on this map are the top places of residence for Noranda employees, and these are the ones we use to investigate impacts. The star denotes the approximate location of the Noranda aluminum smelter. The top 20 communities of residence for Noranda employees are shown on Schedule 4.

Q: How has the population of this seven-county region changed during the period 2000 to 2008?

A: The Census Bureau has published population estimates for counties as of July 2008, and these are shown in Schedule 5. The Bureau provides a breakout of the

components of population change, showing growth from natural increase (births minus deaths), net domestic migration, plus net international migration. It is evident from these data that Cape Girardeau County is growing from all sources, and posted a higher rate of population growth this decade than did the state of Missouri. The remainder of the region is losing residents due to domestic out-migration. Overall, the region has had no net growth in population since 2000. New Madrid County, site of the Noranda Aluminum plant, has been especially impacted, losing 2,200 residents or 11 percent of its population.

Q: Is Noranda's aluminum smelter an important source of jobs for this seven-county region?

A: Yes. The regional importance of the jobs at the aluminum plant should be clear from Schedule 6. New Madrid County has only around 8,500 wage and salary jobs, of which Noranda – by far the largest private employer - accounts for about 850. The City of New Madrid's website (www.new-madrid.mo.us) lists the largest employers as Noranda, Associated Electric Cooperative, Riceland, Beverly Healthcare, and Specialloy Metals. However, the very high average pay at the Noranda plant is sufficient to pull New Madrid well above any other regional county in terms of overall pay. Cape Girardeau County easily has the greatest number of jobs in the region, with 45,700; however, on average these jobs pay $2,300 less than in New Madrid County. No other county in the region comes close in terms of average pay.

Q: Does Noranda make other types of payments to residents of this area?

A: Yes. Noranda also makes monthly pension payments to a large number of former employees or surviving spouses, most of whom who live in the region. The company estimates that there are 540 current beneficiaries, receiving an average of $631 per month. This amounts to about $4 million per year in additional income flowing to residents. The pension payments are almost evenly split between former hourly and former salaried employees. In addition, some retirees continue to have some company provided life insurance and health insurance benefits. Continuing benefits to former employees are contingent upon the financial health of the company.

Q: Please explain the methodology you used to evaluate the economic and fiscal impacts of Noranda's aluminum smelter.

A: I used standard regional economic impact methods to evaluate the economic and fiscal impacts of Noranda's aluminum plant. I purchased detailed economic data for the seven counties most impacted, and used them to build an IMPLAN input-output model of the region. I also constructed a similar model of the state of Missouri as a whole. The models are able to simulate the effects of changes in economic activity for any of 500 regional industries. They also can predict detailed inter-industry purchases and household spending related to industrial changes.

Q: What "sector of interest" or industry did you focus on in building your IMPLAN model?

A: In IMPLAN, the sector of interest for this study is number 172, Primary Aluminum Production. This industry is defined according to the North American Industrial

Classification System (NAICS) code 331312. The official definition is as follows: This U.S. industry comprises establishments primarily engaged in (1) making aluminum from alumina and/or (2) making aluminum from alumina and rolling, drawing, extruding, or casting the aluminum they make into primary forms (e.g., bar, billet, ingot, plate, rod, sheet, strip). Establishments in this industry may make primary aluminum or aluminum-based alloys from alumina. The source of this information is: *www.census.gov/epcd/naics02/def/ND331312.HTM#N331312.*

Q: Please explain the IMPLAN model.

A: The IMPLAN model provides estimates of indirect (inter-industry purchases) and induced (household spending) effects on sales, jobs, and payrolls for export-based expansions or contractions of any of 500 local industries. For example, the job multiplier for the primary aluminum production industry in the New Madrid region economic area is 3.624, meaning that for every job at the aluminum smelter, another 2.624 jobs are created elsewhere in the regional economy. Similarly, the employee compensation multiplier for the industry there is 1.994, meaning that for every dollar of payroll created at the aluminum smelter another $0.994 in payrolls are created in other sectors around the region.

Q: Did you also include a value added multiplier in your analysis?

A: Yes. The value added multiplier for the industry is 1.912, meaning that for every dollar of value added created at the aluminum smelter, another $0.912 in value added is created in other sectors around the region. Value added is closely related to the concept of regional gross product. It is our best measure of how

much industrial revenue sticks to the local economy. To see why this is important, imagine a hypothetical manufacturing operation that purchased $1 million of materials from an Asian company, and then did some minor final enhancements and repackaging of a product it sold for $1.5 million. A measure of 'output' at the plant would show sales of $1.5 million, but only $0.5 million of value was actually created at the site. Regional value added essentially measures the difference between revenues and cost of materials, and is equivalent to the payments to labor and owners of capital and land in the region.

Q: Could you please explain the difference between indirect and induced effects, and how these effects are accounted for in your analysis?

A: Yes. Regional economists often make the distinction between the indirect and induced components of a multiplier, and in some cases make separate estimates for each. The indirect effects refer to the linkages between the exporting industry (aluminum) and their industrial vendors (transportation, electricity, barges, tools, computers, insurance). When the directly impacted industry expands, it raises its purchases from its vendors, thus lifting their employment and payrolls. Noranda reports a total of 1,344 vendors, including hundreds of suppliers of tools, machinery, instruments, and engineering services; but also including many local nonprofit groups like the Boy Scouts, sports teams, Red Cross, schools, and libraries to which gifts were made. Over 1,000 of the vendors are located in Missouri. The induced effects refer to the impact of the new export-based sales on the local economy through the rounds of re-spending of the additional household income caused by the expansion. Regional sales of cars, groceries,

building supplies, banking services, and so on are all sensitive to growth in disposable income. In the rest of the analysis, I simply use the total impact multipliers just discussed, and they incorporate both indirect and induced effects.

Q: Please explain your analysis of the tax and fiscal impacts of Noranda's aluminum smelter.

A: There are no good national sources of data on which to make estimates of the fiscal impacts of an industrial expansion or contraction in a region. Noranda has provided some data on direct tax payments to local and state governments, including property taxes, sales taxes, and income taxes. I have aggregated these in my fiscal impact statement explained below. However, the impacts on governments are much greater than these direct payments. Employees pay sales taxes when they spend their wages in the local economy, and are liable for individual income taxes in Missouri. These payments can be estimated using published data on tax receipts from Missouri state government, as well as tax information from city and county governments in the region. By comparing the growth in tax receipts to the growth in payrolls historically, I calculated 'effective' tax rates and used those to estimate the amount of income and sales taxes linked to the aluminum industry payrolls.

Q: How did you determine the effective state tax rates in Missouri for the purpose of your calculations?

A: Schedule 7 provides historical data for state-level income and sales tax receipts. Effective tax rates are shown in the last two columns. I used the average of the

last five years as a measure of current effective tax rates: 1.86% for sales taxes, and 5.12% for individual income taxes.

Q: How did you determine effective local sales tax rate for the purpose of your calculations?

A: All county and city governments in the region levy local sales taxes. I obtained tax receipt data for the seven county governments and the twenty most important city governments in the region. The receipts in FY08 are shown in Schedule 8. I then computed an effective local sales tax rate by dividing sales tax receipts ($66.8 million) by the total wages and salaries ($3.1 billion) in the region. This yields an effective sales tax rate of 2.18%.

Q: How did you use these effective tax rates to determine the fiscal impact of the closure of Noranda's aluminum smelter?

A: The state and local effective tax rates were multiplied by the Noranda-related wages and salaries to predict fiscal impacts if the aluminum plant were to close.

Q: What other impacts on taxes would result from a closure of Noranda's aluminum smelter?

A: Additional tax impacts are also likely, though much harder to quantify. For example, proprietors and corporations around the region are liable for state individual and corporate income taxes. Gasoline taxes, unemployment insurance taxes, insurance premiums taxes, building permit fees, motor vehicle sales taxes, and many other business tax categories would see some decline if the smelter

were to shut-down. Employees would also pay less in the way of gasoline taxes, motor vehicle sales taxes, and there would be a dampening effect on the regional real estate market. These categories are much harder to measure than the income and general sales taxes, but are not as important dollar-wise as the main taxes I did measure in my analysis.

Q: Did you reach a conclusion concerning the economic and fiscal impacts of Noranda's aluminum smelter?

A: Yes. I was able to estimate the economic and fiscal impacts of the aluminum smelter. I essentially simulated what would happen if the operation was removed from the region and state. The plant employs nearly 900 persons with an annual payroll of over $60 million, excluding benefits. The loss of these jobs, wages and salaries are the direct effects shown at the top of Schedules 9 and 10.

Q: How did you determine the total impact of the loss of these jobs, wages and salaries on the seven-county region?

A: In Schedule 9, I show the most important regional economic multipliers. These were derived from a custom input-output model of the seven county region, and refer specifically to the primary aluminum industry. A job multiplier of 3.624 means that for every job gained/lost in the region's aluminum industry, the region gains/loses another 2.624 jobs elsewhere in the economy. Similarly, the employment compensation multiplier of 1.994 means that a dollar of aluminum industry payroll support one more dollar of regional payroll in other industries. The model estimates that Noranda creates 'value added' of about $140 million at the

New Madrid site. The regional value added multiplier is 1.912.

Q: How did you use these multipliers to determine the total regional economic impact of a closure of Noranda's aluminum smelter?

A: The total regional economic impact is obtained by multiplying the direct impacts times the multipliers. I estimated the total job impact in the seven-county region to be about 3,200 jobs, the employee compensation impact to be about $121 million annually, and value added by all companies in the region to be $267 million.

Q: How did you determine the total regional fiscal impact of a closure of Noranda's aluminum smelter?

A: As discussed above, I used effective tax rates – calculated from historical tax collection data – to estimate individual income and sales taxes paid to state and local governments, as a function of Noranda-related payrolls. I also added in some company-reported data on property and other taxes paid in 2008. These are aggregated in the last line of Schedule 9, and amount to over $16 million annually.

Q: Did you perform a similar analysis to determine the impact of a closure of Noranda's aluminum smelter on the state's economy?

A: Yes. I have made similar economic estimates for the state of Missouri as a whole using IMPLAN. These are shown in Schedule 10. Note that the economic multipliers are higher than for the seven county region. This reflects the broader geographic scope for vendors, employees, and retailers. Noranda purchases

important inputs from outside the New Madrid area but inside the state of Missouri. For example, Noranda has a number of vendors located in St. Louis.

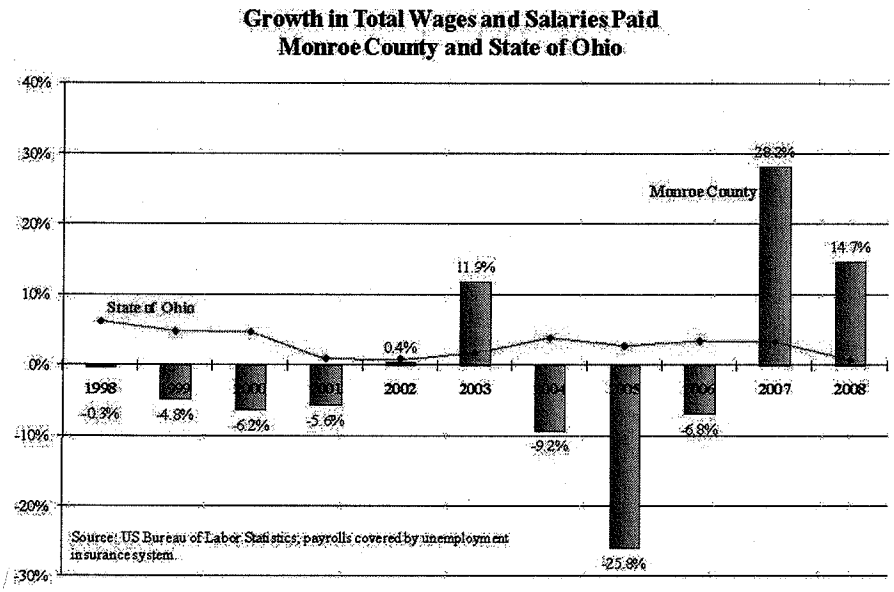
Q: Based on these calculations, what is your estimate of the impact of a closure of Noranda's aluminum smelter on the economy of the state of Missouri?

A: Using these state-level economic multipliers results in larger estimated impacts. I estimate the total statewide impact of the aluminum operation to be 3,885 jobs, $158 million in payrolls, and $336 million in value added by companies.

Q: Based on these calculations, what is your estimate of the fiscal impacts of a closure of Noranda's aluminum smelter on Missouri's tax collections?

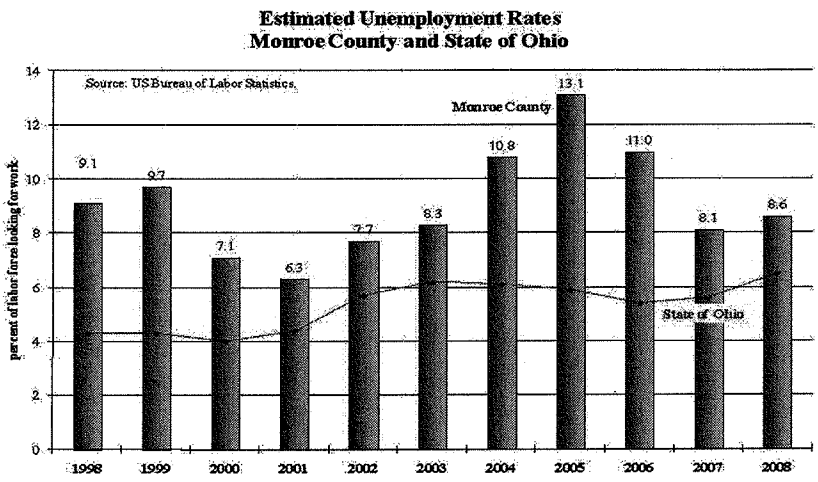
A: The fiscal impacts are also proportionately larger. Missouri state government receives about $12.5 million in tax receipts annually from the operation, and local governments receive nearly $7 million in revenues.

Schedule 1

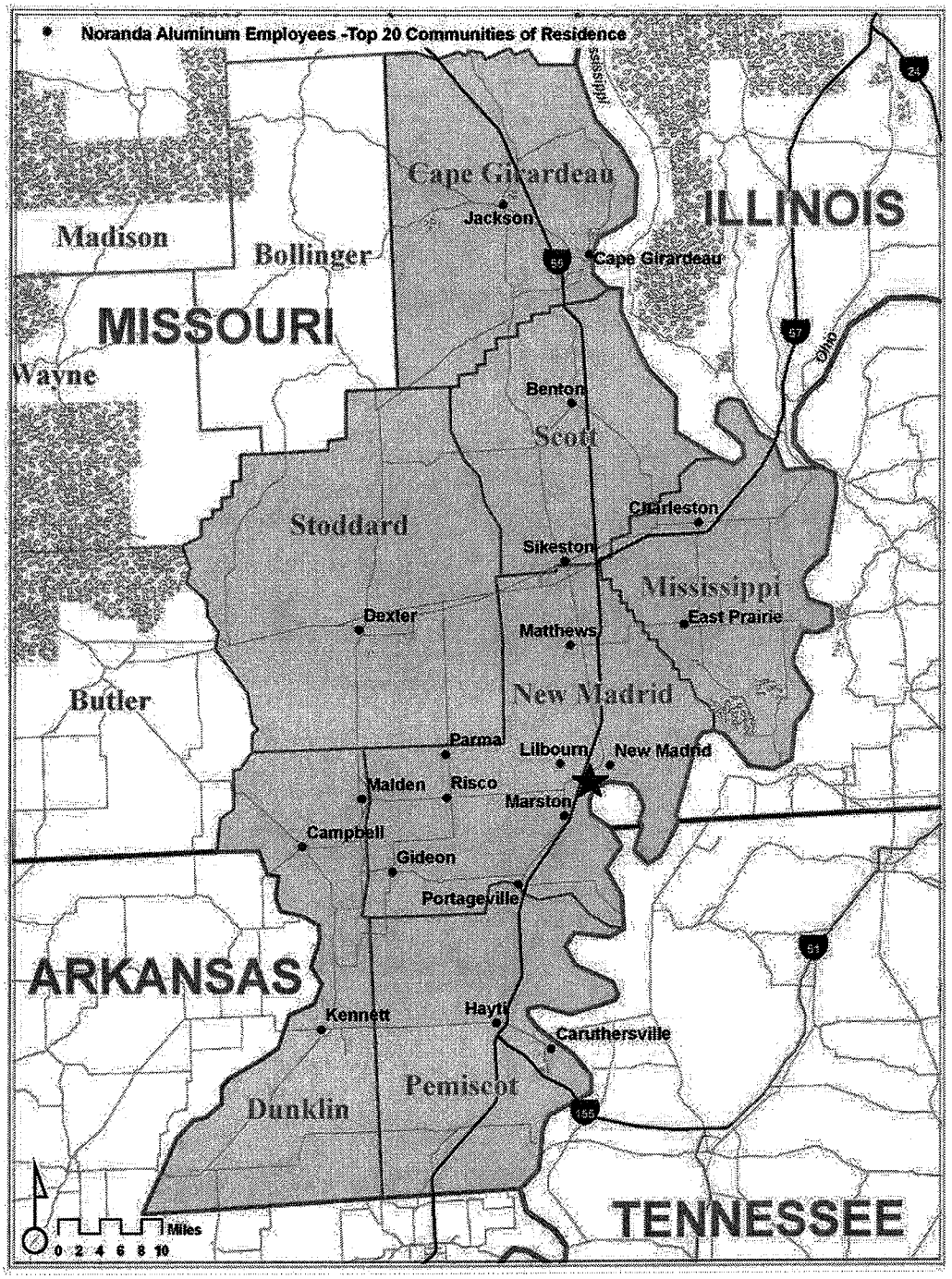


Schedule 1

Schedule 2



Schedule 2

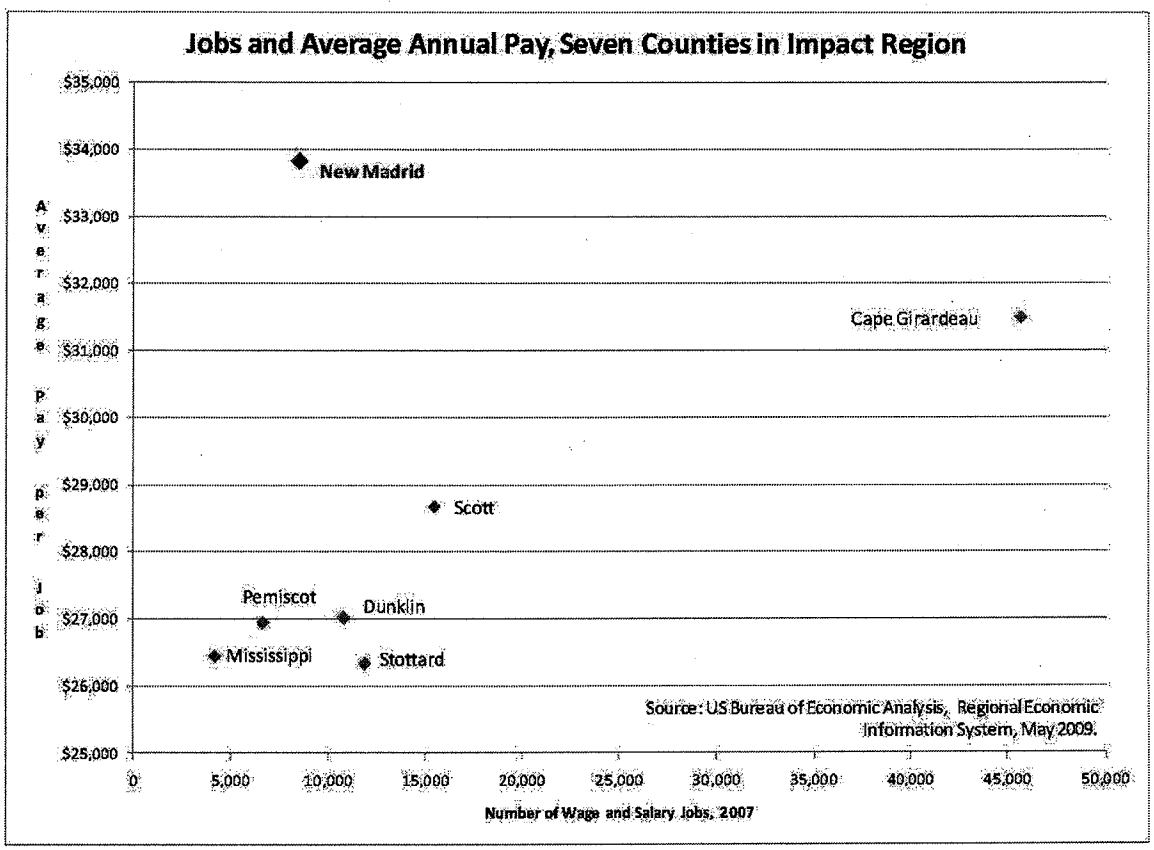

Noranda Aluminum Employees -Top 20 Communities of Residence
Mississippi
Cape Girardeau
Jackson
ILLINOIS
Madison
Bollinger
Cape Girardeau
MISSOURI
Ohio
Wayne
Benton
Scott
Stoddard
Charleston
Sikeston
Mississippi
Dexter
Matthews
East Prairie
Butler
New Madrid
Parma
Lilbourn
New Madrid
Malden
Risco
Marston
Campbell
Gideon
Portageville
ARKANSAS
Kennett
Hayti
Caruthersville
Dunklin
Pemiscot
TENNESSEE
Miles
0 2 4 6 8 10

Schedule 4

Noranda Aluminum Employees, Top 20 Communities of Residence				
City	County	State	Total Employees	share of total
Sikeston	Scott	MO	166	18.9%
New Madrid	New Madrid	MO	110	12.5%
Portageville	New Madrid	MO	95	10.8%
East Prairie	Mississippi	MO	60	6.8%
Malden	Dunklin	MO	46	5.2%
Libourn	New Madrid	MO	28	3.2%
Cape Girardeau	Cape Girardeau	MO	27	3.1%
Dexter	Stoddard	MO	26	3.0%
Campbell	Dunklin	MO	23	2.6%
Kennett	Dunklin	MO	22	2.5%
Parma	New Madrid	MO	22	2.5%
Jackson	Cape Girardeau	MO	17	1.9%
Risco	New Madrid	MO	17	1.9%
Charleston	Mississippi	MO	16	1.8%
Gideon	New Madrid	MO	14	1.6%
Matthews	New Madrid	MO	14	1.6%
Marston	New Madrid	MO	13	1.5%
Caruthersville	Pemiscot	MO	12	1.4%
Hayti	Pemiscot	MO	12	1.4%
Benton	Scott	MO	10	1.1%

Schedule 5

Components of Population Change, 2000 to 2008									
Counties	Population, 2000 Census	Births	Deaths	Net Domestic Migration	Net International Migration	statistical residual	Population July 1, 2008	Change this Decade	Percent Change this Decade
Cape Girardeau	68,693	7,518	5,663	2,822	294	-421	73,243	4,550	6.6%
Dunklin	33,157	3,928	3,757	-1,867	140	-147	31,454	-1,703	-5.1%
Mississippi	13,427	1,615	1,427	-77	16	-50	13,504	77	0.6%
New Madrid	19,757	2,028	1,969	-2,146	6	-87	17,589	-2,168	-11.0%
Pemiscot	20,047	2,680	1,944	-2,277	71	-62	18,515	-1,532	-7.6%
Scott	40,422	4,890	3,344	-1,191	92	-196	40,673	251	0.6%
Stoddard	29,706	2,974	3,008	-13	48	-170	29,537	-169	-0.6%
7-County Region	225,209	25,633	21,112	-4,749	667	-1,133	224,515	-694	-0.3%
State of Missouri	5,596,678	647,107	447,939	38,111	52,563	25,085	5,911,605	314,927	5.6%
Source: US Census Bureau									


Jobs and Average Annual Pay, Seven Counties in Impact Region
$35,000
$34,000
$33,000
$32,000
$31,000
$30,000
$29,000
$28,000
$27,000
$26,000
$25,000
Average pay per job
New Madrid
Cape Girardeau
Scott
Pemiscot
Dunklin
Mississippi
Stottard
Source: US Bureau of Economic Analysis, Regional Economic Information System, May 2009.
0
5,000
10,000
15,000
20,000
25,000
30,000
35,000
40,000
45,000
50,000
Number of Wage and Salary Jobs, 2007

Schedule 7

Missouri State Income and Sales Tax Receipts				
Wages and Salaries (000), by place of work	Sales and Use Taxes (000)	Individual Income Taxes (000)	Effective Tax Rates, Revenues as % of Wages and Salaries	
			Sales Tax	Individual Income Tax
$12,280,681	$341,833	$153,036		
$12,985,293	$347,648	$197,914	2.68%	1.52%
$13,954,055	$370,140	$267,854	2.65%	1.92%
$15,247,291	$417,656	$343,239	2.74%	2.25%
$16,438,302	$458,787	$341,724	2.79%	2.08%
$17,244,339	$487,900	$374,985	2.83%	2.17%
$19,124,793	$551,144	$427,345	2.88%	2.23%
$21,111,272	$622,608	$495,849	2.95%	2.35%
$23,658,662	$693,914	$558,496	2.93%	2.36%
$26,241,535	$754,359	$659,956	2.87%	2.51%
$28,139,541	$690,110	$735,301	2.45%	2.61%
$30,468,521	$729,476	$823,387	2.39%	2.70%
$31,825,609	$769,641	$931,752	2.42%	2.93%
$33,820,429	$831,130	$1,010,799	2.46%	2.99%
$37,205,762	$954,030	$1,152,125	2.56%	3.10%
$39,869,599	$981,742	$1,273,195	2.46%	3.19%
$42,094,532	$1,043,676	$1,347,871	2.48%	3.20%
$44,755,784	$1,091,121	$1,501,424	2.44%	3.35%
$47,601,493	$1,129,797	$1,739,047	2.37%	3.65%
$50,131,949	$1,202,876	$1,895,611	2.40%	3.78%
$52,616,194	$1,287,630	$2,136,334	2.45%	4.06%
$53,827,387	$1,253,090	$2,138,161	2.33%	3.97%
$56,699,608	$1,305,765	$2,225,262	2.30%	3.92%
$58,890,124	$1,386,757	$2,384,446	2.35%	4.05%
$62,500,813	$1,493,661	$2,579,291	2.39%	4.13%
$66,583,892	$1,578,967	$2,988,629	2.37%	4.49%
$70,213,448	$1,665,713	$3,212,380	2.37%	4.58%
$75,018,257	$1,716,115	$3,533,673	2.29%	4.71%
$79,497,019	$1,695,324	$3,881,050	2.13%	4.88%
$83,829,769	$1,732,349	$4,183,488	2.07%	4.99%
$88,781,420	$1,764,763	$4,367,792	1.99%	4.92%
$90,685,517	$1,836,843	$4,675,200	2.03%	5.16%
$92,126,196	$1,818,584	$4,454,887	1.97%	4.84%
$93,984,974	$1,829,608	$4,420,950	1.95%	4.70%
$97,467,102	$1,916,266	$4,641,033	1.97%	4.76%
$101,870,320	$1,969,797	$5,031,195	1.93%	4.94%
$106,600,626	$2,002,899	$5,473,188	1.88%	5.13%
$111,575,583	$2,046,047	$5,912,595	1.83%	5.30%
$115,488,137	$1,960,143	$6,232,327	1.70%	5.40%
Sources: Wages and salaries from US Bureau of Economic Analysis; tax receipt data from Missouri Department of Revenue.				

Schedule 7

Sales and Use Tax Receipts, FY08			
County and City Governments			
	County	Sum of Cities	County plus Cities
Cape Girardeau	$12,488,368	$22,582,282	$35,070,650
Dunklin	$2,733,473	$2,662,574	$5,396,047
Mississippi	$1,593,193	$1,274,440	$2,867,633
New Madrid	$2,841,173	$1,418,055	$4,259,228
Pemiscot	$1,858,361	$1,656,148	$3,514,509
Scott	$3,460,324	$7,012,590	$10,472,914
Stoddard	$2,526,597	$2,659,212	$5,185,809
7-County Region	$27,501,489	$39,265,301	$66,766,790
Source: Missouri Departmetn of Revenue, Comprehensive Annual Financial			
http://dor.mo.gov/cafr/taxcountiescities.pdf			

Estimated Annual Economic and Fiscal Impacts	
Noranda Aluminum Smelter, New Madrid, Missouri	
Direct	
Jobs	885
Wages and salaries	$60,827,645
Value added	$139,845,000
Economic Multipliers*, Primary Aluminum, Seven Missouri Counties	
Jobs	3.624
Employment compensation	1.994
Value added	1.912
Total Regional Economic Impact	
Jobs	3,207
Wages and salaries	$121,280,227
Value added	$267,319,032
Fiscal Impacts	
Missouri state income tax receipts**	$6,209,695
Missouri state sales tax receipts**	$2,359,094
City and county sales tax receipts***	$2,754,149
Local and state property tax receipts	$3,322,767
State corporate income taxes	$1,400,000
Total taxes, from above	$16,045,705

* Multipliers estimated using IMPLAN Professional input-output model of regional economy, September 2009.

** State tax receipts related to payrolls estimated from historical effective tax rates, i.e., the ratio of tax collections to wages and salaries paid in Missouri.

*** Local sales and use taxes for county and city governments obtained from the Kentucky Department of Revenue. These were aggregated to the seven county region, then divided by the total wages and salaries in the region to get an effective tax rate.

Estimated Annual State-wide Economic and Fiscal Impacts Noranda Aluminum Smelter, New Madrid, Missouri	
Direct	
Jobs	885
Wages and salaries	$60,827,645
Value added	$139,845,000
Economic Multipliers*, Primary Aluminum, State of Missouri	
Jobs	4.390
Employment compensation	2.598
Value added	2.404
Total Regional Economic Impact	
Jobs	3,885
Wages and salaries	$158,020,915
Value added	$336,250,590
Fiscal impacts	
Missouri state income tax receipts**	$8,090,863
Missouri state sales tax receipts**	$3,041,183
City and county sales tax receipts***	$3,555,916
Local and state property tax receipts	$3,322,767
State corporate income taxes	$1,400,000
Total taxes, from above	$19,410,729

* Multipliers estimated using IMPLAN Professional input-output model of Missouri economy, September 2009.

** State tax receipts related to payrolls estimated from historical effective tax rates, i.e., the ratio of tax collections to wages and salaries paid in Missouri.

*** Local sales and use taxes for county and city governments obtained from the Kentucky Department of Revenue. These were aggregated to the seven county region, then divided by the total wages and salaries in the region to get an effective tax rate.