ExxonMobil Baton Rouge recently commissioned Louisiana economist Dr. Stephen Barnes, director of the Kathleen Blanco Public Policy Center at the University of Louisiana at Lafayette, to produce a report on the direct, indirect and induced impact of the potential Baton Rouge Refinery Integrated Competitiveness (BRRIC) initiative. As previously shared, this investment would position the refinery to better withstand global market challenges, support job retention, and help local ExxonMobil facilities compete for additional capital investment.

About Barnes and the economic impact assessment
Barnes is currently the director of Kathleen Blanco Public Policy Center and an associate professor of Economics in the Moody College of Business at the University of Louisiana Lafayette (ULL). Prior to his appointment to ULL, he was Director of the LSU Economics & Policy Research Group and an associate professor-research in the Department of Economics at LSU.

His assessment of economic impacts estimates the total economic benefits of a new investment including **indirect effects**, which capture additional rounds of business-to-business transactions created by the initial round of project spending, and **induced effects**, which capture additional rounds of spending generated by employees from additional wages created by the initial round of spending. His employment analysis presented throughout the report provides a lower bound estimate of the economic benefit of operations related to the project. Barnes' report highlights that BRRIC investment suite has a useful life far beyond the 10-year ITEP contract period, and would generate returns for 40 or more years.

Report Highlights

Workforce impacts result in an estimated 2,030 jobs by 2023.
His report outlines the larger workforce ripple impact that could be generated by the more than $240 million potential investment. For example, direct, indirect and induced jobs resulting from construction could total 2,030 in Baton Rouge by 2023. Barnes notes that over the last 10 years, employment has declined by an average of one-half percent per year in the refining industry. Based on that trend, retaining current ExxonMobil jobs means 210 total jobs saved in Baton Rouge economy by the end of the first 10 years of investment.

Potential local sales tax revenue of approximately $9 million through 10 years of operation
The BRRIC investment would have significant implications for the tax base in the Capitol Region. Starting in 2021, project construction would immediately start to generate sales taxes with an estimate of $6.1 million total during the construction phase including collections supported by direct, indirect, and induced economic activity. In addition, about $2.7 million in local sales taxes will be generated from operational impacts during the first 10 years after the project starts up. Direct property tax revenue is projected to reach $43 million over the life of the project.

Project operations would support $731 million in sales, $111 million in earnings over 10 years.
If approved, the investment would generate $278 million in direct spending with Louisiana businesses and $226 million with Baton Rouge firms. The ripple impact from construction alone would translate into $739 million in new sales across the state and $507 million in East Baton Rouge Parish while potentially generating $291 million in new earnings in Louisiana and $265 million locally. Jobs retained because of this investment mean that ongoing project-related operations would ultimately support $731 million in sales and $111 million in parish earnings over 10 years.