

RESOLUTION OF THE INDIANA MOTORSPORTS COMMISSION

DECLARING AN AREA IN MARION COUNTY, INDIANA AS A MOTORSPORTS INVESTMENT DISTRICT AND APPROVING A RELATED QUALIFIED MOTORSPORTS FACILITY IMPROVEMENT PLAN

RESOLUTION NO. G5-2013

WHEREAS, pursuant to I.C. 5-1-17.5 (as amended from time to time, the "Act"), the General Assembly of the State of Indiana (the "State") found that (a) Marion County and certain surrounding counties and municipalities located in those counties face unique and distinct challenges and opportunities related to the economic development issues associated with the maintenance of a world-class motorsports facility in the town of Speedway; (b) a unique approach was required to ensure that such a motorsports facility can be maintained to allow these counties and municipalities to meet these challenges and opportunities; and (c) the powers and responsibilities provided to the Indiana Motorsports Commission (the "Commission") created by the Act and were appropriate and necessary to carry out the public purposes of encouraging and fostering economic development in central Indiana and maintaining a world-class motorsports facility in the town of Speedway; and

WHEREAS, such findings by the General Assembly concerning a world-class motorsports facility located in the town of Speedway relate to the Indianapolis Motor Speedway and its ancillary facilities and improvements as described in the attached Exhibit A (the "Motor Speedway") which is presently owned and operated by the Indianapolis Motor Speedway, LLC ("IMS"); and

WHEREAS, IMS has represented to the Commission that the Motor Speedway is a facility that: (a) is located in Indiana; (b) is used for professional motorsports racing events; (c) has a motorsports racetrack that is greater than two (2) miles in length; and (d) holds at least two (2) professional motorsports racing events (inclusive of professional motorsports racing practice sessions that are open to the general public) annually at which the combined admissions total at least two hundred thousand (200,000); and, as such, the Motor Speedway is a "qualified motorsports facility" within the meaning of the Act; and

WHEREAS, IMS has requested that the Commission establish the geographic area related to the Motor Speedway as a "motorsports investment district" under the Act, which geographic area is further and more particularly described in the attached Exhibit B (the "District"); and

WHEREAS, IMS has represented to the Commission that such geographic area which it proposes to constitute the District only includes: (a) the geographic area that is included within the Motor Speedway (which is a qualified motorsports facility); (b) adjacent property that is related to the operation of the Motor Speedway (which is a qualified motorsports facility) and is owned by IMS, as the owner of the Motor Speedway (which is a qualified motorsports facility),

or a subsidiary or affiliate of IMS; (c) property on which activities related to the Motor Speedway (which is a qualified motorsports facility) occur; or (d) other public property specified by the Commission in this Resolution; and

WHEREAS, IMS has proposed its plans to the Commission as described and detailed in the attached Exhibit A ("Improvement Plan") which provides that if such District is so established by the Commission and the Commission causes the improvements at the Motor Speedway as described and detailed in the attached Exhibit A ("Improvements") to be constructed, acquired, leased and financed pursuant to the Act, such Improvements: (a) will have a positive effect on the activities of the Motor Speedway; (b) will benefit the public health and welfare; (c) will be of public utility and benefit; and (d) will protect or increase state and local tax bases and tax revenues; and

WHEREAS, IMS has recited as support for such findings the study titled "*Estimating the Annual Economic Contributions of the Indianapolis Motor Speedway*," together with certain supplemental information provided by IMS related thereto (each as attached as part of Annex II to the Improvement Plan), and the Commission has noted the same in connection with its findings; and

WHEREAS, the Improvement Plan has been presented to the Commission at this meeting for consideration of the Commission; and

WHEREAS, the Commission has caused the Improvement Plan (including supporting data) and the findings set forth in this Resolution (including the establishment of a motorsports investment district pursuant hereto and to the Act), to be duly reviewed and considered (including with an opportunity for public comment at a public hearing undertaken as provided in I.C. 5-3-1); and

WHEREAS, by this Resolution, the Commission desires to establish the District as a "motorsports investment district" under the Act and take all further supporting actions required by the Act; and

NOW, THEREFORE, BE IT RESOLVED, by the Commission, as follows:

1. The foregoing recitals are hereby adopted.
2. The Commission hereby determines and finds that the geographic area as further and more particularly described in the attached Exhibit B shall be and constitute a "motorsports investment district" under the Act.
3. In connection with such establishment of the District (and by reference to the Improvement Plan), the Commission hereby makes the following findings:

- (a) There are improvements that will be undertaken in the District (as a motorsports investment district) that will have a positive effect on the activities of the Motor Speedway (as a qualified motorsports facility);
- (b) The improvements that will be undertaken in the District (as a motorsports investment district) will benefit the public health and welfare and will be of public utility and benefit;
- (c) The improvements that will be undertaken in the District (as a motorsports investment district) will protect or increase state and local tax bases and tax revenues;
- (d) As determined in this Resolution, the District (as a motorsports investment district) consists of the following properties:
 - (1) The geographic area that is included within the boundaries of the Motor Speedway (in its character as a qualified motorsports facility);
 - (2) The geographic area that is part of any adjacent property that is: (A) related to the operation of the Motor Speedway (as a qualified motorsports facility); and (B) owned by the owner of the Motor Speedway (as a qualified motorsports facility) or a subsidiary or affiliate thereof;
 - (3) The geographic area that is part of a property on which activities related to the Motor Speedway (as a qualified motorsports facility) occurs; and
 - (4) The geographic area that is part of other public property that has been specified by the Commission;

With each of the foregoing determined by reference to the maps and relationships delineating in the Improvement Plan (as described in the attached Exhibit A) and contained within the District (as described in the attached Exhibit B).

4. In support of the findings and determinations set forth in Sections 1 through 3 above, the Commission hereby adopts the specific findings set forth in the Improvement Plan, including any reports and studies incorporated therein by reference.

5. The Improvement Plan is hereby in all respects approved as necessary to establish the District, and the public finance director of the State (the "Public Finance Director") is hereby directed to file a certified copy of the Improvement Plan with the minutes of this meeting.

6. The Public Finance Director is authorized and directed to cause a motorsports investment district fund for the District (the "District Fund") to be established, maintained and applied, and is authorized and directed to request any necessary appropriations, as provided by the Act, as, when and to the extent that such is needed for the purposes of the District.

7. This Resolution, together with any supporting data including the Improvement Plan, shall be submitted to the State Budget Agency, for its review, consideration and approval, as and in the manner that is provided in the Act.

8. The Public Finance Director shall notify the Indiana Department of Revenue of the adoption of this Resolution, together with any supporting data including the Improvement Plan, as and in the manner that is provided in the Act.

9. This Resolution and the District shall expire as provided by the Act on the date that is the later of (a) the date that is thirty (30) years after the date of the adoption of this Resolution; or (b) the date on which the owner of the Motor Speedway (as a qualified motorsports facility), and any subsidiary or affiliate thereof, no longer have any financial liability to the Commission or the Indiana Finance Authority, whether pursuant to the Act, any agreement or otherwise.

10. This Resolution (including the Improvement Plan and the geographic area related to the Motor Speedway established as a "motorsports investment district" under the Act) may be amended and supplemented from time to time by the Commission as and to the extent permitted by the Act.

11. The provisions of this Resolution shall be subject in all respects to the Act and any amendments thereto.

12. This Resolution shall be in full force and effect immediately upon its passage.

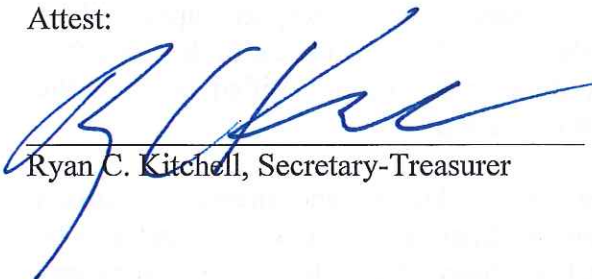
Duly adopted by a vote of the Commission on this 10th day of December 2013.

INDIANA MOTORSPORTS COMMISSION



Christopher D. Atkins, Chairman

Attest:



Ryan C. Kitchell, Secretary-Treasurer

EXHIBIT A TO
COMMISSION RESOLUTION
INDIANAPOLIS MOTOR SPEEDWAY
QUALIFIED MOTORSPORTS FACILITY
IMPROVEMENT PLAN

The General Assembly of the State of Indiana ("State") has enacted I.C. 5-1-17.5, as amended from time to time (the "Act") which creates the Indiana Motorsports Commission (the "Commission"). The Act provides that the Commission, upon request of the owner or operator of a qualified motorsports facility (as defined in the Act, a "Qualified Motorsports Facility"), may establish a geographic area related to such Qualified Motorsports Facility as a motorsports investment district (as defined in the Act, a "Motorsports Investment District").

The Indianapolis Motor Speedway, LLC ("IMS") presently owns and operates a world class motorsports facility located in the town of Speedway, Indiana (the "Motor Speedway"). By its submission of this Indianapolis Motor Speedway Qualified Motorsports Facility Improvement Plan (the "Improvement Plan") to the Commission, IMS has requested that the Commission establish a Motorsports Investment District with respect to the Motor Speedway under the Act. To support the Commission's findings to establish the Motorsports Investment District, the Improvement Plan provides information that IMS has represented to the Commission to be accurate and demonstrable for purposes of establishing a Motorsports Investment District under the Act.

QUALIFIED MOTORSPORTS FACILITY

The Motor Speedway includes a motorsports racetrack greater than two miles in length located in Speedway, Indiana which is used for professional motorsports racing events. In 2013, three primary professional motorsports racing events were held at the Motor Speedway, the Indianapolis 500 Mile Race on May 26, the Crown Royal Presents the Samuel Deeds 400 at the Brickyard Powered By BigMachineRecords.com ("Brickyard 400") on July 28, and the Red Bull Indianapolis GP ("Moto GP") on August 18, as well as several other professional motorsports racing events, including the Firestone Freedom 100 Mile Race, Indiana 250 Mile Race, Brickyard Grand Prix, Brickyard Sports Car Challenge, the Moto2, Moto3, AMA Pro Vance & Hines Harley-Davidson Series race and FIM eRoadRacing World Cup race. In connection with the foregoing events, additional professional motorsports practice or qualifying sessions open to the public were also held in 2013. The combined admissions for the foregoing events in 2013 were more than 200,000 attendees. In 2014, the foregoing events are scheduled to be held at the Motor Speedway. In addition, a new event, the Grand Prix of Indianapolis, is scheduled to be held at the Motor Speedway in 2014. Based on the foregoing and by its submission of the Improvement Plan, IMS has represented to the Commission that the Motor Speedway constitutes a Qualified Motorsports Facility within the meaning of the Act.

MOTORSPORTS INVESTMENT DISTRICT

By its submission of the Improvement Plan, IMS has requested that the Commission establish a geographic area related to the Motor Speedway as a Motorsports Investment District under the Act. This geographic area will be referred to herein as the Motorsports Investment District.

Attached as Annex I to this Improvement Plan are maps and a directory which we represent may serve as the basis for the Commission to define the boundary of the Motorsports Investment District in conformance with the Act. The directory sets forth a description for each parcel of property IMS has requested to be included in the Motorsports Investment District. The ownership of such parcels that IMS has requested be included within the Motorsports Investment District falls into the following categories:

- 1) Parcels that are owned by IMS which are used as part of the racing or event operations or administration held at the Motor Speedway, as a Qualified Motorsports Facility. These parcels are listed on the Marion County property tax records as owned by IMS (or slight variations of that label). This is "Group 1" on the directory. Accordingly these parcels should be considered by the Commission to satisfy the requirement of Section 24(c)(1) of the Act.
- 2) Parcels that are owned by IMS or Georgetown Realty Company, Inc., an affiliated entity with common ownership to IMS ("Georgetown Realty"). IMS and Georgetown Realty are both wholly owned subsidiaries of a related parent company. These parcels are located outside the area considered by IMS to be part of the Motor Speedway, as a Qualified Motorsports Facility, but that are used for activities that relate to the Motor Speedway and its operation, as a Qualified Motorsports Facility. These activities relate to the Motor Speedway (as a Qualified Motorsports Facility) because they: involve provision of hospitality, entertainment and retail goods and services for patrons attending Motor Speedway events as well as for collateral attendance by persons attracted to but not attending Motor Speedway events; and are in close proximity of time to (or during and for) the events taking place at the Motor Speedway. Accordingly these parcels should be considered by the Commission to satisfy the requirement of Section 24(c)(2) of the Act.
- 3) Parcels that are owned by landholders with no common ownership relationship to IMS, but on whose property activities related to the Motor Speedway (as a Qualified Motorsports Facility) occur. These parcels further divide into 2 subcategories.
 - (a) Property on which event parking, patron camping, or vendor sales take place. These activities relate to the Motor Speedway (as a Qualified Motorsports Facility) because they: involve provision of hospitality, entertainment and retail goods and services for patrons attending Motor Speedway events as well as for collateral attendance by persons attracted to but not attending Motor Speedway events; and are in close proximity of

time to (or during and for) the events taking place at the Motor Speedway. Accordingly these parcels should be considered by the Commission to satisfy the requirement of Section 24(c)(3) of the Act.

- (b) Property on which activities are conducted by the Sarah Hartman Racing, LLC and the Dallara USA Holding, Inc. (as identified on the directory) relate to the Motor Speedway (as a Qualified Motorsports Facility) occur, which activities are outside the Motor Speedway (as a Qualified Motorsports Facility). These activities support the racing industry in general and the Motor Speedway racing in particular including direct racing support activities. Accordingly these parcels should be considered by the Commission to satisfy the requirement of Section 24(c)(3) of the Act.

The attached Annex I includes (i) a satellite map with the entire Motorsports Investment District boundary shown, and the individual parcels outlined, (ii) a set of parcel boundary maps with index numbers that tie to the parcel directory described above and (iii) a directory listing of parcels listed, indexed, with owners identified (which identification is as shown in Marion County property tax records; actual legal names of such property owners may, and often do, vary from the names recited on such tax records) and with a description of the motorsports related use. The directory includes parcel number by which it can be identified within the Marion County property tax database. Also included in the directory is the property class, area in acres and legal description (which identifying data have been obtained from that shown in Marion County property tax records; actual data points may vary from such information shown in the tax records).

IMPROVEMENTS

The following economic impact and related information¹ has been made available to the Commission by IMS to support its request that the Commission establish the Motorsports Investment District under the Act as described in this Improvement Plan. The Motor Speedway has an economic impact on the Indiana economy exceeding \$500 million annually. IMS and its affiliates directly do business with vendors in at least 88 of Indiana's counties. The activities at the Motor Speedway have spawned and support a large and growing Indiana motorsports industry responsible for over 6,200 Indiana jobs, paying an annual average wage of \$63,000.

The motorsports industry, because of its value and desirability in attracting high wage jobs (drivers, crew chiefs, engineers, research and development personnel, sales and marketing professionals, etc.), its value to tourism (in the case of the Indianapolis 500, the largest attended single day sporting event in the world), ties to the automotive industry and other high technology industries, and, as noted its intrinsic value with the notoriety attached to it, has become extremely competitive. Governmental units around the world pay annual eight figure sanction fees for the

¹ *Estimating the Annual Economic Contributions of the Indianapolis Motor Speedway*, Indiana University Public Policy Institute, February 2013, together with certain supplemental information provided by IMS related thereto, which are attached as part of Annex II to this Exhibit.

opportunity to host motorsports events,² events that do not garner the economic benefit that is provided to Indiana by the Indianapolis 500. States within the United States have enacted economic development programs with incentives designed to encourage the development of motorsports programs in their states. North Carolina claims that motorsports has a six billion dollar impact to its state.³

Finally, competitive racing leagues and owners of race tracks invest in their sport and their facilities to attract competitors, sponsors, and race fans. A recent example is the International Speedway Corporation, a public company which owns the Daytona International Speedway, home of the Daytona 500, which announced in June, 2013 that it would be spending 370 to 400 million dollars on track improvements to that race venue from 2013 through 2017.⁴ That race track facility is not as old, nor nearly as large, as the Motor Speedway.

IMS has determined that for the Motor Speedway to remain the "*The Greatest Race Track in the World*," and for the Indianapolis 500 to remain "*The Greatest Spectacle in Racing*," it is critically important to look for innovative ways to maximize each investment dollar in order to modernize the facilities and improve the experience fans have when visiting the Motor Speedway. IMS has determined that a significant increase in new publicly financed U.S. racing facilities, combined with publicly financed upgrades at existing tracks, require the Motor Speedway to pursue additional investments to make its 100+ year old facilities more flexible and attractive for events and to enhance fan experience.

Immediately upon passage of the Act, IMS assembled a project team and commenced a comprehensive, in depth master planning process in order to identify the improvements to the Motor Speedway which would be most impactful on the future success of existing and future professional motorsports racing events at the Motor Speedway and the impact on the Indiana economy. IMS has determined that the following criteria and factors have been considered (and IMS has requested that the Commission consider the following criteria and factors) in identifying the capital improvements at the Motor Speedway proposed to be funded from proceeds raised by a borrowing ("IFA Bonds") undertaken by the Indiana Finance Authority ("IFA") under the Act ("Improvements"):

- 1) Focus on the Fan Experience: Many improvements within the Motor Speedway are more than 100 years old. While this enhances the sense of nostalgia that "traditionalist" fans so appreciate, it is not as meaningful in attracting, satisfying and retaining new and younger fans, the lifeblood of any enduring sports enterprise. "Fan Experience" Improvements will be proposed for the Motor Speedway that are designed to maximize: a) ease of fan ingress and egress to its events; b) fan access to abundant, clean, modern restrooms; c) availability of broad food and beverage choices at efficient and inviting concession venues; and

² The sanction fee for the Formula One race in Australia is reportedly subsidized by the government in the amount of \$30 million per year. *Herald Sun*, Melbourne, Australia, January 23, 2013.

³ North Carolina Motorsports Association website. *See also*, The Economic Impacts and Occupational Analysis of the North Carolina Motorsports Industry for 2005, by John E. Connaughton and Ronald A. Madsen, The Belk College of Business, UNCC., January 2006.

⁴ International Speedway Corporation announcement on June 18, 2013.

- d) inviting and exciting gathering spots for fans to enjoy an enhanced "festival" atmosphere surrounding the events.
- 2) Focus on Technology. Expectations of the fans for access to robust, state-of-the-art, real time scoring data, video and audio have grown dramatically. For example, the modern racing fan sitting in premium seating expects real time high definition video availability showing racing action at all points on the race course, which is a complicated and expensive proposition for a facility of the size of the Motor Speedway. To remain relevant and attractive to younger, more technology savvy fans, IMS will offer technology improvements expected to include a distributed antennae system to improve cellular service, and other systems to improve wireless access and enable high definition streaming video on smart phones, tablets and other mobile electronic devices.
 - 3) Necessary Track Modifications. As mentioned above, a fourth major event at the Motor Speedway, the Grand Prix of Indianapolis, will debut in May 2014, on an upgraded Motor Speedway road course redesigned to maximize fan sight lines and highly competitive racing. These road course modifications are already underway and will be completed simultaneously with additional road course modifications for Brickyard 400 and the Moto GP events.
 - 4) Need for Seating Improvements. In order to drive the enhanced revenue of the Motor Speedway events upon which the long term success of the events vitally depends, IMS will offer seating improvements expected to include dramatically upgraded seating and entertainment options in the locations found most desirable by modern race fans. These enhancements are expected to include substantial upgrades to the first turn grandstands (Stands A, B and E), hospitality suite upgrades, new social platforms, Americans with Disabilities Act related enhancements and new elevators to the main stretch upper deck (the Paddock Penthouse).
 - 5) Need for Improved Access, Traffic Flow and Parking. Convenient and efficient vehicular ingress and egress which will greatly enhance the fan experience are a priority for events at the Motor Speedway, and are expected to occur in coordination with related improvements to be undertaken by (and at the cost of) the Town of Speedway, the Speedway Redevelopment Commission and the City of Indianapolis. The most impactful improvement expected would be a four lane connection, utilizing the existing Holt Road corridor, from 16th Street to 10th Street, thus enabling much more concentrated access to and from Interstate I-70 to the South of the Speedway. Corresponding sidewalk and traffic signal enhancements will also be required and expected.
 - 6) Investments to Retain or Attract Fans. Some projects are not exciting and do not, on their face, generate any or much return on investment; however, they may be necessary to retain customers and make the experience at the facility enjoyable for the race fans. Upgrades to restrooms are a classic example. Conversely, other

projects are designed to attract new fans, either through new events, appealing to certain demographics, or other strategies.

- 7) Need to Prioritize Projects: Although a substantial amount of proceeds will be available from the IFA Bonds to fund Improvements under the Act, projects in excess of such amount have been identified by IMS in the master planning process. Consequently, the board and management of IMS have some difficult decisions to make as to which projects, on balance, should have a higher priority than others and will provide the greater return and greater benefit to the Motor Speedway and the State economy and thus should be selected as Improvements to be funded from the IFA Bonds.

IMS (and at its direction, the IMS project team) recognized that identifying Improvements to be funded from IFA Bonds is an undertaking that has (and will continue to) involve a balancing a series of considerations, in some cases competing considerations given the limited funds and worthwhile projects, but that the selected Improvements would be undertaken to meet three primary objectives:

- (a) The Improvements would have a positive effect on the activities of the Motor Speedway.

The Improvements requested by IMS will be those that IMS expects to enhance the fan experiences at the Motor Speedway events, and lay the groundwork for additional events at the Motor Speedway and the expansion and further development of activities surrounding existing events.

- (b) The Improvements would benefit the public health and welfare and be of public utility and benefit.

The Improvements requested by IMS will be those that IMS expects to benefit the public health and welfare and to be of public utility and benefit in a variety of ways, both directly and indirectly. As noted, the heritage of the Motor Speedway is of tremendous public utility and benefit, both economic and non-economic value, to the State. The Improvements preserve and enhance that brand. As discussed below, the Improvements requested by IMS will be those that IMS expects to protect and increase the state and local tax bases and tax revenues, which provides great public utility and benefit. Improvements such as those through improved ingress and egress to the facility, will improve travel flow and safety on the public roads. Improvements such as those to the restrooms and to the food and beverage areas, as well as upgrades to grandstands and seating areas, will add public safety improvements which benefit public health and welfare. Finally, Improvements such as those to improve access for the handicapped will benefit the public health and welfare.

- (c) The Improvements would protect and increase state and local tax bases and tax revenues.

As noted above, one of the objectives is to design Improvements which will protect and increase state and local taxes and generate a return on investment. By designing Improvements with the goal of preserving loyal fans and attracting new fans through innovative Improvements to the Motor Speedway, IMS has determined it will maintain and increase attendance at its current events (as well as aid it in adding new and exciting events), which IMS concludes will support a finding that the Improvements will protect and increase state and local tax bases and tax revenues. In addition, through the new procedures designed in furtherance of purposes of the Act, the State will be better able to capture those taxes for the benefit of the citizens of the State.

IMS has identified the Improvements further described on the attached Annex III as worthwhile improvements to the Motor Speedway meeting the foregoing criteria, is pursuing the planning and design work therefor and expects that a significant portion of them to be undertaken with the funds expected to be made available to the IMS from proceeds of the IFA Bonds issued under the Act. The IMS is continuing to explore other sources and strategies for funding the portion of the Improvements which remain priorities but are not funded by the IFA Bonds.

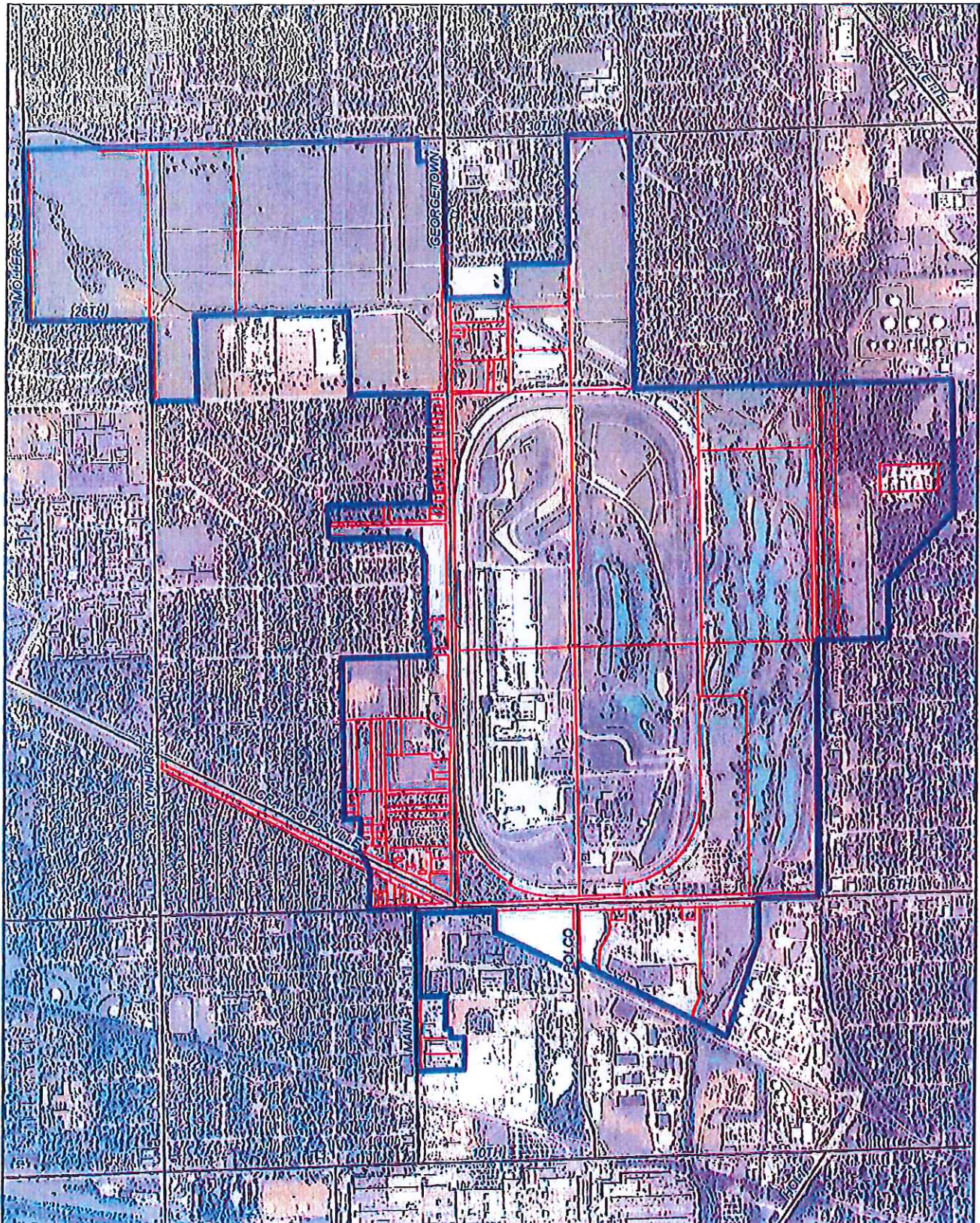
IMS has requested that the Commission proceed forward with the establishment of the District and to continue undertaking activities in furtherance of the purposes of the Act. IMS contemplates that such activities will be guided by the foregoing, as design and development plans related to the Improvements continue and are determined with greater detail and specificity, and such will include arriving at a definitive development agreement among IMS (and certain of its related parties), the IFA and the Commission setting forth terms to establish and undertake such definitive Improvements.

**[A DISCUSSION OF BENEFITS FACTS/ASSUMPTION WHEN DRATED
(I.E., BASED ON Policy Analytic's REPORT) TO BE INCLUDED IN
ANNEX II.]**

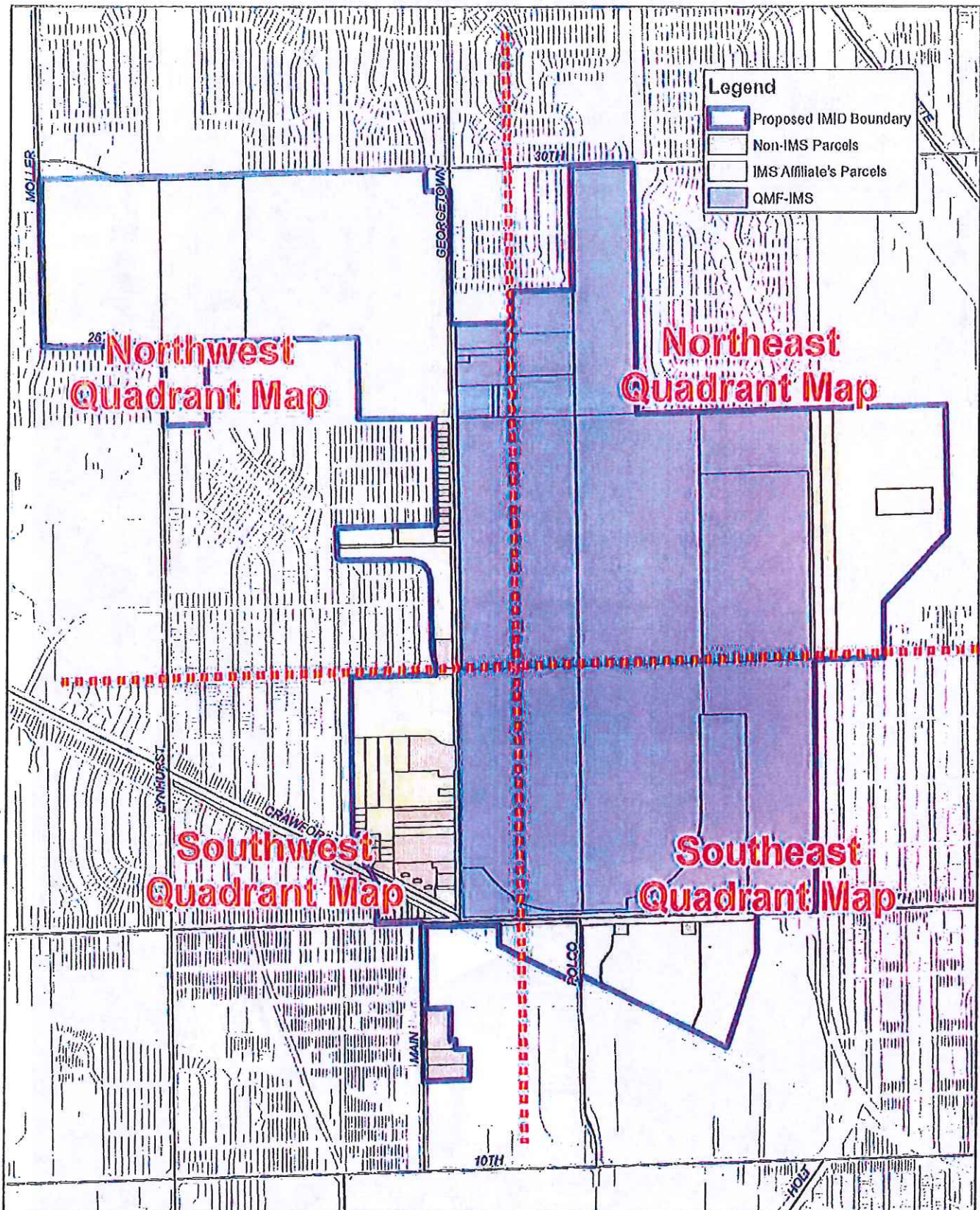
**ANNEX I
TO
EXHIBIT A (IMPROVEMENT PLAN)**

[Quadrant Maps, Satellite Overlay and Directory of Parcels]

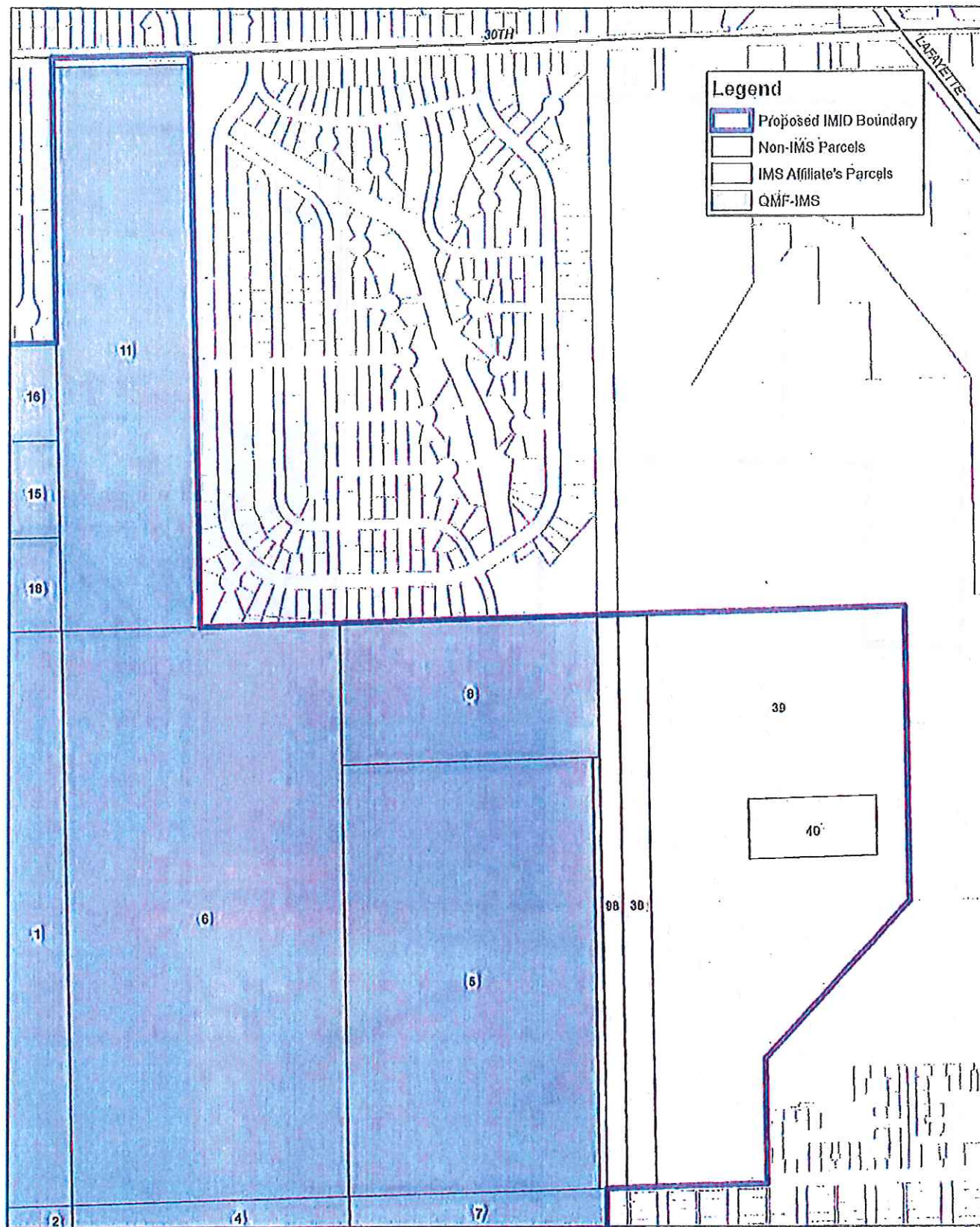
IMID Boundary with IMS Affiliated Parcels (Indexed) Quadrant Maps - Satellite Overlay



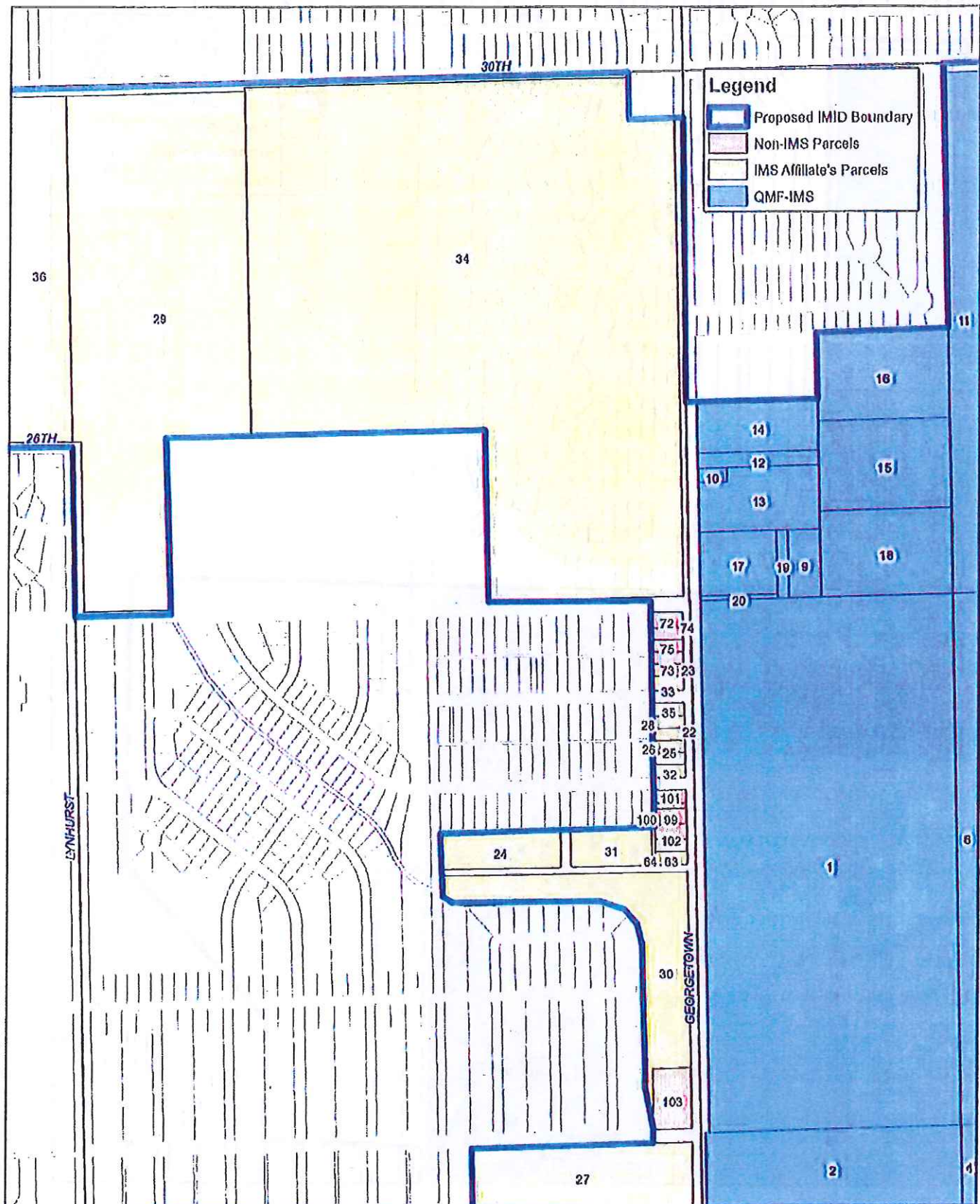
**IMID Boundary with IMS Affiliated Parcels (Indexed)
Quadrant Maps**



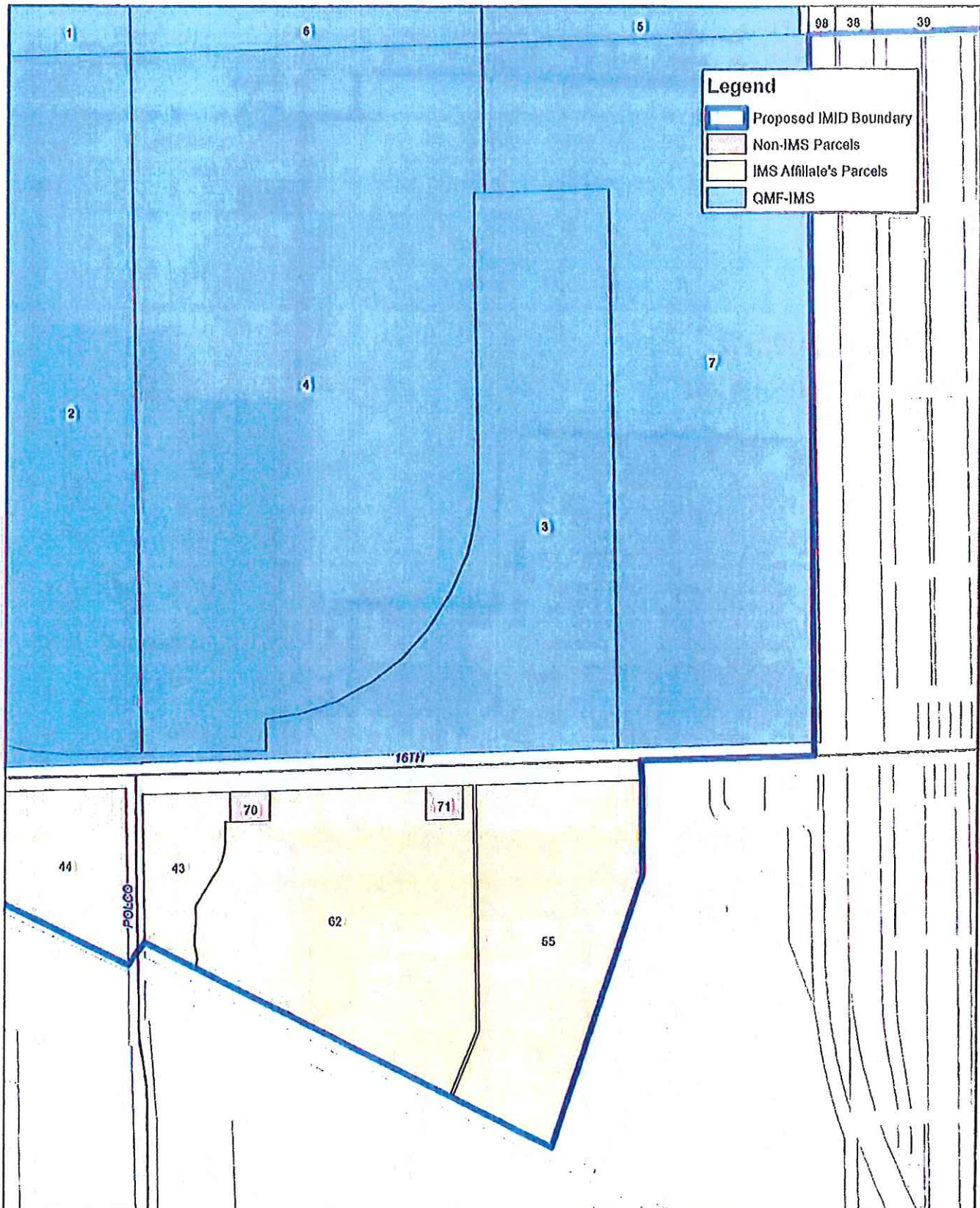
**IMID Boundary with IMS Affiliated Parcels (Indexed)
Northeast Quadrant**



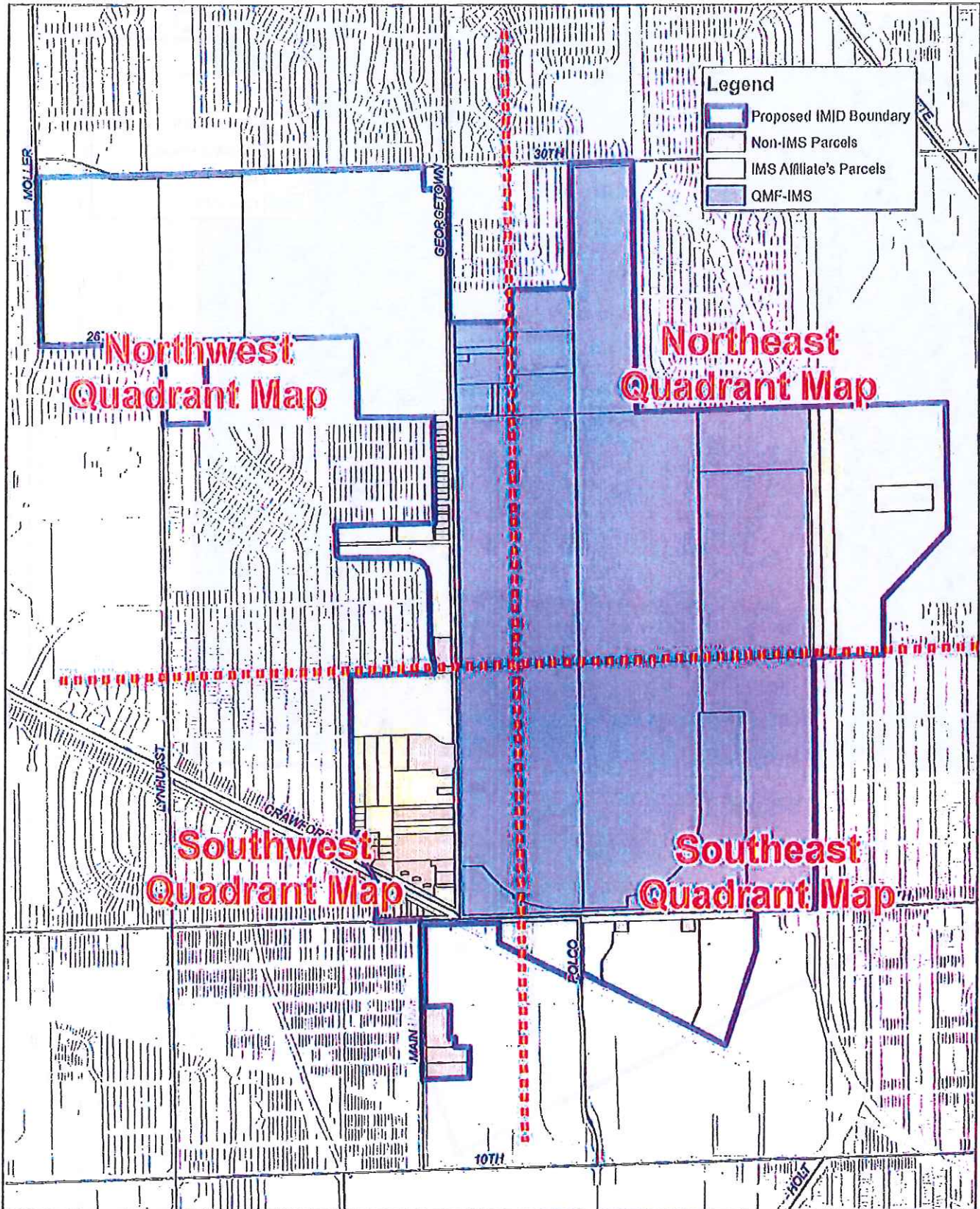
IMID Boundary with IMS Affiliated Parcels (Indexed) Northwest Quadrant



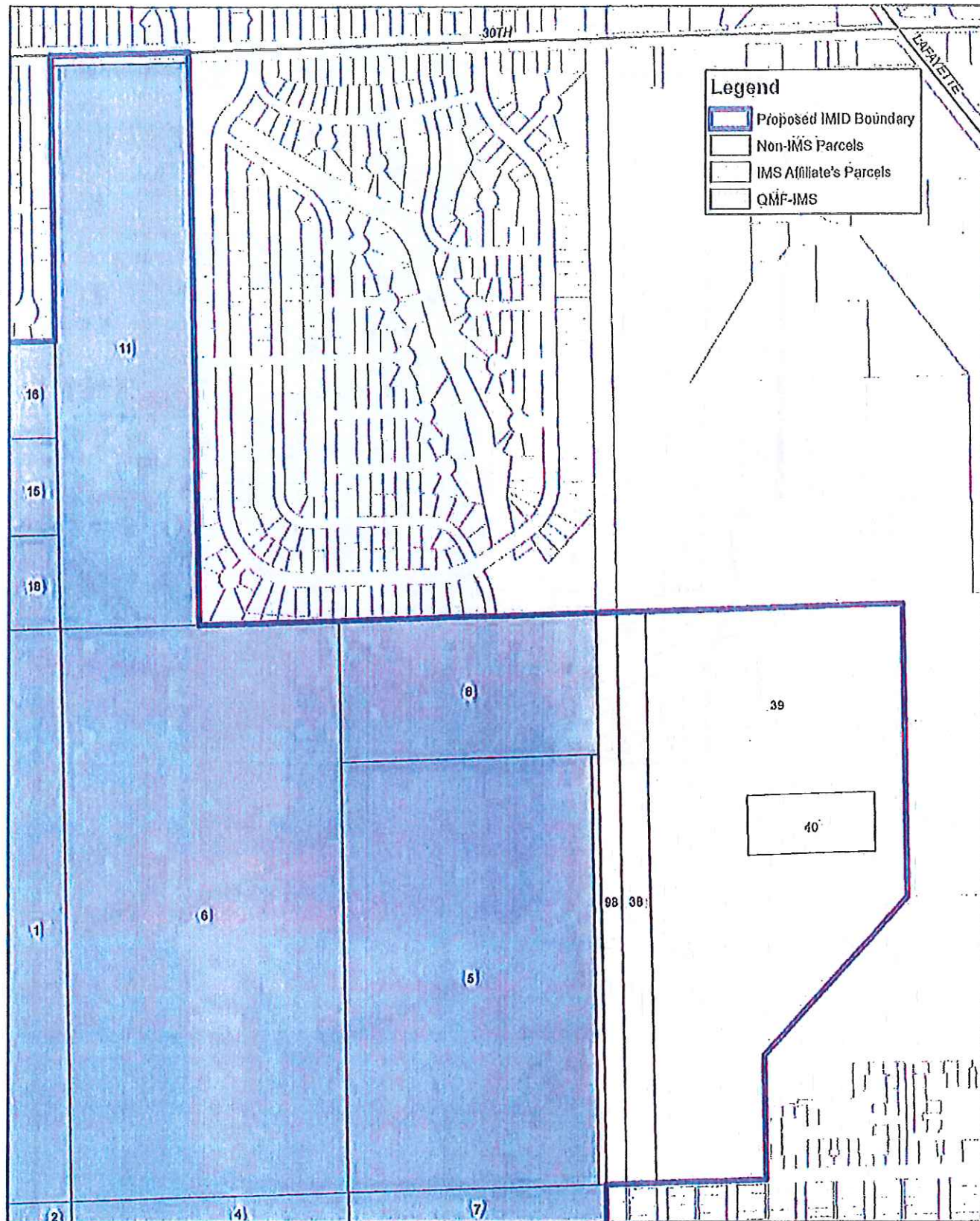
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Southeast Quadrant**



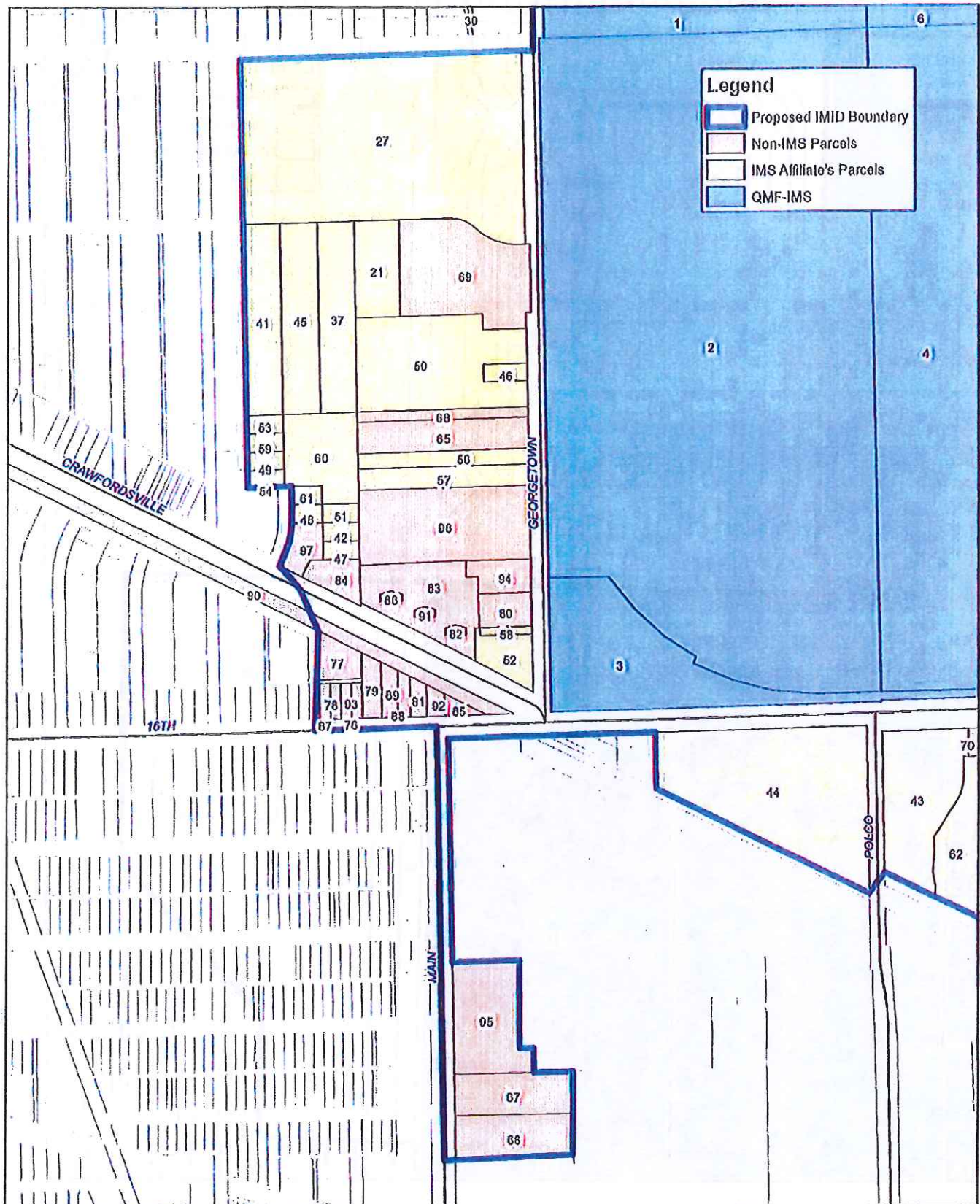
**IMID Boundary with IMS Affiliated Parcels (Indexed)
Quadrant Maps**



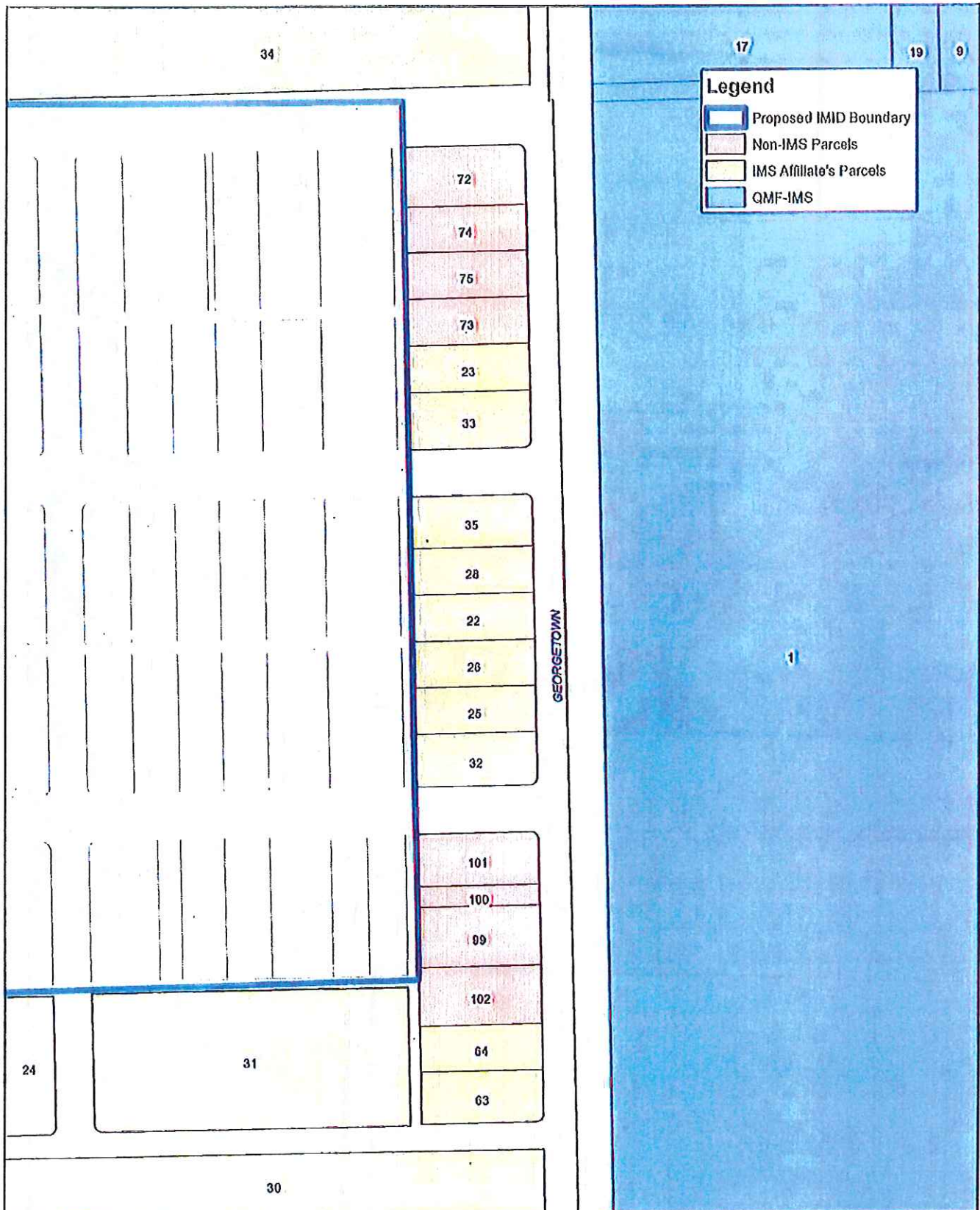
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Northeast Quadrant



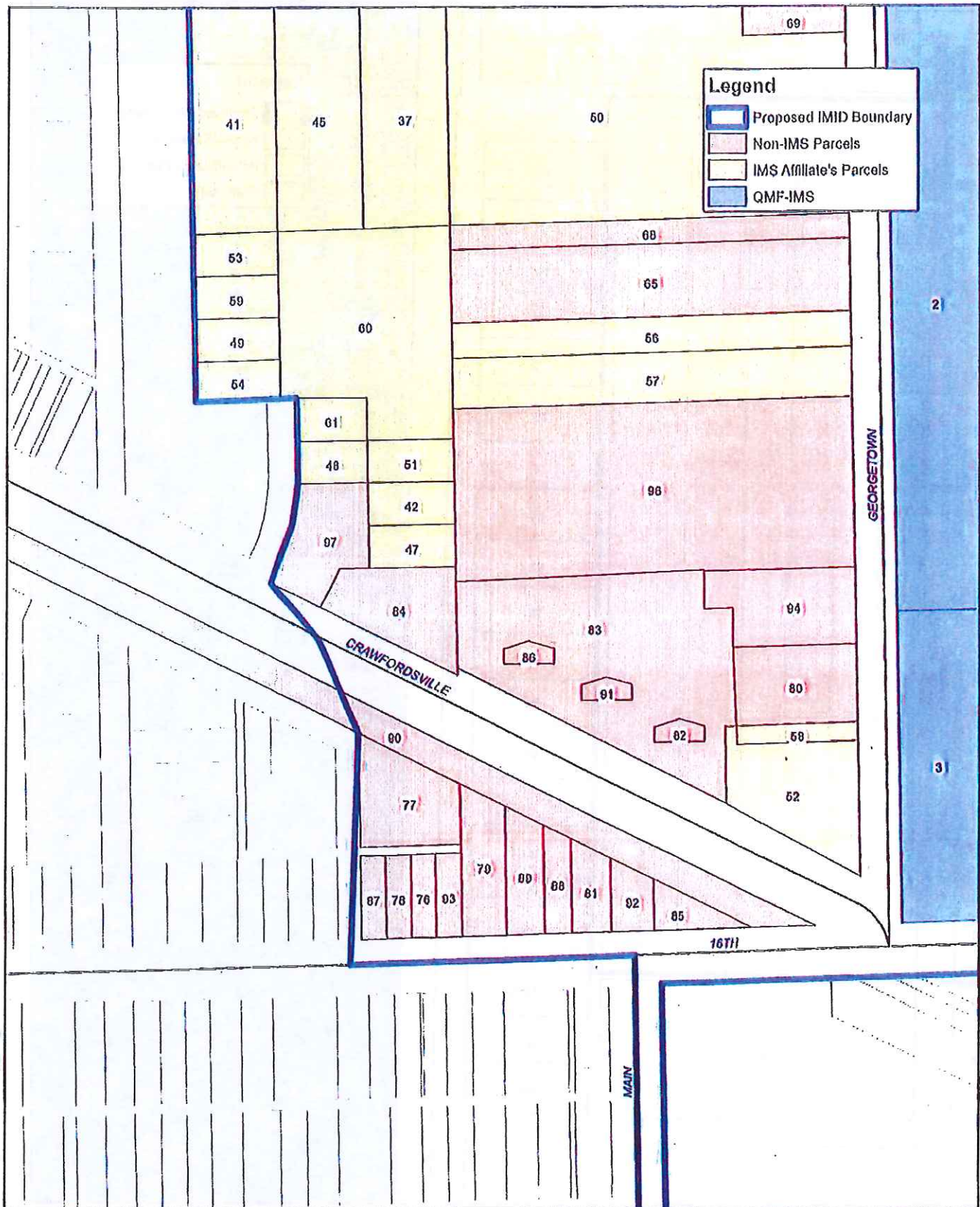
IMID Boundary with IMS Affiliated Parcels (Indexed) Southwest Quadrant



IMID Boundary with IMS Affiliated Parcels (Indexed) **Northwest Quadrant - Detailed View**



IMID Boundary with IMS Affiliated Parcels (Indexed) **Southwest Quadrant - Detailed View**



Directory of Parcels Included in the Indiana Motorports District Per HEA 1544

QMF - IMS

Description of Motorports Related Use/Reason for

Ind #	Parcel #	Owner per Property Tax Records	Address	Ownership, Relationship to QMF	Inclusion
1	9002368	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, NW quadrant
2	9002369	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, SW quadrant
3	9002370	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, turn 2 stands, admin bldg, golf course
4	9002371	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, SE quadrant
5	9002372	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, and golf course
6	9002373	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, NE quadrant
7	9002374	INDIANAPOLIS MOTOR SPEEDWAY LLC	4400 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, golfcourse
8	9002375	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, golfcourse
9	9002376	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, service building
10	9002377	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, service area, event parking
11	9002378	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, service area, event parking
12	9002379	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, access drive to service area
13	9002380	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, service buildings
14	9002381	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, service area, event parking
15	9002382	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, service area, event parking
16	9002383	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, service area, event parking
17	9002384	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, service area, event parking
18	9002385	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, service area, event parking
19	9002386	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, service buildings
20	9002387	INDIANAPOLIS MOTOR SPEEDWAY LLC	4700 W 16TH ST	Parcel owned by QMF; IC 5-1-17.5-24 (e)(1)	IMS, service access area

IMS AFFILIATES' PARCELS

21	9002343	GEORGETOWN REALTY CO INC	4900 W 20TH ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	IMS event parking
22	9002344	GEORGETOWN REALTY	2370 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	IMS event parking
23	9002345	GEORGETOWN REALTY	2404 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	IMS event parking
24	9002346	INDIANAPOLIS MOTOR SPEEDWAY LLC	4790 W 16TH ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
25	9002347	GEORGETOWN REALTY COMPANY	2358 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	IMS event parking
26	9002348	GEORGETOWN REALTY COMPANY	2358 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	IMS event parking
27	9002349	GEORGETOWN REALTY CO INC	2358 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
28	9002350	GEORGETOWN REALTY	2378 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	IMS event parking
29	9002351	GEORGETOWN REALTY CO	W 30TH ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
30	9002352	INDIANAPOLIS MOTOR SPEEDWAY LLC	2200 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Vendors, Event parking, Camping, Event operations
31	9002353	INDIANAPOLIS MOTOR SPEEDWAY LLC	4790 W 16TH ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Suite & Handicap parking, Vendor Sales, camping
32	9002354	GEORGETOWN REALTY COMPANY INC	2352 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
33	9002355	GEORGETOWN REALTY	2402 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	IMS event parking
34	9002356	GEORGETOWN REALTY CO	4950 W 25TH ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
35	9002357	GEORGETOWN REALTY CO INC	2352 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	IMS event parking
36	9002358	GEORGETOWN REALTY CO	MOLLER RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
37	9002359	GEORGETOWN REALTY CO INC	4901 W 20TH ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
38	9002360	GEORGETOWN REALTY CO INC	2500 N 10TH AVE	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Storage area, Future solar farm w rental income
39	9002361	GEORGETOWN REALTY CO INC	W 21ST ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Storage area, Future solar farm w rental income
40	9002362	GEORGETOWN REALTY CO INC	W 21ST ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Storage area, Future solar farm w rental income
41	9002363	GEORGETOWN REALTY CO INC	1900 CORD ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
42	9002364	GEORGETOWN REALTY CO INC	1800 N COLE ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
43	9002365	GEORGETOWN REALTY COMPANY	4665 W 16TH ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	IMS event parking
44	9002366	GEORGETOWN REALTY COMPANY	4727 W 16TH ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	IMS event parking
45	9002367	GEORGETOWN REALTY CO INC	4949 W 20TH ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
46	9002368	GEORGETOWN REALTY CO INC	1836 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
47	9002369	GEORGETOWN REALTY CO INC	1700 N COLE ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
48	9002370	GEORGETOWN REALTY CO INC	1700 CORD ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
49	9002371	GEORGETOWN REALTY CO INC	1800 CORD ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
50	9002372	INDIANAPOLIS MOTOR SPEEDWAY LLC	1800 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
51	9002373	GEORGETOWN REALTY CO INC	1800 N COLE ST	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Event parking, Camping
52	9002374	GEORGETOWN REALTY COMPANY	4902 CRAWFORDSVILLE RD	IMS/Affiliate owned; IC 5-1-17.5-24 (e)(2)	Vendor Displays, parking

Directory of Parcels Included in the Indiana Motorsports District Per HEA 1544

Description of Motorsports Related Use/Reason for

Ind #	Parcel #	Owner per Property Tax Records	Address	Ownership, Relationship to QMF	Inclusion
52	9029464	GEORGETOWN REALTY CO INC	1300 CORD ST	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	Event parking, Camping
54	9029425	GEORGETOWN REALTY CO INC	1300 CORD ST	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	Event parking, Camping
55	9027291	INDIANAPOLIS MOTOR SPEEDWAY LLC	1304 OLIN AVE	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	IMS event parking, camping
56	9002721	GEORGETOWN REALTY CO INC	1306 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	Event parking, Camping
57	9027323	GEORGETOWN REALTY CO INC	1302 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	Event parking, Camping
58	9025148	GEORGETOWN REALTY COMPANY	1700 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
59	9029446	GEORGETOWN REALTY CO INC	1300 CORD ST	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	Event parking, Camping
60	9029449	GEORGETOWN REALTY CO INC	1300 CORD ST	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	Event parking, Camping
61	9029433	GEORGETOWN REALTY CO INC	1700 CORD ST	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	Event parking, Camping
62	9027343	GEORGETOWN REALTY CO INC	4500 W 16TH ST	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	IMS Operations, IndyCar Office, Event parking
63	9028911	INDIANAPOLIS MOTOR SPEEDWAY LLC	2302 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	IMS event parking, Vendor Sales
64	9002201	GEORGETOWN REALTY	2308 GEORGETOWN RD	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	IMS event parking, Vendor Sales
95	9003200	PENN CENTRAL CORP	2500 N TIBBES AVE	IMS/Affiliate owned; IC 5-1-17 5-24 (c)(2)	Railroad right-of-way

NON-IMS PARCELS

65	9002720	WILCOX MGT CORP	1615 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Event parking, Camping
66	9025165	DALLARA USA HOLDING INC	1201 MAIN ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IndyCar chassis mfg, Track testing, driver training
67	9025164	DALLARA USA HOLDING INC	1201 MAIN ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IndyCar chassis mfg, Track testing, driver training
68	9003201	WILCOX MGT CORP	1800 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Event parking, Camping
69	9029450	SPEEDWAY POST 500 INC-AMERICAN LEGION	1926 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
70	9041511	LUEBBERT, JAMES R &	4601 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Gas Station, Event parking
71	9041512	BISHOP, GERALD L &	4501 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Gas Station, Event parking
72	9002205	D C A INC	2490 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
73	9002589	DUMAN, BETTY J &	2408 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
74	9002204	D C A INC	2490 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
75	9002203	DUMAN, BETTY J &	2420 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
76	9002596	MILLER, LARRY K &	4928 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
77	9002621	REYNOLDS, JOHN R	1617 CORD ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
78	9025170	WOOD, WILLIAM M	4932 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
79	9002592	BUNICH, BETTE P	4916 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
80	9043268	BERMAN, ELLEN R 1/6 &	1632 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
81	9025079	TOWN OF SPEEDWAY REDEVELOPMENT	4904 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
82	9043315	BERMAN, ELLEN R 1/6	4880 CRAWFORDSVILLE RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
83	9002405	BERMAN, ELLEN R 1/6 &	4880 CRAWFORDSVILLE RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
84	9002406	ZELMAN, BERNARD L TRUSTEE	4940 CRAWFORDSVILLE RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
85	9045917	SPIRIT SPE PORTFOLIO	4900 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
86	9050327	BERMAN, ELLEN R 1/6	4920 CRAWFORDSVILLE RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
87	9002372	ECKERT, PAUL W AS TRUSTEE	4936 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
88	9041513	UNITED STATES AUTO CLUB INC	4910 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
89	9002317	M & J LIMITED PARTNERSHIP	4914 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
90	9046764	M & J LIMITED PARTNERSHIP	CRAWFORDSVILLE RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
91	9043755	BERMAN, ELLEN R 1/6	4884 CRAWFORDSVILLE RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
92	9002468	TOWN OF SPEEDWAY REDEVELOPMENT	4900 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
93	9002620	BUNICH, BETTE	4924 W 16TH ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
94	9027033	BEAUDRY, ROBERT P &	1652 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
95	9052767	HARTMAN RACING LLC	1315 MAIN ST	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IndyCar Team
96	9002452	SPEEDWAY PROPERTIES LLC	1708 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Event parking, Camping
97	9029451	IU REALTY ASSOCIATES	4948 CRAWFORDSVILLE RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, parking
98	9002360	BRICKER, BEVERLY &	2320 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
100	9025034	HOLTSCLAW, WILLIAM THOMAS	2332 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
101	9025035	HOLTSCLAW, WILLIAM THOMAS	2332 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
102	9056740	GARDNER, JAMES A/K/A	2314 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	IMS event parking
103	9025092	DILLER, JAMES E R &	2105 GEORGETOWN RD	Motorsports activities; IC 5-1-17 5-24 (c)(2)	Vendor Displays, Camping, parking

ANNEX II
TO
EXHIBIT A (IMPROVEMENT PLAN)

*“Estimating the Annual Economic Contributions
of the Indianapolis Motor Speedway”*

and

Supplemental Information

Estimating the Annual Economic Contributions of the Indianapolis Motor Speedway



**Indiana University Public Policy Institute
334 N. Senate Avenue, Suite 300
Indianapolis, IN 46204**



**SCHOOL OF PUBLIC AND
ENVIRONMENTAL AFFAIRS
ESTABLISHED 1967**

February 2013

Estimating the Annual Economic Contributions of the Indianapolis Motor Speedway



INDIANA UNIVERSITY PUBLIC POLICY INSTITUTE

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Indianapolis, Indiana 46204-1708

Estimating the Annual Economic Contributions of Indianapolis Motor Speedway

February 2013

13-C10

Author	List of Tables.....	ii
Drew Klack	List of Figures.....	ii
	Executive Summary.....	3
	Introduction.....	5
	Methodology.....	5
	Estimating the Economic Contributions of IMS.....	7
	IMS Corporate Contributions.....	7
	Out-of-State Visitor Spending.....	9
	IndyCar Race Teams and Dallara.....	15
	Conclusion.....	17
	Bibliography.....	18

List of Tables

Table 1. Summary of total impacts 2012.....	4
Table 2. Employment and wages included in economic contributions of IMS corporate operations, 2012.....	9
Table 3. Employment and wages included in economic contributions of out-of-state visitor spending, 2012.....	14
Table 4. Employment and wages included in economic contributions of IndyCar race teams, 2012.....	16
Table 5. Employment and wages included in economic contributions of Dallara, 2012.....	16
Table 6. Total employment and wages included in economic contributions from IMS operations, out-of-state visitor spending, IndyCar race teams, and Dallara, 2012	17

List of Figures

Figure 1: Estimated annual economic contribution of IMS to Indiana's economy, 2012.....	4
Figure 2: IMS corporate average annual budget by activity, 2009-2011.....	8
Figure 3: Average annual economic contributions of IMS corporate operations.....	8
Figure 4: Total estimated visitor spending by racing event, 2012	11
Figure 5: Total estimated direct spending of out-of-state visitors attending the Indianapolis 500, 2012.....	11
Figure 6: Total estimated direct spending of out-of-state visitors attending the Brickyard 400, 2012	12
Figure 7: Total estimated direct spending of out-of-state visitors attending the Red Bull Indianapolis GP, 2012	13
Figure 8: Economic contributions associated with out-of-state visitor spending at IMS races, by spending category, 2012	14
Figure 9: Estimated economic contribution of IndyCar teams and Dallara facility, 2012	16
Figure 10: Total estimated economic contribution of IMS, 2012	17

Executive Summary

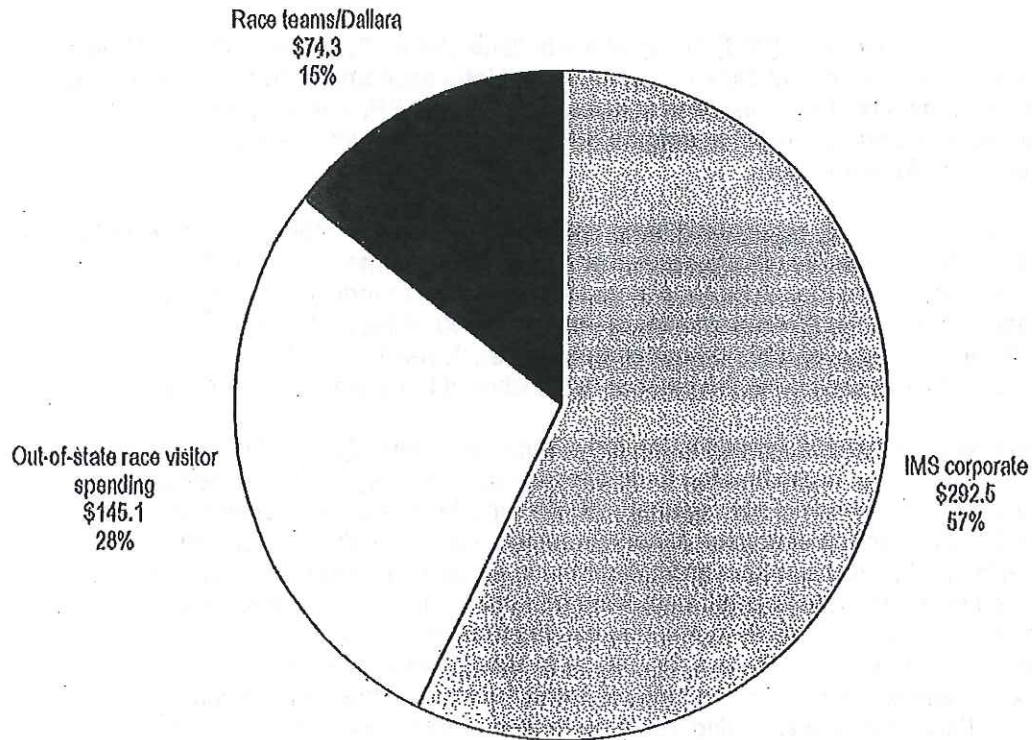
The Indianapolis Motor Speedway (IMS) engaged the Indiana University Public Policy Institute (PPI) to estimate the economic contributions, in the form of total economic activity, employment, and employee compensation, IMS makes in Indiana. IMS provided PPI with its three most recent years of revenue and spending data (2009 to 2011) and the results of a survey of the spending patterns of ticketholders.

The IMS is an internationally recognized motorsports icon. Established in 1909, it is the world's largest spectator sports facility (World Stadiums, 2013) and the epicenter of Indiana's motorsports cluster. While the spectator events are very important to Indiana's economy (estimates suggest that the three main events—Indianapolis 500, Brickyard 400, and Indianapolis GP—attract over 200,000 out-of-state visitors each year), IMS also contributes to the state's economy by serving as the catalyst for and anchor of the state's motorsports cluster.

Operations and events at IMS, including the IndyCar teams and Dallara's IndyCar assembly facility located in Indiana, are estimated to be directly responsible for 4,200 employees and nearly \$315 million of economic activity annually. When multiplier effects are considered, IMS generates over \$510 million of economic activity annually in Indiana, including approximately 6,200 direct and indirect jobs, and over \$235 million in employee compensation. The vast majority of economic contributions attributable to IMS are new to Indiana, however a small portion of the impact is attributable to revenue derived from Indiana ticket purchases and spending. The portion attributable to spending by Indiana residents may represent a substitution of entertainment spending. Figure 1 and Table 1 display the total economic contributions from IMS corporate spending, race-related out-of-state visitor spending, IndyCar race teams, and the Dallara production facility.

With 24,474 firms and 421,000 employees, Indiana's motorsports cluster, is internationally recognized as one of the three most competitively-advantaged motorsports clusters. While the motorsports cluster contains non-racing firms that supply goods and services to firms directly involved in racing, it is estimated that 2,230 firms and 23,000 employees in Indiana are directly involved in the sport of racing (Hutcheson, Lewellen, Kumar, Zhaijin, Klack & Weisenbach, 2012). Based on its economic contribution in dollars and jobs, IMS clearly is important to the vitality of the motorsports cluster and to Indiana's economy.

Figure 1: Estimated annual economic contribution of IMS to Indiana's economy, 2012



Source: Indiana University Public Policy Institute

Table 1. Summary of total impacts, 2012

	Economic Contribution (\$ Millions)	Employment (FTE)	Employee Compensation (\$ Millions)
Direct	\$314.2	4,230	\$137.7
Indirect	\$197.7	1,990	\$64.8
Total	\$511.9	6,220	\$202.6

Source: Indiana University Public Policy Institute

Introduction

The Indianapolis Motor Speedway (IMS) engaged the Indiana University Public Policy Institute (PPI) to estimate the economic contributions—total economic activity, employment, and employee compensation—IMS makes in Indiana. IMS provided PPI with its three most recent years of revenue and spending data (2009 to 2011) and the results of a survey of the spending patterns of ticketholders.

The IMS is an internationally recognized motorsports icon. Established in 1909, it is the world's largest spectator sports facility (World Stadiums, 2013) and the epicenter of Indiana's motorsports cluster. While the spectator events are very important to Indiana's economy (estimates suggest that the three main events—Indianapolis 500, Brickyard 400, and Indianapolis GP—attract over 200,000 out-of-state visitors each year), IMS also contributes to the state's economy by serving as the catalyst for and anchor of the state's motorsports cluster.

This report addresses the direct and indirect economic contributions made by the IMS through its operations, the spending of out-of-state visitors to the three races, and the presence of the IndyCar race teams and Dallara engineering and assembly facility, which likely would not be located in Indiana but for the IMS. Total economic contributions include direct and indirect activity. Direct economic contributions represent only the employment and revenue/spending of IMS, out-of-state race visitors, IndyCar teams, and Dallara. Indirect or spin-off economic contributions represent the economic activities attributable to the spending of firms (and their employees) from whom IMS, race visitors, IndyCar teams, and Dallara purchase goods and services. Within direct and indirect economic benefit, the analysis also includes estimates of employment and employee compensation.

Methodology

Input/output modeling is the most common method for estimating the economic contributions of a corporation. Input/output modeling estimates the indirect and induced benefits (or more commonly known as spin-off benefits) attributable to the initial or direct expenditures related to the construction and operational spending of a company or industry. PPI uses the 2012 IMPLAN Input/output model to estimate these additional benefits. In cases when direct revenue was not available, PPI also used the model to estimate direct economic benefits.

Typically, an input/output model is based on average spending patterns for a specific industry, using Bureau of Labor Statistics data regarding the business to business spending patterns of the firms within the industry, as well as employment patterns and wages. For example, there are four major automotive manufacturing facilities in Indiana (GM Truck and Bus, Subaru, Toyota, and Honda). Using the averages for the automotive manufacturing industry, an input/output model could then be used to estimate how a fifth automotive company located in Indiana would contribute to the state's economy.

As the world's largest spectator sports facility, IMS has few comparable peers. This fact makes estimating the economic contributions, especially the indirect or spin-off contributions, particularly challenging. While there is a race track operations industry category in IMPLAN, the modeling for that category is based on averages of race tracks in Indiana. The average includes facilities such as Lucas Oil Raceway (the second largest oval race track in the state, with only approximately 28,000 permanent seats or about 10 percent of IMS seating capacity), and much

smaller facilities such as the Anderson Speedway, Bunker Hill Dragstrip, Indianapolis Speedrome, and many others, including the state's two horse racing facilities. Using the average business to business, employee, and visitor spending patterns of these facilities to estimate the economic contributions of IMS would grossly misrepresent its economic contributions.

PPI's goal when estimating economic contributions of firms is to be consistent in applying input/output modeling methodology, while providing estimates that are neither overly conservative nor overly aggressive. In the unique case of IMS, we determined that using a single industry specific multiplier for race tracks would not be the most consistent and realistic method to estimate its economic contributions. Instead in order to more accurately estimate the economic contributions of IMS, PPI staff decided to break down the economic contributions of IMS into more precise input/output modeling categories.

Three distinct analyses were conducted to create the estimate of economic contributions: IMS operations (running the facility,) out-of-state visitor spending, and related operations specifically the IndyCar teams and Dallara facility located in Indiana because of IMS). For each of these analyses, a number of specific sub-analyses were conducted. For example, the IMS operations analysis was broken down into seven categories: construction and maintenance, concessions, merchandize, golf course, IMS productions (TV and radio), IndyCar league management, and IMS operations. The spending in each of these categories was used as an input in the input/output IMPLAN model. In each of the analyses following the IMS operations analysis deductions were made as appropriate to avoid double counting direct and indirect spending.

The estimates of spending associated with out-of-state visitors involved a number of carefully designed steps. The first task was to estimate the number of out-of-state visitors associated with each race. While most studies might base this estimate on zip code of those who purchase tickets, PPI researchers knew from experience that there are out-of-state visitors using tickets purchased by in state residents and in state residents using tickets purchased by out-of-state race patrons. In order to more accurately estimate the number of out-of-state visitors and their spending, IMS engaged their partner, TurnKey, to survey Indiana and out-of-state ticket purchasers (determination based on the ZIP code to which the tickets were mailed) for each race regarding the number of out-of-state residents using tickets purchased by the respondent. The survey asked both in- and out-of-state ticket holders to each race to identify how many of the tickets they purchased were used by individuals living outside Indiana. Based on these survey responses, PPI estimated the number of out-of-state visitors. For example, for the Indianapolis 500 approximately 22 percent of all tickets purchased by Indiana residents were used by out-of-state visitors. Approximately 86 percent of all tickets purchased by out-of-state fans were used by out-of-state residents. Turnkey also surveyed respondents about what sort of lodging accommodations the out-of-town visitors used (hotel, RV, stay with friends/family, and other), how long the out-of-state visitors remained in Indiana, and out-of-state visitor spending during their race visit. From these data, PPI calculated the unique spending patterns of patrons for each of the three races (Indianapolis 500 visitors stayed the longest and spent the most) using the survey data, and ran the input output model for five expenditure patterns (food and beverage, transportation, retail goods, lodging, entertainment) for each race. The *other* category was estimated using an average of the multipliers from four of the categories.

The analysis of economic contributions from the operations of the IndyCar and IndyLights teams located in Indianapolis and the Dallara IndyCar assembly facility are included because it is reasonable to assume that they would not be located here but for the presence of IMS and IndyCar. Estimates of their economic activity were based on employment data provided by the

Indiana Motorsports Association. While it may be reasonable to assume that a large number of suppliers of engines, car parts, and merchandise would not be located in Indiana but for IMS, only the IndyCar teams and Dallara are used as inputs in this analysis.

Estimating the Economic Contributions of IMS

While it is common to think only of the three races when considering the economic contributions related to the speedway, in reality, IMS is a major corporation involved in managing the world's largest sporting facility, running a racing league, managing a media production company, and owning and operating a golf course. Because of IMS, the majority of IndyCar teams and the Dallara IndyCar assembly facility are located in Indiana. As a result, PPI conducted three distinct analyses to create the estimate of economic contributions: IMS corporate (running the facility, IndyCar league et al.), race related out-of-state visitor spending, and related operations specifically the IndyCar teams and Dallara facility located in Indiana because of IMS. While each of these elements are treated separately, in aggregate, they make up the total economic contribution of IMS to Indiana's economy.

IMS Corporate Contributions

The first generator of economic contributions is IMS corporate operations. On average over the past three years, the annual operating budget for IMS is \$171 million. This represents direct corporate economic contribution.

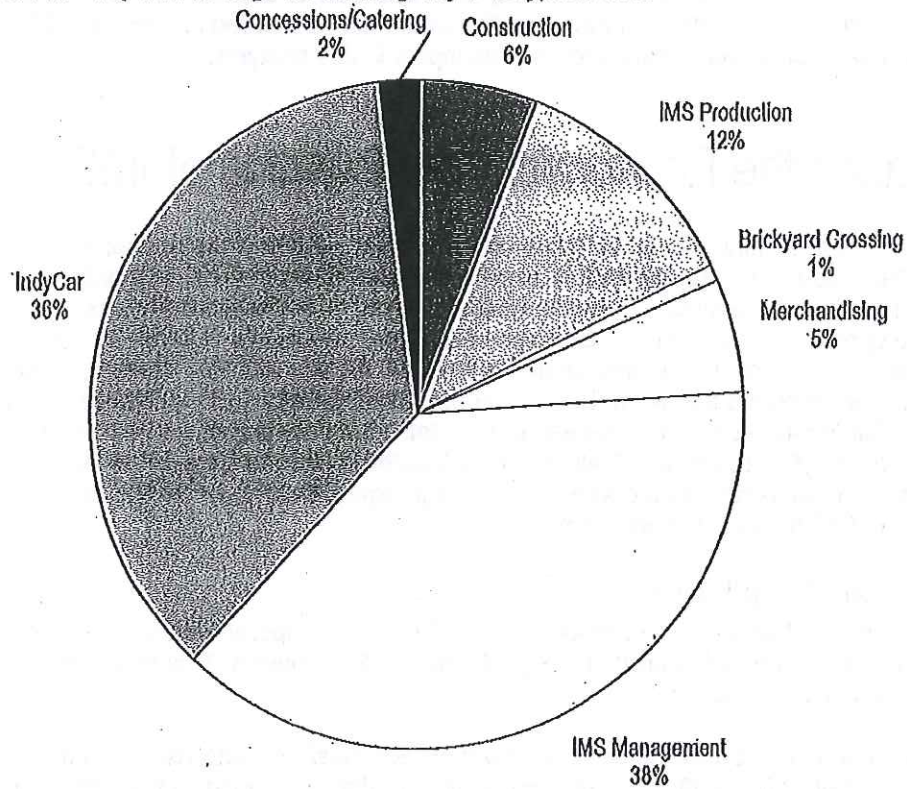
As mentioned above, IMS provided a breakdown of revenues/spending representing the range of corporate activities for 2009-2011. IMS corporate activities comprise all the tasks required to maintain the facility and host the three races, including:

- IMS management (facility and race management),
- Facility maintenance (including new construction and rehab),
- IMS productions (an in-house media group),
- Merchandise and concessions sales,
- The Brickyard Crossing Golf Course,
- Management of the IndyCar series, and
- The IMS Hall of Fame Museum.

Figure 2 shows the average proportion of total expenditures related to each activity.

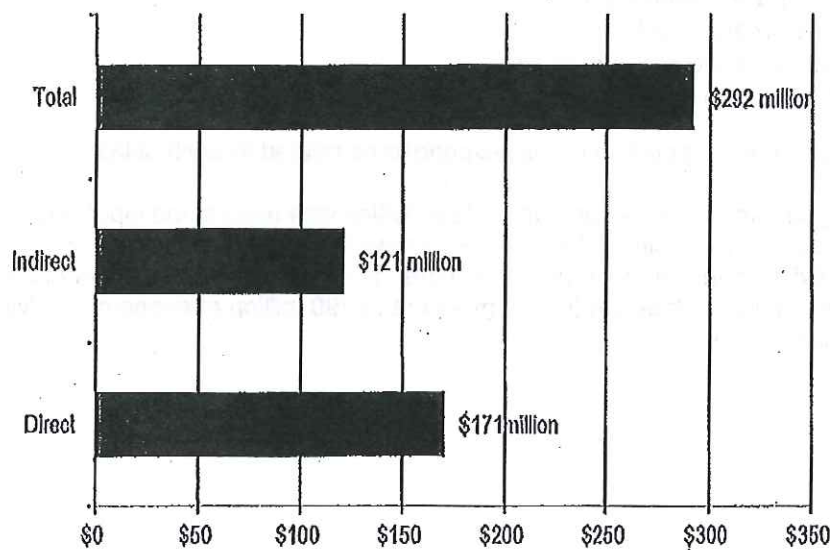
The direct spending in each of the seven corporate activities was used in the input/output model IMPLAN to estimate indirect or spin-off benefits. As shown in Figure 3, the \$171 million of IMS direct economic activity serves as the impetus for more than \$120 million of indirect economic activity within Indiana, thus contributing in total more than \$290 million of economic activity to the state's economy annually.

Figure 2: IMS corporate average annual budget by activity, 2000-2011



Source: Indianapolis Motor Speedway

Figure 3: Average annual economic contributions of IMS corporate operations



Source: Indiana University Public Policy Institute

The \$292 million of economic activity related to IMS corporate activities includes wages for more than 1,500 direct and 1,100 indirect jobs (2,688 total; see Table 2), and over \$118 million in employee compensation. The average direct employee compensation is over \$51,000 annually and the total average compensation is over \$43,000 annually.¹ Typically the average total compensation is lower than the direct compensation because of the larger share of service and support jobs in the indirect or spinoff effects.

Table 2. Employment and wages included in economic contributions of IMS corporate operations, 2012

	Economic Contribution (\$ Millions)	Employment (FTE)	Employee Compensation (\$ Millions)
Direct	\$171.0	1,570	\$80.0
Indirect	\$121.0	1,120	\$38.0
Total	\$292.0	2,690	\$118.0

Source: Indiana University Public Policy Institute

Out-of-State Visitor Spending

The second generator of economic contributions is the spending by out-of-state visitors to the races. The IMS is a national and international draw, which attracts approximately 200,000 out-of-state visitors to the three races, according to the survey of IMS ticketholders implemented by IMS's partner Turnkey. IMS also attracts additional out-of-state visitors for tire and chassis test sessions, out-of-state business-related visitors to both IMS and the IndyCar team shops, and tourist visits to the IMS facility and museum. These non-race related visitors are not included in the visitor spending analysis. The following analysis is based solely on the spending of out-of-state visitors.²

The 2012 Turnkey survey data were used to estimate average spending per out-of-state visitor for the three races in each of the following categories:

- Rental car
- Public transit/cab
- Parking
- Food and beverage
- Gasoline
- Shopping
- Entertainment
- Museums and cultural events
- Spas
- Casinos and gaming
- Other

These averages for each race were applied to the total number of out-of-state visitors to establish the direct economic contributions from these categories of spending. The survey did not ask about spending on lodging, but rather about whether a majority of the persons using the

¹ In 2011, the average earning per job in central Indiana was \$49,400.

http://www.stats.indiana.edu/profiles/profiles.asp?scope_choice=b&county_changer2=Rnocenso:C

² Spending by Indiana race patrons is not included. If these residents choose not to attend an IMS event it is likely they would attend other entertainment-related events (ranging from dining out a few extra times a year to attending a Colts, Pacers, Purdue or IU game) within Indiana.

respondent's tickets purchased market-rate lodging. These data also were used to establish an average and the average was applied to the number of out-of-state visitors. The product was multiplied by the most recent room cost provided by the Indianapolis Convention and Visitors Association multiplied by the average number of room nights reported by survey respondents assuming double occupancy. These results were added to the previous direct economic contributions.

Similar to the previous analysis of IMS operations, an input/output IMPLAN model was used to estimate indirect spending. Prior to running the model, concessions and merchandise sales at IMS were deducted from the these estimates of direct spending by out-of-state visitors to avoid double counting the same spending in the IMS operations data. This adjustment is imperfect because some merchandise sales occurs online and not all merchandise and concessions sales at IMS are attributable to out-of-state visitors. This adjustment reduces out-of-state direct visitor spending from nearly \$105 million to \$92.3 million. The adjusted spending was used as the input into the model.

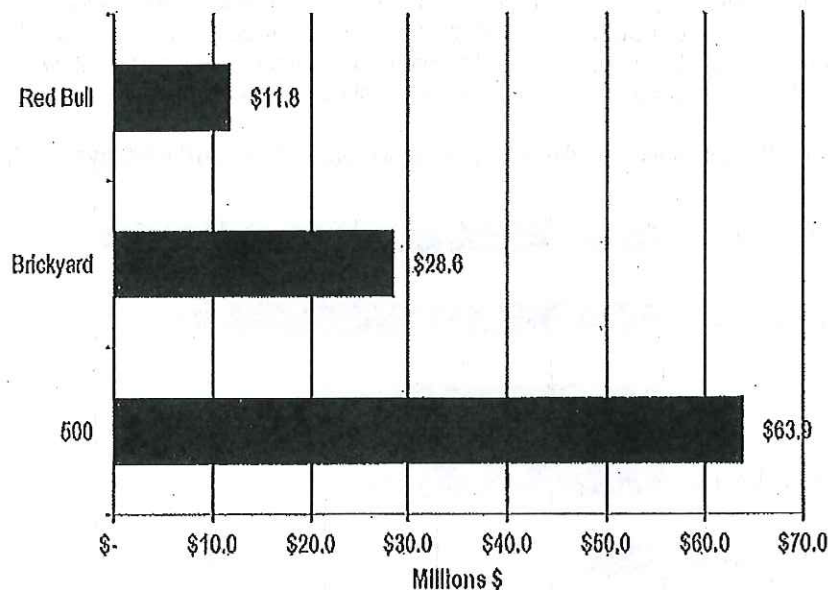
The direct economic contributions by category derived from the Turnkey survey were aggregated into six categories for input into the input/output IMPLAN model. The rental car, public transit, cab, parking, and gasoline responses were combined into a transportation category. Entertainment, museums, cultural events, spas, and casino and gaming expenditures were combined into an entertainment category. The other spending categories remained as identified in the survey (lodging, food and drink, shopping and gifts, and other).

The visitor survey data did not point to an appropriate input category for the model for *other* spending (approximately \$4.5 million across the three races). The decision was made to estimate the indirect and spinoff effect of spending on *other* based on the average multiplier rate across the four specified input/output spending categories (food and drink, transportation and parking, shopping and gifts, and entertainment).

Direct out-of-state visitor spending by race

Based on the reported spending patterns of those who purchased tickets for the Indianapolis 500, the Brickyard 400, and Red Bull Indianapolis GP, out-of-state visitors spent in excess of \$104 million. Approximately 60 percent of all race-related out-of-state visitor spending is attributable to the Indianapolis 500. Figure 4 shows the breakdown of direct visitor spending for each of the three races.

Figure 4: Total estimated visitor spending by racing event, 2012

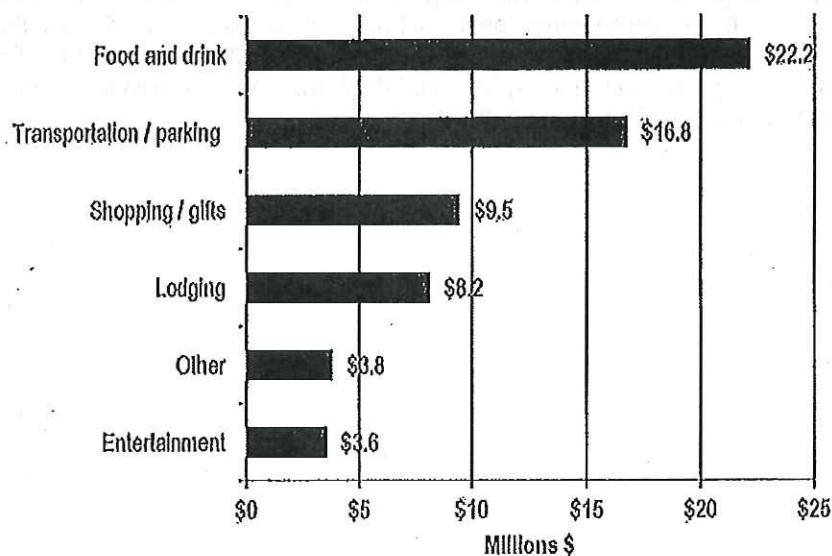


Source: Indiana University Public Policy Institute

Direct out-of-state visitor spending for the Indianapolis 500

Based on the reported spending patterns of those who purchased tickets for the Indianapolis 500, the out-of-state Indianapolis 500 visitors spent slightly more than \$600 on average per visit. The average visit was 2.3 nights. As shown in Figure 5, food and drink was the largest single expenditure category with over \$22 million of total expenditures.

Figure 5: Total estimated direct spending of out-of-state visitors attending the Indianapolis 500, 2012

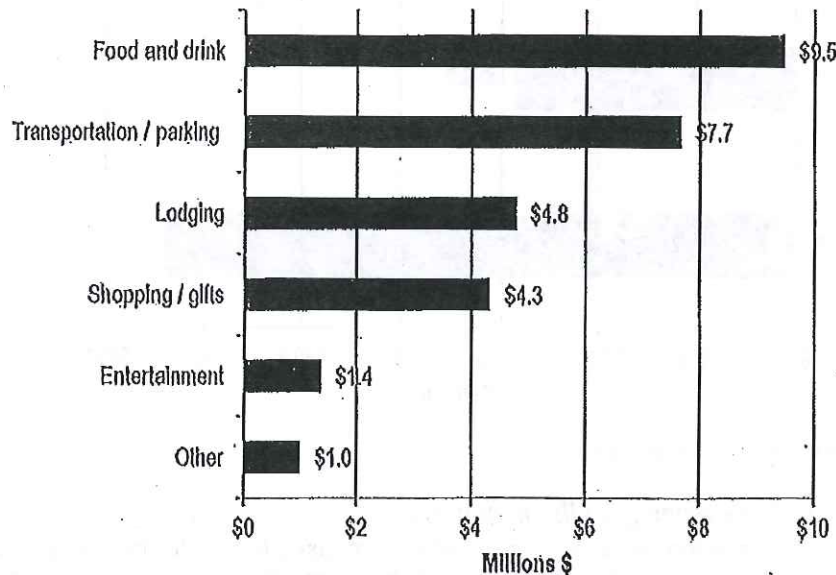


Source: Indiana University Public Policy Institute

Direct out-of-state visitor spending at the Brickyard 400

Extrapolated from the reported spending patterns of those who purchased tickets for the Brickyard 400, the average out-of-state race visitor spent slightly under \$500 per visit. The average visit was approximately two nights. As displayed in Figure 6, food and drink was the largest single expenditure category with \$9.5 million of total expenditures.

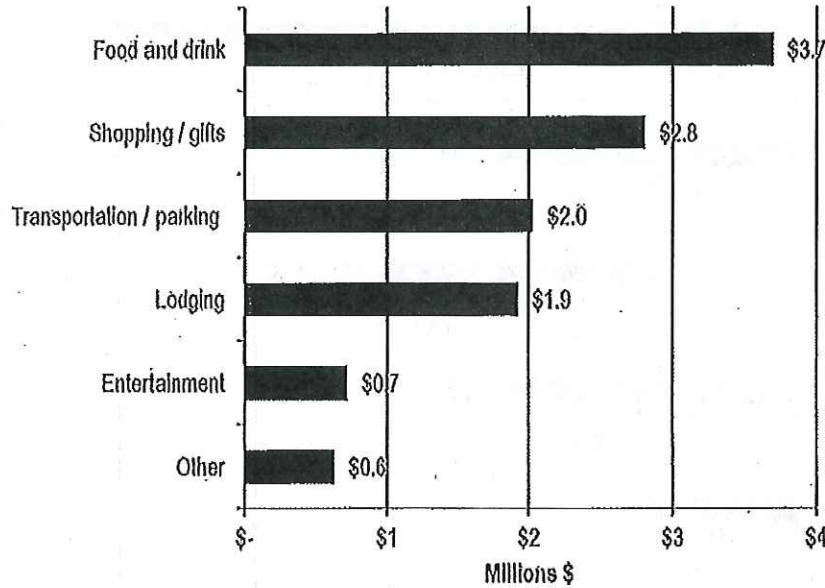
Figure 6: Total estimated direct spending of out-of-state visitors attending the Brickyard 400, 2012



Direct out-of state visitor spending at the Red Bull Indianapolis GP

Based on the reported spending patterns of those who purchased tickets for the Red Bull Indianapolis GP, the average race visitor spent nearly \$750 per visit. The average visit lasted nearly three nights. While this event reported the lowest number of out-of-state visitors, those who came stayed longer and spent more per individual than fans of either the Indianapolis 500 or the Brickyard 400. As displayed in Figure 7, food and drink was the largest single expenditure category with nearly \$3.7 million of total expenditures.

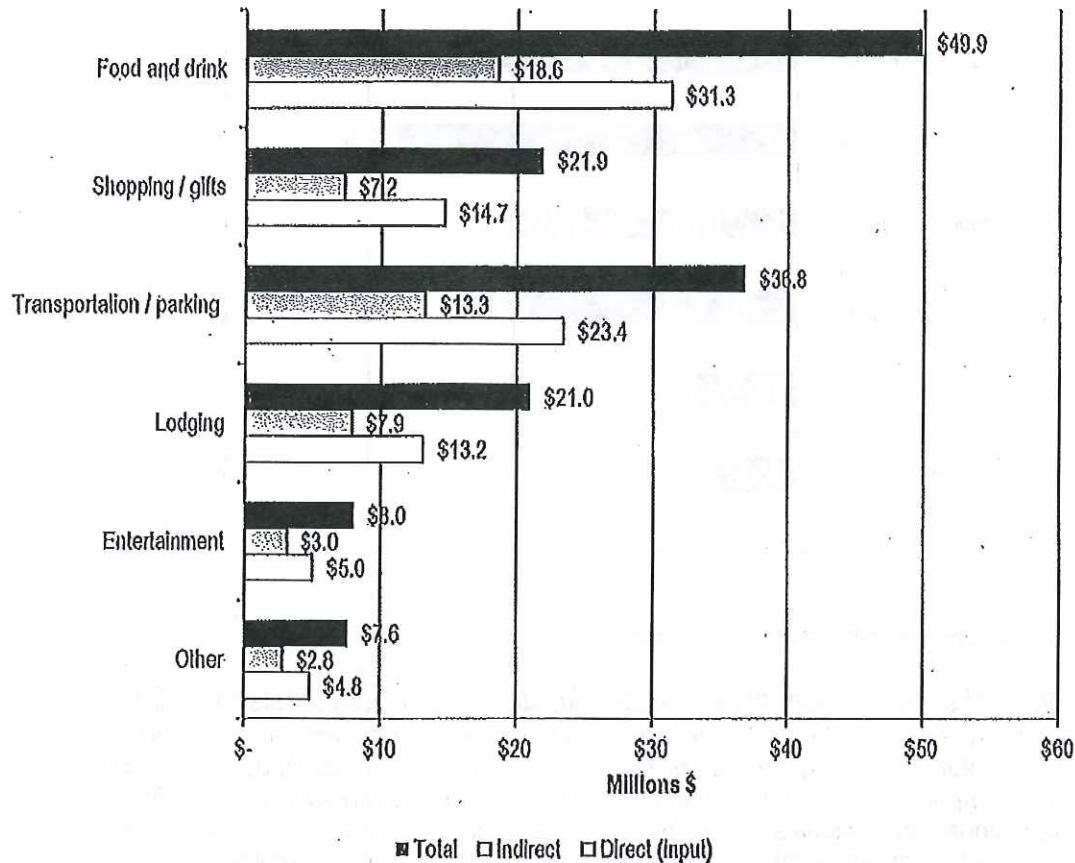
Figure 7: Total estimated direct spending of out-of-state visitors attending the Red Bull Indianapolis GP, 2012



Source: Indiana University Public Policy Institute

Total and indirect economic activity associated with spending by out-of-state race visitors
 Figure 8 shows the total direct out-of-state visitor spending and indirect economic contributions of out-of-state visitor spending generated by the input/output IMPLAN model. Based on a total direct spending impact of \$92.3 million of out-of-state visitor spending (estimated spending from visitor survey minus concessions and merchandise sales), an additional \$52.8 million of indirect economic activity occurs within Indiana. Thus, the total annual economic contribution of visitor spending is over \$145.1 million.

Figure 8: Economic contributions associated with out-of-state visitor spending at IMS races, by spending category, 2012



Source: Indiana University Public Policy Institute

The \$145.1 million out-of-state visitor related economic activity includes over 2,164 direct and 610 indirect jobs (2,774 total; see Table 3), and nearly \$53 million of employee compensation. The average direct employee compensation is nearly \$16,000 and the total average compensation is nearly \$19,000.¹ The jobs associated with visitor spending are primarily within the service sector and thus have lower average employee compensation than those associated with IMS operations. Additionally, while typically the jobs associated with direct spending have higher wages than total jobs, the direct jobs in this analysis are primarily services, while indirect jobs include a higher share of management and production positions.

Table 3. Employment and wages included in economic contributions of out-of-state visitor spending, 2012

	Economic Contribution (\$ Millions)	Employment (FTE)	Employee Compensation (\$ Millions)
Direct	\$92.3	2,160	\$34.4
Indirect	\$52.8	610	\$18.2
Total	\$145.1	2,770	\$52.7

Source: Indiana University Public Policy Institute

IndyCar Race Teams and Dallara

The third generator of economic contributions is the spending by race teams and Dallara. Most IndyCar race teams are located in Indiana because of the presence of IMS. In fact, only four established IndyCar teams—Penske, Dragon, Coyne, and Foyt—are not located near IMS. In addition to the teams, Dallara recently located its IndyCar assembly facility in the town of Speedway directly south of IMS.

Economic contribution of IndyCar race teams

Based on data provided by the Indianapolis Motorsports Association, there are 14 IndyCar and IndyLights race teams located in Central Indiana with approximately 460 (FTE) employees. The employees range from highly paid drivers, to engineers and highly skilled mechanics, to janitorial staff. The estimated annual operating budget of these teams is approximately \$60 million, based conservatively on 20 race cars and estimates of \$3 to \$8 million per car (Indy Idea, 2009; Weisenbach, 2013; www.crash.net; 2012) from a variety of sources covering motorsports. IMS/IndyCar contributes approximately \$20 million annually to operations of the teams' budgets and the spending of IndyCar teams with Dallara. When deducted from the total budget of these teams to avoid double counting expenditures already documented under IMS operations, the net direct economic contribution is \$40 million.

To estimate indirect spending for race teams, an input/output IMPLAN model was utilized. Because the model's professional sports franchise input category does not adequately reflect the nature of IndyCar race teams, indirect spending was derived from the averaged output of two input categories (professional sports franchise and engineering firm).

The total economic contribution of IndyCar teams to the state's economy exceeds \$54 million, including \$40 million direct and \$14.3 million indirect contributions. This economic activity includes 660 jobs and over \$26.5 million in employee compensation (see Table 4).

Table 4. Employment and wages included in economic contributions of IndyCar race teams, 2012

	Economic Contribution (\$ Millions)	Employment (FTE)	Employee Compensation (\$ Millions)
Direct	\$40.0	460	\$20.1
Indirect	\$14.3	200	\$6.4
Total	\$54.3	660	\$26.5

Source: Indiana University Public Policy Institute

Economic contribution of Dallara

According to the Indiana Motorsports Association, the Dallara facility currently employs about 40 individuals. PPI used the IMPLAN input category of automotive body assembly to estimate the direct and indirect contributions of Dallara operations to Indiana's economy. The estimate for the total annual economic contribution is nearly \$20 million, including \$11.2 million direct and \$8.7 million indirect contributions. This activity includes 100 jobs and over \$5.4 million in employee compensation (see Table 4).

Table 5. Employment and wages included in economic contributions of Dallara, 2012

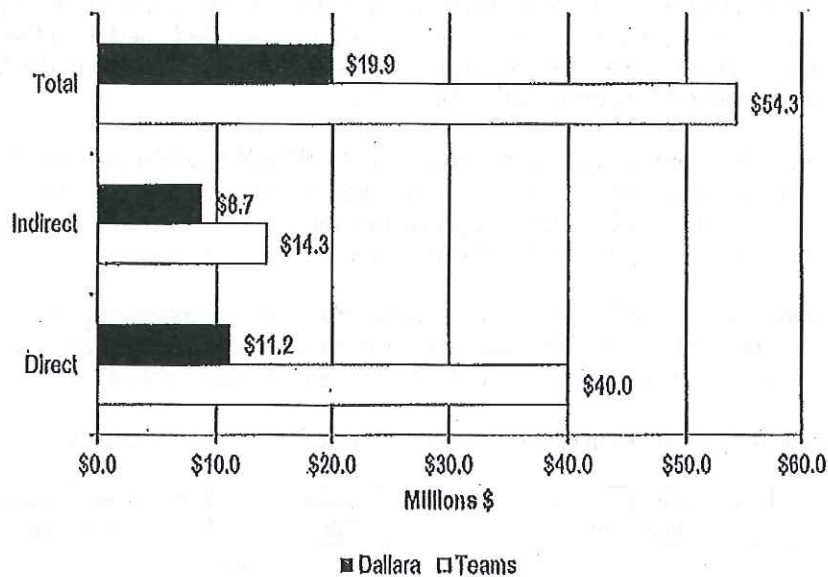
	Economic Contribution (\$ Millions)	Employment (FTE)	Employee Compensation (\$ Millions)
Direct	\$11.2	40	\$3.2
Indirect	\$8.7	60	\$2.2
Total	\$19.9	100	\$5.4

Source: Indiana University Public Policy Institute

Economic contribution of IndyCar race teams and Dallara

Together, the economic contributions of these two elements add \$74.3 million to the Indiana economy annually.

Figure 9: Estimated economic contribution of IndyCar teams and Dallara facility, 2012

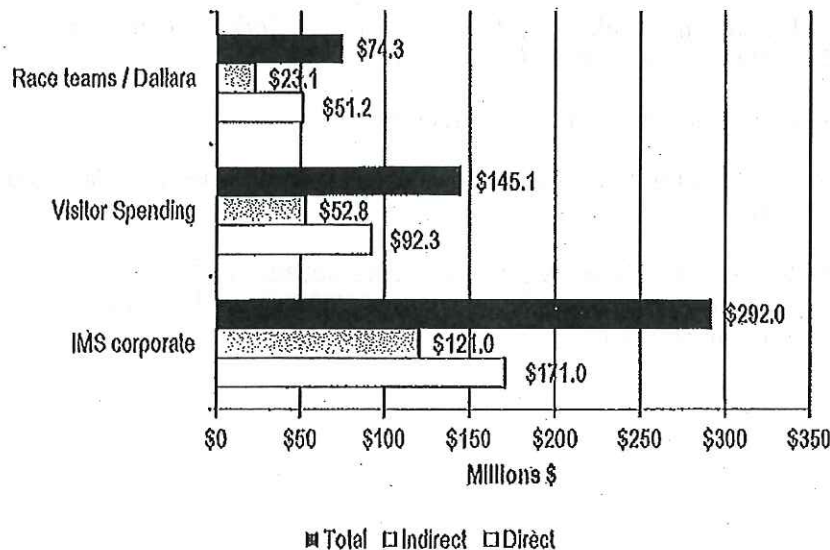


Source: Indiana University Public Policy Institute

Conclusion

In summary, IMS generates approximately \$314.5 million per year in direct economic contributions on an annual basis through IMS corporate activities, out-of-state visitor spending associated with the three races, and the operations of IndyCar race teams and the Dallara facility. When the indirect (spillover) impacts are estimated via the use of IMPLAN input/output modeling, the total economic contribution exceeds \$511.4 million annually (see Figure 10). These economic contributions include 4,200 direct jobs, and 6,200 total jobs from both direct and indirect effects (see Table 6). These jobs translate into more than \$178 million in direct wages and \$235 million of total employee compensation. This suggests that the direct economic activity (as measured by direct jobs) attributable to IMS comprises nearly 20 percent of all employment at racing industries within Indiana, while serving as both a catalyst of and anchor for the 421,000 thousand jobs in the state's motorsports cluster.

Figure 10: Total estimated economic contribution of IMS, 2012



Source: Indiana University Public Policy Institute

Table 6. Total employment and wages included in economic contributions from IMS operations, out-of-state visitor spending, IndyCar race teams, and Dallara, 2012

	Economic Contribution (\$ Millions)	Employment (FTE)	Employee Compensation (\$ Millions)
Direct	\$314.5	4,230	\$178.0
Indirect	\$196.8	1,990	\$47.0
Total	\$511.3	6,220	\$225.0

Source: Indiana University Public Policy Institute

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About the IU Public Policy Institute

The IU Public Policy Institute is a collaborative, multidisciplinary research institute within the Indiana University School of Public and Environmental Affairs. (SPEA) The Institute serves as an umbrella organization for research centers affiliated with SPEA, including the Center for Urban Policy and the Environment and the Center for Criminal Justice Research. The Institute also supports the Indiana Advisory Commission on Intergovernmental Relations (IACIR).

Policy Analytics, LLC

Memorandum

To: Mark D. Miles, CEO
Hulman and Company

Jeffery G. Belskus, President and CFO
Hulman and Company

Douglas Boles, President
Indianapolis Motor Speedway, LLC

From: William J. Sheldrake, President
Policy Analytics, LLC

Re: Economic Benefit and Strengthening of the State's Tax Base Provided for in HEA
1544

Date: November 22, 2013

House Enrolled Act 1544, as passed, provides a mechanism to allow the Indianapolis Motor Speedway [the "IMS"] to effectively access the capital markets to make transformative investments in its facility. These investments will improve the competitive attractiveness of the IMS' events and result in increased attendance from Indiana patrons, race fans across the U.S., and around the world.

The baseline estimate for the IMS' impact on Indiana's economy is provided in "Estimating the Annual Economic Contributions of the Indianapolis Motor Speedway."¹ The changes resulting from the HEA 1544 proposal within this memorandum are calculated based on the Indiana University Public Policy Institute study as its starting point. Additionally, a report published by the Purdue Center for Regional Development in 2012, "Race to the Future: The Statewide Impact of Motorsports in Indiana"² detailed the breadth of the motorsports industry in the State.

¹ *Estimating the Annual Economic Contributions of the Indianapolis Motor Speedway*, Indiana University Public Policy Institute, February 2013.

² *Race to the Future: The Statewide Impact of Motorsports in Indiana*, Purdue Center for Regional Development, September 2012.

The IUPPI study estimated that the IMS contributed \$511.9 million to the Indiana economy in CY 2012, [current dollars]. The impacts occur in three areas:

- 1) IMS corporate operations (which include the racing events)
- 2) Out-of-state visitor spending (which is driven by the racing events)
- 3) IndyCar race teams and their suppliers, (example is Dallara)

The IUPPI study reports economic impacts across three indicators: economic contribution, employment, and employee compensation. Economic contribution, or output, represents the total value of industry production. Employee compensation is the total cost of an employee to the employer. Employee compensation consists of wages and salary and non-cash benefits, but does not include dividends or proprietor's income. Employment in the IUPPI study represents full time equivalent positions in a given year.

The economic impacts are categorized as direct and indirect impacts. Direct impacts are a series of production changes or expenditures made by producers or consumers as a result of an economic activity. Direct impacts accrue from the buying and selling of finished goods and services. Indirect impacts stem from industry-to-industry, or intermediate, purchases resulting from a change in demand. Indirect impacts are sometimes referred to as supply chain impacts. A third type of impact, induced impact, is often measured in economic impact analysis, but is not measured in the IUPPI analysis. Induced impact is the effect of the increased household spending resulting from labor income generated by the direct and indirect impacts. By omitting the induced impact, total economic impact is purposefully understated in this analysis.

The economic impacts derived in the IUPPI analysis directly relate to the State of Indiana's tax base for the State's two largest sources of revenue, the Indiana Income Tax and Indiana Sales Tax. Employee compensation, proprietor's income and corporate income are all measures of income that comprise the tax base for the Indiana Income Tax. The Indiana Sales Tax is applied to the retail price of taxable sales. Sales tax impact can be calculated using the portion of IMS' economic contribution that is sales tax eligible.

Both direct and indirect effects contribute to the fiscal impact of IMS options. Using the economic impacts derived by IUPPI to estimate changes to the income and sales tax base allows for the full fiscal impact of IMS operations to be analyzed.

Foundational Assumptions and Impacts

The IMS is an Indiana corporation with an international reach and reputation in the motorsports arena. The impact of the facility improvements made possible by the State of Indiana's investment – implemented through the HEA 1544 mechanisms – is most reliably estimated by the IMS management in its projections for the period 2013 through 2018. After the legislation passed in early 2013, the IMS developed a new strategic plan which incorporates the capital infusion from the state and, combined with additional financial and operational changes, projects a growth path for the next 5 years. These IMS projections, certain other economic assumptions and the results of those planned actions applied to the IMS' current economic footprint are specified below.

- 1) The increased attractiveness of the Speedway facility, additional events offered [the Grand Prix of Indianapolis], and the new amenities made available at those events will produce a very significant increase in annual attendance projected to be in place by 2018.
- 2) Increases in attendance, increased sponsorship opportunities and improved marketing will result in added "top line revenue" which will increase the profitability of the IMS and its events. By 2018, IMS operations and revenues will have exhibited substantial growth in conformity with the growth in attendance.
- 3) These changes, increased attendance and profitability, which impact the IMS will further impact and strengthen the Indiana economy within the important motorsports cluster, an Indiana economic sector estimated to encompass more than 24,000 firms, employing 421,000 individuals.³
- 4) Increases in attendance at IMS events will grow Indiana's tourism economy and the spending and sales tax revenues it produces. Tourism or visitor spending [only from visitors from outside the State] was estimated in the IUPPI study to produce an economic contribution of more than \$145 million in 2012. By 2018, based on the IMS' projections, it is estimated that visitor spending will grow in economic impact to \$236.6 million in an annual contribution to the State economy.
- 5) The growth in the IMS' operations and in the motorsports sector generally will produce additional individual and corporate income tax revenue for Indiana. The increases in both revenue and profitability are expected to increase taxable income for both employees and contractors within the motorsports sector. By 2018, the IMS activities related income tax base is projected to increase by 47% from its pre-investment levels.
- 6) To estimate the growth in the income and sales tax bases, certain economic assumptions were employed. An annual inflation rate of 2.25% was applied to retail sales prices over the 20 year period. Incomes subject to tax were assumed to grow at 2% per year over the 20 years.

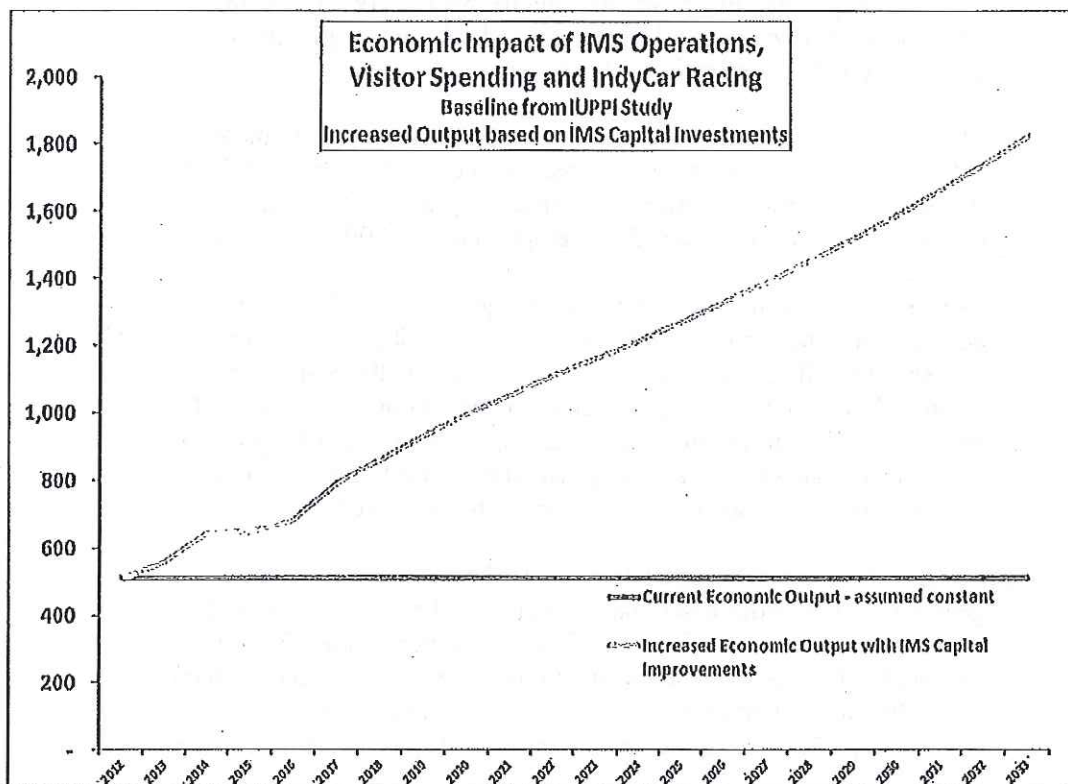
The Result: A Growing Motorsports Sector

House Enrolled Act 1544 provided for a capital infusion for the Indianapolis Motor Speedway, but also advanced the objective of aiding and fostering economic development within the larger motorsports industry across the State. The Indianapolis Motor Speedway is at the heart of the "core racing industry," defined as those "firms directly involved in the

³ *Race to the Future*, p 4.

sport of racing.”⁴ However, Indiana is home to a vibrant motorsports cluster, which is comprised of both the core racing industry, and the businesses that connect to it through supplier and research interactions.

The economic impact shown in modeling these outcomes from the State’s investment in the IMS extends throughout this cluster and reaches into every community in the State. The longer term results of the State’s investment in this important economic sector are predictably positive. The IMS’ economic contribution to the State grows by 240% over the 20 year life of the State’s investment, with income and sales tax revenues responding proportionally.



Conclusion

House Enrolled Act 1544’s proposal to provide a capital infusion to the IMS in order to allow for competitive improvements and capital investments will provide a positive and significant return both for the State of Indiana’s treasury and for the State’s overall economy and its citizens.

⁴ *Race to the Future*, p 7.

PURDUE

CENTER FOR
REGIONAL DEVELOPMENT

Race to the Future:

The Statewide Impact

of

Motorsports in Indiana

September 2012

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Executive Summary

Indiana and the Central Indiana region in particular, are known as the 'Racing Capital of the World.' Traditionally, this designation exists due to the presence of the Indianapolis Motor Speedway and the annual running of the Indianapolis 500.

In preparing this report for the Motorsports and Vehicle Production Network project, we learned that motorsports touches nearly every corner of Indiana and is indirectly responsible for over 421,000 jobs while the cluster directly employs over 23,000 individuals in the state and pays an average wage of nearly \$63,000, exceeding the average state wage by over \$13,000.

One challenge that project staff faced is that there was no pre-existing definition of a 'motorsports cluster.' To address this, a compilation of company information was compiled from databases supplied by Conexis and the Indiana Motorsports Association. 172 unique 6-digit NAICS codes were obtained and the most frequent NAICS codes were processed through an input-output table for Indiana. From this we were able to identify significant value and supply chain linkages. Motorsports related patents were studied to identify their NAICS codes; available literature on motorsports was studied; and input from IMA members was received. This list was refined to 120 6-digit NAICS codes to create a definition for the motorsports cluster. A further refinement based on survey input became the definition for the core motorsports industries.

From this process, we were able to document the extended industry supply chain that includes vehicle production facilities and other suppliers as well as a smaller group of companies that are more exclusively aligned with motorsports.

Indiana is one of the top three locations in the world where the motorsports industry is concentrated. But, unlike England and North Carolina, the other two motorsports capitals, Indiana's motorsports companies are linked to other industries such as defense and aerospace, passenger vehicle manufacturing, and orthopedics. So, while there is a 'core cluster' of motorsports firms that is very directly engaged in motorsports, the industry cluster is broader because it includes firms that supply to or buy from the industry, but aren't exclusively motorsports.

Motorsports in Indiana also helps to spur innovation. Inventions and innovations in the racing industry are often transferred to other industries to solve problems. Race helmet design, for example, is helping to produce football helmets that may minimize concussions. But, a major challenge facing efforts to transfer technology from motorsports to other industries is a relative lack of intellectual property protection: innovation occurs so fast within motorsports that there isn't time to seek patent protection before the next variation is designed.

Another critical aspect of motorsports companies in Indiana is that their footprint extends beyond the state. Racing teams domiciled in Indiana travel all over the country for races, bringing dollars back. And companies that are involved in supplying the motorsports cluster are also sending their wares around the globe with customers in over twenty countries. It is also the case that spectators come from all over the globe to witness race events in Indiana: not just events at the Indianapolis Motor Speedway, but at venues all around the state.

Motorsports touches 91 of Indiana's 92 counties in some way or another. Beyond racetracks, there are race teams, fabricators, manufacturers, research and development firms, welding companies, suppliers, marketing and public relations firms, and service providers who compose the whole of the motorsports footprint in the state.

The challenge and opportunity for Indiana and many communities is: 'how do we expand and grow the motorsports assets we already have?'

The authors spoke to a number of companies within the cluster and discovered that, while many of them are expecting to grow in the next five years, their growth may be threatened by a number of factors:

- There is a potential lack of qualified candidates for existing job openings and within the next five years, the baby boom cohort retirements will affect motorsports companies' growth plans;
- While there are a number of training entities in the state, they are not always well connected to the motorsports companies and some of them are under-capacity;
- The industry is facing a number of non-traditional challenges: motorsports is now part of a vast entertainment milieu, which now includes video games, other sports, movies, television, etc. The entertainment dollar that goes to motorsports is shrinking. The industry needs to diversify its income streams and should look to technology transfer and commercialization of intellectual property to generate new revenue streams;

- Local economic development officials need assistance to identify the motorsports assets in their backyards and need help developing a toolkit for helping these companies grow and for directing resources and business advice to small motorsports companies.

Indiana has a number of assets and resources that can be mobilized to secure this industry cluster's place in the state's economy and to help it grow. This study can serve as a call to action for policy makers, local economic development and elected officials, and to the state's institutions of higher education to rise to this opportunity and help grow this industry.

Introduction

Motorsports, as the name implies is about the sport of racing. In economic terms, the sport of racing (or motorsports) is unique in the world of sports. Motorsports, especially at its highest level, is about technology and ongoing innovation. Thus while the driver is important, so is the engineer, the mechanic, the fabricator, and the innovator in a small shop on Gasoline Alley, in Martinsville and in virtually all other parts of Indiana. In simple terms, football uses pigskin, baseball uses cowhide and motorsports uses Kevlar. While bats and balls remain the same, the race car is remarkably different than it was even 20 years ago. It is this commitment to innovative technology that makes the motorsports cluster so fundamentally different than other sports.

Because motorsports is committed to innovative technology and production, the motorsports cluster contains a wider range of industry sectors and its economic contribution is spread over a broader geography than other sports. While the core motorsports industries, including race tracks and events, racing leagues, race teams, media, and marketing are similar to other sports, the rest of the motorsports cluster is much different and includes a wide range of high technology engineering and manufacturing firms, as well as firms that provide materials and parts and service firms that benefit from financial and technical interactions with firms directly involved in the sport of racing.

Understanding the relationship between the core racing industry and the motorsports cluster is critical to this analysis. The core racing industry is limited to firms directly involved in the sport of racing, these firms would not exist but for the sport of racing. The motorsports cluster consists of the core racing industry and firms that provide benefits to and firms that benefit from economic and technical interaction with the core racing firms. In addition to the firms in the core racing industry, the motorsports cluster includes firms in 120 six digit NAICS codes that provide or purchase services,

materials, and/or parts to or from core racing industries. For example a race team, a race track, or a parts manufacturer whose existence depends on purchases from racing teams is part of the core racing industry. They are joined in the motorsports cluster by all the other firms, including vehicle production firms, that buy from and sell to racing firms, that share similar technology, use the same labor pool and supply chains. This also includes support services such as legal, financial, and marketing firms.

The Motorsports Cluster

Motorsports is a unique activity because it cannot be associated with any single industry code which has been previously defined by the North American Industry Classification System (NAICS). It is part sports, part precision manufacturing, part industrial design, part research and development, part advertising and marketing, part recreation, part organization of large events and so on. It is one distinctive economic activity with various facets. Identification of an industry cluster around such diverse economic and sporting activity is a challenging task. In Indiana we're fortunate to have the Indiana Motorsports Association and CONEXUS, which maintained a list of businesses and industries engaged in motorsports and allied activities.

The first task of this project was to identify the specific NAICS codes for these industries and businesses. Doing this gave us important insight into how diversified the motorsports actually is with 170 different 6-digit NAICS codes. At the same time, we conducted a review of the published literature and followed a methodology which has been used previously by several cluster studies. An Input Output analysis was conducted on the most frequent NAICS codes to identify significant supply and value chain linkages to other industries. An Indiana specific Input Output table developed by the Economic Modeling Specialists, Inc. (EMSI) was used. And finally, we also looked into the patent database and identified motorsports-related patents and their associated NAICS codes. This helped us narrow down the

preliminary large list of NAICS codes. The research team reviewed and discussed the list internally. Input from IMA members was sought and the list was further refined to 120 NAICS codes that includes industries which are directly and indirectly associated to motorsports activities.

The motorsports cluster is important to Indiana's economy in its size and diversity. Per EMSI, in 2011 there were 24,474 firms in the motorsports cluster. The 2010 estimate for employed individuals in this cluster was 421,472. The EMSI estimate for average annual earnings in 2012 for this cluster is \$62,878. The estimated statewide average annual earnings is \$50,208¹ in spite of common perceptions that associated motorsports with the Indianapolis Motor Speedway and the central Indiana region, the cluster reaches across the state. As shown in Figure 1, nearly every county in the state benefits from having individuals employed in the motorsport cluster. 28.6% of all motorsports firms are in the Indianapolis region (MSA, 10 counties according to Census TIGER file 2009); 71.4%, representing 17,468 firms and 314,209 jobs are located outside the Indianapolis region.²

Core Racing Industry

The core racing industry within the motorsports cluster consists of the 2,130 establishments associated with the sport of racing. The core racing industry represents approximately 8.7 percent of the firms in the motorsports cluster. 23,000 individuals are employed in the core racing industry which represents 5.5 percent of total employment in the motorsports cluster. Annual average earnings of \$67,667 in the core racing industry compares favorably to both the motorsports cluster and statewide average earnings. As with firms in the greater motorsports cluster, many of the premier racing teams and facilities are located in central Indiana, but core industries are also located all across the state. The geocoded map of IMA and CONEXUS databases shows that 91 of Indiana's 92 counties have at least one racing industry-related firm (please refer to Figure 1).

¹ EMSI

² EMSI

Core racing industries as defined in this study include race teams, race tracks, racing leagues, race car design and assembly, parts manufacturers and suppliers, and engineering firms. The core racing industry also includes a small group of radio and television broadcast companies, marketing firms, and apparel and equipment manufacturers (for both drivers and fans) that rely on racing for their livelihood. The definition, for the purposes of this study, does not include a number of charitable foundations associated with racing. It also does not include legal and accounting firms and medical/physical therapy specialists that provide services to core racing industry firms.

The Motorsports cluster is important to Indiana's economy

While its size alone makes the motorsports cluster a key component of Indiana's economy, there are other elements that combine to enhance its importance to Indiana's economic future. Among these elements are:

- The links between core racing industries and the motorsport cluster and between manufacturing and technology in Indiana is unique to the United States and rare internationally;
- The international nature of racing enhances Indiana's international image, attracts human capital and foreign investment, and engenders the business relationships necessary to globalize the market for local products;
- Motorsports is a statewide industry;
- The high-technology, high skill nature of the cluster attracts engineers and innovators to Indiana;
- The advanced manufacturing and advanced technology component of motorsports supports Indiana's manufacturing base and provides an exciting opportunity for those wishing to make their living through labor;

- The many examples of innovative development and technology transfers suggest that with some strategic refinement a much wider range and number of technology transfer opportunities could be developed; and,
- The highly skilled workforce in the cluster is potentially supported by an increasingly large collection of technology and business related programs across a wide range of universities and community colleges.

Compared to other motorsports clusters, Indiana is uniquely positioned

By most accounts, Indiana, North Carolina, and England are recognized as the three leading international motorsports economies. England is generally acknowledged as the epicenter of Formula One and the most advanced racing technologies. North Carolina is generally recognized as a NASCAR hub (although NASCAR's most prominent event, the Daytona 500, and its corporate headquarters are located in Daytona, Florida). Indiana, while generally known as the home of open wheel oval racing (including open wheel's most prominent event, the Indianapolis 500 and its corporate leadership in the form of the Indianapolis Motor Speedway and Indy Car), has a much more diverse motorsports culture including sprint cars, midgets, karting, power boats, motorcycles, the NHRA and many other forms of racing. Compared to North Carolina and England, historically, there has been a significant concentration of automotive industries and transportation equipment manufacturing (RVs, Trucks and Trailers) industries in Indiana. This is one of the unique competitive advantages for Indiana.

When looking beyond the core racing industry, Indiana is much better positioned than North Carolina to capitalize on the racing industry's relationship with the high technology, and advanced manufacturing elements of the motorsports cluster. 16.53 percent of Indiana's workforce is engaged in manufacturing compared to 10.91 percent of North Carolina's.³ The concentration of manufacturing firms likely

³EMSI

contributes to the highly-skilled and specialized work force that was the most commonly cited reason by those interviewed for why racing industry firms located in Indiana. It is also likely that other manufacturing firms benefit from exchanging workers and technology with racing industry firms.

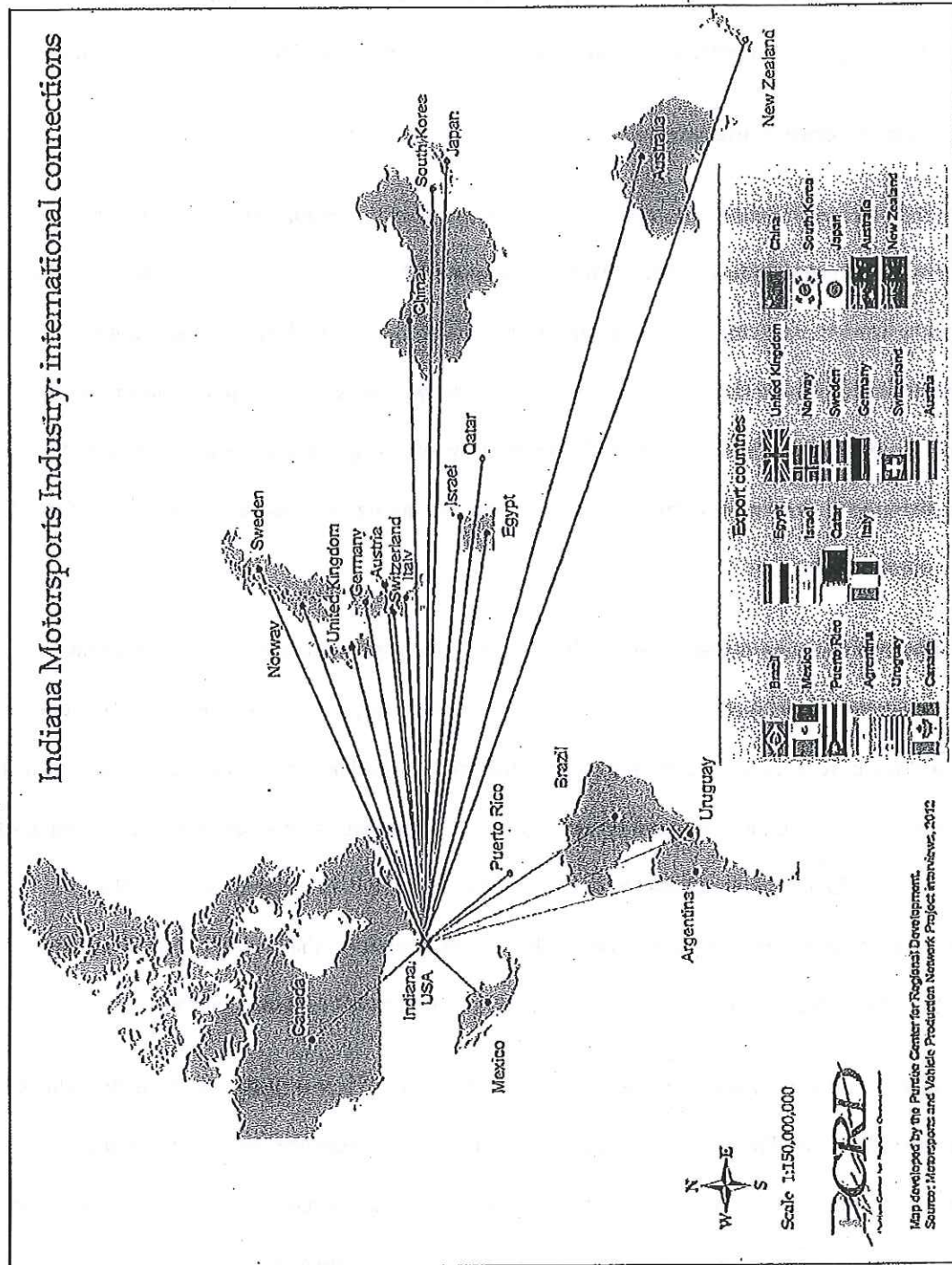
Indiana motorsports is international

In this global economic era, cities and states relentlessly seek to develop international reputations, attract foreign investment, and develop international export markets. While many in Indiana think locally when it comes to motorsports, it may actually represent one of the most internationally advanced industry clusters in the state. The racing industry attracts human capital from all over the world, exports high-technology value added products across the globe, and brings foreign direct investment to Indiana. International connections revealed during our interviews with racing industries are shown in Figure 2.

Because Indiana enjoys a preeminent position as one of the big three in the international racing community and has such a broad range of motorsports elements, it has been able to attract not only some of the best racing drivers but also some of the brightest racing engineers and entrepreneurs from all over the world. During our interviews with core racing firms, we came across a number of examples. We met an individual who relocated from England in order to help design Indy Cars. Another interviewee migrated from Australia to build chassis and compete in the NHRA. Dallara has brought a number of its Indy Car support staff from Italy to its new facility in Speedway, Indiana.

The ability to attract human capital from all parts of the world enhances Indiana's international image and also contributes directly to the economy by attracting innovators who develop new products and start new companies. Furthermore, the influx of different cultures indirectly benefits the economy by contributing to the ongoing development of a diverse population and culture.

Figure 2. International connections of racing industry in Indiana based on interviews.



In addition to importing human capital, Indiana's motorsports cluster exports many products. The motorsports exporters represent many sizes of companies. MagTech, a small firm has experienced growing demand from racers located in Australia, New Zealand, and Canada, with little or no marketing. Vance and Hines, a much larger firm, ships products to most of Europe, Australia, and ships to the growing markets in China and Japan. In addition to exporting technology and finished products, there also are firms, such as A.E.D. Motorsport Products, that ship unfinished materials across the globe. Firms such as Maingate sell merchandise and apparel globally. A number of export firms are located outside the Indianapolis region. Lingenfelter Performance Engineering in Decatur recently exported high performance Corvettes to Saudi Arabia and Russia and Lafayette-based McKinney Corporation designs and builds drag racing chassis that ship globally, most recently to an emerging Brazilian market.

There also are many examples of racing-related direct foreign investment. For example, Xtrac, Inc. has a facility in Indianapolis. Headquartered in England, this company realized that to compete effectively in the Indy Car and sports car markets, it must be located in Indiana. REGO-Fixed Tools, with corporate offices in Switzerland and known for its CNC tools craftsmanship, located a facility in Indianapolis to better serve the racing industry as well as other firms that use CNC machine tools. Finally, Dallara located its Indy Car assembly facility in Speedway (Indiana), and in a typical month purchases parts, materials or services from approximately 25 firms located in Indiana. Dallara will eventually locate its Indy Car related engineering facility in Speedway, as well.

Motorsports is a statewide industry

Many think of Indiana's motorsports cluster as being centered in and around Indianapolis and the Indianapolis Motor Speedway. And while there is a very dense cluster of racing industry firms located in the central part of the state, motorsports is actually very much a statewide cluster. For example Hoosier Racing Tire is located in Lakeville and employs approximately 250 individuals. Jasper Engines and

Transmissions is located in Jasper and employs approximately 300. Landrum Performance Springs is located in Mentone and ships its products to NASCAR teams outside Indiana. Moser Engineering and Performance Tools, Inc. are sister companies with 40 employees located in Portland (Indiana). These firms engage engineers in the design and production of performance axels and precision gauges. Haulmark Industries has 50 employees, is located in Bristol and is the second largest producer of racing trailers in the United States. AFCO Racing Products in Boonville employs approximately 20 individuals. In addition to the racing teams and production companies scattered throughout Indiana, there are many racing facilities. Also of note, the New Castle Motorsports Park is owned by former Indy Car racer Mark Dismore and hosts a number of national karting events.

In fact there are approximately 1,339 core racing industry firms and 17,468 motorsports cluster firms located outside the Indianapolis region and these firms employ approximately 12,032 in core industries and 314,209 in the motorsports cluster respectively.

As shown in Figure 1, the non-metro Indianapolis motorsports and core racing firms are dispersed throughout the state. There are at least 25 individuals employed in the motorsports cluster in nearly all of the state's 92 counties.

Motorsports is a highly innovative, hi-tech, education and skill intensive industry

Motorsports is an industry that relies on constant innovation and improvement. In a 2004 report on motorsports industry in Indianapolis⁴ it was suggested that while patents are the most commonly used measure of innovation, it is not an effective measure of innovation in motorsports. There are surprisingly few motorsports related patents because the pace of innovation in the motorsports industry is so rapid that a new part or technology is often obsolete before the patent application process can be completed. Virtually every individual we interviewed who was involved in production addressed the

⁴ Motorsports in the Indianapolis Region, Drew Klack, Center for Urban Policy and the Environment 2004.