

Economic Impact on New Mexico of the Acquisition of NM Gas Company by Bernhard Capital Partners

October 2024

Prepared by

Dr. Kramer Winingham

Dr. Christopher A. Erickson

Dr. Lucinda Vargas

Sponsored by Bernhard Capital Partners

About the Authors¹

Dr. Kramer Winingham is the Director of Economic Analysis at Arrowhead Center at New Mexico State University (NMSU). Dr. Winingham has extensive experience with strategic planning, conducting economic analyses and leading economic development programs. In 2021, Dr. Winingham served as the lead author of the "Economic Impact of the Santa Teresa Port of Entry and the Santa Teresa Industrial Parks," which estimated the economic benefits of economic activity in Santa Teresa to New Mexico and Texas. In 2022, Dr. Winingham served as the lead author of the binational "Border Task Force Report: Paso del Norte Region" that presented strategic initiatives from the Paso del Norte region (Southern New Mexico, West Texas, and Northern Chihuahua, Mexico) to form an aligned strategy for developing regional capacities and competitive advantages. Dr. Winingham holds a master's degree in Business Administration with specializations in Finance and Information Systems and a Doctorate of Economic Development from NMSU. His doctoral thesis, "Economic Development through Technology Transfer," developed a novel approach to technology transfer incorporating design thinking. Dr. Winingham is an adjunct faculty member in the College of Business at NMSU and is an IMPLAN Certified Economist.

Dr. Christopher A. Erickson is the founding Director of the Center for Border Economic Development (C-BED) and is the Garrey E. and Katherine T. Carruthers Chair for Economic Development at NMSU. Dr. Erickson's research includes U.S.-Mexico border issues, the New Mexico economy, and the role of finance in economic development. He has researched the New Mexico economy for over 35 years, including having authored or co-authored more than 40 economic studies for clients concerning New Mexico. He was a co-PI on a recently completed NSF grant to develop a system dynamics model for New Mexico. Other recently completed New Mexico-related studies include a report for the Border Task Force to identify needed infrastructure investment in the Paso del Norte region, an investigation into the economic impact of the Santa Teresa port of entry, and several studies concerning infrastructure projects for New Mexico communities. Dr. Erickson has a bachelor's degree from Willamette University and a Ph.D. from Arizona State University, both in Economics. He has been a member of the NMSU faculty since 1987. His teaching duties include lecturing graduate students on economic impact methodology.

Dr. Lucinda Vargas is the Associate Director of the Center for Border Economic Development (C-BED) at NMSU. Dr. Vargas has worked as an economist in the public, private, and non-profit sectors. She was Senior Economist at the Federal Reserve Bank of Dallas, Senior Economist and Director of International Services at CIEMEX-Wharton (an economic forecasting company based in the Philadelphia area), and held research positions at the U.S. Treasury Department in Washington, D.C. and at UT-El Paso's Center for Inter-American and Border Studies. Dr. Vargas was also the founding director and CEO of Plan Estratégico de Juárez, A.C.—a private-sector-led nonprofit organization in Juárez, Mexico. In this role, she oversaw a strategic planning effort for the City of Juárez, which involved large-scale citizen and stakeholder participation. She also was a key author and main editor of the various reports behind the Juárez Strategic Plan, the largest community development plan of its kind in Mexico at the time of its completion. She has authored numerous articles for various Fed publications focusing on topics related to the Mexican economy, U.S.-Mexico trade, the maquiladora industry, and the U.S.-Mexico border economy. As a Fed economist, Dr. Vargas also engaged widely with regional community stakeholders from the cities of El Paso, Texas; Juárez, Mexico; and Las Cruces, New Mexico. Dr. Vargas has a bachelor's degree in Economics from UT-El Paso, a master's in Economics from Penn State University, and a Doctorate of Economic Development from NMSU. Beyond her role at C-BED, where she has participated as co-author on numerous reports, including the "Border Task Force Report: Paso del Norte Region," Dr. Vargas is also a College Professor of Economics at NMSU.

¹ This report was prepared by the authors in their private capacity. The opinions expressed may not be shared by the Board of Regents and administration of New Mexico State University.

Table of Contents

Executive Summary	1
Introduction	3
Methodology	4
Analysis of Impacts	9
Conclusion	11
References	13
Glossary	14

This report was prepared by the authors in their private capacity. The opinions expressed are the authors' own and may not be shared by the views of the Board of Regents and administration of New Mexico State University.

Suggested citation:

Winingham, Kramer, Christopher A. Erickson, and Lucinda Vargas. *Economic Impact on New Mexico of the Acquisition of NM Gas Company by Bernhard Capital Partners*. 2024.

Executive Summary

This report² has been commissioned by Bernhard Capital Partners (BCP) to estimate the economic impact of the acquisition of New Mexico Gas Company by BCP-managed funds on the New Mexico economy.

In August 2024, Emera Inc. (Emera) (TSX:EMA), an international energy and services company, announced it had entered into an agreement to sell its wholly-owned operating company, New Mexico Gas Company, Inc. (NMGC), to BCP, a services and infrastructure-focused private equity management firm, for an aggregate transaction value of \$1.252 billion USD, including the assumption of approximately \$500 million in debt and subject to customary closing adjustments.³

The transaction is subject to regulatory approval by the New Mexico Public Regulation Commission ("NMPRC") and pursuant to the Hart-Scott-Rodino Antitrust Improvements Act. The transaction is expected to close in late 2025 but will not close before September 30, 2025, unless otherwise authorized by the NMPRC.⁴

Assessment of economic impact is an important part of the regulatory approval process. The purpose of this report is to outline the economic impacts of BCP's acquisition of NMGC on the economy of New Mexico.

Economic impact analysis seeks to measure the impact on the local economy from new economic activity associated with a new project. The primary economic impacts of BCP's Acquisition of NMGC were estimated using IMPLAN economic modeling software and are based on economic activity occurring in Bernalillo County, New Mexico. Spillover effects to the rest of the counties in New Mexico were measured using Multi-Regional Input-Output (MRIO). IMPLAN has been a standard tool for academic and professional economists for decades.⁵ The methods used to produce IMPLAN's economic data set and economic impact estimates have been widely studied in professional publications as well as in peer-reviewed academic journals. The methodology embedded in IMPLAN is considered standard practice in economics.

² This report was prepared by the authors in their private capacity. The opinions expressed are the authors' own and may not be shared by the views of the Board of Regents and administration of New Mexico State University.

³ (Bernhard Capital Partners, 2024)

⁴ (Bernhard Capital Partners, 2024)

⁵ (Clouse, 2020)

The primary impact of the proposed acquisition is 51-61 net new full-time equivalent (FTE)⁶ jobs in New Mexico, all anticipated to be located in Bernalillo County. These back office jobs arise from BCP's relocation of employees to New Mexico. NMGC's current parent company, Emera, has centralized business operations outside of New Mexico. As a result of BCP's acquisition, these operations would be relocated to New Mexico, thus generating an economic impact in the state.

BCP provided two scenarios regarding the level of net new job creation in New Mexico: Scenario 1 - High FTE and Scenario 2 - Low FTE. Additionally, BCP has proposed the implementation of a \$5,000,000 economic development grant to support community and economic development in New Mexico. Table 1 summarizes our main economic impact estimates for both scenarios, and of the proposed economic development grant. It should be noted that both scenarios reflect recurring impacts. Net new jobs will be ongoing jobs for the foreseeable future, continuing as long as NMGC is a going concern.

Table 1: Annual Economic Impact on New Mexico of BCP's Acquisition of NMGC, High FTE and Low FTE Scenarios, and Economic Development Grant

Impact	Scenario 1 High FTE	Scenario 2 Low FTE	\$5M Economic Development Grant ⁷
Direct Jobs	64	52	33
Total Jobs	162	150	54
Labor Income	\$13,191,679	\$13,111,862	\$3,739,897
Value-Added Production	\$22,694,302	\$22,522,394	\$4,907,739
Economic Output	\$40,376,364	\$40,048,926	\$8,609,323
Total Taxes	\$5,107,741	\$5,066,709	\$1,192,139
Local	\$611,524	\$605,196	\$101,958
State	\$1,623,242	\$1,607,087	\$274,034
Federal	\$2,872,975	\$2,854,427	\$816,147

⁶ IMPLAN models present both full- and part-time jobs based on the typical ratio of these job types for a particular industry. Industry specific conversion figures were used to adjust FTE job figures to total job figures. This accounts for higher direct job figures used in our analysis, and is explained fully in the methodology section.

⁷ Resulting impacts of the economic development grant and the programs the grant would support are not included, only grant expenditures. Resulting impacts of economic development grants can be significant, but can also vary greatly. For this reason they were excluded from our calculations. Broader estimates are included in the methodology section for reference.

Introduction

In August 2024, Emera Inc., an international energy and services company, announced it had entered into an agreement to sell its wholly-owned subsidiary, New Mexico Gas Company, Inc. (NMGC), to BCP, which is a services and infrastructure-focused private equity management firm. The aggregate transaction value is \$1.252 billion, including the assumption of approximately \$500 million in debt and subject to customary closing adjustments.⁸

The transaction is subject to regulatory approval by the New Mexico Public Regulation Commission ("NMPRC") and pursuant to the Hart-Scott-Rodino Antitrust Improvements Act. The transaction is expected to close in late 2025 but will not close before September 30, 2025, unless otherwise authorized by the NMPRC.⁹ Assessment of economic impact is an integral part of the regulatory approval process. The purpose of this report is to outline the economic impacts of BCP's acquisition of NMGC on New Mexico.

⁸ (Bernhard Capital Partners, 2024)

⁹ (Bernhard Capital Partners, 2024)

Methodology

Economic Impact Analysis seeks to measure the impact on the local economy from economic activity associated with a new project. New economic activity often refers to new spending or employment associated with a new business or the expansion of an existing business. In this case, the economic impacts of this project include 51-61 net new FTE jobs resulting from additional operational activities in New Mexico, primarily back-office functions. NMGC's current parent company, Emera, has some centralized operations currently housed outside of New Mexico. As a result of BCP's acquisition of NMGC, these operations would be relocated to New Mexico, thus generating a new economic impact in the state.

Economic impacts are composed of three parts: direct effects, indirect effects, and induced effects. Direct effects stem from the initial change in economic activity associated with new spending. For this study, direct effects include net new employment. As a result of the direct effects, additional spending occurs in other industries, such as business services and software providers. The total of this secondary spending is categorized as the indirect effect. The economic activity from the direct and indirect effects supports employees who then spend their wages in the local economy. This spending is referred to as the induced effects. Together, the direct, indirect, and induced effects comprise the total economic impact of the analysis. The main idea behind economic impact analysis is that a new dollar spent in a local area results in more than one dollar in economic activity in the area.

The project's economic impacts were estimated using IMPLAN economic modeling software.¹⁰ IMPLAN has been a standard tool for academic and professional economists for decades.¹¹ The methods used to produce IMPLAN's economic data set and economic impact estimates have been widely studied in professional publications and peer-reviewed academic journals. The methodology embedded in IMPLAN is considered standard practice in economics.

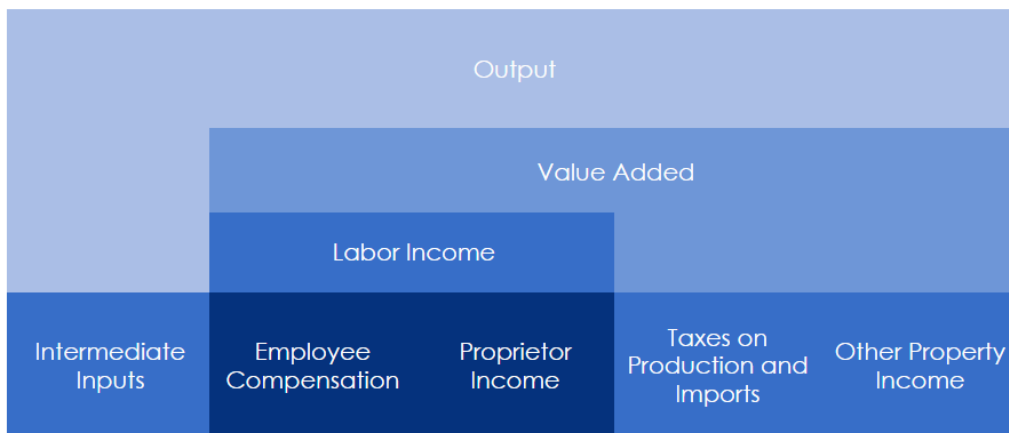
Economic impacts were measured in terms of changes in output, value-added production, labor income, and employment. Figure 1 shows the subcomponents of output and value-added production, also referred to as the Leontief Production Function. Output is the dollar value of total production generated by an industry and

¹⁰ (IMPLAN, 2023)

¹¹ (Clouse, 2020)

can be thought of as total revenue for a particular industry or industries. Intermediate inputs are goods and services used in production and purchased from other industries. Value-added production is the contribution from economic activity to gross domestic product. The value of intermediate inputs plus value-added production adds up to total output. Business profits are included under proprietor income and other property income.

Figure 1: Components of Economic Output¹²



The economic impacts presented in this analysis include direct, indirect, and induced impacts. All terms are defined in the Glossary at the end of this document. The primary economic impacts are based on project activity occurring in Bernalillo County, New Mexico. Spillover effects between counties in New Mexico are estimated using Multi-Regional Input-Output (MRIO) analysis. Impact figures are presented for New Mexico as a whole. Employment refers to full- and part-time jobs. Dollar impacts are presented in 2024 dollars. Components may not sum to totals due to rounding.

Table 2 shows the industry codes used in the IMPLAN Model for each job role provided by BCP. Job role industry-specific codes were used instead of NMGC's broader IMPLAN industry code (48 - Natural gas distribution) because of the nature of the jobs to be created. Since the jobs that will be relocated to New Mexico will not materially change NMGC's total natural gas sales and are primarily back-office functions, such as accounting, billing, administration, human resources, and information technology, the IMPLAN codes shown in Table 2 were determined to be a more accurate categorization for the employment impact.

¹² (Lucas, 2023)

Table 2: IMPLAN Industry Codes for BCP’s New Job Roles in New Mexico

Job Role	IMPLAN Code	IMPLAN Industry Description
Information Technology	461	Other computer-related services, including facilities management
Finance and Accounting	456	Accounting, tax preparation, bookkeeping, and payroll services
Human Resources	462	Management consulting services
Other	456	Accounting, tax preparation, bookkeeping, and payroll services

BCP provided two scenarios regarding the level of net new job creation in New Mexico: Scenario 1 - High FTE and Scenario 2 - Low FTE. The jobs data provided for these scenarios by BCP were in full-time equivalent (FTE) employment terms. IMPLAN models present both full- and part-time jobs based on the typical ratio of these job types for the particular industry. FTE figures were converted to total jobs using the conversion factors shown in Table 3.¹³ Tables 4 and 5 summarize the inputs included in each scenario.

Table 3: FTE to Total Employment Conversion Ratios by IMPLAN Industry Code

IMPLAN Code	IMPLAN Industry Description	FTE to Total Employment Ratio
461	Other computer-related services, including facilities management	0.959726138
456	Accounting, tax preparation, bookkeeping, and payroll services	0.95967279
462	Management consulting services	0.95967279
456	Accounting, tax preparation, bookkeeping, and payroll services	0.95967279

¹³ FTE-to-Total employment ratios are used to convert FTE job figures to Total Job Figures to be used in an IMPLAN model by dividing the FTE job figure by the FTE-to-Total employment ratio. For example, 41 FTE jobs in IMPLAN Industry Code 461 are converted to Total Employment figures using the following calculation: $41/0.959726138 = 43$ (IMPLAN, 2023)

Table 4: Model Assumptions for Scenario 1 - High FTE

Job Role	New FTE Jobs	New Total Jobs	Labor Income
Information Technology	41	43	\$5,380,020
Finance and Accounting	12	13	\$1,487,160
Human Resources	4	4	\$437,400
Other	4	4	\$437,400
Total	61	64	\$7,741,980

Table 5: Model Assumptions for Scenario 2 - Low FTE

Job Role	New FTE Jobs	New Total Jobs	Labor Income
Information Technology	35	36	\$5,294,065
Finance and Accounting	11	11	\$1,705,973
Human Resources	3	3	\$489,816
Other	2	2	\$215,498
Total	51	52	\$7,705,352

BCP has proposed the implementation of a \$5,000,000 economic development grant to support community and economic development in New Mexico. The economic impact from the economic development grant arises from two sources. First is the impact from the administration of the grant itself. IMPLAN Industry Code 462 - Management consulting services was used to calculate the impact of this component. In our analysis, we assume grants are awarded throughout New Mexico, not specifically in Bernalillo County.

The second impact from economic development grants stems from the jobs created from the programs supported by the grant. The cost of creating a job can vary substantially by program. For example, two New Mexico economic development programs--New Mexico Economic Development Department's Job Training Incentive Program (JTIP) and Local Economic Development Act (LEDA)--have been able to support job creation at costs ranging from \$4,000 to \$15,000 per job during the period FY 2018-FY 2023.¹⁴

¹⁴ (Nair et al., 2023)

Assuming an average job creation cost of \$10,000 per job, \$5,000,000 in economic development grants would support the creation of 500 jobs. The resulting economic impact of these 500 jobs would vary widely based on the industry and nature of these jobs, thus complicating specific economic impact estimations. However, it is appropriate to assume that if this economic development grant is administered effectively and grant recipients can achieve typical job creation results (\$10,000 per job), the impact of the proposed economic development grant would be significant—roughly a 15 times greater job impact than the operational impacts alone.

Analysis of Impacts

The estimated impacts of BCP's acquisition of NMGC on New Mexico for each of the two scenarios, and the proposed economic development grant are shown in Tables 6 through 11. Estimates assume that new jobs will be located in Bernalillo County, and that economic development grants will be awarded throughout New Mexico. The jobs in both scenarios are ongoing, so the impacts are annual rather than one-time. The jobs from the economic development grant would represent one-time impacts, and in practice, may spread over several years. Results of the programs supported by the proposed economic development grants are not included in this analysis (the reasons are discussed in detail in the methodology section). The **economic impacts** are shown in Tables 6 (high FTE scenario), 7 (low FTE scenario), and 8 (economic development grant). Tables 9 (high FTE scenario), 10 (low FTE scenario), and 11 (economic development grant) show annual **tax impacts**.

Table 6: Annual Economic Impact on New Mexico, BCP's Acquisition of NMGC, Scenario 1 - High FTE

Impact	Employment	Labor Income	Value Added	Output
Direct	64	\$7,741,980	\$13,297,085	\$23,365,454
Indirect	51	\$2,996,686	\$4,662,920	\$8,838,335
Induced	47	\$2,453,013	\$4,734,298	\$8,172,575
Total	162	\$13,191,679	\$22,694,302	\$40,376,364

Table 7: Annual Economic Impact on New Mexico, BCP's Acquisition of NMGC, Scenario 2 - Low FTE

Impact	Employment	Labor Income	Value Added	Output
Direct	52	\$7,705,352	\$13,196,289	\$23,167,919
Indirect	50	\$2,968,320	\$4,620,415	\$8,757,813
Induced	47	\$2,438,190	\$4,705,691	\$8,123,194
Total	150	\$13,111,862	\$22,522,394	\$40,048,926

**Table 8: Total Economic Impact on New Mexico,
BCP's Proposed Economic Development Grant**

Impact	Employment	Labor Income	Value Added	Output
Direct	33	\$2,661,564	\$2,931,430	\$5,000,000
Indirect	9	\$461,359	\$748,963	\$1,452,590
Induced	12	\$616,973	\$1,227,346	\$2,156,733
Total	54	\$3,739,897	\$4,907,739	\$8,609,323

**Table 9: Annual Tax Impact on New Mexico, BCP's Acquisition of NMGC,
Scenario 1 - High FTE**

Impact	Local	State	Federal	Total
Direct	\$382,754	\$1,014,532	\$1,682,656	\$3,079,943
Indirect	\$98,562	\$270,086	\$632,177	\$1,000,825
Induced	\$130,208	\$338,624	\$558,141	\$1,026,973
Total	\$611,524	\$1,623,242	\$2,872,975	\$5,107,741

**Table 10: Annual Tax Impact on New Mexico, BCP's Acquisition of NMGC,
Scenario 2 - Low FTE**

Impact	Local	State	Federal	Total
Direct	\$378,189	\$1,003,068	\$1,673,409	\$3,054,665
Indirect	\$97,586	\$267,440	\$626,249	\$991,276
Induced	\$129,421	\$336,578	\$554,769	\$1,020,768
Total	\$605,196	\$1,607,087	\$2,854,427	\$5,066,709

**Table 11: Total Tax Impact on New Mexico,
BCP's Proposed Economic Development Grant**

Impact	Local	State	Federal	Total
Direct	\$50,166	\$144,219	\$559,937	\$754,322
Indirect	\$14,248	\$38,142	\$105,061	\$157,451
Induced	\$37,544	\$91,673	\$151,148	\$280,366
Total	\$101,958	\$274,034	\$816,147	\$1,192,139

Conclusion

In August 2024, Emera Inc. (Emera) (TSX:EMA), an international energy and services company, announced it entered into an agreement to sell its wholly-owned operating company, New Mexico Gas Company, Inc. (NMGC), to BCP, a services and infrastructure-focused private equity management firm, for an aggregate transaction value of \$1.252 billion USD, including the assumption of approximately \$500 million USD of debt and subject to customary closing adjustments.¹⁵ The transaction is subject to regulatory approval by the New Mexico Public Regulation Commission (“NMPRC”) and pursuant to the Hart-Scott-Rodino Antitrust Improvements Act. The transaction is expected to close in late 2025 but will not close before September 30, 2025, unless otherwise authorized by the NMPRC.¹⁶

The purpose of this report is to outline the economic impacts of BCP’s acquisition of NMGC on New Mexico. Two scenarios were provided by BCP on net new job creation for New Mexico in full-time equivalent (FTE) employment terms: Scenario 1 - High FTE, and Scenario 2 - Low FTE. Additionally, BCP has proposed the implementation of a \$5,000,000 economic development grant to support community and economic development in New Mexico. Table 12 summarizes our main economic impact estimates for both scenarios, and of the proposed economic development grant. It should be noted that both scenarios reflect recurring impacts. Net new jobs will be ongoing jobs for the foreseeable future, continuing as long as NMGC is a going concern.

¹⁵ (Bernhard Capital Partners, 2024)

¹⁶ (Bernhard Capital Partners, 2024)

Table 12: Estimated Economic Impact on New Mexico of BCP's Acquisition of NMGC, High FTE and Low FTE Scenarios, and Economic Development Grant

Impact	Scenario 1 High FTE	Scenario 2 Low FTE	\$5M Economic Development Grant ¹⁷
Direct Jobs	64	52	33
Total Jobs	162	150	54
Labor Income	\$13,191,679	\$13,111,862	\$3,739,897
Value-Added Production	\$22,694,302	\$22,522,394	\$4,907,739
Economic Output	\$40,376,364	\$40,048,926	\$8,609,323
Total Taxes	\$5,107,741	\$5,066,709	\$1,192,139
Local	\$611,524	\$605,196	\$101,958
State	\$1,623,242	\$1,607,087	\$274,034
Federal	\$2,872,975	\$2,854,427	\$816,147

¹⁷ Resulting impacts of the economic development grant and the programs the grant would support are not included, only grant expenditures. Resulting impacts of economic development programs can be significant, but can also vary greatly. For this reason they are excluded from our calculations. Broader estimates are included in the methodology sections for reference.

References

Bernhard Capital Partners. (2024, August 5). *Emera Announces Sale of New Mexico Gas Company to Bernhard Capital Partners*. Bernhard Capital Partners. <https://www.bernhardcapital.com/emera-announces-sale-of-new-mexico-gas-company-to-bernhard-capital-partners/>

Clouse, C. (2020, March 13). *IMPLAN Report Toolkit – IMPLAN - Support*. IMPLAN - Support. Retrieved October 20, 2024, from <https://support.implan.com/hc/en-us/articles/360044985833-IMPLAN-Report-Toolkit>

IMPLAN. (2023). *IMPLAN: Economic Impact Analysis for Planning*. Retrieved August 18, 2023, from <https://implan.com/>

IMPLAN. (2023). *Full-Time Equivalent (FTE) Employment – IMPLAN - Support*. IMPLAN - Support. Retrieved October 14, 2024, from <https://support.implan.com/hc/en-us/articles/115009668268-Full-Time-Equivalent-FTE-Employment>

Lucas, M. (2023, July 10). *Components of the Leontief Production Function – IMPLAN - Support*. IMPLAN - Support. Retrieved August 18, 2023, from <https://support.implan.com/hc/en-us/sections/360004703914-Components-of-the-Leontief-Production-Function>

Nair, S., Clark, J., Garcia, R. M., & Rodriguez, J. (2023, September 27). *LegisStat | Economic Recovery | September 27, 2023*. New Mexico Legislature. Retrieved October 22, 2024, from <https://www.nmlegis.gov/handouts/ALFC%20092723%20Item%20%20LegisStat%20Economic%20Recovery.pdf>

NIPA Handbook: Concepts and Methods of the U.S. National Income and Product Accounts | U.S. (2021). Bureau of Economic Analysis. Retrieved October 7, 2022, from <https://www.bea.gov/resources/methodologies/nipa-handbook>

Glossary

Direct effects are the immediate (or first-round) consequences of a change in economic activity or policy. For example, if a firm spends \$1 million on the construction of a new building, the direct effect on output (sales) in the construction sector is \$1 million. If eight workers are employed in the construction of the building, then those eight workers are also a direct effect.

Employment refers to jobs. Jobs may be full- or part-time, and a single worker may be employed at multiple jobs.

Indirect effects occur as industries purchase inputs from other industries. If a construction project requires steel beams, there will be indirect effects on iron mining and coke-producing industries.

Induced effects result from households spending the wage and salary income received by those employed directly or indirectly on a new activity.

Input-output model refers to a type of economic model designed to capture relationships among industries and ultimate consumers.

Intermediate spending refers to the demand of industry for the goods and services produced by other industries that will be used in the production process.

Labor income consists of employee compensation (including benefits), supplements to wages and salaries (such as employer contributions to pension funds), and proprietor's income.

Multi-Regional Input-Output (MRIO) expands the region of study to include more than one region of study, allowing for spillover effects to be calculated between regions.

Output refers to gross industry sales or expenditures, depending on the consequences.

Total effects refer to the sum of direct, indirect, and induced effects.

Value added refers to the change in value of a good or service during each stage of production. Gross Domestic Product is a value-added concept.¹⁸

¹⁸ (NIPA Handbook: Concepts and Methods of the U.S. National Income and Product Accounts | U.S., 2021)

