

WATER RIGHT PERMITTING
FROM THE
NEW APPROPRIATOR'S PERSPECTIVE

Presented to:
Water Policy Interim Committee
Museum of the Rockies
Bozeman, MT

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Moonlight Basin Ranch Limited Partnership

“All surface, underground, flood, and atmospheric waters within the boundaries of the state are the property of the state for the use of its people and are subject to appropriation for beneficial uses as provided by law.”

Montana Constitution Art. IX Section 3.

“It is the policy of this state and a purpose of this chapter to encourage the wise use of the state’s water resources by making them available for appropriation consistent with this chapter and to provide for the wise utilization, development, and conservation of the waters of the state for the maximum benefits of its people with the least possible degradation of the natural aquatic ecosystems. In pursuit of this policy, the state encourages the development of facilities that store and conserve waters for beneficial uses, for the maximization of the use of those waters in Montana, for the stabilization of streamflows, and for ground water recharge.

Montana Water Use Act MCA 85-2-101 (3)

Moonlight Basin Background

The Mission Statement from the Moonlight Partners when they purchased Moonlight Basin in 1992 was to put 80% of the 25,000 acres into conservation or protected status. With today's master plan, the protected land will be in excess on 85%, or over 21,250 acres of the original purchase will be in some form of protected status. The foundation of the company was, and is today one of conservation and protecting the valuable resources that makes Montana a great place to live. Some of the highlights are described below.

- Jack Creek Road: The Moonlight Basin property is an integral corridor for wildlife traveling between the Lee Metcalf Wilderness Areas. The road from Ennis to Moonlight Basin (a.k.a. The Jack Creek Road) has been and is currently under intense scrutiny to open the road to public use or even make it a state highway. Moonlight is committed to keeping this road private and un-paved, thus maintaining this very important wildlife corridor.
- Constraints Based Planning: Prior to drawing lot lines and building envelopes on a map for the Master Plan, a constraints based planning methodology was utilized. This "organic" land planning process looks at all of the constraints first, thus letting the land tell us where development is appropriate. Some of the constraints analyzed include:
 - Geo-Tech
 - Wildlife Corridors
 - Wetlands
 - White Bark Pine
 - View sheds
 - Native Species Re-vegetation
- In the 06-07 ski season Moonlight purchased enough energy credits to offset the power used to run our lifts through **Northwestern Energy's E+ Program**.
- Currently creating an environmental baseline in order to launch an Environmental Management System
- Exploring the possibility of a **LEED (Leadership in Energy and Environmental Design)** certified 5 star hotel and/or ski lodge as well as employee housing.
- Currently a member of the **Yellowstone Business Partnership and the UnCommon Sense program** – intended to Design more efficient operations that reduce waste & Pollutants, decrease water & energy consumption, and expand purchases of local and nontoxic products.
- Jack Creek Watershed Monitoring: with Montana State University's extension services, we installed and monitor water quality and quantity at six gaging stations on Jack Creek.

Economic Impacts of Development in the Big Sky Area

In January of 2007, the Montana Department of Commerce published a document entitled the Economic Impact of Big Sky. A copy is attached.

The department of commerce study demonstrates how Big Sky development impacts the Montana economy. Highlights from the study are provided below.

- The taxable value of residential property in Madison County increased 80% between 1999 and 2004. In contrast, Gallatin County's taxable value increased 45% during the same period while Montana's overall taxable value increased by 22%.
- Total expenditures for residential and commercial construction and infrastructure projects in the Big Sky area equaled 478 Million dollars in 2006. The study projects this level of spending to continue for another 5 to 10 years.
- Construction spending along with tourism provides over 11,000 jobs in the Big Sky area.
- Jobs provided by construction activities also support many other jobs such as architects, engineers, bankers, real estate agents, gravel and sand operators, truck drivers, janitors, surveyors and other workers.
- The total economic impact associated with Big Sky generates economic output of 841 Million dollars per year.

Moonlight Basin is a significant part of that economy. Moonlight has 178 full time employees (FTE's) and reaches a peak of 380 FTE's during the winter season. These numbers do not include the hundreds of contractors, subcontractors, carpenters, brick layers, architects, engineers, surveyors, lawyers, retailers, restaurant operators, and other employees, who do not work directly for Moonlight, but are employed because of Moonlight Basin.

Moonlight Basin has more employees than Madison County government, which employs about 120 people. Moonlight has a larger operating budget than the City of Bozeman, which has a fiscal year budget for 2007 of \$71.2M. Moonlight Basin's projected fiscal year budget for 2008 is \$120M. Moonlight's annual output also substantially exceeds total farm income for all of Madison County, which according to the USDA statistics was \$44.2M for 2004.

Future economic impacts will be even larger. Moonlight will add between 3 and 4 billion dollars in real estate value to Madison County at project completion. At full build out, we will employ 1200 people. That is ten times more people than currently employed by Madison County. The paychecks earned by those people will be spent locally to consume food, gas, power, housing and recreational opportunities in southwest Montana.

You might think that all of this activity will consume a lot of water. Not true. At full build out, Moonlight's estimated peak flows will be approximately 900 gallons per minute.

This usage rate is substantially lower than the amount of water used for agriculture or hydro-power generation, the two most common senior water rights' usages in Montana.

PPL generates approximately 2800 megawatts of power in Montana annually. Of this amount, approximately 300 megawatts are generated using hydropower facilities in the Missouri river and its tributaries. Although hydropower generation is critical to Montana's economy, it requires vast amounts of water.

PPL generates only 8 megawatts of power from its generating facility at Ennis Lake, the generation facility closest to our project. This is 0.002% of the total power generated by PPL in Montana. Yet this small amount of power generation requires 1650 c.f.s of water annually. That's 800 times more water than will be used by Moonlight upon project completion.

This does not mean water should be taken away from agricultural production or from hydropower generation. On the contrary, Montana has a long history of honoring and protecting senior water rights, and Moonlight Basin firmly believes senior rights should be respected.

Nevertheless, Montana water policy provides substantial protections for senior water users who consume the majority of Montana's water resources, but almost no protection for new appropriators who are driving the region's emerging economy. In term of miles per gallon, Montana is not using its resources wisely.

As legislators, you should be aware of the economic impacts associated with water policy.

Current Problems with the New Permit System

Current problems with the process include the following:

PROBLEM: The process takes too long. Moonlight has had two water rights permits pending since December of 2004, with no conclusive decision by the DNRC in sight. This makes project planning, marketing and financing difficult. It also substantially increases project costs.

SOLUTION: Establish shorter time frames for action by the DNRC, and specify that permit approval occurs automatically if the DNRC takes no action.

PROBLEM: The process is unpredictable. Again this creates enormous difficulty with project planning and financing and substantially increases project costs. The history of one of Moonlight's permit application underscores the lack of predictability in the permitting process.

In December of 2004, Moonlight Basin submitted an application for a permit to fill reservoirs for irrigation of a golf course it was planning for its development. By statute, an applicant is required to submit a correct and complete application

before it can be processed by the DNRC¹ MCA 85-2-302(4) 2005. Also by statute, the Department is obligated to notify the applicant of any defects within 180 days of receipt of application² MCA 85-2-302(5) 2005. If the Department does not notify the applicant within 180 days, the application must be treated as a correct and complete application.

The definition of a correct and complete application means that the application submitted conforms to the standard of “substantial credible information”³ MCA 85-2-102(6) 2005. Substantial credible information is defined as “probable, believable facts, sufficient to support a reasonable legal theory upon which the department should proceed with the action requested by the person providing the information”⁴ MCA 85-2-102(18) 2005.

Moonlight Basin did not receive any notice from DNRC that its application was not correct and complete within the 180 period prescribed by statute. By default, that meant Moonlight’s application contained probable, believable facts sufficient to support Moonlight’s request for approval of the application.

The application was public noticed and received an objection from PPL. After several months of negotiation with PPL and its attorneys, Moonlight and PPL reached a settlement agreement. The settlement agreement obligated Moonlight to undertake certain activities, including payment for any potential lost power revenues associated with diversions of water by Moonlight. Moonlight also agreed to replace all water diverted from the source with water from another source, so PPL would not be concerned about loss of water for use in its downstream hydropower facilities.

From the beginning, DNRC personnel assured Moonlight there were no problems with Moonlight’s application and that upon resolution of PPL’s objection, the application would be processed and approved. These assurances were received by DNRC personnel before, during and after conclusion of the negotiations with PPL.

¹ MCA 85-2-302(4) 2005 “The applicant shall submit a correct and complete application. The determination of whether an application is correct and complete must be based on rules adopted under subsection (2) that are in effect at the time the application is submitted.

² MCA 85-2-302(5) 2005 “The department shall notify the applicant of any defects in an application within 180 days. The defects must be identified by reference to the rules adopted under subsection (2). If the department does not notify the applicant of any defects within 180 days, the application must be treated as a correct and complete application.

³ MCA 85-2-102(6) 2005 “Correct and complete” means that the information required to be submitted conforms to the standard of substantial credible information and that all of the necessary parts of the form requiring the information have been filled in with the required information.

⁴ MCA 85-2-102(18) 2005 “Substantial credible information” means probable, believable facts sufficient to support reasonable legal theory upon which the department should proceed with the action requested by the person providing the information.

Based on these assurances, Moonlight invested over \$10M in golf course improvements and committed to an additional \$30M in golf course improvements and related amenities.

Time passed and no permit was issued. Upon inquiry regarding the status of its permit, Moonlight was informed by agency personnel that the settlement agreement with PPL did not adequately protect PPL's interests and that Moonlight might have to mitigate potential impacts to PPL by filing a change application to replace water diverted from Lone Creek with water from another source.

This statement contradicted several years of positive feedback from the DNRC and was squarely at odds with DNRC's prior conclusion that Moonlight's application contained probable, believable facts sufficient to warrant approval of the application.

SOLUTION: Applications should be automatically approved once they are deemed correct and complete and all objections have been resolved.

PROBLEM: The DNRC denies applications based on theoretical impacts. In the case of the application of Dea Deaderly, the DNRC concluded that Deaderly's application for a new water use should be denied even though DNRC's own personnel testified that the Deaderly's application would have no adverse effect on other water users, and the evidence showed that the Creek from which the Deaderly's were diverting regularly went dry below the proposed point of diversion.

The rationale behind the DNRC's decision? Evidence suggested that the Deaderly's proposed use of water would result in evaporation of 1.3 gallons per minute.

The DNRC order denying the Deaderly's application did not specify exactly who would be adversely effected if the Deaderly's application were approved, only that one gallon per minute would not be available to downstream irrigators. In reality, one gallon per minute cannot be detected using water measuring devices currently available. More importantly, one gallon per minute difference in water availability would have no measurable effect on economic output associated with usage of water by any downstream irrigator.

SOLUTION: The legislature must require the DNRC to differentiate between theoretical depletions to the source and actual material impacts to specific water users.

PROBLEM: DNRC applies two different standards of proof to the permitting process.

For initial review of permits, the standard of proof requires an applicant to submit probable, believable facts in support of the application. If no objections are received, or if objections are received but settled, the DNRC then applies a

standard of proof known as preponderance of the evidence. Preponderance of the evidence is defined as “that degree of proof which is more probable than not”, or “evidence which as a whole shows that the facts sought to be proved is more probable than not.” Both standards use the term “probable” to define the burden placed on an applicant to demonstrate that the applicant should be approved.

Although the statutory definitions of these standards are indistinguishable, the DNRC treats them differently.

This means applications are frequently denied, even though no objections have been received, or objections have been resolved. It also means the DNRC has paradoxically concluded that the applicant has tendered “probable believable facts” to support the application, but not “evidence” which as a whole shows that the facts sought to be proved is more probable than not.” This sort of self contradictory behavior on the DNRC’s part defies fundamental notions of common sense and places new appropriators in an impossible position.

SOLUTION: Use the same standard of proof throughout the process. Because statutes already contain a definition of “substantial credible information” (MCA 85-2-102 (18)), this standard should be consistently applied. The preponderance of evidence standard found in MCA 85-2-311 should be deleted and replaced with “substantial, credible information.”

PROBLEM: Applications which have been deemed correct and complete, and which have received no objections or which have received objections that have been settled are routinely denied by DNRC.

SOLUTION: Change the statute so that an application which does not receive an objection, but which has successfully cleared the correct and complete analysis by DNRC is automatically granted unless it receives an objection. If an application does receive an objection, but the objection is settled, then the application should be automatically granted. Only if an application receives an objection, should there be a hearing during which time the standard of proof for the applicant should be to provide substantial, credible information in support of the application. Once that has occurred, the burden of proof should shift to the objector to demonstrate specific material injury to the objector’s water right.

PROBLEM: The DNRC requires an applicant to prove lack of adverse effect to the entire universe of senior appropriators, even when an objector has raised only a few narrow issues in its objection.

SOLUTION: If an objection is received, the scope of the hearing before the DNRC should be limited to adverse effect to that objector, based solely on the issues raised by the objector in its objection. The DNRC needs to dispense with the practice of requiring applicants to prove absence of injury to the entire universe of water users.

PROBLEM: DNRC currently defines “adverse effect” to be any depletion to the system, without regard to actual impacts to senior water users.

SOLUTION: The legislature needs to define “adverse effect” to mean adverse effect to a specific objector which materially and substantially impacts the senior water user’s ability to exercise their right. An impact such as decrease of streamflow, lowering of water table, or drop in artesian pressure or water level should not be considered a material and substantial impact.

PROBLEM: Basin closures interfere with efficient allocation of resources.

Basin closures in the upper Missouri are based on a false premise, namely that there is not enough water to supply new uses. The evidence to support this hypothesis is weak at best and misleading at worst. Fortunately, Montana observes the prior appropriation doctrine which allocates water rights in order of priority. Thus, if there is insufficient water available in a basin to supply all uses, the risk is born by junior appropriators, while senior appropriators continue to enjoy the benefit of their rights.

SOLUTION: Eliminate basin closures and allow the prior appropriation system to work as designed.

PROBLEM: The DNRC simultaneously acts as investigating officer, prosecutor and judge in water right permit and change proceedings. This places DNRC in the impossible position of passing impartial judgment on the credibility of its own personnel and the quality of their work product. It also creates problems with fairness to all participants in DNRC proceedings.

SOLUTION: Segregate DNRC’s investigative and engineering function from the process of evaluating or judging the merits of permits or change applications. Responsibility for the judging process should be removed entirely from the DNRC and placed in the hands of an independent decision maker, which is impartial, objective and without allegiance to its own staff members.

PROBLEM: Flood irrigation is an inherently inefficient use of water, which serves to block efficient new appropriations by new water rights applicants.

SOLUTION: The legislature should consider the possibility of funding a water bank based on salvage water obtained from improvement to existing inefficient systems.

Funds could be supplied to the bank for use by flood irrigators to improve their systems and the water saved could be used by new appropriators.

Funding would come from new appropriators, not taxpayers or senior water rights holders.

MONTANA
Department of Commerce
Census and Economic Information Center

THE ECONOMIC IMPACT OF BIG SKY ON MONTANA'S ECONOMY

What started as a place to ski has now turned into a place to live. In 2000, a little over 1,200 people lived in Big Sky. Estimates by local residents put that figure at around 2,000 currently. Even the business environment is expanding. The number of businesses operating in the area increased from 121 in 1999 to 171 in 2004¹.

As Big Sky's amenities have become known nationally and even internationally, more and more skiers and golfers extend their visits to experience the resort's "breathtaking scenery, abundant wildlife and gracious hospitality."² Many of these visitors are now buying second homes.

Currently, nearly 5,100 residential platted areas are available while 3,180 units have already been constructed. This building activity is reflected in the residential property tax records. From 1999 to 2004³, the taxable value of residential property in Madison County (location of most of the Yellowstone Club at Big Sky, parts of Spanish Peaks Resort, Big Sky Resort and Moonlight Basin Ranch) expanded by 80%. Gallatin County's taxable property increased 45% during the same time period while Montana's grew by 22%.

The major findings of this study are:

- Total expenditures for residential and commercial construction and infrastructure projects are expected to total \$478 million in 2006. This level of spending is projected to continue for another five to ten years. (See Table 1.)
- Construction, along with tourism, provides employment for over 7,600 workers in the State. Furthermore, nearly 3,500 other workers are supported by this spending for a total of over 11,000 jobs attributable to Big Sky.
- Total employee compensation totaled over \$283 million, which would add an estimated \$11 million in state individual income taxes.
- Construction activities sustain many other jobs, such as architects and engineers, bankers, real estate agents, gravel and sand operators, truck drivers and janitors.
- Skier and golfer expenditures provide employment for such occupations as waiters and waitresses, ski lift operators, caddies, hotel managers, grocers, convenience store cashiers and car rental operators.

¹ 2004 is the most current data available from the Zip Code Business Patterns which is produced by the U.S. Census Bureau, www.census.gov.

² Big Sky Ski Resort, <http://www.bigskyresort.com/aboutbs/index.asp>

³ The 2002 – 2004 Biennial Report from the Department of Revenue is the most current data available at this time.

This report contains the information provided by the several interested parties in Big Sky, data from State of Montana reports, and the economic impacts and their effects calculated by an economic modeling application.

Original Data

Several construction and resort entities provided the needed input data to run the economic model. (See model description in Section Generated Data.) As can be seen from the table below, construction activities are projected to continue at high levels until 2010 and beyond.

Table 1. Projected Construction Expenditures

Infrastructure					
	2006	2007	2008	2009	2010
Water, Sewer & other	\$ 33,963,889	\$ 37,688,889	\$ 36,888,889	\$ 27,888,889	\$ 27,888,889
Streets and roads	\$ 31,388,889	\$ 30,438,889	\$ 29,888,889	\$ 29,888,889	\$ 29,888,889
Other construction	\$ 23,333,333	\$ 29,103,333	\$ 17,828,333	\$ 17,483,333	\$ 13,120,833
TOTAL	\$ 88,686,111	\$ 97,231,111	\$ 84,606,111	\$ 75,261,111	\$ 70,898,611

Residential Construction					
	2006	2007	2008	2009	2010
Single Resident	\$184,386,500	\$224,982,000	\$319,981,956	\$327,000,000	\$357,982,000
Multifamily	\$127,015,500	\$122,265,500	\$162,015,500	\$152,365,500	\$139,765,500
TOTAL	\$311,402,000	\$347,247,500	\$481,997,456	\$479,365,500	\$497,747,500

Commercial Construction					
	2006	2007	2008	2009	2010
Commercial	\$78,020,000	\$102,220,000	\$91,745,000	\$63,520,000	\$62,520,000

The resort entities also provided the counts of skier and golfer daily visits. Expenditure data by these visitors came from studies conducted by the Institute for Tourism and Recreational Research (ITRR).⁴ Combining these, total expenditures by skiers and golfers were calculated.

Typical tourist expenditures include spending in the following areas:

- Lodging
- Meals at restaurants
- Groceries
- Gasoline
- Car rental
- Ski lift tickets, greens fees and other entertainment and recreational fees
- Gifts, souvenirs, clothing and other retail items

⁴ Institute for Tourism and Recreational Research, <http://www.itrr.umt.edu/default.htm>
1/11/2007

State Data

The Montana Department of Revenue publishes *Biennial Reports*⁵ which include the assessed and taxable values of residential property by county. The assessed and taxable values for Gallatin and Madison Counties are listed below for the years between 1999 and 2004.

Table 2. Residential Property Assessed and Taxable Values

Class 4: Residential Property				
	1999		2000	
County	Assessed	Taxable	Assessed	Taxable
Gallatin	\$ 1,704,277,008	\$ 63,228,439	\$ 1,864,531,895	\$ 67,627,026
% Change			9.4%	7.0%
Madison	\$ 289,569,480	\$ 10,742,670	\$ 329,905,199	\$ 11,965,804
% Change			13.9%	11.4%
MONTANA	\$16,958,868,800	\$629,165,206	\$17,760,865,563	\$644,196,572
% Change			4.7%	2.4%

	2001		2002	
County	Assessed	Taxable	Assessed	Taxable
Gallatin	\$ 2,041,575,983	\$ 72,333,194	\$ 2,301,080,276	\$ 79,617,339
% Change	9.5%	7.0%	12.7%	10.1%
Madison	\$ 363,231,684	\$ 12,869,490	\$ 398,617,676	\$ 13,792,214
% Change	10.1%	7.6%	9.7%	7.2%
MONTANA	\$18,856,854,194	\$668,107,703	\$20,429,252,689	\$706,852,170
% Change	6.2%	3.7%	8.3%	5.8%

	2003		2004	
County	Assessed	Taxable	Assessed	Taxable
Gallatin	\$ 2,499,913,524	\$ 84,996,929	\$ 2,777,049,244	\$ 91,642,897
% Change	8.6%	6.8%	11.1%	7.8%
Madison	\$ 493,041,451	\$ 16,763,164	\$ 586,144,610	\$ 19,342,987
% Change	23.7%	21.5%	18.9%	15.4%
MONTANA	\$21,529,136,992	\$731,983,667	\$23,188,015,883	\$765,214,208
% Change	5.4%	3.6%	7.7%	4.5%

Percent Change 1999 - 2004		
County	Assessed	Taxable
Gallatin		
% Change	62.9%	44.9%
Madison		
% Change	102.4%	80.1%
MONTANA		
% Change	36.7%	21.6%

⁵ Source: Property Assessment and Taxable Value, Montana Department of Revenue, *Biennial Reports*, <http://mt.gov/revenue/formsandresources/biennialreports/biennialreports.asp>

Generated Data

Data generated from IMPLAN⁶, an economic modeling software application that uses input-output techniques to calculate the economic impacts from various events on an economy, are shown below. These impacts include employee compensation, employment and output⁷. These impacts occur in three different areas and are called 'effects.' They are:

Direct effects represent the change in economic activity that occurs because of the spending in construction and tourism.

Indirect effects represent the business-to-business exchanges, such as the construction company purchasing lumber from a lumber mill.

Induced effects represent the spending by the employees on consumer goods, such as groceries, gasoline, furniture, etc.

The impacts and effects are provided for Tourism, Construction and Worker Wages.

Tourism

In Big Sky, skiing is still the major recreational activity and draws thousands of visitors. The resorts calculate these visits on a daily basis. In total, **over 330,000 daily** ski days were recorded for 2005. Golfing is growing with nearly **60,000 golfing visits**.

TOURISM

Golf Visitors

	Direct	Indirect	Induced	Total
Compensation	\$1,875,691	\$196,658	\$199,883	\$2,272,232
Employment	187	9	11	207
Output	\$5,300,153	\$906,856	\$851,748	\$7,058,757

Ski Visitors

	Direct	Indirect	Induced	Total
Compensation	\$19,730,360	\$1,965,946	\$2,079,539	\$23,775,845
Employment	1,994	88	114	2,196
Output	\$54,206,758	\$9,154,001	\$8,861,407	\$72,222,166

TOURISM TOTAL

	Direct	Indirect	Induced	Total
Compensation	\$21,606,051	\$2,162,604	\$2,279,422	\$26,048,077
Employment	2,181	97	125	2,403
Output	\$59,506,911	\$10,060,857	\$9,713,155	\$79,280,923

⁶ Minnesota IMPLAN Group, Inc. www.implan.com

⁷ Output is a measure of economic activity in an area, similar to Gross Domestic Product.

Construction

Construction projects in the Big Sky area include single family, condominiums, and duplexes for residents. Projected commercial space is being built for more retail stores, restaurants, hotels, and offices. Numerous infrastructure projects include water and sewer upgrades, road expansions, and improvements and additions to the skiing and golfing areas.

CONSTRUCTION

Infrastructure

	Direct	Indirect	Induced	Total
Compensation	\$26,498,607	\$3,055,112	\$3,208,449	\$32,762,168
Employment	950	126	176	1,251
Output	\$88,686,108	\$12,286,301	\$13,672,034	\$114,644,443

Real Estate

	Direct	Indirect	Induced	Total
Compensation	\$431,696	\$408,444	\$305,408	\$1,145,548
Employment	92.2	20.4	16.7	129
Output	\$18,684,120	\$1,842,377	\$1,301,461	\$21,827,958

Residential Construction

	Direct	Indirect	Induced	Total
Compensation	\$63,005,488	\$18,905,057	\$9,150,078	\$91,060,623
Employment	2,691.20	795.3	500.6	3,987
Output	\$310,155,008	\$68,663,825	\$38,990,897	\$417,809,730

Commercial Construction

	Direct	Indirect	Induced	Total
Compensation	\$25,483,368	\$3,201,768	\$3,251,400	\$31,936,536
Employment	1,092.90	135.7	177.9	1,407
Output	\$78,020,000	\$12,012,397	\$13,855,082	\$103,887,479

Retail workers from new commercial construction

	Direct	Indirect	Induced	Total
Compensation	\$8,222,226	\$319,530	\$812,910	\$9,354,666
Employment	599.7	13.4	44.5	658
Output	\$17,849,753	\$1,232,707	\$3,463,999	\$22,546,459

CONSTRUCTION TOTAL

	Direct	Indirect	Induced	Total
Compensation	\$176,178,017	\$34,700,540	\$27,331,927	\$238,210,484
Employment	5,426	1,091	915	7,431
Output	\$513,394,989	\$96,037,607	\$71,283,473	\$680,716,069

Employee Compensation

As all the construction and tourism workers receive salaries, they turn around and spend their money on such items as:

- Groceries
- Utilities
- Housing
- Transportation
- Clothing
- Furniture

Because of this spending, more people are employed in these industries. This is called the 'induced' effect and reflects the multiplier aspect in an economy.

TOTAL WORKER WAGES

	Direct	Indirect	Induced	Total
Compensation	\$18,793,100	\$2,878,809	\$2,177,840	\$23,849,749
Employment	1,061.40	131.6	119.1	1,312
Output	\$81,887,251	\$12,601,792	\$9,280,312	\$103,769,355

Summary

Construction projects account for 84% of all compensation, 67% of employment and 81% of all output. As can be seen from the table below, Big Sky supports 11,147 jobs statewide, provides \$283,051,661 in employee compensation and generates output of \$841,884,243.

GRAND TOTAL

	Direct	Indirect	Induced	Total
Compensation	\$216,577,168	\$39,741,953	\$31,789,189	\$283,051,661
Employment	8,668	1,319	1,159	11,147
Output	\$654,789,151	\$118,700,256	\$90,276,940	\$841,884,243

This report was compiled by the Census and Economic Information Center, Montana Department of Commerce, located at 301 S. Park Ave, Helena, MT 59602. Contact information: (406) 841-2740, www.ceic.mt.gov, sockert@mt.gov.