

## Excerpt taken from the Official Report from 1984 Olympics

- The Games, having been known to be scheduled for Los Angeles for six years, resulted in alternative vacation and visitation planning by out-of-town tourists and by regional residents, and some postponement of business trips.
- Regional residents spent substantial sums on participation in the 1984 Games they would otherwise have spent on other recreational activities in Southern California or outside the region.

ERA estimated that the potential worst case displacement value might be \$331 million, based upon both a slow tourist summer nationally and in Southern California as well as displacement caused by the Games. The worst case displacement value is composed of \$168 million of regional resident expenditures at the Games and \$163 million of lost out-of-region visitor/tourist expenditures which did not occur in Southern California for reasons described previously. Even if this worst case displacement is taken into consideration, the Games economic impact easily overcame the displacement and provided enormous benefit to the Southern California region.

#### 11.03.5

##### **Economic impact on government**

The economic activity created by hosting the Games produced substantial government revenues at all levels. The city of Los Angeles was expected to receive \$33.5 million in revenues and payments for services as a result of the Olympic Games. The special Olympic ticket distribution tax and special transient occupancy tax surcharge accounted for \$17.7 million of the total. Revenues accruing to the county of Los Angeles were estimated at \$192,000. This lower level principally resulted from a relative scarcity of visitor services that existed in the unincorporated county area. However, several countywide agencies received substantial revenues as a result of Olympic related activities. For example, the Los Angeles County Transportation Commission received \$1.739 million generated by the mass transit 0.5 percent sales tax levy and SB 325 sales tax allocation. Furthermore, incremental revenues accruing to other local political jurisdictions as a result of hosting the Games were estimated in the range of \$12.5 million, including payments by the LAOOC for law enforcement cost reimbursement contracts. The state of California was

#### **Summary of gross primary economic impact by component (thousands)**

Gross primary impact activity	Gross expenditures	Value added component
Pre-Olympic visitation and business activities	\$ 4,532	\$ 4,532
Communications, electronic media, and other related capital expenditures	100,000	80,000
Additional sponsorship advertising	4,000	4,000
LAOOC sponsors, LAOOC suppliers, and other corporate entertainment/representation expenditures	5,000	5,000
Cultural activities		
Events	11,500	9,200
Related expenditures	6,858	6,858
Related pre-Olympic sporting events		
Events	2,300	1,840
Related expenditures	1,000	1,000
Olympic Games and village operations	454,500	420,413
Licensed sponsors and suppliers goods and services to LAOOC	47,350	47,350
Out-of-town visitor expenditures		
Visitors in commercial accommodations	264,243	251,031
Visitors with friends/relatives	174,664	165,931
Local resident expenditures	19,847	18,855
Local souvenirs and merchandise	45,000	20,000
Non-local souvenirs and merchandise	50,000	10,000
Village resident expenditures	2,775	2,775
Local government revenues	48,324	48,324
Gross expenditure subtotal	1,241,893	1,097,109
Future value economic impact of LAOOC		
Amateur Athletic Foundation (minimum)	50,000	50,000
Total	1,291,893	1,147,109

expected to receive \$48.9 million in tax revenues attributable to the Games, with individual and corporate income tax accounting for 75 percent of the total. The value of new construction on government and university properties by the LAOOC and its donors and sponsors had been calculated to be roughly \$28 million. This value, when added to the estimated \$96.9 million in local and state governmental revenues generated by primary impact expenditures in Southern California, comprised a total of \$124.9 million in immediate revenues and long-term benefits.

#### 11.03.6

##### **Potential benefits to the community**

A future benefit for all Southern California will be generated by the LAOOC Amateur Athletic Foundation which will receive in excess of \$50 million from the 1984 Games operating surplus. As these funds and their interest earnings are expended in the region, additional positive economic impact will occur. The benefits will uniquely flow to the youth of the region for many years to come.

Among the other benefits to the communities in Southern California:

- The Games were located throughout Southern California, dispersing expenditures into many communities and governmental jurisdictions.

- Visitor capture investments (hotel/motel rooms, dining, etc.) were made earlier than normal, for the Games, and also because of increased regional business expectations.
- Cultural facilities were opened prior to the Games and enjoyed enhanced visitation. The new museums and exhibitions at Exposition Park recorded 1.5 million visitors during the Games, with substantial attendance increments continuing since the Games.
- Increased "host capacity" of the Southern California region is evident in the development of large numbers of new hotel rooms inventories—more than 12,000 since 1982.
- Southern California venue cities have become recognized national venue names and will gain enhanced business over the long run.
- Although there was a relatively modest amount of new permanent facility construction which took place for the 1984 Games, there nonetheless was an estimated \$28 million in facilities which remained in the community for future use.

#### 11.04

##### **Government financial involvement**

Two important events occurred early in the history of the LAOOC that made it imperative for it to hold an Olympic Games free of government financial involvement. On 7 November 1978, the voters of the city of Los Angeles passed a charter amendment prohibiting any capital expenditures by the city on the Olympics that would not, by binding legal commitment, be paid back. As a consequence of this amendment, the LAOOC had to be self-financing without reliance upon local government grants or loans.

Also during these early years the LAOOC made an attempt to procure a federal grant for \$200 million toward the funding of the Games. When the difficulty of securing this grant became apparent to the Organizing Committee, the principle of no local government funding was extended to no governmental funding of any sort. Services provided by all levels of government—local, state or federal—were paid for by the LAOOC following the pattern established by the city of Los Angeles and the passage of the charter amendment. The straightforward business approach to dealings with the government did not mean that the LAOOC sacrificed the goodwill needed to operate this enormous international event. On the contrary, this new approach to financing the Games allowed the various governments to focus their efforts on providing needed social services without having to fear that they would not be compensated for their efforts.

