

# An Economic Impact Assessment of Upcoming Professional Golf Tournaments in Montgomery County, Maryland

The Wells Fargo Championship, 2022  
PGA Championship Tournaments, 2022-2037

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*ON BEHALF OF*  
THE MONTGOMERY COUNTY ECONOMIC DEVELOPMENT CORPORATION  
VISIT MONTGOMERY  
THE MARYLAND DEPARTMENT OF COMMERCE  
THE MARYLAND SPORTS COMMISSION

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*A Sage Economic Impact Analysis*



## An Economic Impact Assessment of PGA Tournaments in Montgomery County, Maryland

### EXECUTIVE SUMMARY

There will be two significant professional golf tournaments in Montgomery County, Maryland this year: the Wells Fargo Championship to be held at TPC Potomac at Avenel Farm in Potomac, Maryland from May 5-8, 2022, and the KPMG Women’s PGA Championship to be held at Congressional Country Club in Bethesda, Maryland from June 23-26, 2022.

Additionally, the 2022 KPMG Women’s PGA Championship is the first of eight professional and amateur championship tournaments that the Professional Golfers’ Association (PGA) of America has committed to Congressional Country Club over the next 15 years. The other championship tournaments include the 2024 Junior PGA Championship, the 2025 KitchenAid Senior PGA Championship, the 2027 Women’s PGA Championship, the 2029 PGA Professionals Championship, the 2031 PGA Championship, the 2033 KitchenAid Senior PGA Championship, and the 2037 Ryder Cup.

Prior to last year’s 2021 BMW Championship held at Caves Valley Golf Club in Owings Mills, Maryland (Baltimore County), the State and the Greater Washington region had not hosted a PGA professional golf tournament since 2018 when the Quicken Loans National was held at TPC Potomac. The 2021 BMW Championship featured the top 70 PGA Tour golfers and was the penultimate tournament of the \$75 million FedEx Cup playoff and the PGA season. A prior Sage economic analysis of the 2021 BMW Championship estimated that the tournament supported more than 440 jobs, \$20 million in labor income, and \$53 million in economic activity statewide.

After the success of the 2021 BMW Championship and with several more professional golf tournaments scheduled in the coming years, the Montgomery County Economic Development Corporation (MCEDC), Visit Montgomery, the Maryland Sports Commission, and the Maryland Department of Commerce commissioned Sage Policy Group, Inc. (Sage) to assess the economic and fiscal implications of the upcoming 2022 PGA golf tournaments in Montgomery County, Maryland.

This analysis focuses on the 2022 Wells Fargo Championship but also references the 2022 KPMG Women’s PGA Championship and the other future PGA championship tournaments that will be held in Montgomery County through 2037. The analysis uses the IMPLAN economic modeling software, an industry-standard platform for input-output analysis, to generate estimates of economic impacts. The Wells Fargo Championship supplied event-related parameters that served as primary inputs to the model and shaped the estimates of jobs, income, business sales, and augmented tax revenues presented in the analysis.



**The 2022 Wells Fargo Championship will bring more than \$17 million in visitor spending to the local Montgomery County economy that would not have occurred but for the tournament.** This spending, along with the 2022 Wells Fargo Championship’s operational outlays, supports local jobs, labor income, economic activity, and enhanced tax revenues.

**Statewide, the 2022 Wells Fargo Championship at TPC Potomac is expected to support:**

- **Nearly \$30 million in economic activity once multiplier effects are considered;**
- **249 jobs in Maryland, most of which will be in Montgomery County;**
- **More than \$10 million in associated labor income;**
- **Approximately \$175,000 in tax revenues for local governments in Maryland, with the vast majority of that accruing to Montgomery County; and**
- **\$1.6 million in income and sales tax revenues for the State of Maryland.**

There are also intangible benefits that are not susceptible to quantification. Hosting the 2022 Wells Fargo Championship and the 2022 KPMG Women’s PGA Championship, as well as other future tournaments, brings national attention and marketing opportunities to both the State and Montgomery County. The tournaments allow Montgomery County to effectively brand itself as a destination for professional golf fans while also enhancing the abilities of the county’s business attraction and retention efforts.

Hosting a successful professional golf tournament also increases the odds of attracting more prestigious PGA tournaments and professional sporting events, which will in turn generate greater economic and fiscal benefits for both the State and Montgomery County. By hosting more golf tournaments, Montgomery County can attract a larger slice of a rapidly expanding industry. According to the National Golf Foundation in 2019, one out of three Americans ages 6 or older have played golf. Even before the pandemic, millennials were on pace to overtake other demographic groups as supplying golf’s largest market share.

Additionally, the economic impact of the tournament will benefit local charities. The 2022 Wells Fargo Championship sponsors have previously stated their intention to donate a minimum of \$750,000 to Greater Washington area education and military charities through “Champions for Education,” a non-profit 501(c)(3) foundation created by the tournament in 2002. To date, Champions for Education has donated over \$26 million to area non-profit organizations.



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## An Economic Impact Assessment of PGA Tournaments in Montgomery County, Maryland

### NATURE OF THE ENDEAVOR

The Montgomery County Economic Development Corporation (MCEDC), Visit Montgomery, the Maryland Sports Commission, and the Maryland Department of Commerce commissioned Sage Policy Group, Inc. (Sage) to assess the economic and fiscal implications of upcoming professional PGA golf tournaments that will be held this year in Montgomery County, Maryland.

This analysis primarily focuses on the impacts of the week-long 2022 Wells Fargo Championship, which will be held at TPC Potomac from May 5–8, 2022. Charlotte, North Carolina’s Quail Hollow Club typically hosts the Wells Fargo Championship but cannot this year because it is hosting the President’s Cup international tournament. It is the first time in the tournament’s 16-year history that it will not be held in North Carolina and will return to Charlotte next year. In recent, non-pandemic affected years, the Wells Fargo Championship has attracted approximately 200,000 visitors.

Less than two months after the 2022 Wells Fargo Championship, Congressional Country Club will host the 2022 KPMG Women’s PGA Championship from June 23-26, 2022. First held in 1955, the Women’s PGA Championship is one of the PGA Tour’s five major tournaments for women professional golfers and will bring tens of thousands of visitors to the area. Its \$4.5 million prize money purse alone will generate hundreds of thousands in income tax revenues for Maryland.

This is just the tip of the proverbial iceberg; Congressional Country Club has partnered with the Professional Golfers’ Association of America (PGA) to host eight tournaments over the next 15 years, including the KPMG Women’s PGA Championship in 2022 and 2027, the 112<sup>th</sup> Men’s PGA Championship in 2031, the globally relevant 51<sup>st</sup> Ryder Cup in 2037, and the 2025 and 2033 KitchenAid Senior PGA Championships, among others. Through 2037, the eight PGA tournaments will collectively attract more than half a million visitors to the region, support thousands of local jobs in the process, and generate millions in tax revenues for both Maryland and Montgomery County.

Both this year’s 2022 Wells Fargo Championship and the 2022 KPMG Women’s PGA Championship will look to follow on the Maryland-based success of the recent 2021 BMW Championship held at Caves Valley Golf Club in Baltimore County from August 26-29, 2021. The BMW Championship is the PGA Tour’s penultimate event in the \$75 million FedEx Cup playoffs and attracted more than 100,000 golf devotees to Caves Valley last year. A previous Sage economic impact study of the 2021 BMW Championship estimated that the tournament supported more than \$50 million in economic activity, 440 jobs, and \$2.3 million augmented tax revenues for Maryland and its local governments.



## METHODOLOGY & INPUT DATA

This analysis uses IMPLAN economic modeling software, an industry leading input-output modeling platform, to generate all economic impact estimates found in this report. Fiscal impact estimates were produced using a combination of IMPLAN and proprietary methods that use effective tax rates calculated using publicly available financial data from the Office of the Maryland Comptroller and the U.S. Census Bureau. Sage obtained statistical inputs to the model from the Wells Fargo Golf Championship and the PGA. Categories of input data include tournament revenues, operating expenses, capital expenditures, staffing and volunteer data, actual attendance, and forecasts.

Computed employment impacts include both full- and part-time workers. Results are presented in the form of jobs, with one measured job representing the equivalent of one year of employment. Labor income encompasses all forms of employment income, including employee compensation (wages and benefits) and proprietor income (earnings of business owners). Output represents the sum of business sales (good and services) that have or will occur as a result of the tournaments.

Economic impacts are presented in the form of **direct impacts** and secondary impacts. Direct impacts are generated by the tournament's operational and capital expenditures and by visitor spending transpiring in the local economy. Secondary impacts can collectively be considered the multiplier effect and can be segmented into two types of impacts: **indirect** and **induced**. Indirect benefits are generated through the expanded volume of business-to-business transactions attributable to less direct supply chain effects. For instance, increased spending with local landscaping companies may in turn lead to increased spending at local office supply companies or equipment dealers. Induced benefits are triggered when workers primarily or secondarily supported through enhanced economic activity spend their earnings in the local economy. Appendix A at the end of this report provides a glossary of economic impact-related terms.

This study uses several different parameters as inputs to its custom model, including the capital expenditures necessary to prepare the course, tournament-related operating expenses occurring in Maryland, and visitor spending attributable to spectators, media, players, caddies, and volunteers.

To estimate the level of visitor spending generated by the 2022 Wells Fargo Championship, this analysis projects attendance figures for the event. It also draws from previously conducted economic impact studies that surveyed PGA tournament attendees regarding their spending and travel habits.<sup>1,2,3</sup>

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<sup>1</sup> Dominique Halaby, Benjamin McKay, Kristen Ruhland. Georgia Southern University. "Economic Impact of a PGA Tournament (McGladrey Classic) on Surrounding Area" Journal of Business and Economics, ISSN 2155-7950, USA August 2018, Volume 9, No. 8, pp. 713-723.

<sup>2</sup> Stevens T., Hodges A. and Mulkey D. (2005). "Economic impact of the players championship golf tournament at Ponte Vedra Beach, Florida", Gainesville, FL: The University of Florida, Institute of Food and Agricultural Sciences, Food and Resource Economics Department.

<sup>3</sup> Dr. Tom H. Regan and Todd Koesters, JD, J.T. Enterprises, LLC. "The Economic Benefit and Impact of the Wells Fargo Championship on the Charlotte Metropolitan Area" March 2018. The 2018 Charlotte economic impact assessment is the most recent report done of the tournament.



Organizers of the 2022 Wells Fargo Championship expect between 50,000 and 100,000 attendees. This analysis assumes there will be 75,000 attendees, though this estimate may prove conservative; in 2016, approximately 200,000 fans from 43 states attended the Wells Fargo Championship.

These attendees drive economic impact through their spending in the local economy. This study classifies attendees into three categories.

**Local attendees** are defined as those from the immediate area or an adjacent jurisdiction. While it is estimated that these attendees spent about \$215/day of attendance within the study area, these expenditures – or a significant portion of these expenditures – likely would have occurred within the study area anyway and are therefore excluded from this analysis. For instance, if an attendee from Montgomery County stopped to purchase lunch on their way to the 2022 Wells Fargo Championship, that spending most likely would have occurred in Montgomery County in any case and cannot be conclusively attributed to the tournament. To the extent that this spending would have otherwise escaped the local economy, this analysis underestimates (perhaps significantly) the local economic impact of these championship tournaments.

**Daytrip attendees** are those who attend the tournament from within driving distance, but who come from far enough away that their tournament-induced spending would have likely occurred outside of the study-area but for the tournaments. Those expenditures primarily occur at local restaurants, gas stations, retail establishments, and entertainment venues.

The third category of visitor, **overnight attendees**, comprises those who come from far enough away that they stay in local lodging for at least one evening. Total attributable visitor spending sums to more than \$17 million. Exhibit 1 summarizes categorical spending per visitor. The 2022 Wells Fargo Championship will have out-of-area hotel stays from players, their families, their caddies, and their administrative and management teams, as well as from numerous media employees and volunteers.

Exhibit 1: Estimated Visitor Spending

Spending/Attendee	Daytrip	Overnight	Total	Local (Excluded from Analysis) <sup>4</sup>
Food	\$55	\$124		\$35
Shopping	\$56	\$98		\$45
Gasoline	\$48	\$48		\$10
Lodging	\$0	\$314		\$0
Entertainment	\$51	\$87		\$50
Other Spending	\$74	\$131		\$74
<b>Total/Attendee</b>	<b>\$283</b>	<b>\$801</b>		<b>\$215</b>
<b>Attendees</b>	<b>19,200</b>	<b>15,150</b>		<b>39,900</b>
<b>Total Spending</b>	<b>\$5,430,511</b>	<b>\$12,132,264</b>	<b>\$17,562,775</b>	<b>\$8,565,935</b>

Source: Sage, PGA

<sup>4</sup> The spending in this category is excluded from the analysis, as it likely would have occurred in the study area even absent the 2022 Wells Fargo Championship.



## Impacts of the 2022 Wells Fargo Championship

### ECONOMIC IMPACTS

Operational spending associated with the 2022 Wells Fargo Championship and capital investments necessary to prepare TPC Potomac to host the tournament will support an estimated 94 jobs across the State, most of which will be based in Montgomery County. These jobs will be associated with approximately \$3.2 million in labor income, which includes benefits and other forms of compensation, and \$11.8 million in economic activity.

Exhibit 2: 2022 Wells Fargo Championship Economic Impacts, Operations and Capital Expenditures

	Jobs	Labor Income (Millions \$2022)	Economic Output (Millions \$2022)
<i>Montgomery County</i>			
Direct effects	67	\$1.5	\$7.2
Indirect effects	13	\$0.9	\$2.5
Induced effects	9	\$0.5	\$1.4
<b>Total*</b>	<b>89</b>	<b>\$2.9</b>	<b>\$11.1</b>
<i>Statewide</i>			
Direct effects	67	\$1.5	\$7.2
Indirect effects	16	\$1.1	\$3.0
Induced effects	10	\$0.6	\$1.6
<b>Total*</b>	<b>94</b>	<b>\$3.2</b>	<b>\$11.8</b>

Source: Sage, IMPLAN

\*Note: totals may not sum due to rounding

Most of the jobs that will be supported by the 2022 Wells Fargo Championship stem from visitor spending, which is projected to support 155 jobs statewide, with the vast majority of those jobs located in Montgomery County, and an estimated \$18 million in economic activity. Again, this analysis assumes the 2022 event will attract 75,000 attendees. If the event attracts even close to the 200,000 fans that attended the 2016 Wells Fargo Championship, visitor spending impacts will be much larger.

Exhibit 3: 2022 Wells Fargo Championship Economic Impacts, Visitor Spending

	Jobs	Labor Income (Millions \$2022)	Economic Output (Millions \$2022)
<i>Montgomery County</i>			
Direct effects	116	\$4.3	\$10.9
Indirect effects	15	\$1.2	\$3.0
Induced effects	21	\$1.2	\$3.4
<b>Total*</b>	<b>152</b>	<b>\$6.8</b>	<b>\$17.3</b>
<i>Statewide</i>			
Direct effects	116	\$4.3	\$10.9
Indirect effects	17	\$1.3	\$3.5
Induced effects	22	\$1.3	\$3.6
<b>Total*</b>	<b>155</b>	<b>\$7.0</b>	<b>\$18.0</b>

Source: Sage, IMPLAN

\*Note: totals may not sum due to rounding





In total, the 2022 Wells Fargo Championship is projected to support about 250 jobs in Maryland. Those jobs will be associated with approximately \$10.2 million in labor income, and the tournament will support \$30 million in economic activity statewide. Exhibit 4 supplies relevant statistical detail.

Exhibit 4: 2022 Wells Fargo Championship Total Economic Impacts

	Jobs	Labor Income (Millions \$2022)	Economic Output (Millions \$2022)
<b>Montgomery County</b>			
Direct effects	184	\$5.8	\$18.1
Indirect effects	28	\$2.1	\$5.5
Induced effects	30	\$1.8	\$4.8
<b>Total*</b>	<b>241</b>	<b>\$9.7</b>	<b>\$28.4</b>
<b>Statewide</b>			
Direct effects	184	\$5.8	\$18.1
Indirect effects	33	\$2.5	\$6.6
Induced effects	33	\$1.9	\$5.2
<b>Total*</b>	<b>249</b>	<b>\$10.2</b>	<b>\$29.8</b>

Source: Sage, IMPLAN

\*Note: totals may not sum due to rounding

## FISCAL IMPACTS

Using data from the Office of the Maryland Comptroller, this analysis calculates the effective tax rates for state-level income taxes at 4%, local income taxes at 2.4%, and nonresident state-level income taxes at 6.3%, the last of which applies to the 2022 Wells Fargo Championship’s \$9 million purse. Labor income estimates supplied in Exhibit 4 include benefits. Accordingly, the total projected compensation statistic of \$10.2 million encompasses non-taxable forms of compensation. This analysis generated an estimate of taxable income using wage share data sourced from the U.S. Bureau of Labor Statistics. After adjusting for non-taxable compensation and applying relevant effective tax rates, the 2022 Wells Fargo Championship is forecast to generate approximately \$860,000 in income

tax revenues for the State of Maryland and \$175,000 in income taxes for local jurisdictions, with most of that revenue inuring to the benefit of Montgomery County.

Exhibit 5: 2022 Wells Fargo Championship Total Fiscal Impacts

Category	Revenues (Thousands \$2022)
<b>Local Governments</b>	
Income Taxes	\$174.9
<b>Total</b>	<b>\$174.9</b>
<b>Maryland</b>	
Income Taxes	\$860.2
Sales Taxes	\$742.3
<b>State Total</b>	<b>\$1,602.5</b>

Source: Sage

Sales tax revenues, which Sage estimated using IMPLAN-sourced parameters, will total an estimated \$742,000. In sum, the 2022 Wells Fargo Championship will support a projected \$1.8 million in augmented tax revenues for the State of Maryland and local governments based in Maryland.



## Conclusion

The 2022 Wells Fargo Championship will bring a premier showcase professional sporting event to Montgomery County, Maryland. The tournament seeks to build on the success of the recent Maryland-based 2021 BMW Championship to set the stage for several other noteworthy PGA championship tournaments that Montgomery County will host over the next 15 years at Congressional Country Club.

The 2022 Wells Fargo Championship will bring an estimated \$17 million in visitor spending to the local Montgomery County economy that would not have occurred but for the tournament, and this spending, along with its operational outlays, will support jobs, labor income, economic activity, and enhanced tax revenues for both Maryland and its local governments.

Statewide, the 2022 Wells Fargo Championship is expected to support:

- Nearly \$30 million in economic activity once multiplier effects are considered;
- 249 jobs in Maryland, most of which will be in Montgomery County;
- More than \$10 million in associated labor income;
- Approximately \$175,000 in tax revenues for local governments in Maryland, with the vast majority of that accruing to Montgomery County; and
- \$1.6 million in income and sales tax revenues for the State of Maryland.

These are large numbers, but they don't encompass all of the benefits generated by the Wells Fargo Championship tournament. As indicated on page 7 of this report, spending among those who live in the region was excluded from impact estimates under the theory that this spending probably would have transpired in the local economy regardless of the tournament. To the extent that proves not to be true, the estimates in this report will be understated.

There are also intangible benefits that are not susceptible to quantification. For example, hosting the 2022 Wells Fargo Championship in Montgomery County, Maryland and other future major tournaments like the 2022 KPMG Women's PGA Championship will bring enhanced national attention and marketing opportunities. These tournaments allow Montgomery County to effectively brand itself as a destination for golf fans, enhancing its business attraction and retention efforts.

Hosting a successful professional golf tournament also increases the odds of attracting other prestigious PGA tournaments and professional sporting events in the future, which will in turn generate more economic and fiscal benefits. By hosting more golf tournaments, Montgomery County can attract a larger slice of a rapidly expanding industry.

Additionally, the economic impact of the tournament extends to local charities. The 2022 Wells Fargo Championship sponsors have made a commitment to donate a minimum of \$750,000 to local education and military charities.



## Appendix: How to Interpret Economic Impact Estimates

To quantify the economic impacts of the two championships that are the focus of this analysis, Sage used IMPLAN economic modeling software and its embodied multipliers to generate estimates of employment, labor income, and output (also referred to as economic activity or business sales). Below is an abbreviated glossary of terms that may prove helpful in interpreting analytical findings.

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### EMPLOYMENT

As defined by IMPLAN, a job that lasts twelve months equals one job, two jobs that last six months equal one job, three jobs that last four months equal one job, etc. Based on this, job-years represents a useful term. For instance, an endeavor that supports 200 jobs for a six-month period would be considered to support 100 jobs measured in job-years. Note that IMPLAN jobs aren't quite the same thing as full-time equivalents (FTEs). Each of IMPLAN's 536 unique industries has a different conversion rate between jobs and FTEs, although for almost every industry one job is equal to less than one FTE.

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### OUTPUT (BUSINESS ACTIVITY, ECONOMIC ACTIVITY)

Output equals the value of industry production or service provision. It might be easier to conceptualize this as total business sales or economic activity. For retail industries, it is the gross margin (not gross sales). For manufacturing, output is the quantity of total sales plus/minus the change in inventories. For the service sector, output is directly equal to sales. This is summarized by the following equation:

$$\text{Output} = (\text{Manufacturing sales} +/\text{- change in inventories}) + (\text{service sector sales}) + (\text{gross margin for wholesale and retail trade})$$

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### LABOR INCOME

Labor income is comprised of wages, benefits, and proprietor income (money accruing to owners of businesses).

$$\text{Labor income} = \text{all forms of employee compensation (wages/benefits)} + \text{proprietor income}$$

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### DIRECT EFFECTS

Direct effects are impacts tightly aligned with the endeavor under consideration. In this instance, direct effects are produced by tournament-related expenses and attributable visitor spending.

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### INDIRECT EFFECTS

Indirect effects stem from business-to-business spending activity within the study area that occurs as a result of the direct effects. These can also be considered broader supply chain effects.

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### INDUCED EFFECTS

Induced effects relate to household spending that occurs due to expanded levels of labor/household income.



## About Sage Policy Group

**Sage Policy Group** is an economic and policy consulting firm headquartered in Baltimore, MD. Dr. Anirban Basu, Sage's chairman and CEO, founded the firm in 2004. Over a period spanning less than two decades, Sage has managed to create a client base that encompasses more than forty states and seven countries and includes Fortune 500 companies, NFL teams, aquariums and zoos, State and local governments, real estate developers, insurance companies, banks, major medical systems, trade organizations, and law firms, among others.

The company is especially well known for its analytical capabilities in economic impact estimation, school enrollment forecasting, economic development, economic forecasting, fiscal impact analyses, legislative analyses, litigation support, and industry outlooks, and has significant experience in subject areas of construction, healthcare, energy, real estate, manufacturing, thoroughbred horse racing, lotteries, agriculture, tourism, entrepreneurship, government contracting, secondary and post-secondary education, and the economics of retirement. The firm is also known for its superior communications and messaging skills.

In addition to leading Sage, Dr. Basu has emerged as one of the nation's most recognizable economists, in part because of his consulting work on behalf of clients including State and local governments, prominent developers, bankers, brokerage houses, elected officials, energy suppliers, and law firms, among others. He serves as the chief economist to Associated Builders and Contractors and as the chief economic adviser to the Construction Financial Management Association. He chaired the Maryland Economic Development Commission from 2014 to 2021 and currently chairs the Baltimore County Economic Advisory Committee. He has been interviewed by CNBC, CNN, Fox Business, and many other networks.

Dr. Basu's lectures in economics are delivered to audiences across the U.S. and abroad. In recent years, he has focused upon health economics, the economics of education, and economic development. He has lectured at Johns Hopkins University in micro-, macro-, urban, and international economics, and most recently, global strategy.