Economic Impact of
One Ranching Operation
In
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Economic Impact of One Ranching Operation in Eureka County

Production of Agriculture commodities will usually have a relatively high indirect income effect, or income multiplier effect on the local economy because of the local purchases including labor required for production purposes. In the range livestock areas of Nevada, and other public lands states, the income and expenditures generated by a single ranching operation can have a significant impact on the entire local economy.

Since the economic impact model being developed for Eureka County has not been completed at this time, a proxy using a 1990 input-output model for the State of Nevada is used to estimate the economic impact of removing an active livestock operation from the County economy. To allow these impact estimates to be applied to a scale operation of varying sizes, the estimates are based on one dollar of income earned by ranch employees. This number can be used to estimate the impact on the local economy from the loss of one employee for a given annual salary and the total employees for a given ranching operation.

Assumptions:

1. Each one dollar of livestock production or economic output generates $0.16984 of personal income in the community.
2. Each one dollar of personal income from the ranching operation generates an additional $2.0487 of personal income in the community. This equates to an income multiplier of 3.0487.
3. The total income generated by one dollar of livestock production in the area is equal to $0.517801.
4. The average ranch employee receives $10,192 in annual compensation.

The total economic impact of a ranching operation can be estimated using the assumptions stated above. This includes purchased inputs such as feed, supplies, and equipment, as well as labor. The impact related to each employee includes the economic impact of all purchases the ranch operation makes in the local economy. Therefore, the total economic impact for each employee is estimated by applying the income multiplier of 3.0487 to their average annual income of $10,192. Therefore, the economic impact that each ranch employee contributes to the local economy is $31,072. If a range livestock operation in the area with 60 employees was taken out of livestock production with no alternative source of revenue, the total economic impact is estimated to by $1,864,320.