



ECONOMIC IMPACT of the CHURCH of SCIENTOLOGY on Clearwater, Florida & Surrounding Areas



FINAL REPORT

ECONOMIC IMPACT of the CHURCH of SCIENTOLOGY

on Clearwater, Florida & Surrounding Areas

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Executive Summary

The Church of Scientology Flag Service Organization is the international spiritual headquarters of the Scientology religion. The Church contributes substantially towards local area property taxes – on properties not directly ministering or administering Church services – such as temporary accommodations and restaurants, among other facilities. Over the past fifteen years, property taxes have totaled approximately \$10 million. Over the last four years, the Church has also paid about \$4 million in bed taxes.

The Church requested that an economic impact study be conducted during 2014, as it and an affiliated entity, Church of Scientology Religious Trust, were completing a recent construction phase and getting ready to begin a new cycle of construction, renovation and expansion efforts at the Church of Scientology Flag Service Organization headquarters, in Clearwater, Florida. The economic research project undertaken by FSU CEFA involved data compilation and economic impact analysis of the Church of Scientology on Clearwater and surrounding counties.

In order to obtain estimates of the different types of macroeconomic effects of the Church of Scientology¹ on the Florida economy, the project team applied a well-established analytical tool known as the IMPLAN model. The IMPLAN Model (2012), an input output

model, was used to perform the economic modeling analyses. The historical (actual data from years 1999-2013) was provided by the Church of Scientology’s CPA firm, NSBN LLP², including capital outlay, equipment, staff allowance, among other data. The project team collected survey data from the Church visitors and residents population. In addition, data from Clearwater area Scientologist-owned businesses were collected and analyzed.

The economic analysis provided a short term, or current, perspective on the Church, and its associated economic impacts on the Clearwater area economy. The following economic impact analysis report provides a summary of the local area economic impacts (in 2014 dollars) associated with the Church of Scientology. The impacts were measured with respect to output, employment, and income.

Regarding the economic impact analysis results, the project research team found that the Church of Scientology generates nearly \$917 million (\$485 million in direct, and \$432 million in indirect and induced impacts) in economic output in the area, and almost \$338 million in income (\$181 million in direct, and \$157 million in indirect and induced impacts) while generating a total of 7,514 jobs (4,311 direct, and 3,203 indirect and induced impacts).

¹ “Church of Scientology” or “Church” in this report refers to the Church of Scientology Flag Service Organization, or “Flag” located in Clearwater, Florida and the operations of the Church of Scientology Religious Trust, or “CSRT,” a separate but affiliated entity. Flag ministers Scientology religious counseling and training to Scientology parishioners. These include some advanced services which are not available in any other Church of Scientology. The Church of Scientology Religious Trust is a Trust whose sole activity consists of providing financial assistance to Churches of Scientology to enable them to acquire new or renovate existing Church facilities, along with other forms of financial assistance.

² Personal communication, Ms. Sharey Wang, February 14, 2014. See: www.nsbns.com

Economic Impact of the Church in the Clearwater Area



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SECTION I. Introduction & Background

In early February 2014, the Florida State University Center for Economic Forecasting and Analysis (FSU CEFA) was contacted by Ms. Pat Harney, the Public Affairs Director of the Church of Scientology Flag Service Organization, to conduct a proposed economic impact study regarding the Church of Scientology, located in Clearwater.

The Church of Scientology Flag Service Organization is the international spiritual headquarters of the Scientology religion. The Church contributes substantially towards local area property taxes – on properties not directly Church-service related – such as temporary accommodations and restaurants, among other facilities. Over the past fifteen years, property taxes have totaled approximately \$10 million. Over the last four years, the Church has also paid about \$4 million in bed taxes.

In 2013 over 9,000 parishioners visited the Church from around the world for Scientology religious services, many more than once, and for an average 36 days per visit. Additionally, about 10,000 Scientology parishioners currently reside in the Tampa Bay area.³ It is expected that those current numbers will increase given the recent opening of the Flag Building (providing additional specialized religious training and counseling services), on November 17, 2013.

The following economic impact report is divided into several sections. The executive summary discusses the findings of the economic impact report. In Section I, a brief introduction outlines the purpose of the economic analyses for this report, and includes a literature review. Section II presents an overview of the economic analysis survey methodology of the church visitors, residents and businesses, and corresponding results. Section III provides a description of community, or “quality of life” types of services that the Church and its parishioners actively participate

in, but that wasn’t quantified for the purpose of this study. Section IV provides a description of the economic impact methodology and model; including the assumptions, input data for the economic impact analyses; and an analysis of Church expenditures and economic impact results. Section V summarizes the overall results, or conclusions, of the study. Section VI contains comparisons with earlier impact studies and the economic impact of other institutions or activities. Section VII provides the references for the study.

The project undertaken by FSU CEFA involved data compilation and economic impact analysis of the Church of Scientology on Clearwater and surrounding counties. Specifically excluded is Church spending outside this six-county geographical area. The tasks involved in the following research study included:

- Literature review, data collection/acquisition and verification.
- Statistical analysis and development/generation of assumptions for the economic impact models.
- Examining Qualitative, or Quality of Life, Contributions of the Church (e.g., in volunteer hours, crime reduction/security increase, community education such as literacy, human rights, drug education, restoration of historical icons, and other community service activities).
- Conducting economic impact analysis using an advanced economic input-output model: IMPLAN. The historical (actual data from years 1999-2013) was provided by the Church of Scientology’s CPA firm, NSBN LLP5. The economic impact6 results were in terms of employment (jobs), output and gross regional or gross state product, or GRP/GSP, (revenues/sales), and income (wages). The report also described in detail the nature of industry or business sectors in which Scientology parishioners are engaged.

³ Personal Communication, Ms. Pat Harney, Church Public Affairs Director, February 4, 2014.

⁴ Pinellas, Hillsborough, Manatee, Hernando, Pasco and Polk counties.

⁵ Personal communication, Ms. Sharey Wang, February 14, 2014. See: www.nsbns.com

⁶ Economic impacts include: direct, indirect and induced impacts. Direct impacts measure the immediate effects as a result of the Church of Scientology; e.g., in employment and income. Indirect impacts are those that include changes to production, employment, income, etc., that occur as a result of the direct effects. Induced impacts are those further impacts of spending derived from direct and indirect activities – i.e., household purchases of consumer goods and services.

Literature Review

In 1989, and again in 1999, an economic impact study was conducted by Dr. John Qualls, of Micro Economics, Ltd⁷. The report found, as presented in the following table, that:

The economic impacts were based on the Church’s spending in five general areas:

- Impacts of Church’s spending on goods, services, capital outlay and property taxes.
- Impacts of the spending of the 1,307 (in 1999) permanent staff members, including a weekly stipend.

- Impacts of the other Church members in the community (~4,344 local members in 1999).
- Impacts of spending by the visiting Scientologists (~\$9 million in 1999).
- Impacts of business owners spending (~\$48.2 million in 1999), including 200 businesses and 441 employees in 1999.

TABLE 1
The 1999 Economic Impact of Scientology Study Results for Direct Spending, by Micro Economics, Ltd.

Economic Impact	Direct
Church (Spending on Goods, Services, and Taxes)	\$27,684,576
Permanent Staff	\$2,534,206
Local Church Members	\$80,467,487
Church Visitors	\$9,259,074
Local Businesses Owned by Church Members	\$48,170,783
Spending by Non-Church Staff Church Member-Owned Businesses	\$7,504,577
Total 1999 Direct Spending	\$175,620,702
[Figure as reported in original. Summed correct value should be \$175,620,703.]	

Further indirect and induced spending resulted in an additional \$122.5 million in the Clearwater community. The total economic impact in 1999 was \$298.1 million. Likewise, the impact of the Church’s operations on area employment was similarly estimated. There were 1,307 permanent staff, 3,072 members employed in non-Church jobs, 441 non-Church members employed in businesses owned by members, and 3,928 induced jobs

(as a result of area spending) totaling 8,748 employees. The income categories were of permanent staff and employees of businesses owned by Scientologists (\$15,956,801), income of local Church members (\$134,112,478) and indirect income (\$111,767,959) totaling \$261,837,238 (or 4.9 percent of the total 1999 income for the area). The author then estimated the longer term impacts (5-10 years) as a result of Church

expansion activities. Employment was expected to reach 17,000, and area sales/revenues and income were projected annually to be \$600 million and \$523 million, respectively.

In 2007, there were two studies on the economic impacts of the Church in the Clearwater area. The first, by Qualls, involved an update to the 1999 study.⁸ Since 1989, Qualls found that the number of permanent staff had increased by 97 percent and the Church visitors (for training, counseling, etc.) had increased by 117 percent. The Church member, or resident, population had increased by 630 percent, since 1989. For 2007, the Qualls study reported \$320.5 million in direct, \$243.8 million in induced, for a total of \$564.3 million in total economic impact. Another study, by Benecke Economics, was conducted in 2007, and found that the total economic impact was approximately \$523 million.⁹ The total impact results for both the studies were similar, however, the direct impacts derived from Church activities were different. While most of the Church activities, or input data, were included as a part of the economic impact analysis, the Qualls study included spending by permanent staff. In addition, the Qualls study included spending by Church members and non-members of businesses owned by Church members; the Benecke study used only Church member-owned business spending. Benecke also included the value of community service and facility construction spending as input data in the model.

The role of religion in economics has been long acknowledged, even preceding the important works of R.H. Tawney.¹⁰ In 2005, a symposium was held on the Economics of Religion.¹¹ One paper, presented by Dr. Laurence Iannaccone, of George Mason University, focused on the debate associated with the economic costs and benefits of religion.¹² He presented his thoughts that, “he remains convinced that economic

approaches to the study of religion are theoretically sound and empirically fruitful. They explain and integrate much of what is already known about religious participation, generate new predictions that suggest new avenues for empirical research, yield policy implications about the welfare effects of government intervention in the religious marketplace, and forge links between religious research and a growing body of economic research on culture, institutions, social networks, and ‘non-market’ behavior.” He stated that he’s, “...increasingly convinced that mainstream economics needs the economics of religion. Throughout the heartland of applied microeconomics, scholars are seeking to understand the impact of beliefs, norms, culture, values, self-control, social capital, social networks, and institutions. This is of course the traditional realm of religion.” In conclusion, he contends that “by promoting the economic study of religion. . . . we build a solid foundation for serious, sustained, and scholarly inquiry.” Another economist, Frank Knight, noted that life is given meaning by the third element, the “transcendent,” and that economists are “impelled to look for the ends in the economic process itself, and to give thoughtful consideration to the possibilities of participation in economic activity as a sphere of self-expression and creative achievement.” Noted economist Kenneth Boulding, expresses that:

*“nowhere (in Smith’s Wealth of Nations) do we find any deep understanding of the content of religion: neither the transports nor the dark night of the soul have a place in this pellucid eighteenth century air. Spiritual experience of any kind he would have dismissed as ‘fanaticism and enthusiasm.’ He is in some sense almost the ideal of the ‘good’ intellectual; a very good, very moral, admirable, almost one might say a pious man. Yet there is clearly a realm of experience into which he does not penetrate. . . .”*¹³

⁷ Qualls, John H. 1999. The Economic Impact of the Church of Scientology on the Greater Clearwater Metropolitan Area. Micro Economics, Ltd., St. Louis, MO.

⁸ Qualls, John H. 2007. An Update of the Economic Impact of the Church of Scientology on the Greater Clearwater Metropolitan Area. Micro Economics, Ltd., St. Louis, MO.
⁹ Benecke, Robert. 2007. The Economic Impact of the Church of Scientology on Greater Downtown Clearwater Florida. Benecke Economics, Moonachie, NJ.
¹⁰ Tawney R.H. 1926. Religion and the rise of Capitalism. In this work the relationship between religion and economic development in the sixteenth and seventeenth centuries is explored.
¹¹ Iannaccone, L.R., D. Neal, P. Boettke, and D. McCloskey. 2005. The Economics of Religion: A Symposium. Faith and Economics. Number 46: pp. 1-23.
¹² Iannoccone, L.R. 2005. Economics of Religion: Debating the Costs and Benefits of a New Field. Faith & Economics. No. 46: pp. 1-9.
¹³ Boulding, K. E. 1970. Beyond Economics: Essays on Society, Religion, and Economics. Ann Arbor, MI: Ann Arbor Paperbacks.



40-foot high, Grand Atrium lobby of the ecclesiastical capitol, the Church of Scientology's Flag Building, which opened in November 2013.

SECTION II. Economic Analysis Survey Methodology & Results

The following section presents an overview of the survey and economic analysis framework for the economic impact methodology and survey results.

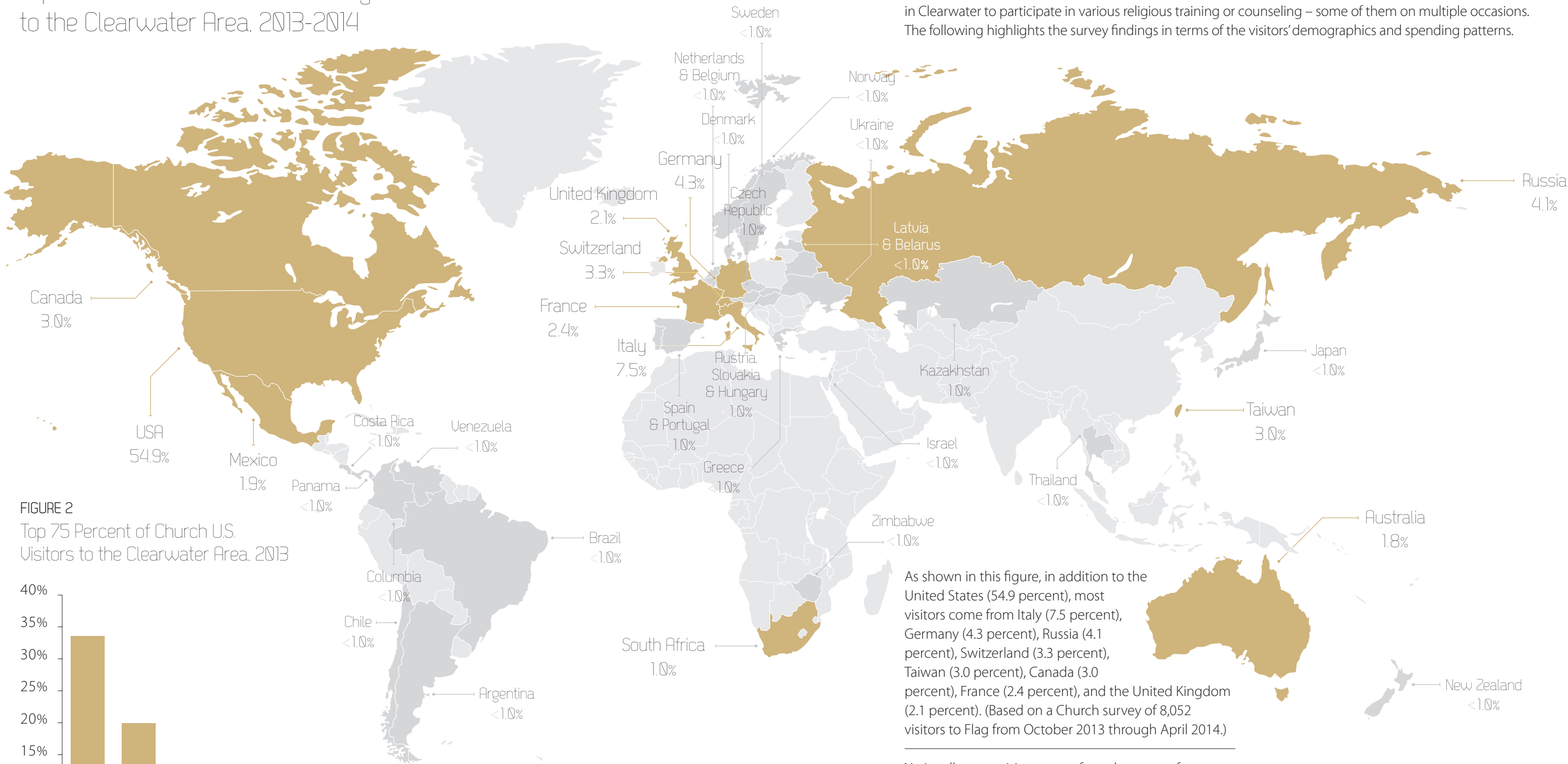
Survey Methodology and Analysis

In addition to Church expenditures, or Church spending on goods and services, provided by Church staff, analyzed and verified by NSBN LLP, it was determined by the CEFA research team that additional data was needed in order to accurately gauge the Church's economic impact activity in the Clearwater area. The additional annual data comprised Church visitors to the Clearwater area, Church members residing in the Clearwater area and their associated community service activities, and businesses owned by parishioners operating in Clearwater and the surrounding area. The impact of these parishioner-owned private businesses is subdivided into those in Clearwater and the immediate surroundings and those in neighboring communities within the six-county area. A listing of zip codes, identified as Clearwater and immediate surroundings and Clearwater neighboring communities, is presented in Appendix A. There were three survey instruments designed by the research team and distributed (manually, and via email) by the Church, to the three stakeholder groups (i.e., visitors, residents and area businesses). The survey response data was collected during May 2014. The survey responses were statistically valid for the three survey groups at the 90 percent confidence level and 5 percent margin of error. After the survey responses were entered into a survey database, and extrapolated to the total numbers of Church visitors and residents in the area, the research team was able to conduct statistical and anecdotal analyses. The survey results for the three surveys will be presented and discussed below.

¹⁴ See: NSBN LLP Certified Public Accountants and Business Consultants LLP. <http://www.nsbnn.com>

¹⁵ For the visitors survey, there were a total of 9,148 visitors to the Church in 2013, with 265 surveys collected. For the residents survey, there were a total of 9,763 Church residents in the area, with 271 surveys collected. For the business survey, there were 33 surveys, augmented with data from the NETS business directory (2012) data, resulting in data collected for a total of 222 businesses in the area.

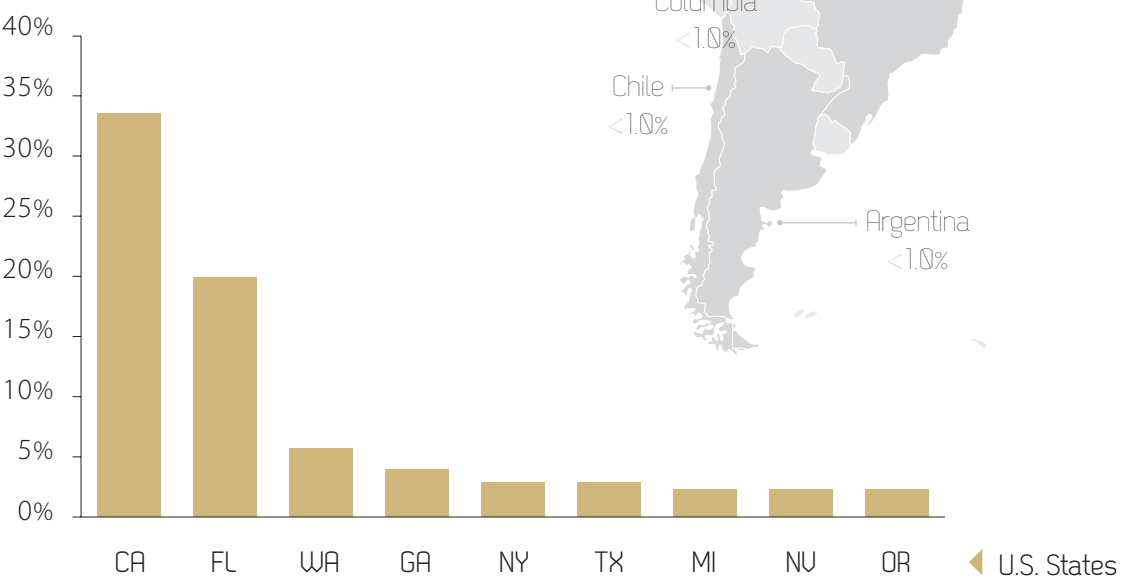
FIGURE 1
Top Church Visitor Countries of Origin
to the Clearwater Area, 2013-2014



A. Visitors' Survey Results

In 2013, there were 9,148 different visitors (from state, national and international destinations) who visited the Church in Clearwater to participate in various religious training or counseling – some of them on multiple occasions. The following highlights the survey findings in terms of the visitors' demographics and spending patterns.

FIGURE 2
Top 75 Percent of Church U.S.
Visitors to the Clearwater Area, 2013

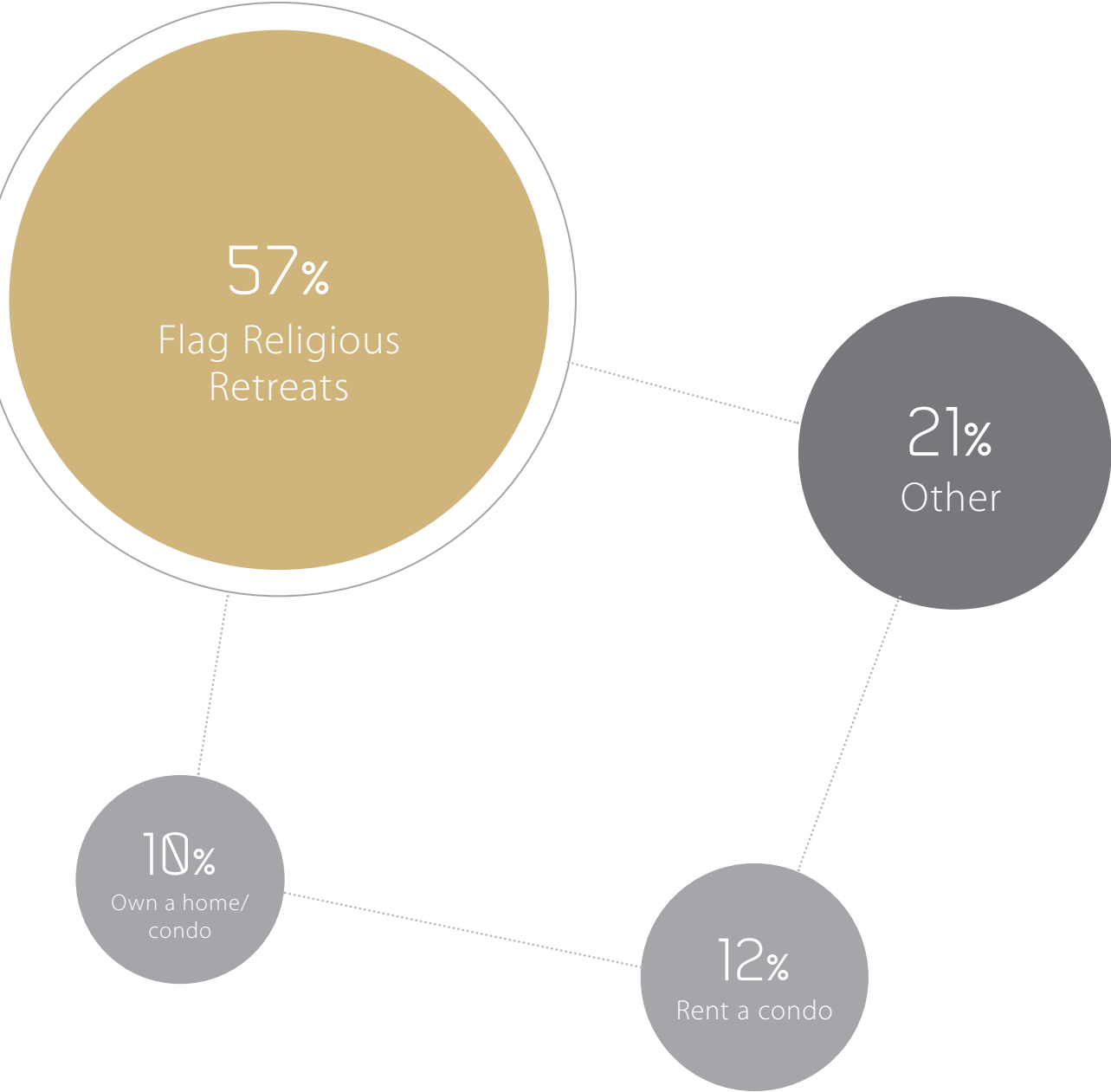


As shown in this figure, in addition to the United States (54.9 percent), most visitors come from Italy (7.5 percent), Germany (4.3 percent), Russia (4.1 percent), Switzerland (3.3 percent), Taiwan (3.0 percent), Canada (3.0 percent), France (2.4 percent), and the United Kingdom (2.1 percent). (Based on a Church survey of 8,052 visitors to Flag from October 2013 through April 2014.)

Nationally, most visitors come from the states of: California (34 percent), Florida (20 percent), Washington (5.7 percent), Georgia (4 percent), New York and Texas (both 2.8 percent), and Michigan, Nevada and Oregon (all 2.3 percent).¹⁶

¹⁶ All mentioned states have a relative visitor score higher than 2 percent.

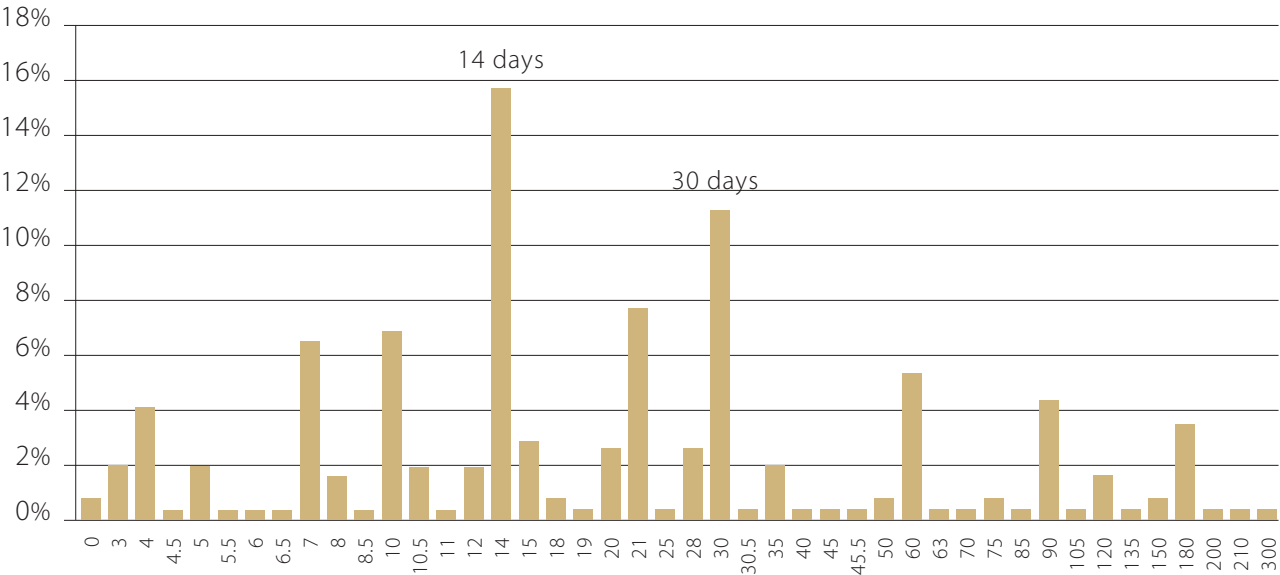
FIGURE 3
Percentage of Church Visitor Types of Lodging
in the Clearwater Area, 2013



The Flag religious retreats are by far (57 percent) the top contender for lodging on a visit.



FIGURE 4
Length of Stay of Church Visitors in the Clearwater Area, 2013



More than half (50.5 percent) of visitors pay at least \$100 per day for lodging, and three quarters (75 percent) spend at least \$40 per day for lodging.

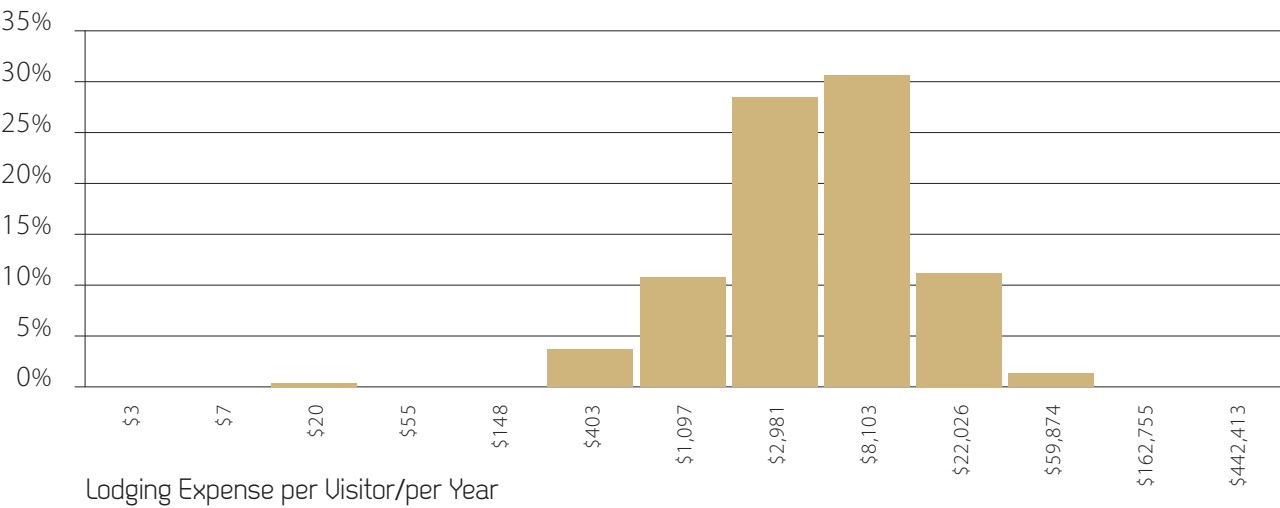
The survey distribution on length of stay shows two clear peaks at both 14 days of stay (15.3 percent) and 30 days of stay (10.8 percent). Some 50.4 percent of visitors stay at least 18 days, while about 36 percent of visitors stay for at least 30 days¹⁷. The median length of stay is 18 days.

Over 55 percent visit more than once during the year. The average length of stay is 36 days; equivalent to 329,328 “one-day” visitors¹⁸ (not including resident parishioners visiting the Clearwater Church).

¹⁷ The two peaks in length of stay could be related to visitors’ visa requirements, among others.

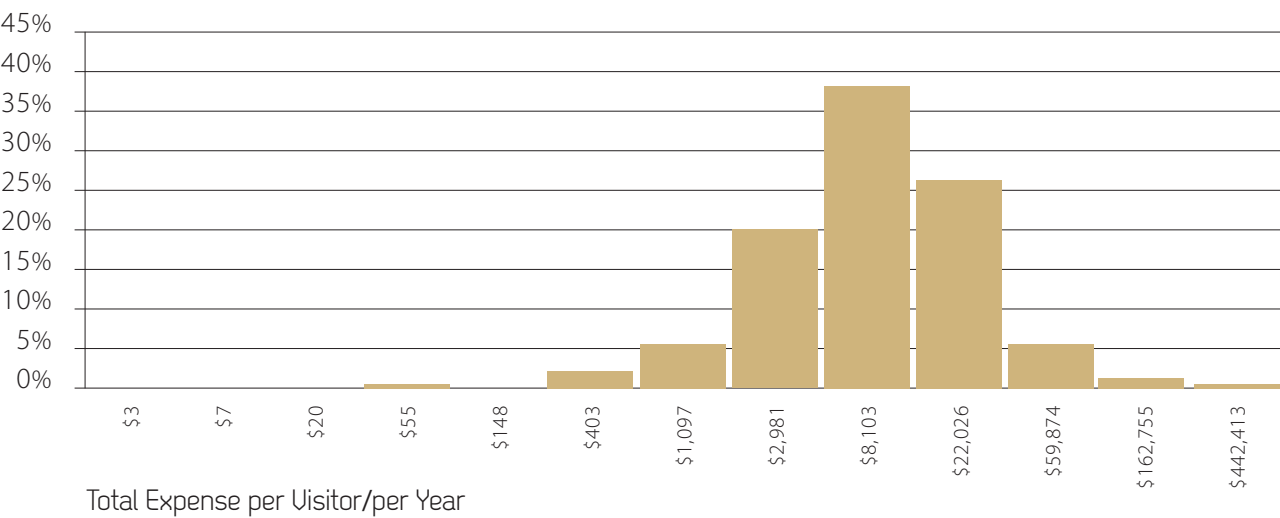
¹⁸ As a point of reference: In 2013, over 950,000 tourists visited the Clearwater area last year (source: www.tbnweekly.com/pubs/clearwater_beacon/.../070214_clw-01.txt?).

FIGURE 5
Annual Amounts Spent on Lodging
by Church Visitors in the Clearwater Area, 2013



The annualized average expense for lodging is \$4,699 per visitor annually.

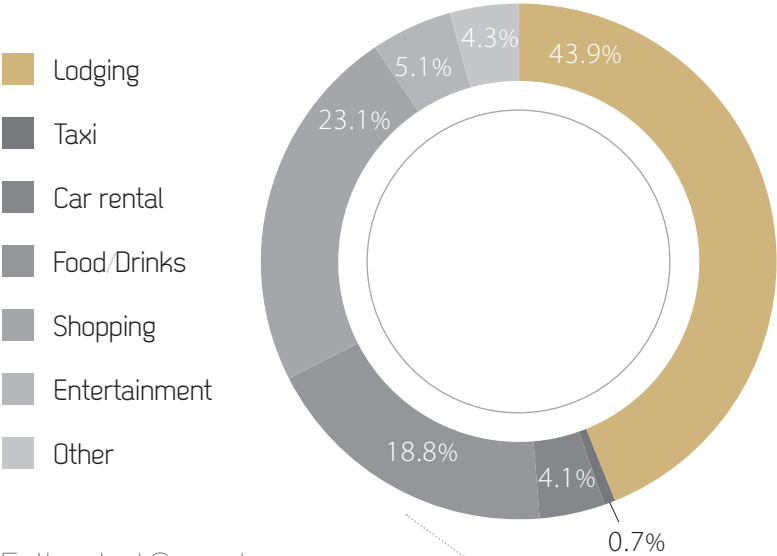
FIGURE 6
Estimated Annual Spending per Church Visitor
in the Clearwater Area, 2013



In addition to lodging expenses, additional expenses such as taxi fare and/or car rental, food, shopping, entertainment and other expenses, based on the survey, total average annual spending per visitor is \$9,304.



FIGURE 7
 Percentage Annual Total Spending per Church Visitor
 in the Clearwater Area, 2013



Estimated Annual
 Visitor Expenditures
 Relative by Category

About 44 percent of visitor
 expenditures are spent on lodging,
 followed by shopping (23 percent)
 and food & drink/restaurants
 (19 percent).

FIGURE 8
 Annual Total Spending per Church Visitor
 in the Clearwater Area, 2013

Estimated Annual
 Visitor Expenditures

Based on extrapolation of the survey responses to the
 total annual Church visitor population, the estimated
 total annual expenditures based on a visitor population
 in 2013 of 9,148 visitors, was estimated at \$85.1 million.

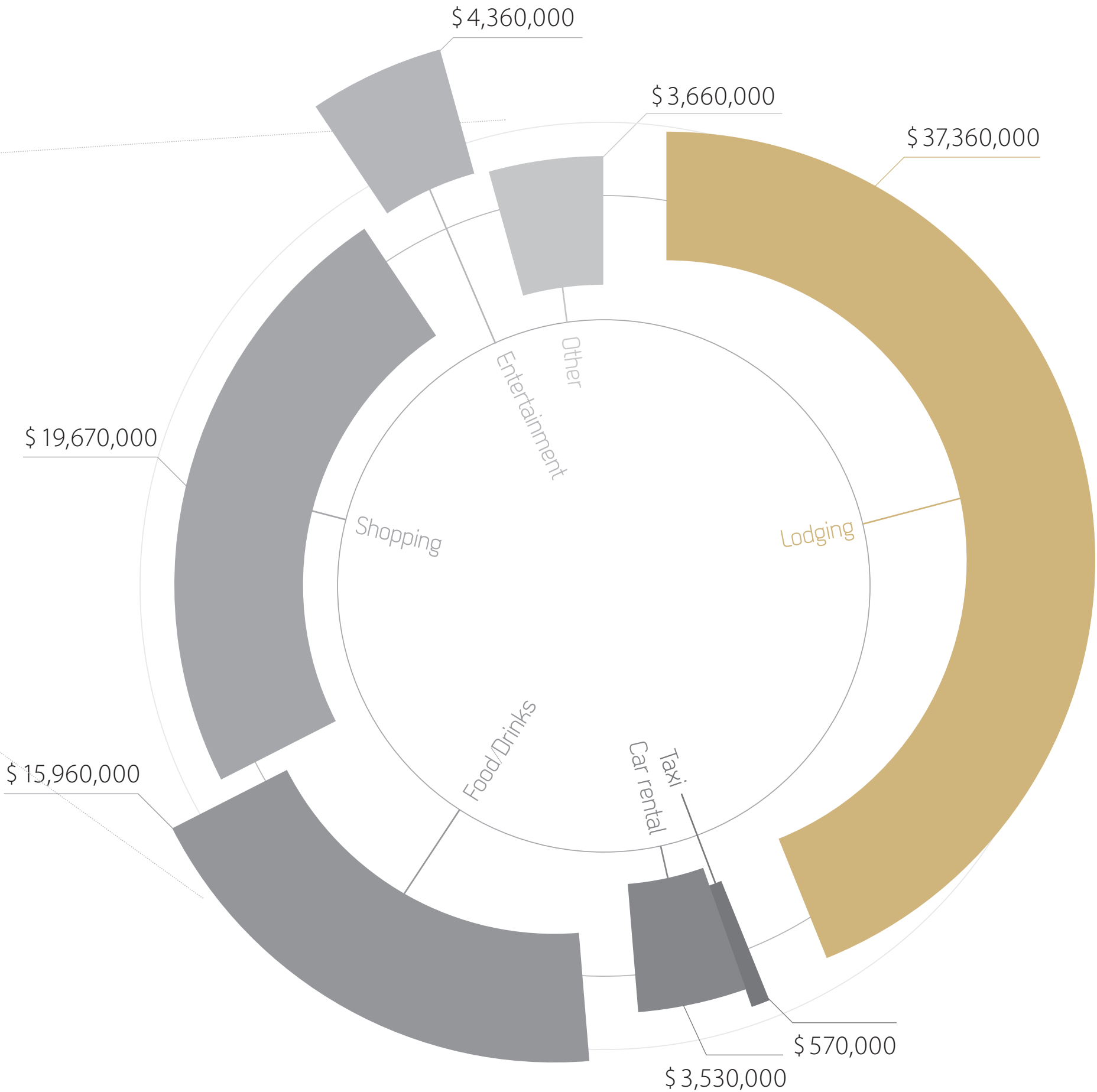


FIGURE 9
Frequency of Income Ranges of Visitors
in the Clearwater area, 2013

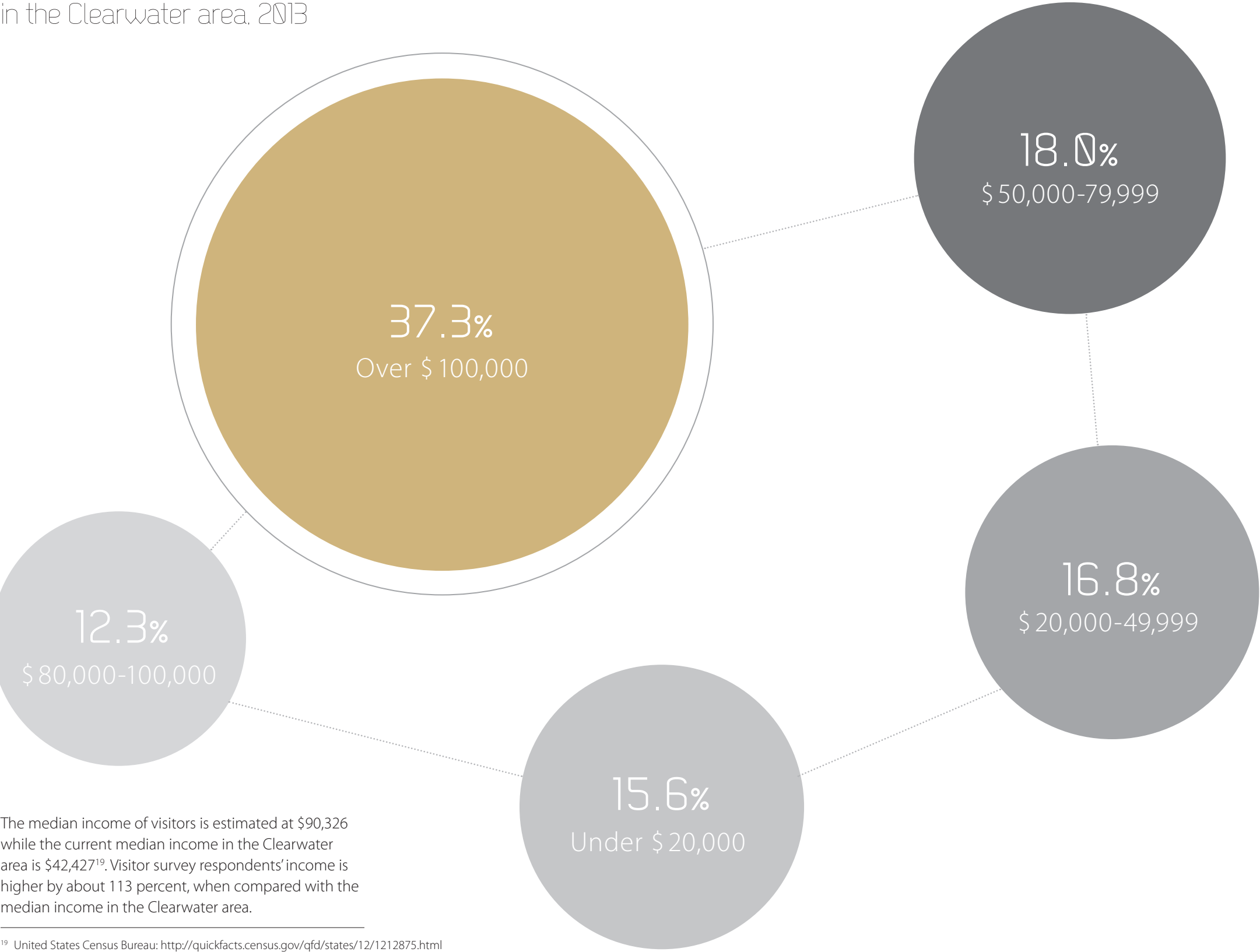
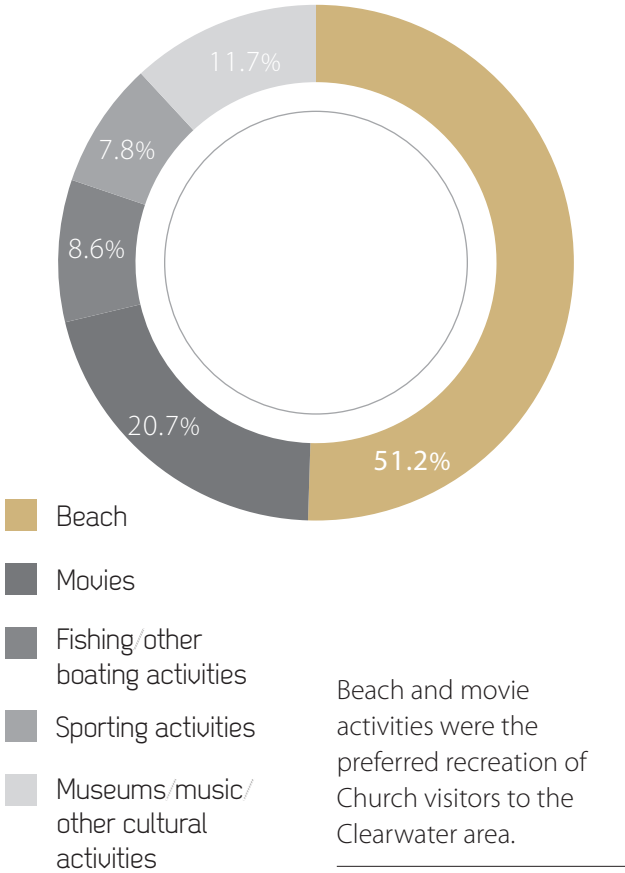


FIGURE 10
Recreation/Entertainment Activities of Visitors
in the Clearwater Area, 2013

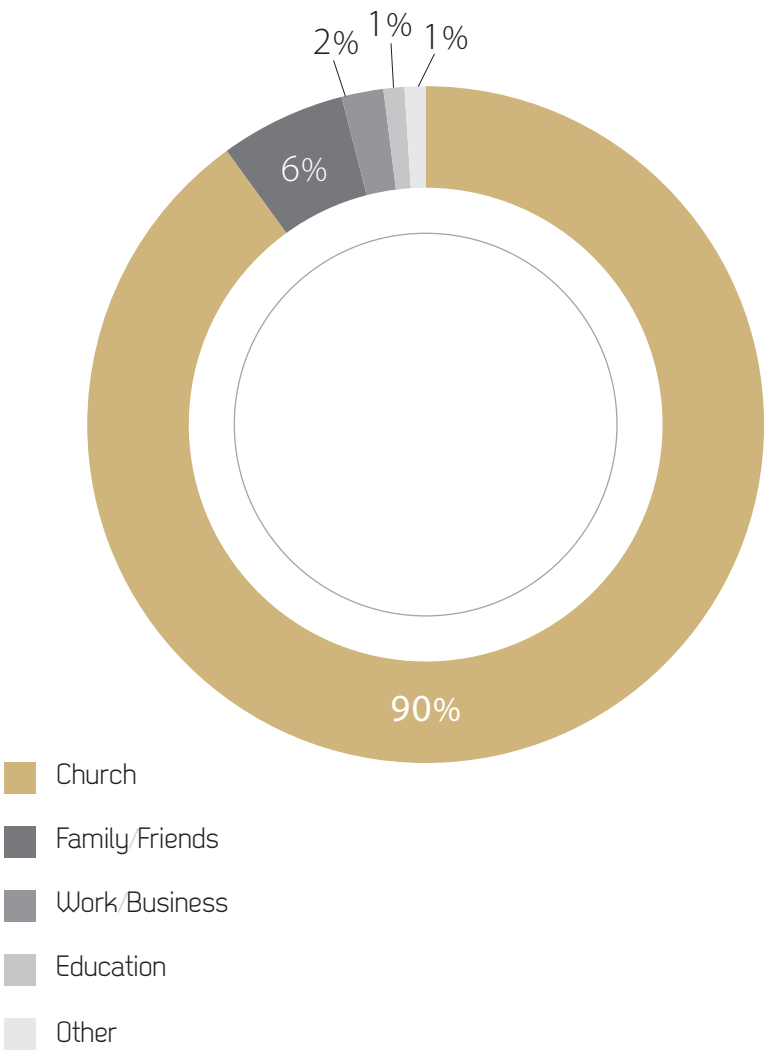




Reception and waiting rooms are provided for the thousands of Scientologists from around the world who come to Flag to participate in religious services.

B. Church Residents' Survey Results

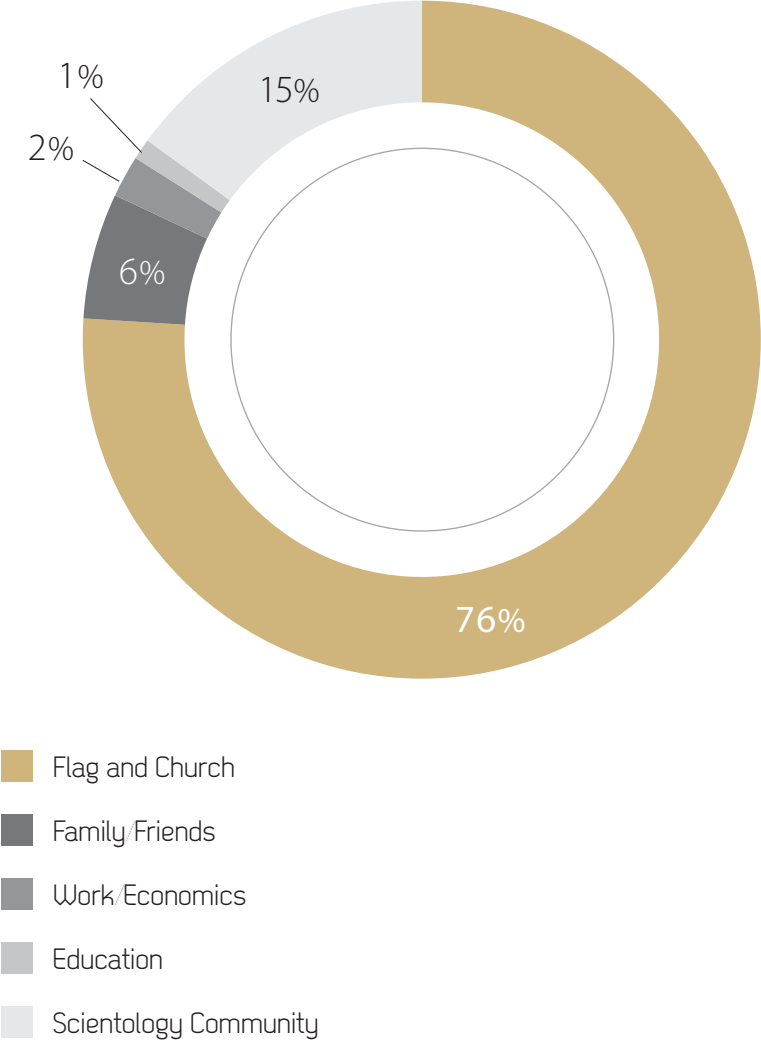
FIGURE 11
Reason for Church Residents Moving to the Clearwater Area



More than 90 percent of the residents surveyed state that the primary reason for living in Clearwater is their proximity to the Church and the strong community of Scientologists.²⁰

²⁰ Based on the residents' survey, Pinellas County is home to about 98 percent of Church residents. Hillsborough has just under 2 percent, and Pasco is less than 0.5 percent. These survey results for residents do not best reflect the true residential population which are also distributed outside the Clearwater area. The research team obtained actual data on residents from the Church and applied the resident percentages (by zip code) in the analysis.

FIGURE 12
Church Residents' Reason for Living
in the Clearwater area



Scientology Religious Training course
rooms in the Flag Building

FIGURE 13
Location of Church Residence in the Clearwater Area*

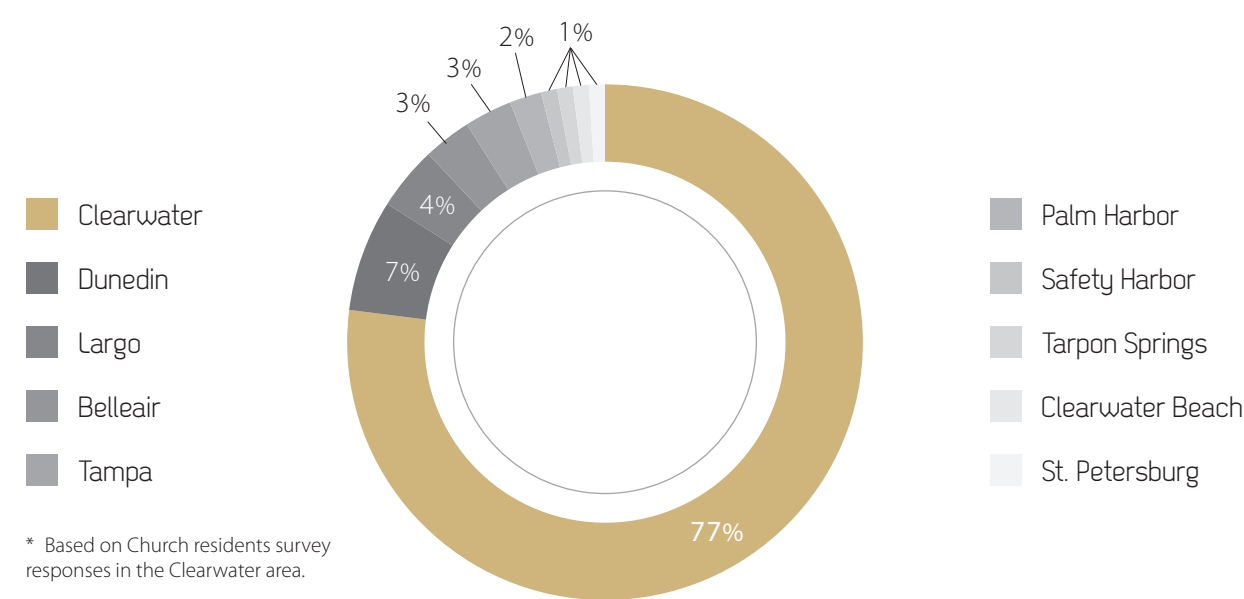


FIGURE 15
Average Value of Church Residents' Homes

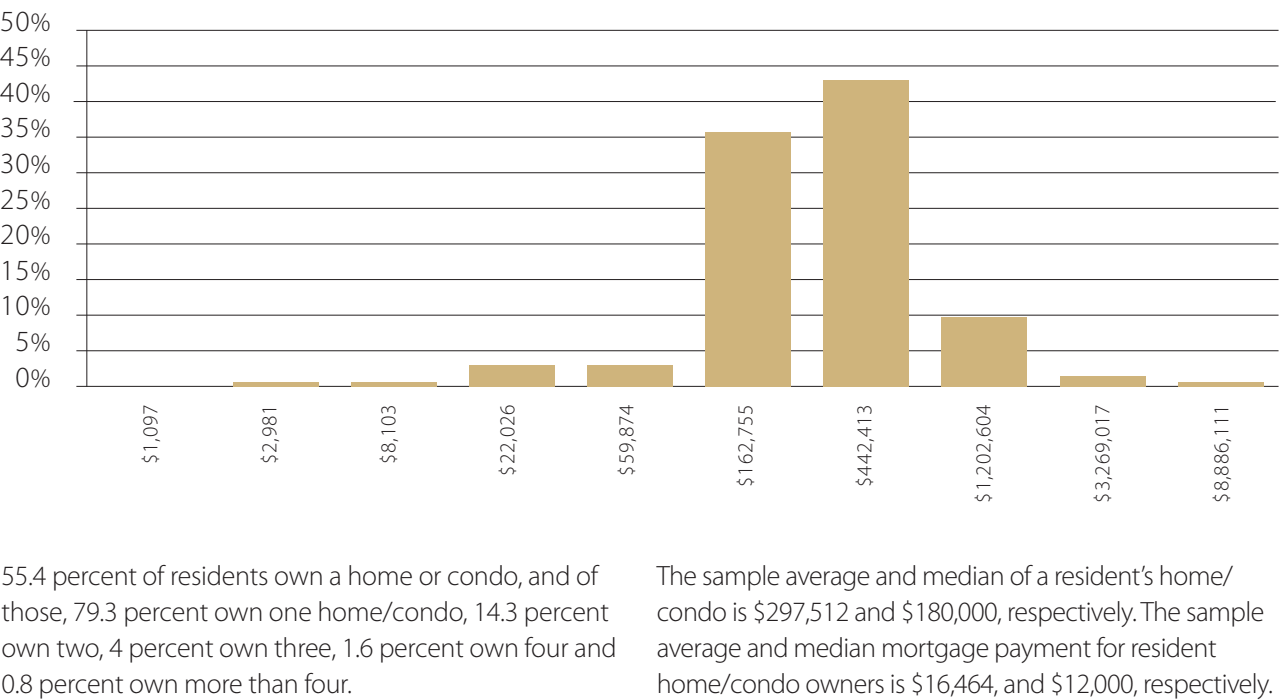


FIGURE 14
Church Residents Number (and Percent) of Children in Family

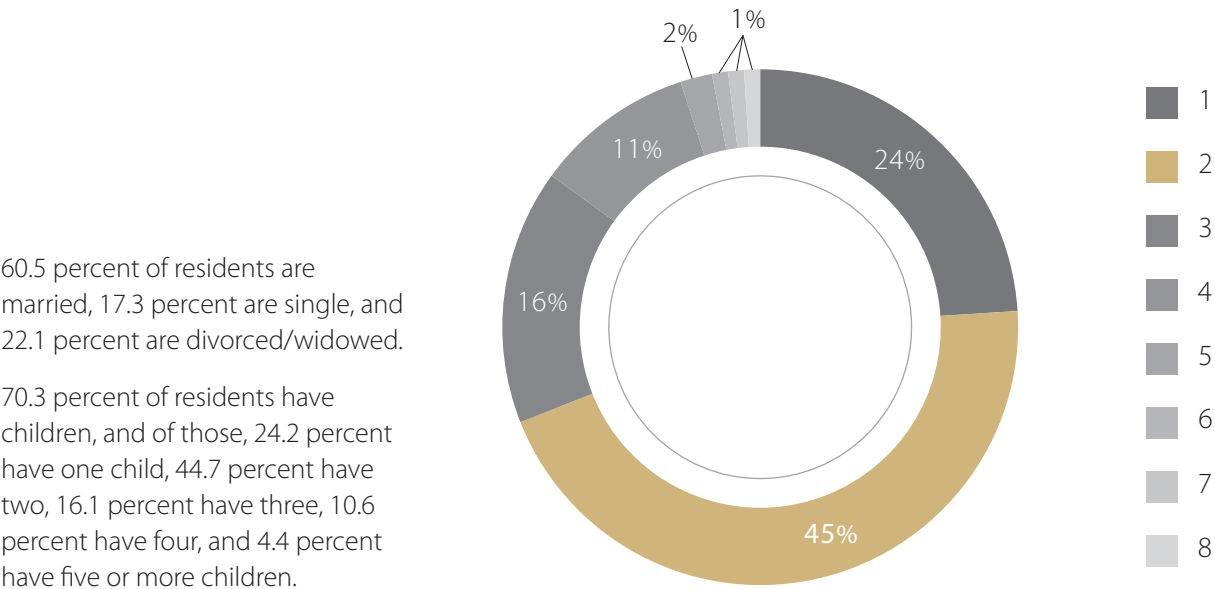
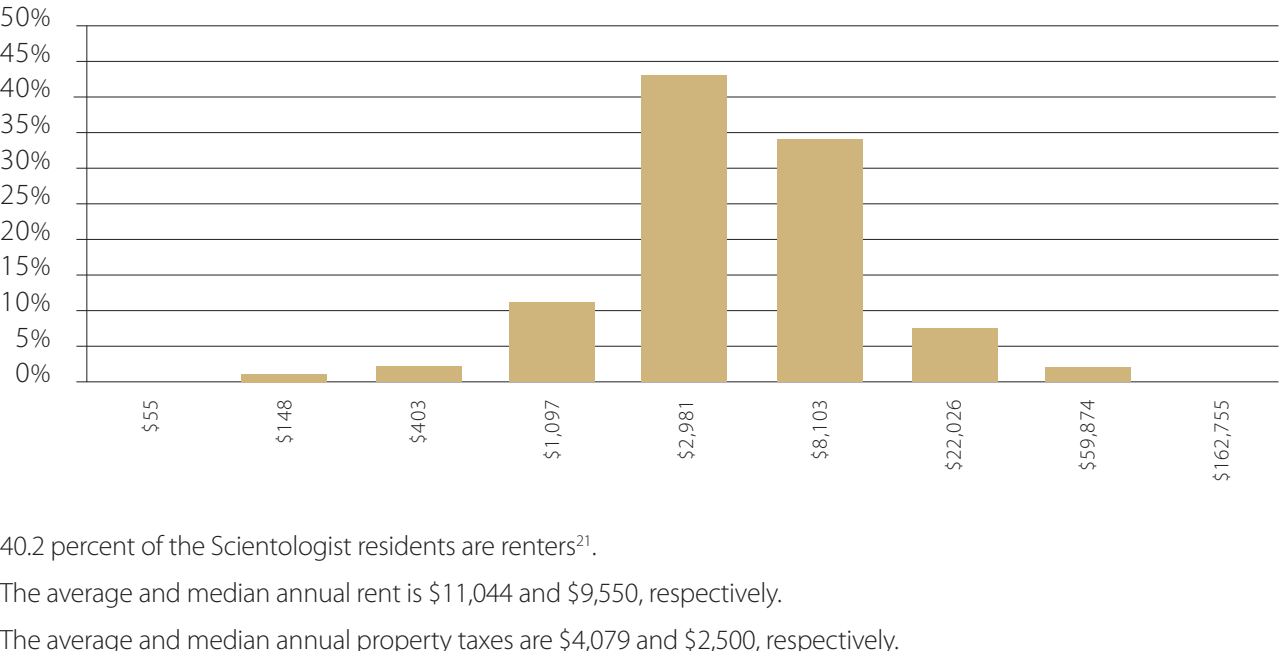
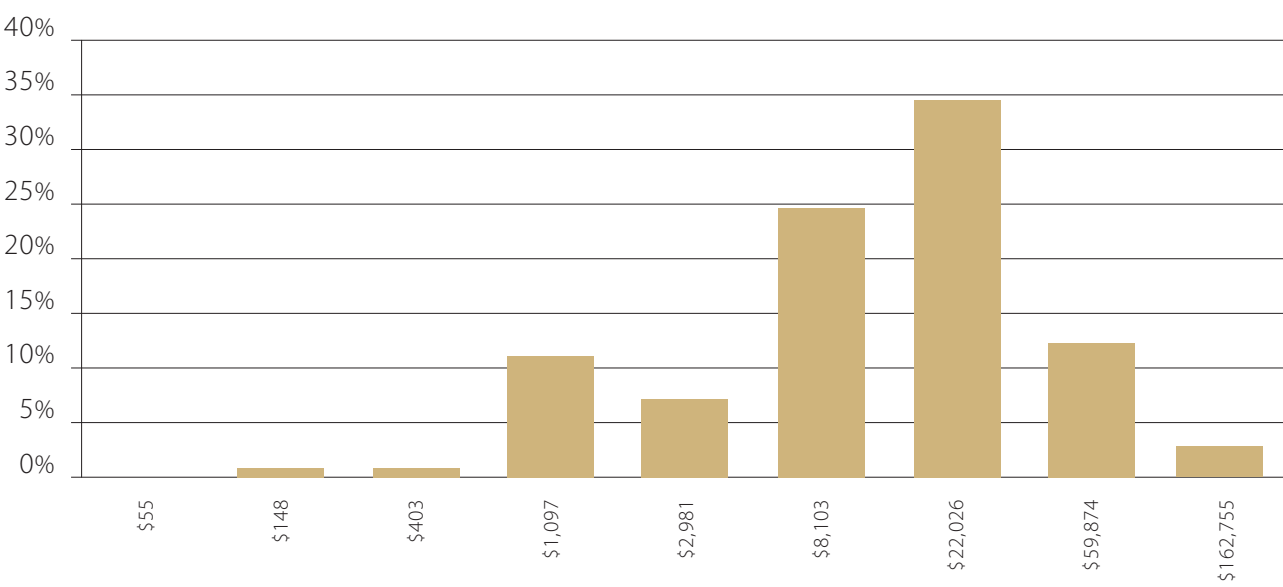


FIGURE 16
Church Residents Annual Property Taxes Paid



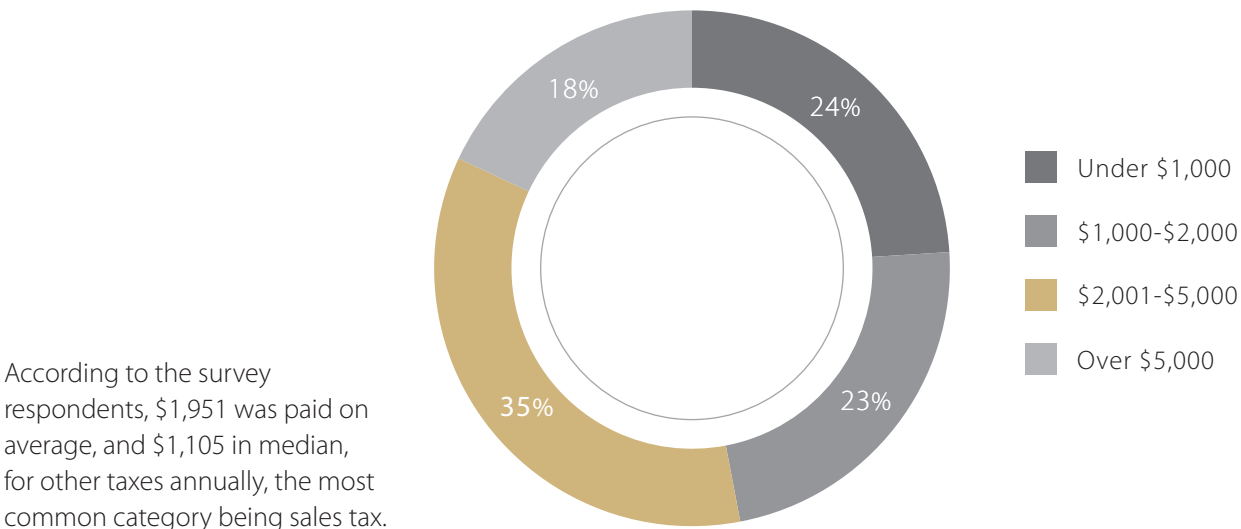
²¹ It should be noted that there were some Church residents who responded that they both own/rent.

FIGURE 17
Church Residents Annual Income Taxes Paid



The average and median annual income taxes are \$17,966 and \$9,000, respectively.

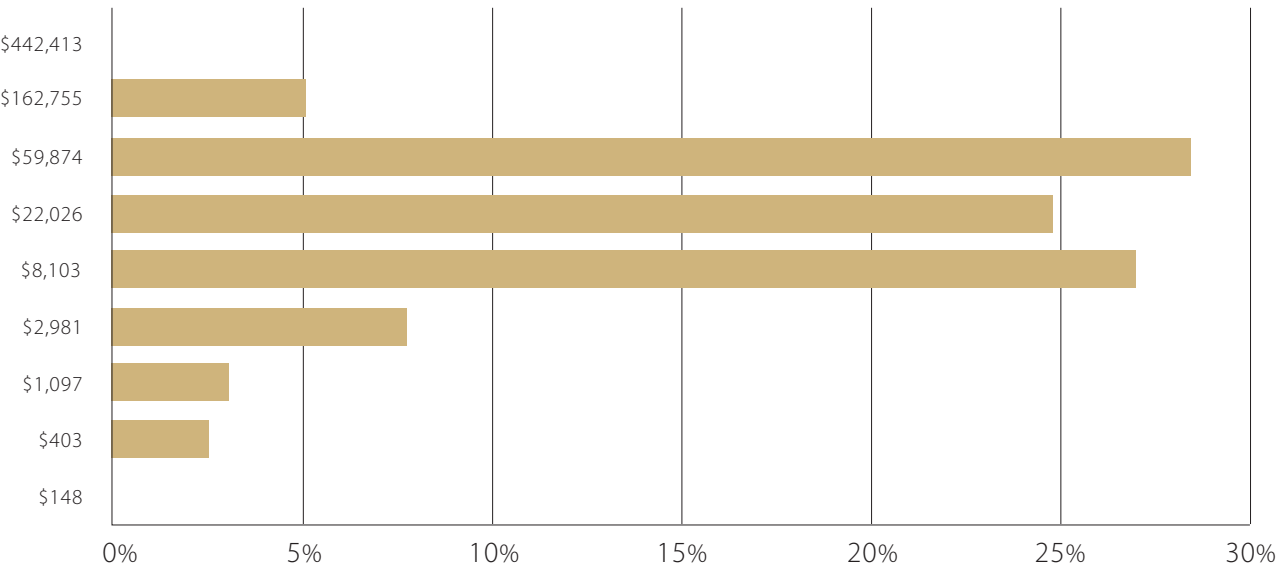
FIGURE 18
Church Residents Annual Other Taxes Paid



According to the survey respondents, \$1,951 was paid on average, and \$1,105 in median, for other taxes annually, the most common category being sales tax.



FIGURE 19
Church Residents Cost of Own Vehicle



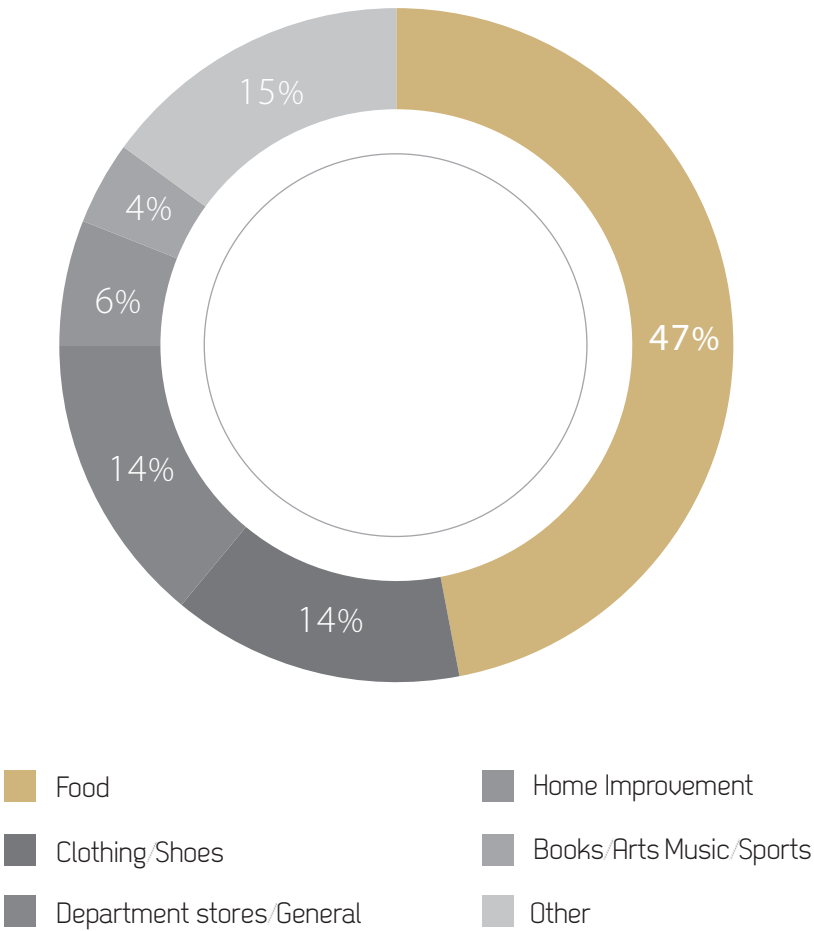
Only 4.1 percent of residents take taxis.
Taxi: 4.1 percent of resident users, annual median extrapolated sample expenditure: \$520.

4.4 percent of residents rent a vehicle; of those, 36 percent rent for at least 7 days and 82 percent rent for at least 2 days.



The West Terrace is one of many gathering places for parishioners participating in religious services.

FIGURE 20
Church Residents Shopping Preferences



66.1 percent of residents eat at a Flag restaurant with 13.7 percent eating there one time per day.

76 percent of residents eat at an outside restaurant, 20.3 percent of those being once a day.

61.6 percent of residents eat at both a Flag restaurant and an outside restaurant.

93.7 percent of residents buy and prepare their own food.

The most common places for shopping for residents are food stores (47 percent), clothing/shoe stores (14 percent), and department/goods stores (14 percent).

FIGURE 21

Church Residents Activity Participation

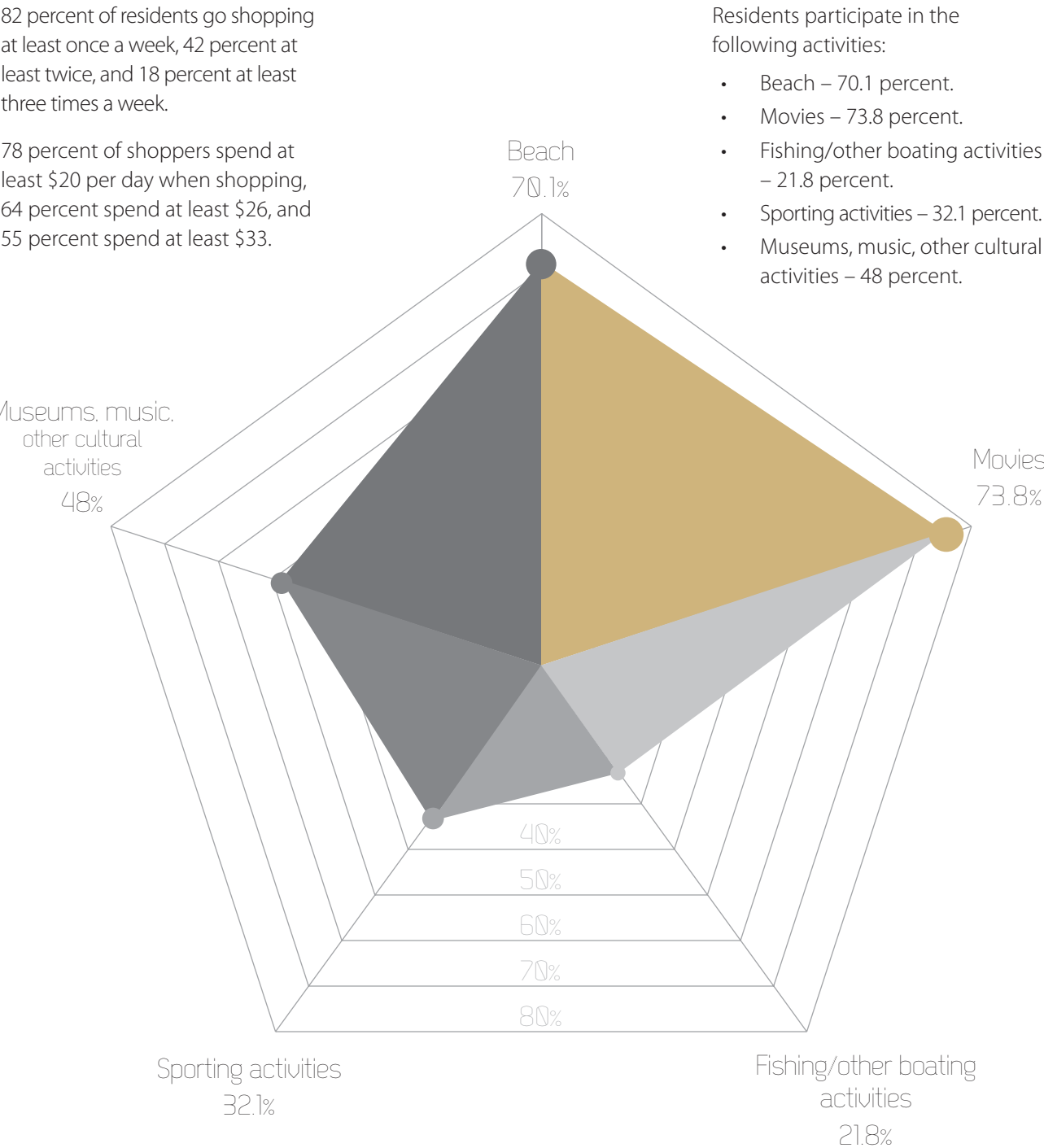


FIGURE 22

Church Residents Annual Spending on Recreation Activities

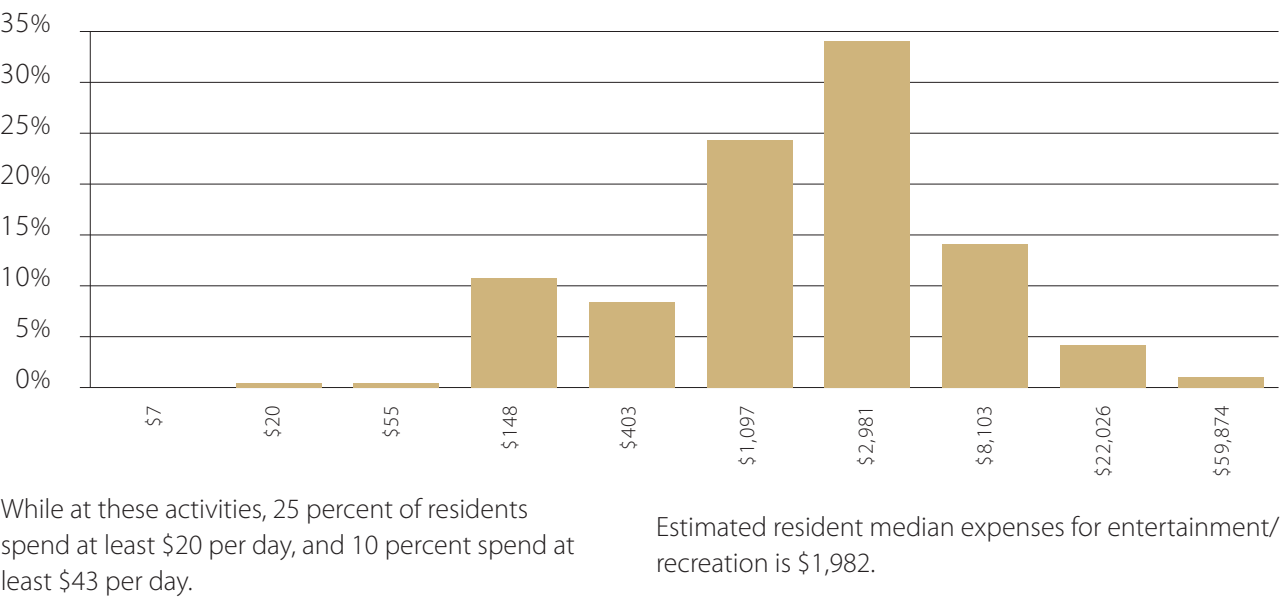


FIGURE 23

Church Residents Annual Household Expenses

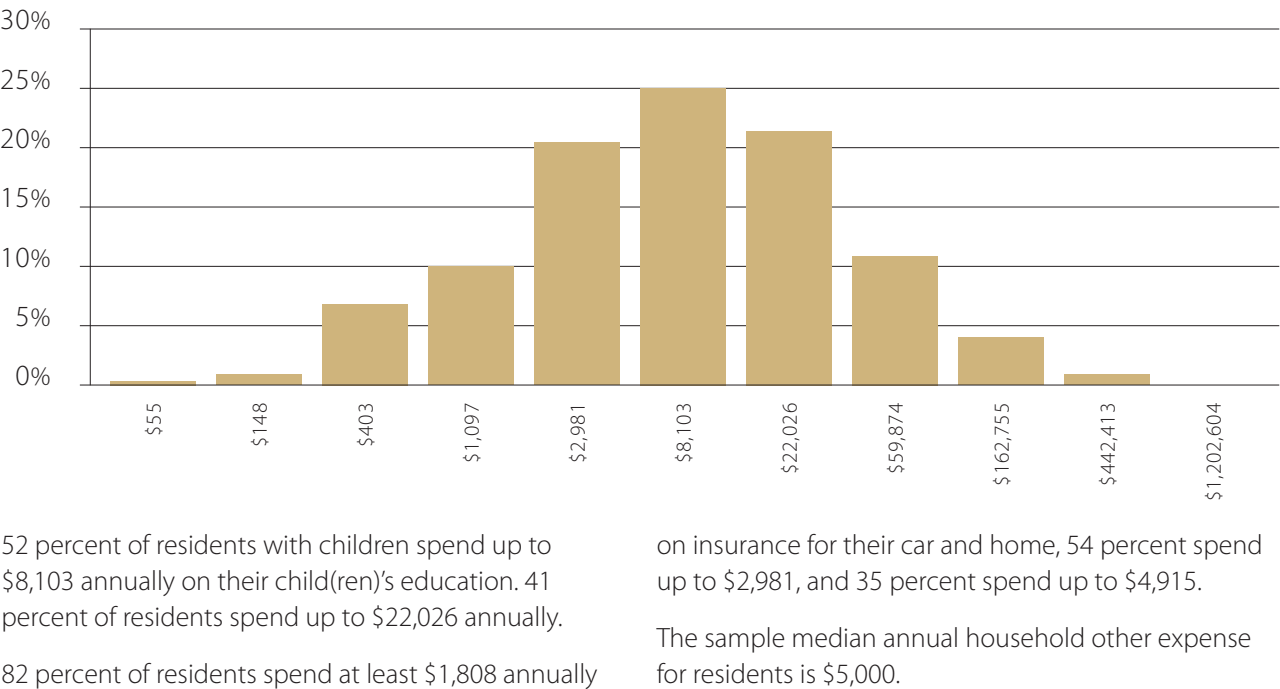
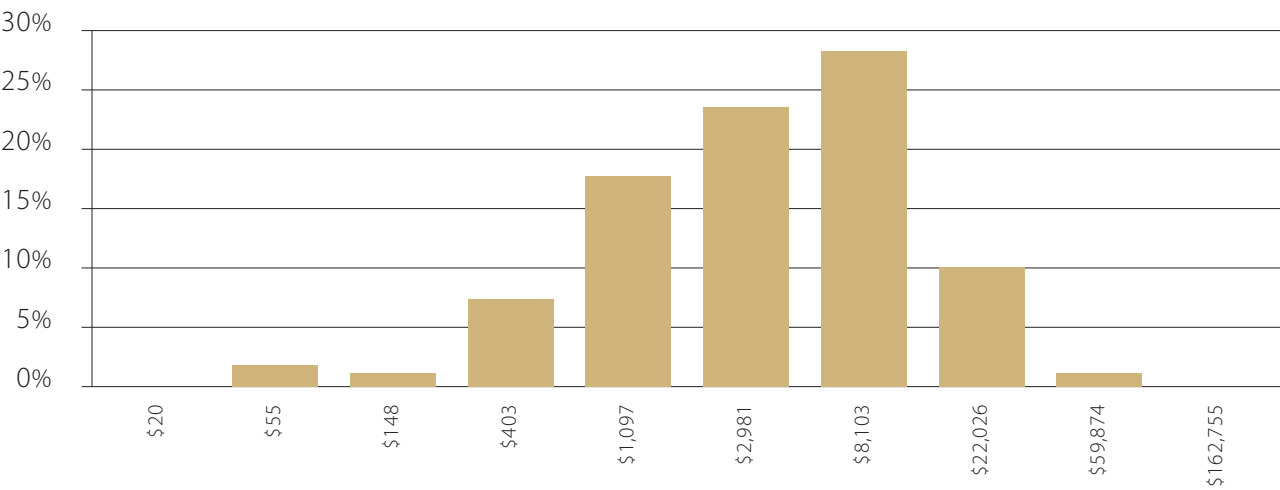
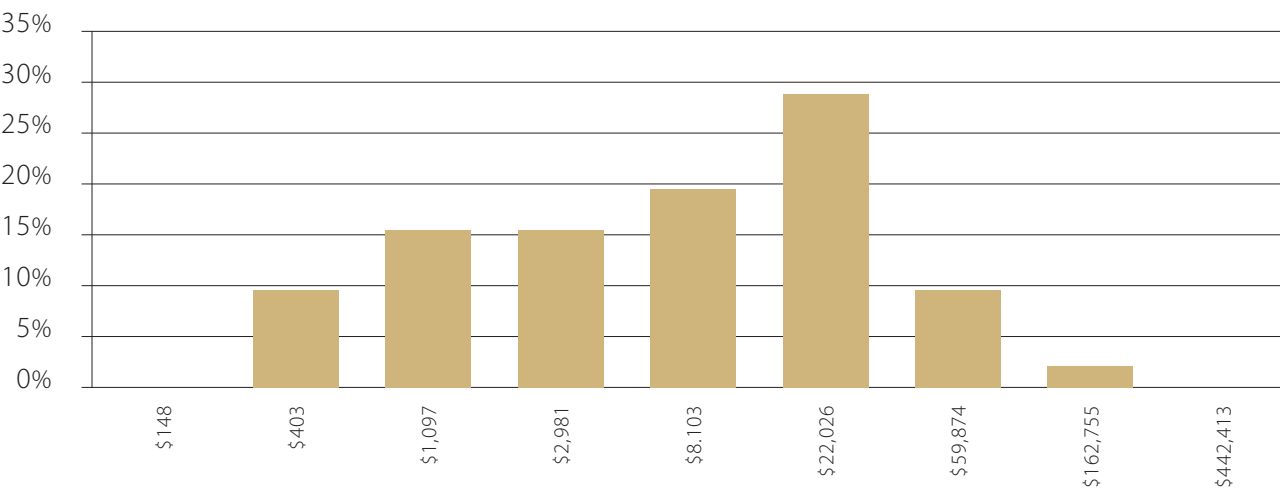


FIGURE 24
Church Residents Annual Travel Expenses



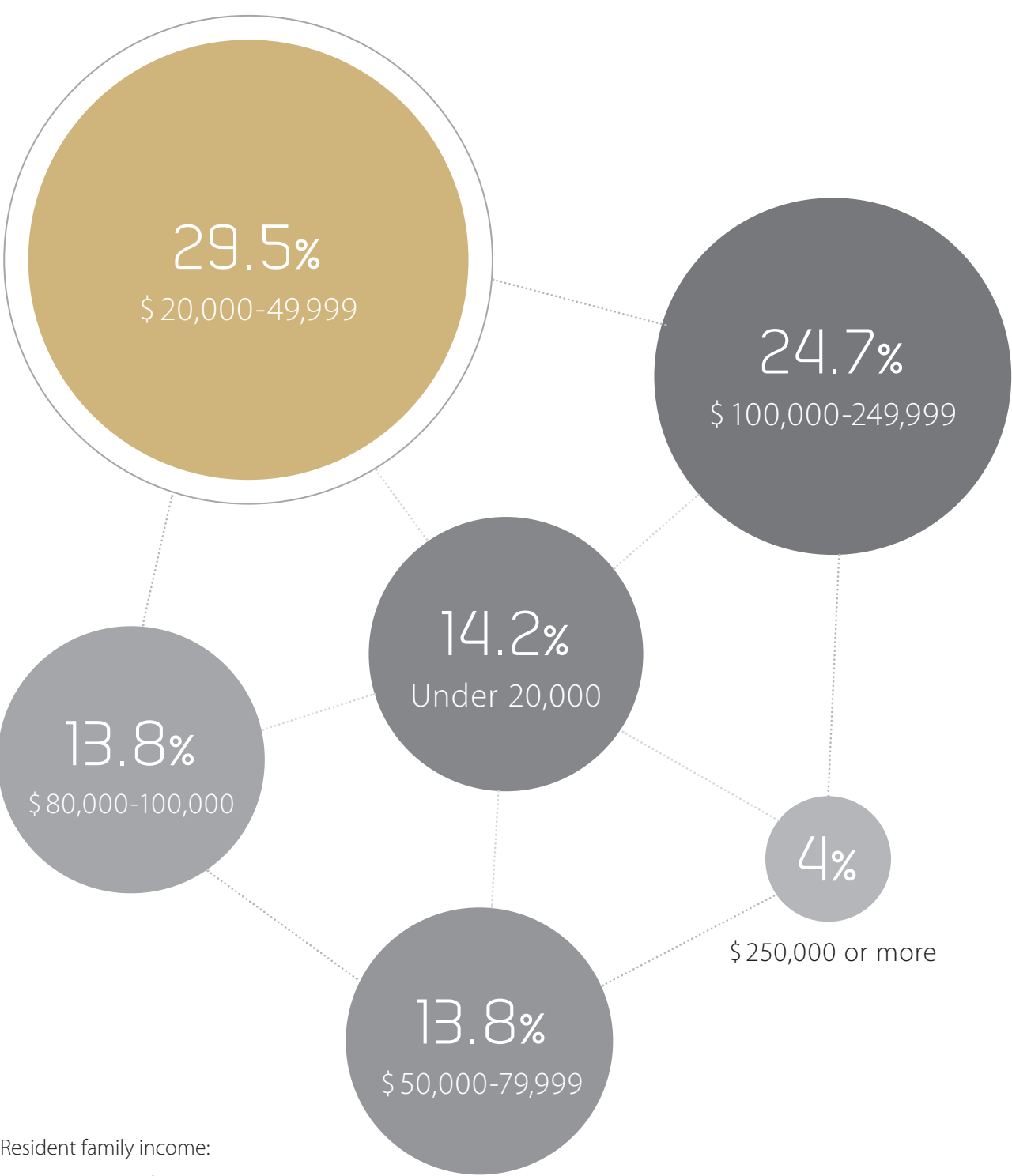
Scientologist residents median spending on travel is \$2,400 each year.

FIGURE 25
Church Residents Annual Education Expenses



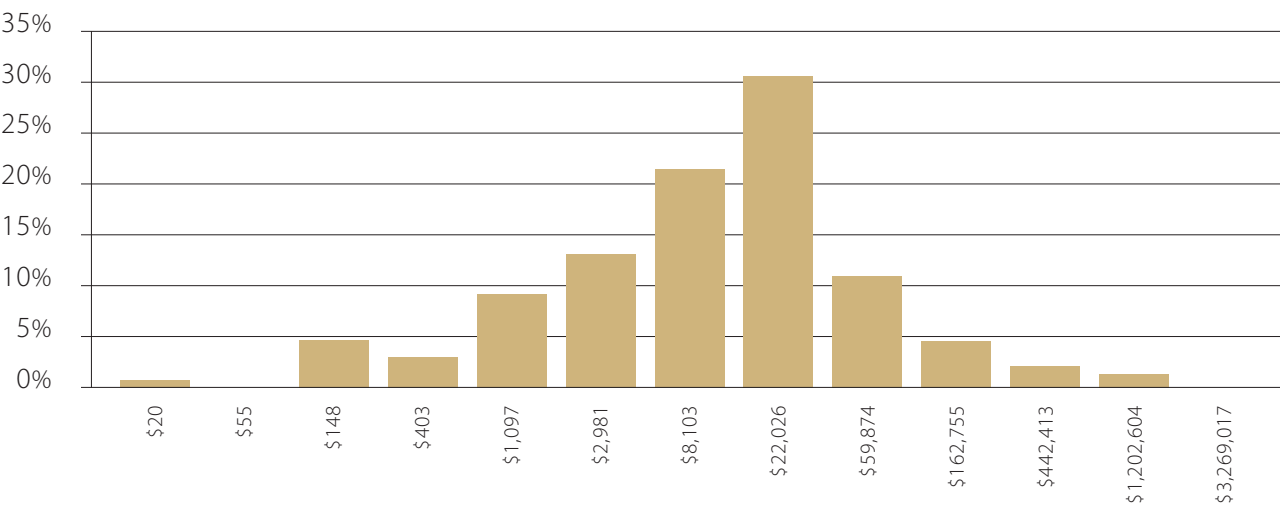
Average expense on education for residents is \$9,809 each year.
Total expense on education for resident population is estimated at \$95,761,137.

FIGURE 26
Church Residents Annual Income (Family)



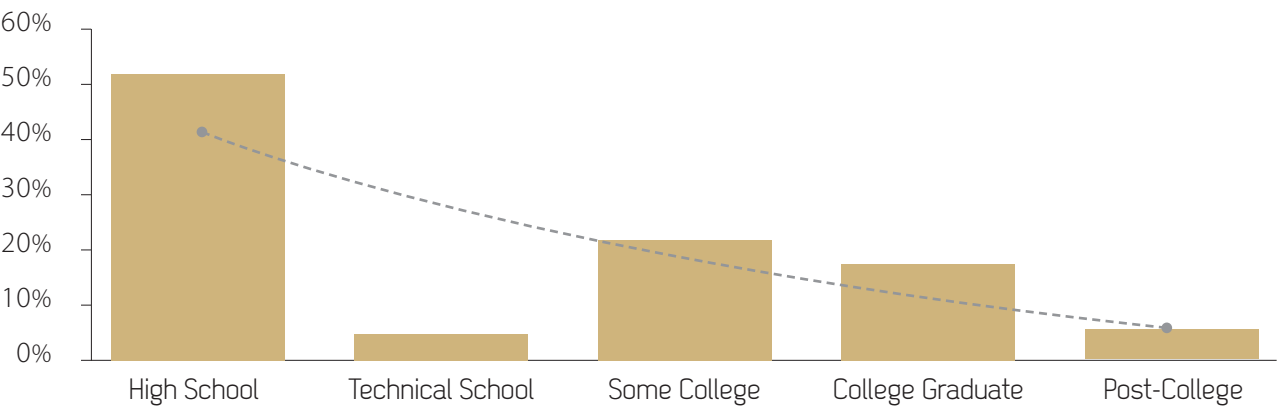
Resident family income:
Median Income: \$63,675.

FIGURE 27
Church Residents Estimated Annual Donations



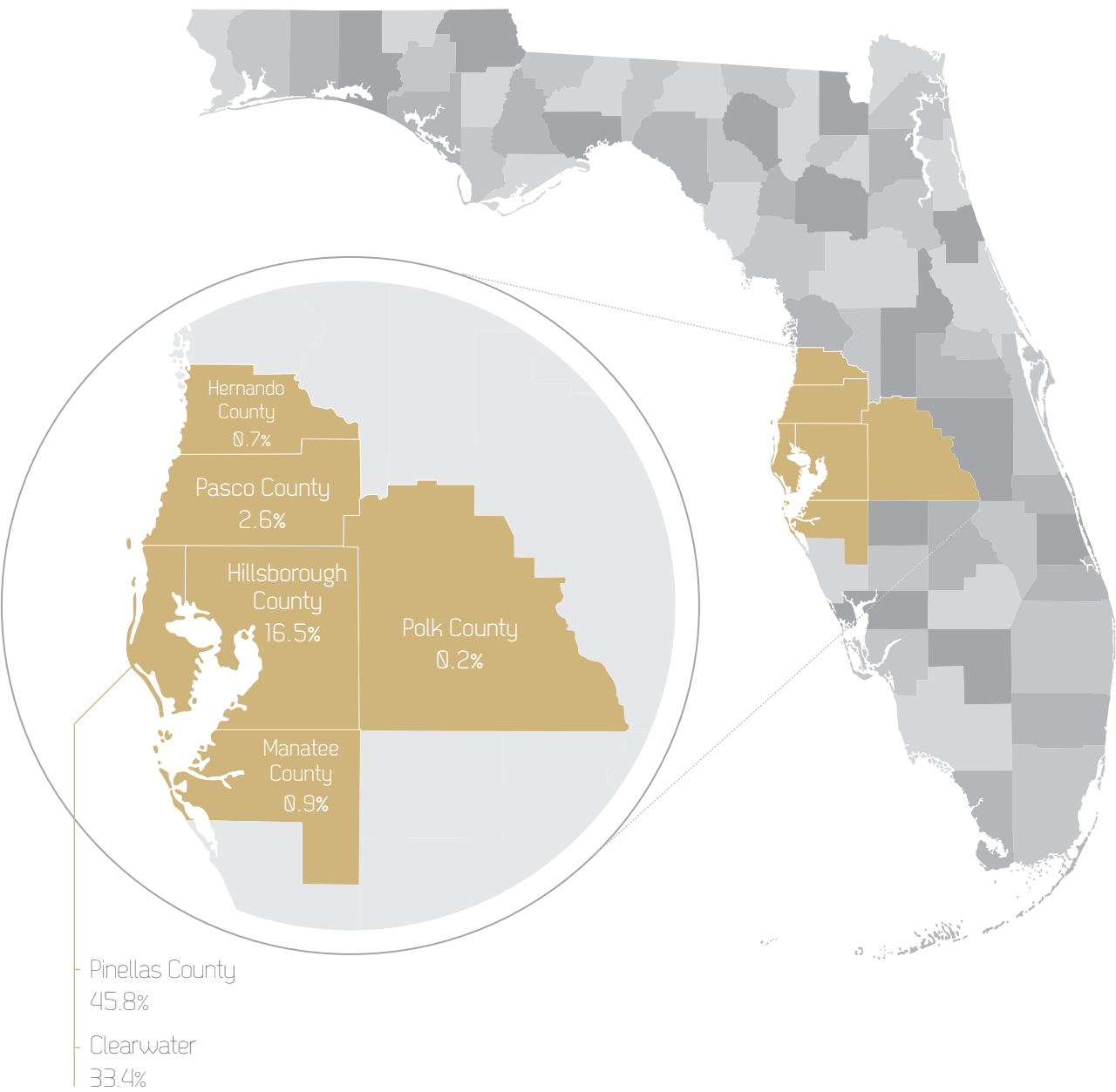
- Charity/Donations:
- The sample median of Church residents donations is \$9,000 each year.
 - Annual median donations to the Church are \$8,000, with additional annual median donations of \$1,000 to other causes.
 - Total resident donations were \$87,867,000 last year to the Church and other causes.

FIGURE 28
Church Residents Minimum Education Level



- Education:
- 10.4 percent of residents have a high school education.
 - 50.8 percent have at least a high school education.
 - 4.9 percent have had some level of technical school.
 - 21 percent have had at least some college education.
 - 18.2 percent are at least college graduates.
 - 5.1 percent have had some graduate college study.

FIGURE 29
Church Residents Home Location*



- According to the survey responses, 56 percent of Church residents are female.
- According to the resident survey responses, the resident's previous religion:
- Catholic (29 percent), Protestant (25 percent), None (22 percent), Jewish (11 percent), Christian (11 percent).
 - About 10.4 percent of residents practice other religions.

* Based on ZIP codes.

FIGURE 30
Church Residents Spending Type
Breakouts of Total Annual Expenses
in the Clearwater Area

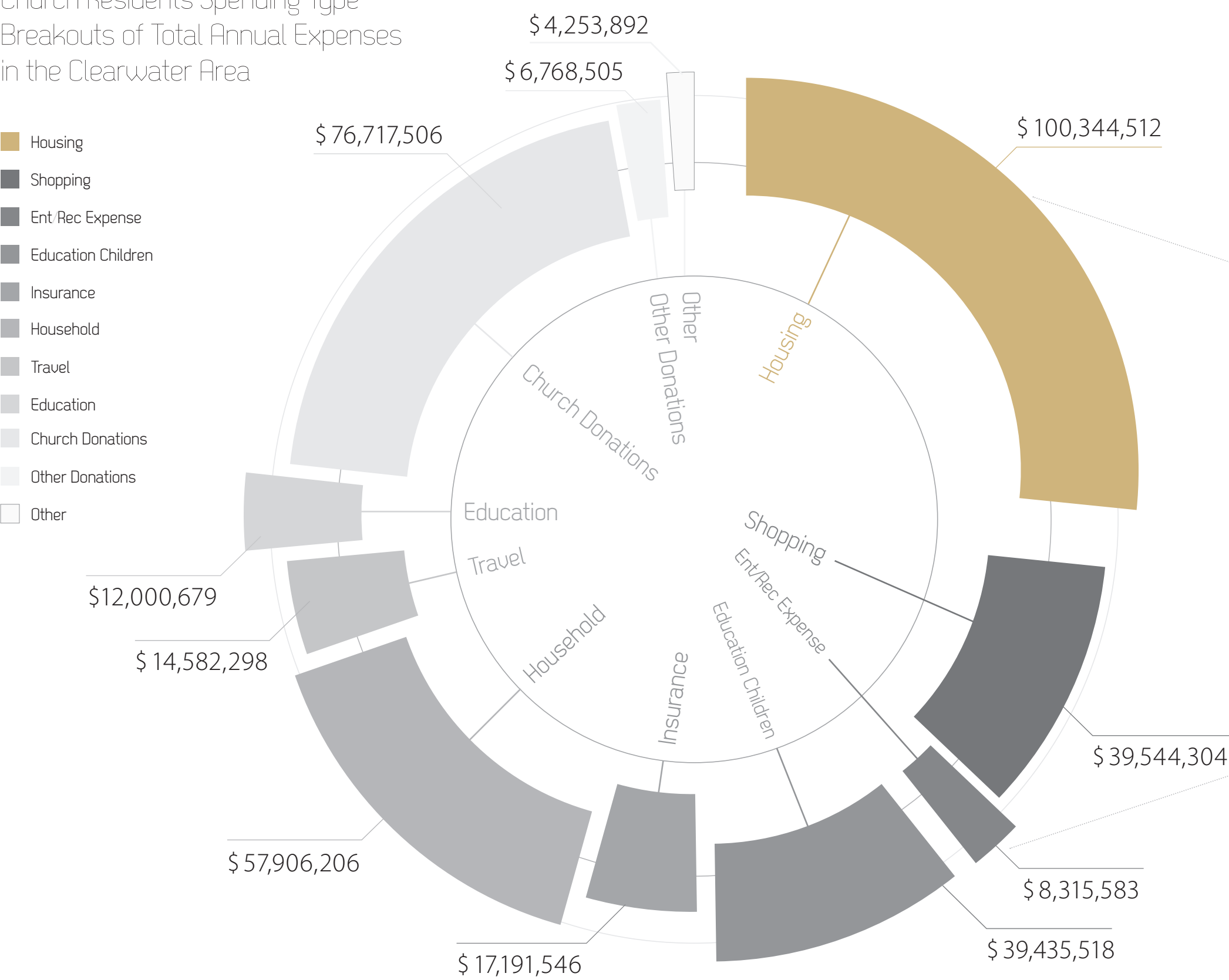
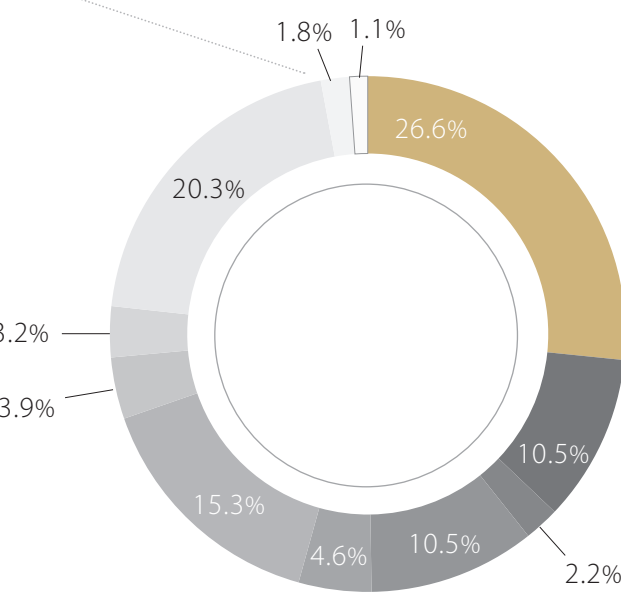


FIGURE 31
Church Residents Percentage
Breakouts of Total Annual
Expenses in the Clearwater Area

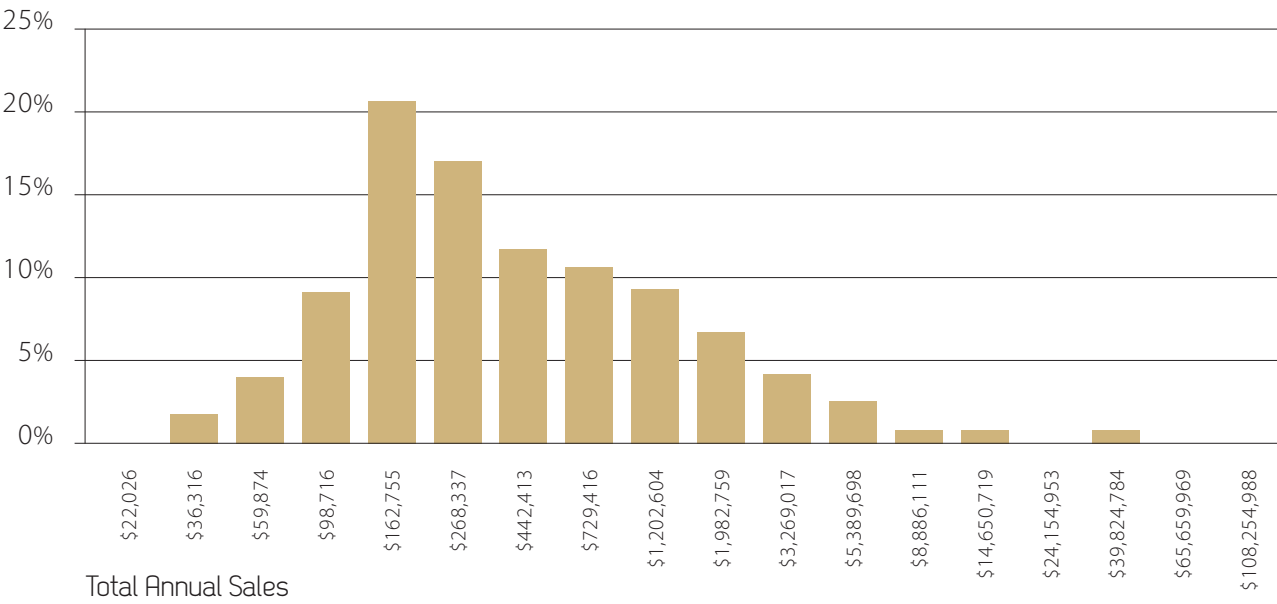


C. Scientologist Owned Business Survey Results

In 2013, there were approximately 262 businesses owned by Scientologists in Clearwater and immediate surroundings and Clearwater neighboring communities.²² While the Church contacted the majority of businesses for the purpose of collecting data on business demographics and expenditures, only 33 Scientologist-owned businesses provided responses to the survey. The CEFA research team next matched the initial business list of 262 businesses²³ with their

National Establishment Time Series (NETS) business database of businesses²⁴ and MANTA,²⁵ in order to match the business location, years in business, business type, and sales/revenues and number of employees, with the 33 business survey respondents. The final list of business respondents and NETS businesses was compiled by CEFA, and when matched with available sales/revenues and employee data, totaled 222.

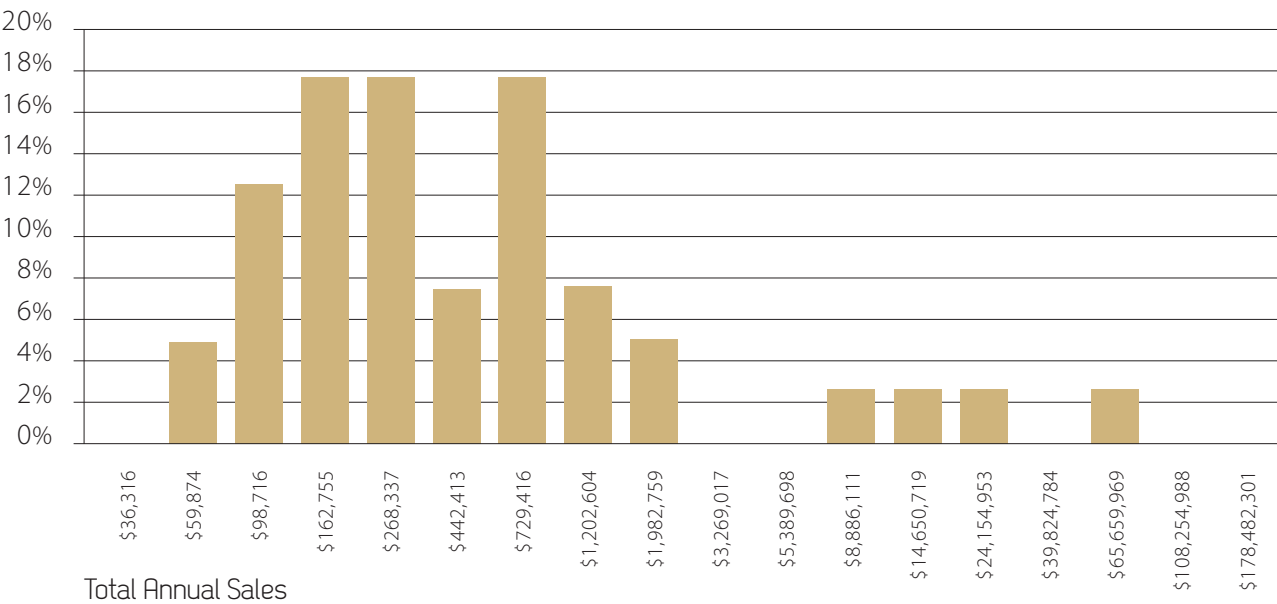
FIGURE 32
Scientologist Owned Business Sales/Revenues
in Clearwater Immediate Surroundings



The total sales/revenues for Scientologist owned businesses in Clearwater and the surrounding area were \$178,404,053.

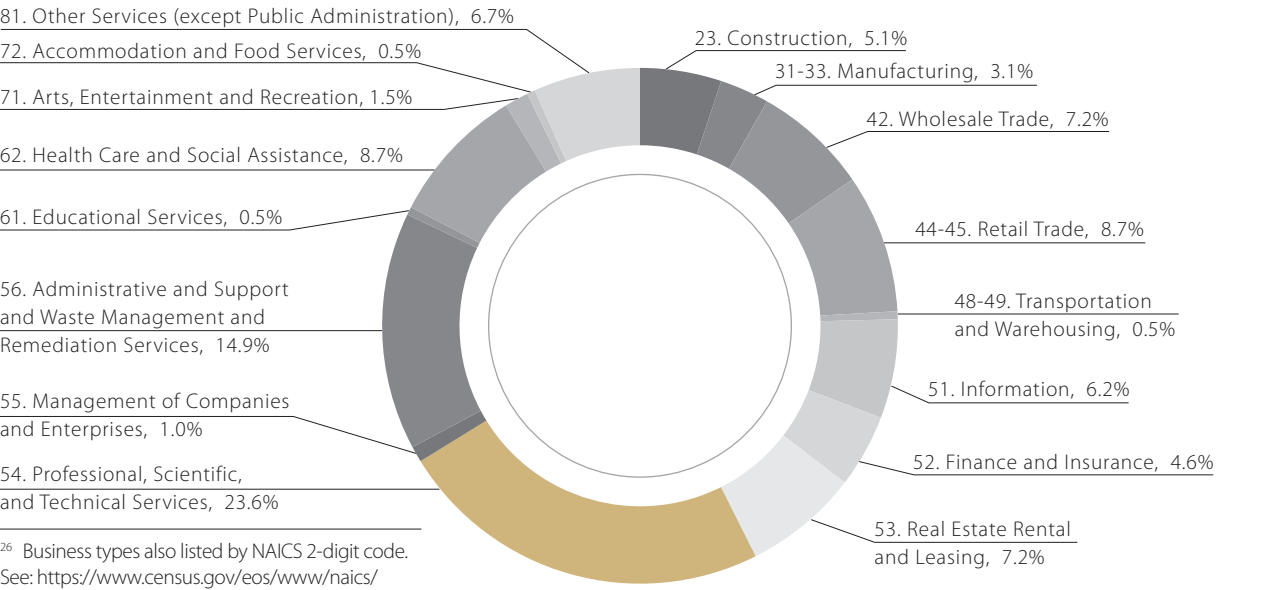
²² The initial Church business list was based on a Church business association directory, provided by Ms. Pat Harney, Public Affairs Director, Church of Scientology Flag Service Organization.
²³ The Church provided a list of 262 unique businesses derived from several Church business association lists.
²⁴ The NETS data is based on Dun & Bradstreet data of businesses and is comprised of numerous sources including trade, banking, court and legal filings, business Internet data, business registries, newspapers/publications, telephone interviews, company financials, and D&B customer experiences, among others. The NETS data provides detailed business-related data at the 8-digit SIC (Standard Industrial Classification), and 6-digit NAICS (North American Industry Classification System), level of detail. NETS is managed by Don Walls, LLC.
²⁵ See: www.manta.com

FIGURE 33
Scientologist Owned Business Sales/Revenues
in Clearwater Neighboring Communities



The total sales/revenues for Scientologist owned businesses in Clearwater neighboring communities were \$149,141,295.

FIGURE 34
Percentage of Scientologist-Owned Business Types²⁶
in the Clearwater Area



²⁶ Business types also listed by NAICS 2-digit code. See: <https://www.census.gov/eos/www/naics/>



The Fort Harrison Religious Retreat was renovated top to bottom and re-opened in March 2009, bringing it to a lustrous state.

SECTION III. Community Service

The survey distributed to Church residents during this study included a question as to the extent that residents engaged in charitable donations. Residents responded that in 2013, they contributed about \$58.5 million in charitable donations to the Church and other categories in the neighboring Clearwater area. The amount of charitable donations was then included in the economic impact analysis. However, based on the surveys, the research team was unable to quantify, at this time, the value of the substantial community services provided by Church parishioners to the community. The following is an anecdotal, or qualitative assessment, of those non-tangible contributions.

The Church is very active and supportive of philanthropic endeavors and Clearwater area community service projects. Some projects and events that the Church staff and parishioners have hosted and/or provided volunteer assistance, or directly donated to, are the following:

- The Clearwater Jazz Holiday
- Sunscreen Film Festival
- Beth Dillinger Foundation
- Boys and Girls Clubs
- Boy Scouts of America (Calusa District)
- Capitol Theater (Ruth Eckerd Hall)
- CASA (Community Action Stops Abuse, center for abused women)
- Charity Works
- The Children's Home of Tampa
- Clearwater City Ballet
- Clearwater Free Clinic
- Hispanic Outreach Center
- Homeless Emergency Project
- Humane Society
- Intra-Cultural Advocacy Institute (help immigrants become self-sufficient)
- Keep Hillsborough County Beautiful
- Lillette Jenkins-Wisner Arts Foundation
- Make-A-Wish Foundation
- Martin Luther King Neighborhood Coalition
- Men of Vision
- Nourish to Flourish
- Outdoor Arts Foundation
- PACE Center for Girls
- The Red Cross
- Religious Community Services
- Shriner's Hospitals
- A Spiritual Change
- UPARC
- Willa Carson Health and Wellness Center
- Ybor City Historical Museum Society

Some of the activities routinely hosted by the Church at the Fort Harrison (since the re-opening in 2009) include:

- Theme dinners
- Chef's Showcase
- Theatrical performances
- Concerts – Broadway, jazz, dance, comedy
- Fashion shows
- Book exchange
- Cocktail parties
- Film screenings
- Awards banquets
- Community acknowledgement luncheon
- Human rights round table
- Education round table
- 4th of July celebrations
- Charity tea parties
- Mystery dinner theater
- Drug education briefings
- Brunches
- Dance parties

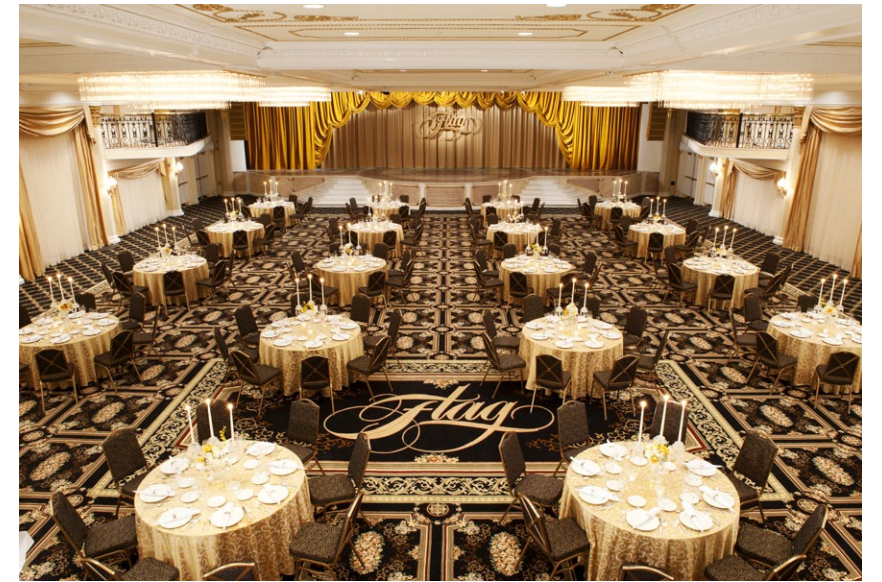




The Crystal Ballroom on the 10th floor of the Fort Harrison regularly hosts community events and fundraisers for local charities.

Since the restoration of the Fort Harrison, the Church has held 81 events and raised about \$82,000 for non-profits; e.g., the "Chefs Showcase," tribute to jazz pianist Lillette Jenkins-Wisner, Jimpressions, and Fashions with Flair Fashion Show and Fundraiser²⁸.

Historic and annual events held, and managed by Church parishioners for the last 20 years, include Winter Wonderland, Easter Egg Hunt in Coachman Park, and the "Say No to Drugs Holiday Classic Race."



The Fort Harrison state of the art auditorium which is used for religious events as well as charity fundraisers, banquets and artistic presentations for the community.



²⁸ Information provided by Ms. Pat Harney, Church Public Affairs Director.



Church parishioners are also involved in a number of community service campaigns that aim to raise awareness in primarily the areas of:

- 1) drug abuse
- 2) human rights
- 3) education
- 4) restoration of moral values.



The Church hosts and sponsors numerous events and fundraising activities for local charities and community groups throughout the year. These include the Stop the Violence Coalition of St. Petersburg, a recipient of the President's Volunteer Service Award, and Harlem Nights jazz festivals. The auditorium is also a venue for concerts and banquets. At right, jazz legend Chick Corea performs at the Fort Harrison.



TABLE 2
Church Examples of Community Service
Performance Metrics for 2013

The following table illustrates the examples, or types of activities and program outcome goals, that the Clearwater area Church volunteers have provided during 2013. A fact sheet compiled by the Church conveyed that there were about 165 stores and shops in the Tampa Bay area that distribute the Truth About Drugs and other informational materials to their customers. In addition, the Foundation for a Drug-Free World (FDFW), sponsored by the Church, is actively involved in distributing educator kits and informational

materials on dangerous drugs and interacting with area School Resource Officers and other law enforcement officers at annual conferences and other events/local functions regarding drug education.

In the area of Human Rights, the Church has presented and provided informational materials at various teachers’ conferences in Clearwater and around Florida, on various topics that include anti-bullying and human trafficking.

Anti-Drug Literature	Program Outcome
55,986	Booklets distributed in 2013
328,810	Booklets distributed since 2006
146	Events held in 2013
18,478	People reached with events in 2013
1,022	Events since the formation of the FDFW
124,996	People reached with events since 2006
3,256,000	People reached with print & TV media since 2013
8,043,000	People reached with print & TV media since 2006
2,061	Drug-Free pledges signed in 2013
12,978	Drug-Free pledges signed since the formation of FDFW
Human Rights Awareness	Program Outcome
1,531	Booklets distributed in 2013
24,135	Booklets distributed in total
32	Events held in 2013
2,845	People reached with events in 2013
492	Events cumulative
50,992	People reached with events cumulative
2,552,900	People reached with print & TV media since 2013
9,240,900	People reached with print & TV media in cumulative
1,090	Human Rights petitions signed in 2013
10,549	Human Rights petitions signed cumulative



Scientologists tutor English and Spanish-speaking children at the Community Learning Center, a literacy program established in 1998. The Community Learning Center is located a half-mile north of downtown on Fort Harrison Avenue.

In April, FSU CEFA met with a group of Scientologist business owners in the community to discuss the varied ongoing community service projects and events, among other activities. Each of the representative and energetic business members described examples of community service projects that they’re actively engaged in. The businesses included management training, dentistry, commercial development, public relations, media group, retail shops, energy firms and business consulting, among others. They are very active in building community awareness and improvement projects. There were a few firms that had 1-2 full time staff dedicated to community service/philanthropy projects. The groups’ areas of involvement ranged from youth leadership and drug education to fundraising events for charitable activities.

One of the companies, Consumer Energy Solutions, Inc. had recently received a business award for corporate philanthropy from the Tampa Bay Business Journal. For 2012, in total, CES has contributed about \$170,000 in cash gifts to eight nonprofit organizations in the Clearwater community, and logged about 6,500 volunteer hours. They were instrumental in the successful launch of the Community Learning Center, located in the North Greenwood area of Clearwater (an area associated with lower income and education, and higher crime and drug rates), and are continuing to be involved with the center in terms of financial support and literacy tutoring, among others.



A recent Church beautification project, the Fort Harrison Park, opened November 3, 2013. It connects the Church's Oak Cove property on Osceola Avenue with the Flag Building.

SECTION IV. Economic Analysis Economic Impact Methodology & Results

In order to obtain estimates of the different types of macroeconomic effects of the Church on the Florida economy, a well-established analytical tool known as the Impact Analysis for Planning, or IMPLAN, model was used. IMPLAN is a widely accepted integrated input-output model. IMPLAN is used extensively by state and local government agencies to measure proposed legislative and other program and policy economic impacts across the private and public sectors. In addition, it is the tool of choice to measure these impacts by a number of universities and private research groups that evaluate economic impacts across the state and nation. There are several advantages to using IMPLAN:

- It is calibrated to local conditions, using a relatively large amount of local county level and state of Florida specific data;
- It is based on a strong theoretical foundation; and
- It uses a well-researched and accepted applied economics impact assessment methodology supported by many years of use across all regions of the U.S.

The economic impact model used for this analysis was specifically developed for the counties of Florida, and includes 440 sectors, and latest dataset – year 2012 data. IMPLAN's principal advantage is that it may be used to estimate direct, indirect and induced economic impacts for any static (point-in-time) economic stimulus.



Economic Impact Model Input Data

The CEFA research team collected the actual Church expenditures, or spending, ranging from years 1999 to 2013.²⁹ The financial data was provided by the Church's financial staff, and analyzed and verified by NSBN LLP. NSBN LLP is a 60-year-old accounting firm located in Beverly Hills, California.³⁰ The input data used for this study was for 2013³¹ county-level³² expenditures on: construction or capital outlay, equipment, staff allowance, utilities, office services, hotel and restaurant supplies, gift shop, delivery expenses, in addition to the Church parishioner visitor, resident, and Scientologist-owned business survey data.³³ The research team examined the total economic impacts of the construction activity that has occurred from 2007 to 2013 since the last study year.

The construction or capital outlay for years 2007-2013³⁴ included both new and renovation/restoration construction activities and associated equipment. The latest phase began in 2007 and included complete renovation of the Oak Cove retreat, followed by the Ft. Harrison restoration, and the completion of the Flag Building, constructed and owned by CSRT. Additionally, during this time period, the Sherwood Gardens and Hacienda Gardens apartments (for staff) the Sandcastle and Osceola retreats (for parishioners), and a large warehouse were renovated, and a walking park was built adjacent to the Fort Harrison. The next phase³⁵ includes the Coachman staff religious training center renovation³⁶, the Mariner retreat renovation³⁷, administrative offices renovation, renovation of a new retreat facility next to the Sandcastle, construction of an annex to the Flag Building, a large event hall, and the design and build-out of a new religious services center next to the Sandcastle.

²⁹ The historical (actual data from years 1999-2013) was provided by the Church's CPA firm, NSBN LLP. See: www.nsbnn.com

³⁰ NSBN LLP has received a successful peer review report in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants.

³¹ Year 2013 was used for all the expenses. The start year for the separate construction impact analysis corresponds to the ending date of the Qualls and Benecke 2007 studies.

³² The Clearwater area counties include: Pinellas, Hillsborough, Manatee, Hernando, Pasco and Polk counties.

³³ Refer to the survey methodology on page 13 for description of survey input data used in economic analysis.

³⁴ 2006 was the last year of data used for the most recent 2007 economic impact studies by Qualls and Benecke Studies. Thus, the research team examined the construction activity since 2007.

³⁵ Personal Communication: Mr. Ben Shaw, Church of Scientology spokesman, Flag Service Organization, 503 Cleveland St. Clearwater, FL 33755

³⁶ Inauguration was recently held on June 29, 2014.

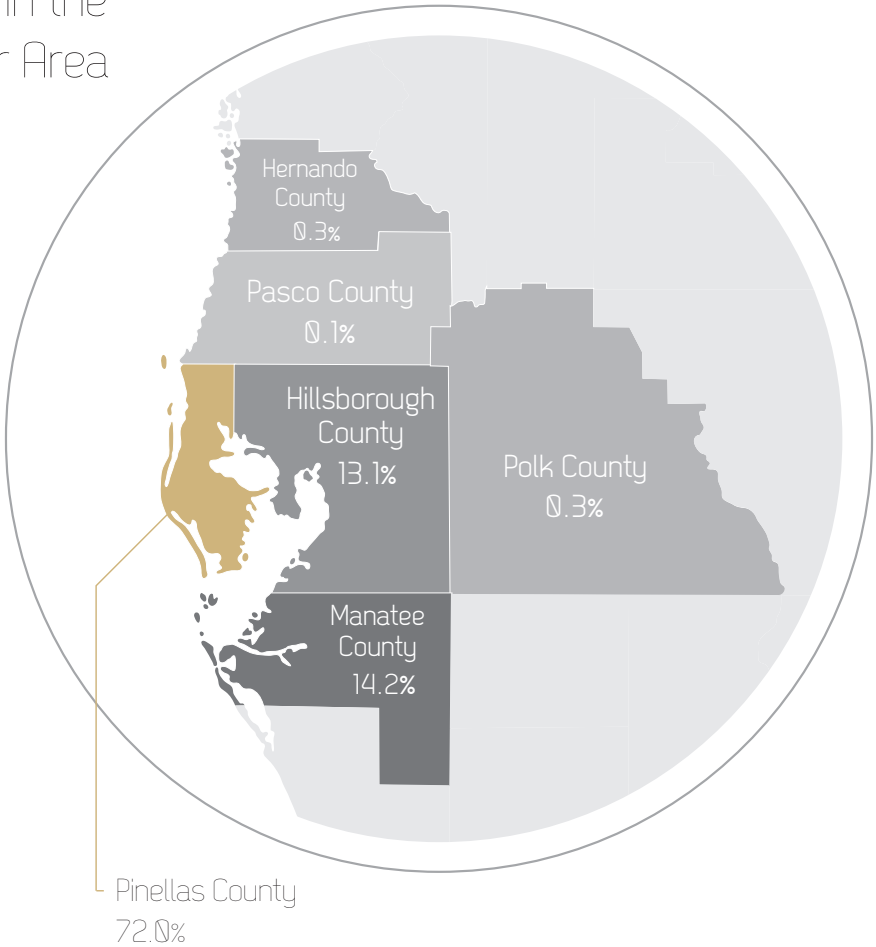
³⁷ Inauguration was recently held on July 13, 2014.

Church Expenditure Data

The firm NSBN LLP³⁸ provided the Church construction costs (for new and renovation), equipment costs and the Church's annual expenditures, or operating expenses data, by county. Church expenditures, (e.g., food, lodging, transportation, utilities, computer and other retail purchases, among others) have increased about 70 percent, or an average of \$932,415 per year,

since 1999. Seventy-two percent of all Church spending occurs in Pinellas county, with an approximately even distribution between Manatee and Hillsborough counties, at 14.2 percent and 13.1 percent, respectively. The remaining Hernando, Polk and Pasco counties comprise a negligible percentage of the total Church annual expenditures.

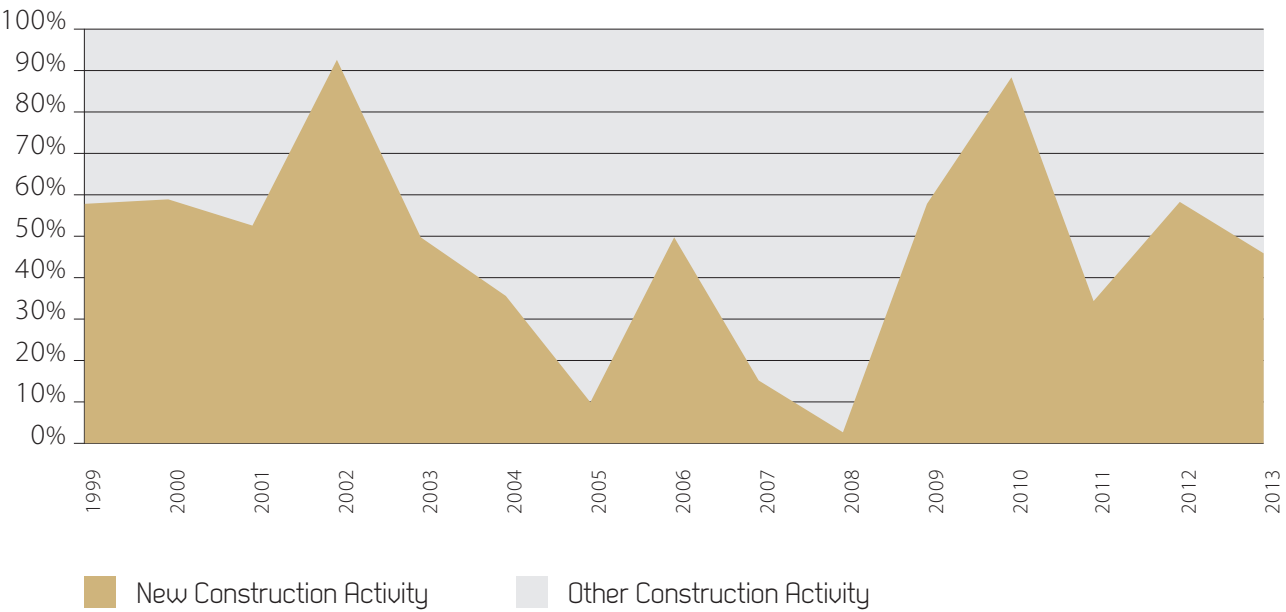
FIGURE 35
Church Expenditure Percentages
by County in the
Clearwater Area



³⁸ See: NSBN LLP Certified Public Accountants and Business Consultants. <http://www.nsbm.com>



FIGURE 36
Church Construction Activity from Years 1999 to 2013



Construction activity has increased over 375 percent, or an average of about \$26.6 million annually, since 1999. As depicted in the above Figure, the Church has experienced a few periods of new construction activity, in 2002, 2006, and 2010 to current. About 55.4 percent of Church construction from 1999 to current has been in "Other Building" (e.g., land and building improvements) construction.

Economic Impact Results of the Church in Clearwater, Florida

Economic impacts are effects on the levels of activity in a given area. They may be expressed in terms of 1) business output (or sales volume) 2) value added (or gross regional product) 3) wealth (including property values) 4) personal income (including wages), or 5) jobs. Any of these measures can be an indicator of improvement in the economic well-being of area residents. The net economic impact is viewed as the expansion (or contraction) of an area's economy, resulting from changes in a facility or project, or in assessing the economic impact of an already existing facility or project. Economic impacts are different from the valuation of individual user benefits and the broader social impacts (amenity value) of a facility or project. However, assuming they can be quantified, they may be included to the extent they affect an area's level of economic activity. Short-term economic impacts

are the net changes in regional output, earnings, and employment, that are due to new dollars entering into a region from a given enterprise or economic event.

The Church's direct spending in the six-county area on construction of its Clearwater properties between 2007 and 2013 was approximately \$157 million. Church spending globally for construction activity in the Clearwater area was \$252 million. The economic impact in the six-county area due to the construction activity was \$282 million in output (sales/revenue) and 1,832 construction jobs. Although this construction employment can be viewed as temporary (as construction onsite activity typically lasts from one to three years), it is representative of the significant construction activity, in terms of job and revenue generation, in the Clearwater area during this time period.

TABLE 3
Economic Impacts of Church Construction Activity from 2007 - 2013

Economic Impacts	Output*	Employment	Income*
Capital Outlay/Construction Impact	\$281,887,099	1,832	\$88,741,894

* in April 2014 \$

Concerning the economic impact analysis results based on year 2013 Church expenditures data, once the aforementioned economic modeling inputs were entered and the economic modeling analysis had been performed, the economic model provided the following economic impacts, expressed as output (or sales/revenues), employment (or jobs), and income (or wages). The following table(s) presents the total economic impacts, and the direct, indirect, and induced economic impact results, respectively, in nominal dollars. The output generated represents the value of final goods and services produced across the Clearwater area economy as a result of the sales/

revenues generated by the Church activities during year 2013, in nominal dollars. The direct impacts measure the immediate effects as a result of the Church-related industries sales/revenue activities in the Clearwater area; e.g., in employment and income. Indirect impacts are those that include changes to production, employment, income, etc., that occur as a result of the direct effects. Induced impacts are those further impacts of spending derived from direct and indirect activities; i.e., Church-related household purchases of consumer goods and services. The total input of \$530.5 million generates \$917 million in total economic output in the area, and almost \$338 million in income while generating 7,514 jobs.

TABLE 4
Total Economic Impacts of the Church in the Clearwater Area: in Terms of Output, Jobs and Income

Economic Impacts	Output*	Employment	Income*
Church Construction Activity	\$23,758,858	155	\$8,042,565
Church Goods and Services	\$54,500,785	502	\$20,678,340
Church Visitors	\$128,997,804	1,233	\$45,080,519
Church Residents	\$290,197,750	2,553	\$104,089,512
Scientologists Businesses	\$287,919,612	1,845	\$96,952,783
Charitable Contributions	\$131,317,815	1,226	\$62,951,858
Grand Total	\$916,692,624	7,514	\$337,795,577

* in April 2014 \$

TABLE 5
Direct, Indirect, and Induced Economic Impacts of Output (Sales/Revenues) by Spending Category Associated with the Church in the Clearwater Area

Economic Impacts - Output	Direct*	Indirect*	Induced*	Total*
Church Construction Activity	\$13,293,788	\$5,119,071	\$5,345,999	\$23,758,858
Church Goods and Services	\$29,835,221	\$10,926,166	\$13,739,398	\$54,500,785
Church Visitors	\$72,696,738	\$26,277,006	\$30,024,060	\$128,997,804
Church Residents	\$177,037,056	\$44,147,805	\$69,012,889	\$290,197,750
Scientologists Businesses	\$131,637,620	\$91,672,037	\$64,609,955	\$287,919,612
Charitable Contributions	\$60,043,433	\$29,315,174	\$41,959,208	\$131,317,815
Grand Total	\$484,543,856	\$207,457,259	\$224,691,509	\$916,692,624

* in April 2014 \$

SECTION V. Conclusions

This economic impact analysis study provides a short term, or current, perspective on the Church, and its associated economic impacts on the Clearwater area economy. To measure the economic impact of the Church on the Clearwater area, the Church construction and operating expenditures, Church visitor and resident survey responses for expenditures on their direct expenses/spending, and charitable contributions in the neighboring Clearwater area were included as inputs to the economic impact model. In addition, sales/revenues of the area Scientologist-owned businesses were included in the analysis.

The economic impact model, an input-output model, included cross linkages between every sector of the economy within the Clearwater area. The effects of expenditures external to the Clearwater area (termed leakages) are not included in the economic impact estimates. However, as the regional level covers a larger economic area than the county level, a greater portion of direct expenditures are captured, resulting in less leakage at the regional level.

The Tables on the following page summarize the local area economic impact results associated with the Church of Scientology. The economic impacts are presented below, in terms of output, employment, and income.

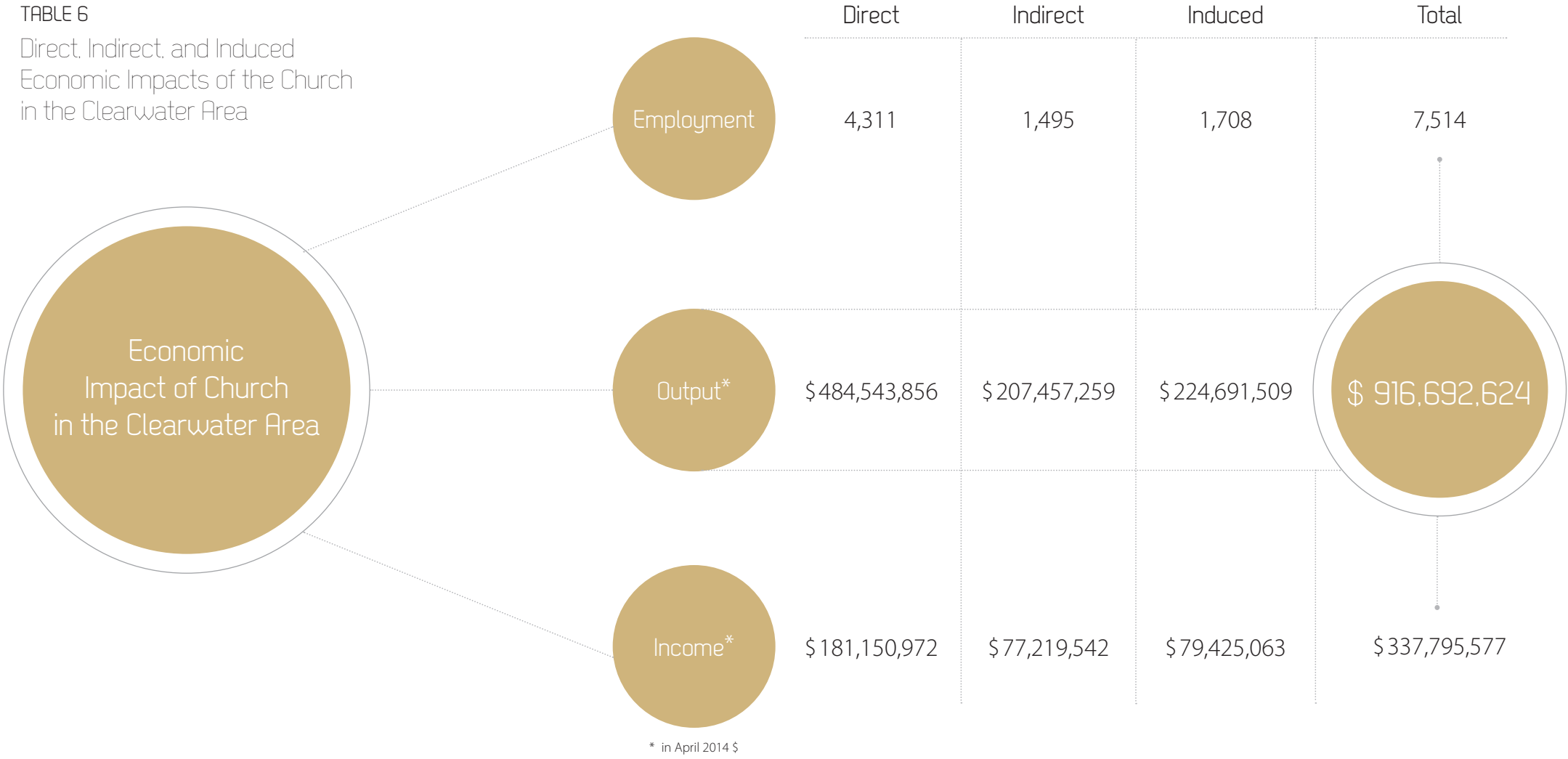


TABLE 7
Direct and Indirect/Induced Economic Impacts of the Church
in the Clearwater Area

Economic Impact of Church in the Clearwater Area

Total Economic Impacts	Direct	Indirect and Induced Impacts	Total
Output*	\$484,543,856	\$432,148,768	\$916,692,624
Employment	4,311	3,203	7,514
Income*	\$181,150,972	\$156,644,605	\$337,795,577

The economic impact results show that the Church of Scientology generates \$917 million (\$485 million in direct, and \$432 million in indirect and induced impacts) in economic output in the area, and almost \$338 million in income (\$181 million in direct, and \$157 million in indirect and induced impacts) while generating a total of 7,514 jobs (4,311 direct, and 3,203 indirect and induced impacts).



SECTION VI. Comparisons with
Previous Economic Impact Studies

The previous economic impact studies related to the Church of Scientology concluded (see the following Table depicting the total economic impacts):

TABLE 8
Previous Economic Impact Studies of
the Church of Scientology (Flag)

Study Author and Year	1999	2007	2013
Qualls	\$298.1 M	\$564.3 M	
Benecke		\$523.0 M	
Florida State University			\$917.0 M

TABLE 9
Recent Economic Impact Studies of Tampa/Clearwater Area

Economic Study Area	Economic Impacts	Authors and Source
Clearwater Beach	\$1.5 billion	City of Clearwater ³⁶
St Pete/CW Airport	\$923 million	Florida Department of Transportation ³⁷
Church of Scientology in Clearwater	\$917 million	Florida State University Center for Economic Forecasting and Analysis (CEFA) ³⁸
Tampa Bay Cultural Institutions	\$521 million	Price Waterhouse Coopers LLP ³⁹
Tampa Bay Rays	\$107 million	Research Data Services ⁴⁰
Lowry Park Zoo	\$41 million	Lowry Park Zoological Society ⁴¹
Ruth Eckerd Hall	\$40.5 million	Non Profit of the Year 2013, Submission Materials ⁴²

³⁶ www.myclearwater.com/gov/city_manager/.../Annual_Report_2013.pdf
³⁷ <http://www.dot.state.fl.us/aviation/pdfs/St.%20Pete-Clearwater%20Int.pdf>
³⁸ <http://www.cefa.fsu.edu>
³⁹ <http://www.tbbca.org/pdf/Final-Publication.pdf>
⁴⁰ <http://www.tampabay.com/news/localgovernment/how-much-do-the-tampa-bay-rays-boost-the-local-economy/2112236>
⁴¹ http://www.lowryparkzoo.com/_page_content/financials/FY11_Annual%20Report.pdf
⁴² <http://www.bizjournals.com/tampabay/print-edition/2013/06/07/nonprofit-of-the-year-2013-ruth.html?page=all>

SECTION VII. References

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APPENDIX A

Listing of Zip Codes Associated
with the Clearwater Area⁴³

Clearwater and Immediate Surroundings	Clearwater Neighboring Communities
33755 (Downtown)	33559 (Lutz)
33765 (Clearwater)	33576 (San Antonio)
33756 (Belleair)	33594 (Valrico)
33759 (Clearwater)	33602 (Tampa)
33761 (Clearwater)	33609 (Tampa)
33763 (Clearwater)	33610 (Tampa)
33764 (Clearwater)	33626 (Tampa)
33767 (Clearwater Beach)	33634 (Tampa)
33786 (Belleair Beach)	33701 (St. Petersburg)
34695 (Safety Harbor)	33702 (St. Petersburg)
34698 (Dunedin)	33753 (Tampa)
34677 (Oldsmar)	33770 (Largo)
	33771 (Largo)
	33773 (Largo)
	33781 (Pinellas Park)
	33785 (Indian Rocks Beach)
	34638 (Land O’ Lakes)
	34668 (Port Richey)
	34681 (Crystal Beach)
	34683 (Palm Harbor)
	34684 (Palm Harbor)
	34688 (Tarpon Springs)
	34689 (Tarpon Springs)

⁴³ Zip codes based on similar zip codes used to distinguish downtown Clearwater from the greater Clearwater area, from the 2007 Qualls study.

APPENDIX B

Measuring Economic Impacts
and Summary Glossary of Economic Impact Terms

Measuring Economic Impact

In order to measure economic impact, economists trace the course of spending through an economy to determine the total effect of that spending. One of the first steps in economic impact analysis is to decide what the area of impact is where the economic impact is to be measured. These areas often include: the local economy, the state-level economy, or even the national economy.

Indirect and Induced Impact

The total economic impact from an activity thus includes its direct spending as well as indirect and induced effects of its spending. The direct spending of an activity includes such spending as payroll, goods and services, and construction. The indirect and induced effects consist of such things as spending by employees, spending by employees of businesses to which direct spending is made, and purchases made by businesses to which direct spending is made.

A chain reaction of indirect and induced spending continues, with subsequent rounds of additional

spending gradually diminished through savings, taxes, and expenditures made outside the region.

This economic ripple effect is measured by what is known as an “Input-Output” economic impact model, which uses a series of “multipliers” to provide estimates of the number of times each dollar of “input,” or direct spending, cycles through the economy in terms of “indirect and induced output,” or additional spending, personal income, and employment.

IMPLAN Model

IMPLAN (IMpact analysis for PLANning) is an economic impact model used to measure both direct and secondary (indirect and induced) impacts that a particular activity or industry brings to the economies and surrounding communities where the activity or industry is located. The IMPLAN model examines inter-industry relationships in the local, regional, and national economies. IMPLAN provides estimates of indirect and induced output, income, and employment impacts based on accepted industry multipliers.

Summary Glossary of Economic Impact Terms

Direct effect: production changes associated with changes in demand for the good itself; it is an initial impact on the economy.

Employee compensation: wage and salary payments as well as benefits, including health and life insurance, retirement payments and other non-cash compensation.

Employment multiplier: for every million dollar change in final-demand spending (direct output), the change in employment (jobs).

Indirect effect: the secondary impact caused by changing input needs of directly affected industries (e.g., additional input purchases to produce additional output).

Induced effect: caused by changes in household spending due to the additional employment generated by direct and indirect effects.

Labor income: consists of employee compensation and proprietary income.

Labor income multiplier: for every dollar change in final-demand spending (direct output), the change in income received by households.

Output: industry output is a measure of the value of goods and services produced in the study area.

Output multiplier: An output multiplier for a sector is defined as the total production in all sectors of the economy that is necessary to satisfy a dollar's worth of final demand for that sector's output (Miller and Blair, 1985). In other words, every dollar change in final-demand spending (direct output) changes the total value of output in all sectors.

Proprietary income: consists of payments received by self-employed individuals as income. This includes income received by private business owners, doctors, attorneys and so forth.

