



Testimony of Victor Fung
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On The Subject:

The Economic Impact of the Firearms Industry in Connecticut

Before:

The Gun Violence Prevention Working Group

January 28, 2013

Dear Members of the Gun Violence Prevention Working Group:

My name is Victor Fung, and I am an Economist at John Dunham & Associates. We specialize in conducting economic impact studies on major industries and public policies.

We have conducted economic impact studies on over a hundred industries and organizations, including work for the National Shooting Sports Foundation.

All public policy initiatives have economic impacts and I would like to present some of the findings of our impact analysis on the Firearms Industry in Connecticut for your consideration.

The Firearms Industry and its suppliers are an important part of Connecticut's economy. Here, the industry employs about 2,900 people directly and generate an additional 4,400 jobs in supplier and other industries.

Direct jobs are those involved in the manufacturing, wholesaling, and retailing of firearms and related goods. Supplier jobs are defined as jobs that provide essential goods and services to the firearms industry, such as metal processors, engineers, and even janitors. Induced jobs are the result of spending of wages earned by employees in the direct and supplier sectors. These can range from jobs in restaurants that these employees frequent to movie theaters and retail outlets.

In total the firearms industry and its suppliers generate \$522 million in wages for Connecticut employees.

These jobs pay an average of \$71,000 in wages and benefits. And today, every job is important. With the Connecticut unemployment rate at 8.6 percent, this means that there are already 160,000 people trying to find jobs in the state and possibly collecting unemployment benefits.

Beyond creating jobs, in 2012 the industry was responsible for as much as \$1.7 billion in total economic activity in Connecticut.

This broader activity flows through businesses well beyond firearms. Industries as varied as banking, retail, accounting, metal working, and even in printing, all benefit from the firearms industry for their livelihood.

In Connecticut, the industry and its employees pay over \$119 million in property, income, and sales taxes. They also pay \$171 million in federal taxes and \$24 million in federal excise taxes – which contribute to federal programs, many of which are returned to the state in the form of Federal domestic assistance programs.

Moreover a comparison of the economic impact of the firearms industry indicates that it is growing in CT. The total direct, supplier and induced jobs have increased by 35 percent, from 5,400 in 2010 to 7,300 in 2012.

Similarly, the total direct, supplier and induced economic impact of the industry in CT has increased by 36% in the last two years, from \$1.2 billion to \$1.7 billion.

Beyond the firearms industry itself, it is also important to look at hunting and its impact on CT. Hunting is a bright spot in the state's economy. Hunters spend millions on goods and services in Connecticut, ranging from food, guns, ammunition, lodging and supplies.

As I discussed at the beginning of my testimony, all changes in policy have economic consequences. Restrictions on the types of guns sold, the types of ammunition sold, how the hunting industry is regulated and overall how both are taxed, will have negative consequences for jobs and wages and ultimately for total economic impact and tax revenues.

The severity of these impacts will, of course, depend on the severity of the changes that this working group recommends.

I have provided a more detailed overview of the findings of our study and ask that they be included in the record along with my testimony.

Thank you for this opportunity.

THE FIREARMS INDUSTRY CREATES JOBS IN CONNECTICUT

Connecticut companies that manufacture, distribute, and sell sporting firearms, ammunition and suppliers are an important part of the state's economy. Manufacturers of firearms, ammunition, and supplies, along with companies that sell and distribute these products, provide well paying jobs in Connecticut and pay significant amounts in tax to the state and Federal governments.

THE ECONOMIC IMPACT OF THE SPORTING ARMS AND AMMUNITION INDUSTRY IN CONNECTICUT

	Direct	Supplier	Induced	Total
Jobs (FTE)	2,899	2,047	2,394	7,340
Wages	\$225,743,910	\$162,719,276	\$133,565,691	\$522,028,877
Economic Impact	\$980,138,500	\$403,433,800	\$370,308,000	\$1,753,880,300

THE FIREARMS & AMMUNITION INDUSTRY IS AN IMPORTANT PART OF CONNECTICUT'S ECONOMY

Companies in Connecticut that manufacture, distribute and sell firearms, ammunition and hunting equipment employ as many as 2,899 people in the state and generate an additional 4,441 jobs in supplier and ancillary industries. These include jobs in supplying goods and services to manufacturers, distributors and retailers, and those that depend on sales to workers in the firearms and ammunition industry.¹

These are good jobs paying an average of \$71,121 in wages and benefits. And today, every job is important. In fact, in Connecticut the unemployment rate has reached 9.0 percent. This means that there are already 171,100 people trying to find jobs in the state and collecting unemployment benefits.²

THE ECONOMIC BENEFIT OF THE INDUSTRY SPREADS THROUGHOUT THE STATE

Not only does the manufacture and sale of firearms and hunting supplies create good jobs in Connecticut but the industry also contributes to the economy as a whole. In fact, in 2012 the firearms and manufacturing industry was responsible for as much as \$1.75 billion in total economic activity in the state.

The broader economic impact flows throughout the economy, generating business for firms seemingly unrelated to firearms. Real people, with real jobs, working in industries as varied as banking, retail, accounting, metal working, even in printing, all depend on the firearms and ammunition industry for their livelihood.

THE STATE ALSO BENEFITS FROM THE TAXES PAID BY THE INDUSTRY

Not only does the industry create jobs, it also generates sizeable tax revenues. In Connecticut, the industry and its employees pay over \$119.07 million in taxes including property, income, and sales based levies.³

Taxes Generated in Connecticut		
Tax Impact	Business Taxes	Excise Taxes
Federal Taxes	\$171,148,700	\$24,157,763
State Taxes	\$119,065,500	
Total Taxes	\$290,214,200	\$24,157,763



¹ John Dunham and Associates, New York, March 2012. Direct impacts include those jobs in firearms and ammunition manufacturers, as well as companies that manufacture products such as ammunition holders and magazines, cases, decoys, game calls, holsters, hunting equipment, scopes, clay pigeons and targets. Direct impacts also include those resulting from the wholesale distribution and retailing of firearms and ammunition in sporting goods retailers and variety/mass merchandise stores.

² The Bureau of Labor Statistics. Available online at: www.bls.gov/lau/home.htm. Data for October-12.

³ This is in addition to over \$171.15 million in Federal business taxes and \$24.16 million in Federal excise taxes.



Economic Contribution of the Firearms Industry, 2012
State of Connecticut

	Jobs	Wages	Economic Impact
Direct Impacts			
Arms	1,646	\$ 165,371,523	\$ 773,158,203
Ammunition	179	\$ 13,212,692	\$ 65,586,122
Hunting Supplies	317	\$ 22,348,407	\$ 89,616,923
Wholesale	69	\$ 7,382,113	\$ 14,519,248
Retail	688	\$ 17,429,175	\$ 37,258,046
Total Direct Impact	2,899	\$ 225,743,910	\$ 980,138,542
Supplier Impacts			
Agriculture	7	\$ 205,808	\$ 654,387
Mining	4	\$ 185,957	\$ 571,586
Construction	42	\$ 2,319,601	\$ 5,922,693
Manufacturing	263	\$ 21,223,384	\$ 88,548,315
Transportation and Communication	221	\$ 18,504,080	\$ 64,465,970
Wholesaling	139	\$ 13,509,281	\$ 28,474,187
Retailing	7	\$ 249,879	\$ 518,171
Finance, Insurance and Real Estate	219	\$ 13,685,563	\$ 54,368,244
Travel and Entertainment	80	\$ 1,943,236	\$ 5,488,282
Business and Personal Services	1,048	\$ 89,214,645	\$ 151,048,300
Government	17	\$ 1,677,845	\$ 3,373,624
Other	-	\$ -	\$ -
Total Supplier Impacts	2,047	\$ 162,719,276	\$ 403,433,758
Induced Impacts			
Agriculture	10	\$ 225,997	\$ 611,773
Mining	3	\$ 151,964	\$ 428,527
Construction	17	\$ 1,104,083	\$ 2,665,599
Manufacturing	57	\$ 4,722,918	\$ 28,321,496
Transportation and Communication	96	\$ 7,528,960	\$ 26,330,860
Wholesaling	70	\$ 6,813,062	\$ 14,366,443
Retailing	404	\$ 15,000,808	\$ 31,629,824
Finance, Insurance and Real Estate	367	\$ 25,975,844	\$ 130,210,546
Travel and Entertainment	301	\$ 6,758,249	\$ 18,658,334
Business and Personal Services	986	\$ 62,037,070	\$ 110,293,262
Government	25	\$ 2,358,509	\$ 5,251,769
Other	58	\$ 888,227	\$ 1,539,616
Total Induced Impacts	2,394	\$ 133,565,691	\$ 370,308,048
Total Economic Impact	7,340	\$ 522,028,877	\$ 1,753,880,348
Fiscal Impacts			
	State Taxes	Federal Taxes	Total Taxes
	\$ 119,065,529	\$ 171,148,714	\$ 290,214,243

Source: John Dunham and Associates, Inc.

New York, New York 2011

The National Shooting Sports Foundation
 Economic Impact of the Firearms Industry
 2010 Data
 Connecticut



Direct Economic Impact			
	Jobs	Wages	Output
Arms	1,255	119,002,897	502,417,233
Ammunition	12	818,120	4,149,492
Hunting Supplies	24	2,395,529	7,029,868
Wholesale	69	6,631,675	17,143,458
Retail	574	14,032,624	34,524,118
Total	1,934	\$ 142,880,844	\$ 565,264,168

Supplier Impact			
	Jobs	Wages	Output
Agriculture	10	205,410	1,141,419
Construction	23	1,385,468	2,529,579
Manufacturing	399	32,832,686	162,430,561
Wholesale	119	11,210,098	29,023,731
Retail	5	172,854	419,648
Trans & Comm	127	10,828,229	40,891,336
FIRE	172	14,751,771	40,375,052
Bus. & Per. Svc.	535	43,985,404	82,858,025
T&E	56	1,636,697	3,992,179
Government	16	1,351,596	3,020,165
Other	7	1,326,839	5,209,921
Total	1,471	\$ 119,687,052	\$ 371,891,616

Induced Economic Impact			
	Jobs	Wages	Output
Agriculture	25	358,689	2,181,230
Construction	22	1,411,415	2,745,469
Manufacturing	71	7,776,794	40,314,846
Wholesale	77	7,276,742	18,840,325
Retail	369	13,284,009	32,407,976
Trans & Comm	106	8,386,456	32,618,642
FIRE	312	28,608,680	114,671,665
Bus. & Per. Svc.	738	42,459,441	78,018,456
T&E	274	6,944,348	19,280,705
Government	30	2,504,134	5,986,072
Other	4	842,769	3,183,392
Total	2,028	\$ 119,853,478	\$ 350,248,779

	Jobs	Wages	Output
Total Economic Impact	5,433	\$ 382,421,374	\$ 1,287,404,562

Tax Impact	Business Taxes	Excise Taxes
Federal Taxes	\$ 116,124,107	\$ 6,098,050
State Taxes	\$ 81,046,327	\$ -
Total Taxes	\$ 197,170,434	\$ 6,098,050