



## Contribution of The Potato Sector to Washington’s Economy

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**Table 1**

<b>Output and employment contributions of potato sector to the Washington Economy (2022)</b>	
Washington Potato Product Exports	\$3,236,536,783
Indirect Output (earned from business-to-business transactions)	\$2,577,744,396
Induced Output (earned from spending for personal activity)	\$1,538,885,518
<b>TOTAL OUTPUT</b>	<b>\$7,353,166,697</b>
Direct Employment	12,508
Indirect Employment (off farm jobs supported by grain farm business transactions)	11,804
Induced Employment (off farm jobs supported from personal grain farm employment)	7,301
<b>TOTAL EMPLOYMENT</b>	<b>31,613</b>

Source: WSU IMPACT Center

The economic impacts of potato production and processing are substantial for the state, but they are particularly important to rural areas of Washington. This Fact Sheet highlights some of the more important contributions of the potato sector to the State of Washington.

Sales of Washington potatoes in 2022 came in at approximately \$876.9 million. Of that, roughly 10% were exported out of the state while the residual went to the processing sector. The total value of potato products exported amounted to \$3.24 billion. That money flowed through the sector supply chains within Washington, generating nearly \$2.58 billion in additional indirect business-to-business transactions. Wages and salaries from the potato sector and their support of the associated supply chains resulted in household-to-business transactions of another \$1.5 billion. Total economic output dependent on the potato sector amounted to over \$7.35 billion. Those transactions supported roughly 31,613 jobs within the economy, 12,508 of which were directly supported in the production and processing sector, predominantly in rural counties east of the cascades. The sales values and employment data are outlined in Table 1.

All of the transactions discussed result in increased tax receipts by the state and local governments. The incomes generated by the farms in, and supported by, potato production and processing result in \$69.1 million in property taxes, \$147.31 million in sales and excise taxes, and \$38.26 million in corporate and other miscellaneous taxes. Total state and local governments collected \$254.67 million in tax revenue directly dependent on the potato sector of the state. When compared to the associated gross state product, the potato sector pays 111% in taxes relative to the effective state tax rate.<sup>2</sup>

Washington’s potato market is valuable precisely because it brings new money into the economy via exporting product. The majority of those exports, 78%, are sent to Asia (predominantly Japan, South Korea, and Taiwan). Another 12% are exported outside of Washington but within North America. Australia and South/Central America receive the remaining 10%. Figure 1 shows the breakdown of potato exports by destination. A key issue is that the Asian market is beginning a steep decline in population, meaning that demand for a large number of Washington agricultural products is likely to decline as well. The good news is that the decline is just beginning and we have a few years to adjust and develop new markets for our products. This focus and effort needs to begin quickly. The African and Indian markets are beginning to see population increases as they move from developing-market to intermediate-market

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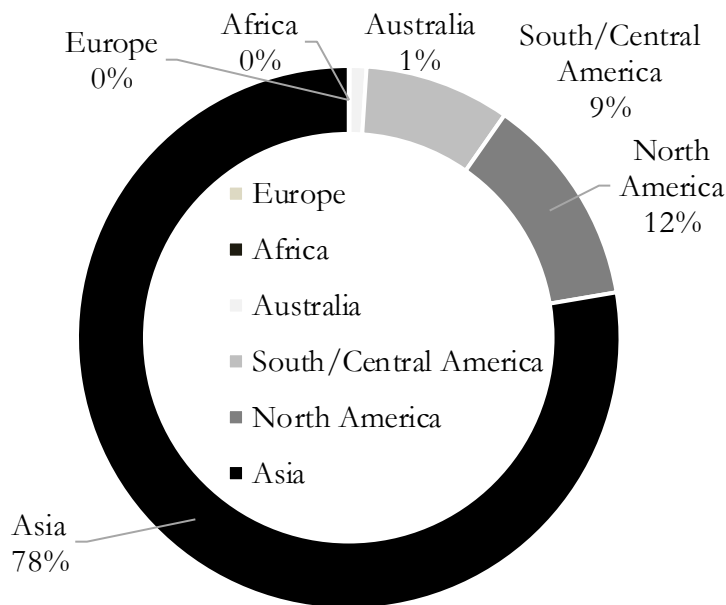
<sup>2</sup> See the full report for more details on effective tax rate calculations.

status. This is largely driven by income and GDP per capita increases. While wheat often gets credit for having a larger commodity export value, it has almost no value-added processing within Washington. It is, in part because of the processing operations that potatoes have such a large impact on the state. The increased marketing margins accrue to Washington processors and facilitate additional rounds of rural economic growth.

Figure 2 illustrates Washington’s continued comparative advantage in potato production. While Idaho still holds the place as the largest potato producing state in the nation, Washington’s yields are 143% of Idaho’s. put differently, if Washington was able to put the same number of acres into potato production as Idaho does, we would be producing 43% more than Idaho currently. Yields in both states, and the nation, dropped in 2019 as farmers pulled their most productive acres out of potatoes. This was in response to the COVID restaurant and sporting event closures, which made potatoes less marketable than the commodity crops used in home food preparation.

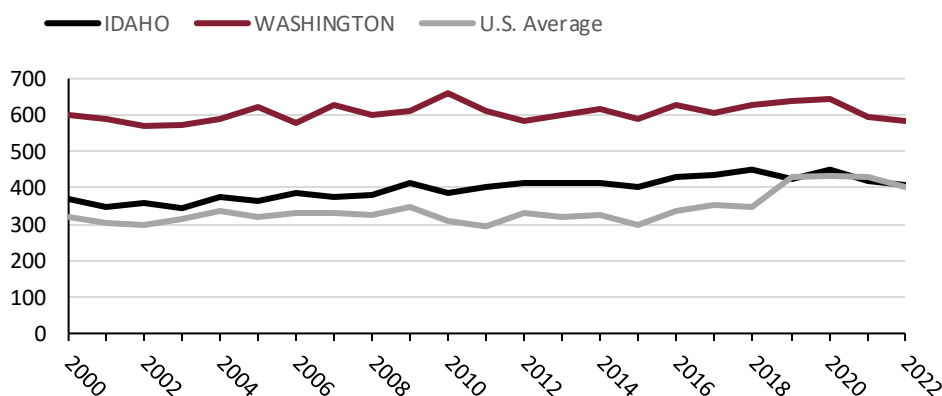
Growth in the real value of the potato sector’s impact on states GDP has been substantial for an agricultural commodity. From 2015 through 2022 the inflation adjusted contributions have increased 15%, from \$6.4 billion in GDP to nearly \$7.4 billion.<sup>3</sup>

**Figure 1**  
**Washington Potato Sector Exports by Destination**



Source: USDA NASS Quick Stats

**Figure 2**  
**Idaho, Washington, and U.S. Yields (cwt/acre) from 2000-2022**



Source: USDA NASS Quick Stats

<sup>3</sup> The Core Consumer Price Index was used to adjust nominal GDP contributions into real (i.e., inflation adjusted) terms.