Firm Data Sheet INSTRUCTIONS

2023

Full Policy Model: v023.2
CEDBR Fiscal Benefit-Cost Model

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Introduction

The Center for Economic Development and Business Research developed the 2005 CEDBR Fiscal Benefit-Cost Model for local officials and economic development professionals to assess the costs and benefits of economic development incentives. The CEDBR benefit-cost model software is the outcome of a process led by the City of Wichita, Sedgwick County, and the Greater Wichita Economic Development Coalition to improve local capacity to analyze economic development incentives. The Fiscal Policy Model v023.2 is an update to the 2005 CEDBR Fiscal Benefit-Cost Model.

General Provisions

In developing the model and preparing analyses, the Center for Economic Development and Business Research assumed, and continues to assume, that all information and data provided by the applicant, or others, were accurate and reliable.

CEDBR does not take extraordinary steps to verify or audit such information but relies on such information and data as provided for the purposes of the project.

These analyses require CEDBR to make predictive forecasts, estimates and/or projections (hereinafter collectively referred to as "FORWARD-LOOKING STATEMENTS"). These FORWARD-LOOKING STATEMENTS are based on information and data provided by others and involve risks, uncertainties and assumptions that are difficult to predict. The FORWARD-LOOKING STATEMENTS should not be considered as guarantees or assurances that a certain level of performance will be achieved or that certain events will occur. Holding all else constant, CEDBR believes that all FORWARD-LOOKING STATEMENTS it provides are reasonable, based on the information and data available at the time of writing. Actual outcomes and results are dependent on a variety of factors and may differ materially from what is expressed or forecast. CEDBR does not assume responsibility for any and all decisions made, or actions taken, based upon the FORWARD-LOOKING STATEMENTS provided by CEDBR.

Firm Data Sheet

The Firm Data Sheet is used to enter all firm-specific data. Because every city, county, school district, and special district has different mill-levy rates, sales tax rates, and demographic and economic characteristics, aligning the site location to the proper community is vital for accurate results. The benefit-cost model is dynamic and can accommodate many different types of projects. Therefore, it is only necessary to complete the sections applicable to a given project. However, the comprehensiveness of the original data directly affects the final analysis's accuracy.

Company Information

The company information entered, city, county, school district and NAICS code (see detailed instructions below), are imperative for proper measures, as the relevant jurisdiction and industry information dictate the model parameters.

Data	Description
COMPANY INFORMATION	
Company Name or Project Reference Name	The company name is used for reference purposes only. If the company name is confidential, please provide a project reference name.
Company Contact Information	This is for reference purposes only, and only needs to be provided if CEDBR will have direct contact with the company requesting the analysis.
Company NAICS Code (6 digit code)	The company's NAICS code is the North American Industry Classification System number of the firm's primary production activity. The program bases all output on industry RIMS II multipliers and the pre-established substitution based on the NAICS code selected. It is imperative to **select the NAICS code from the list** provided.
Year of application	This is for reference purposes only.
SITE LOCATION - *If incentives are being requested for more than one physical location, and these locations are in different taxing jurisdictions, then a separate firm data sheet must be filled out for each location. If the property is located in a special taxing district or industrial zone, please contact CEDBR.*	
Site location (city)	The city location establishes the city-specific population, tax rates, mill-levy rates, county sales tax revenue share, and other city-specific parameters for modeling. If the project is located in an unincorporated part of the county, indicate Unincorporated.
Site location (county)	This establishes the relevant tax rates, mill-levy rates, population, and other county-specific parameters for modeling.
Site location (school district)	This establishes the relevant school district for property tax revenue.
REAL PROPERTY CONSTRUCTION AND IMPROVEMENTS - *If construction is expected to significantly exceed 12-months allocate expenditures to multiple expansions.*	
EXPANSION #1	
Year of expansion	This is used to calibrate the model. This is the year construction is to begin. Generally, the model assumes the first expansion year is construction only, and that expanded operations take place in the following year.

Market value of firm's initial NEW or ADDITIOAL investment in:	This section seeks new investment market values in land, building, and furnishings, fixtures, and equipment to be invested in the year of the first expansion. These entries supply the model with appropriate values for determining the property tax levied on capital formation. Place appropriate *whole-dollar* market values in the respective categories. If expansion expenditures are expected to cross calendar years, yet require approximately one year for full completion, assume all expansion expenditures occur in the year that expansion starts. If expansion expenditures are expected to exceed a single year's time, use Expansion #2 to allocate the second year.
Land	The value of the land prior to any building or improvements. This value is not included in the benefit of increased property tax calculations. It is assumed the value of the land does not impact the benefits of the project. Improved value of the land should be included below in the building and improvements. If the value of the property is expected to appreciate or depreciate, provid that information to the right of the value.
Building and improvements	The market value of the new building or improvements. This value will be part of the increased property tax collection as a result of this project.
Furniture, fixtures, and equipment (including machinery)	The total Furniture, Fixtures, and Equipment (FFE) is subject to retail sales tax and compensating use tax at the state, county, and city levels. These figures will be used for calculating sales tax and other tax receipts. The portion which is taxable to each taxing entity must be provided below to include the tax benefits in the analysis. The value of FFE subject to the retail sales tax and/or compensating use tax consists of capital expenditures on furniture, fixtures, equipment, and machinery not directly in contact with the production process. To exemplify, this entails computers purchased for record-keeping, but not computer components used in controlling the production process.
Initial construction or expansion:	
Cost of construction at the firm's new or expanded facility	This is the full amount of the cost of construction paid to the construction company by the firm building or expanding. The value can be higher or lower than the market value; however, it typically is the same. If you know the share of construction costs associated with labor, adjust the values. If you don't know the value, turn on the automated assumption on the right.

Amount of taxable construction materials purchased in the city, county and state.	The portion of the cost of construction which is taxable construction materials purchased in each of the taxing entities. Appropriate construction expenditures subject to sales tax can generally be obtained from the general contractor assigned to the construction task. According to Article 36 of Chapter 79 of the Kansas State Statutes, the construction contractor is recognized as the end-user of construction inputs and is required to pay taxes on all materials in the construction process when purchased. Purchased construction expenditures are not exempt as "consumed in production" or as an "ingredient or component part" of the "final product." Furthermore, contractors cannot use a "resale exemption certificate" to purchase materials and supplies without sales tax. However, such purchases are by default tax exempt in IRB offerings, and tax exemption status may be obtained based on a Project Sales Tax Exemption. The model will automatically assume the share of purchased materials unless a value is entered.
Amount of taxable furniture, fixtures and equipment purchased in the city, county and state.	Enter the portions of the FFE that are subject to retail sales tax and compensating use tax at each state, county, and city levels. Note – the model will create an assumption if the cells are left blank.
Expansion #2 (and any additional expansions)	If additional phases of construction exists, or if initial construction is expected to significantly exceed a single-years' time, then complete Expansion #2 as above. If this is a carry-over from Expansion #1 (Initial construction time exceeds a single year) then **the year of expansion cell** should be the consecutive value of that in Expansion #1.
OPERATIONS	
First Year of full operations as a result of this project	This is used to calibrate the model. This is the year use of the new or expanded facility is to begin. Generally, the model assumes the first expansion year is construction only and that expanded operations take place in the following year.
New or additional sales of the firm related to this project, years 1-20	In Year 1 – Year 20, enter the value of new or additional sales of the firm as a result of this project for each respective year. That is, do not cumulate sales, but rather enter the new sales for each corresponding year. The portion of sales subject to sales tax for each taxing entity must be entered below for the impact of the sales to be included in the analysis. If you don't know the value and want the model to use an assumption, turn on the automated button.
Percent of these sales subject to sales taxes in the city, county and state.	The percent of the above sales subject to sales tax in each of the taxing entities. The model can automatically assume this based on the industry standard consumption.

Annual net taxable income, as a percent of sales, on which state corporate income taxes will be computed.	The portion of the above-listed sales will be subject to state corporate income taxes.
New or additional purchases of the firm related to this project, years 1-20.	In Year 1 – Year 20, enter the value of new or additional purchases of the firm as a result of this project for each respective year. That is, do not cumulate purchases, but rather enter the new purchases for each corresponding year. The portion of purchases subject to sales tax for each taxing entity must be entered below for the impact of the purchases to be included in the analysis.
Percent of these purchases subject to sales/compensating use taxes in the city, county and state	The percentage of the above purchases is subject to sales tax in each taxing entity.
EMPLOYMENT	
Number of NEW employees to be hired each year as a result of this project	In Year 1 – Year 20, enter the number of new hires for each respective year. That is, do not cumulate hires, but rather enter the change in payroll employees for each corresponding year.
Number of these new employees moving to the county each year FROM OUT OF STATE	The portion of the listed as new employees known to be moving into the area from out of state as a result of this project. Unless indicated here, the model will automatically assume that the new migration based on the local labor supply.
Number of these new employees moving to the county each year FROM OTHER KANSAS COUNTIES.	The portion listed as new employees known to be moving into the area from out of county as a result of this project. Unless indicated here, the model will automatically assume that the new migration based on the local labor supply
Average annual salaries of these employees per employee, including all employees hired to date related to this project	In Year 1 – Year 20, enter the weighted average annual salaries for the new hires noted above. Don't overlook raises expected over the ten years. The model takes into account the time value of money. If a company has a constant salary, it will be discounted over the ten-year period. Therefore, someone in year one will have made more in year one than in year 10. The discount rate of wages is the equivalent of the inflation rate.
VISITORS	

Number of ADDITIONAL out-of-county visitors expected at the firm as a result of this project	Include customers, vendors, and company employees from other locations in the count of visitors.
Number of days that each visitor will stay in the area	The anticipated average number of days the above visitors will be in the area. For example, arriving in the afternoon of day one, and leaving before noon on day two, would be considered one day.
Number of nights that a typical visitor will stay in a local hotel or motel	Provide the listed visitors' anticipated average number of hotel or motel night stays.
Percent of visitors traveling on business	The portion of the above visitors traveling on business.
Percent of visitors traveling for leisure	The portion of the above visitors traveling for leisure.
Percent of visitor's expenditures spent in the same city, county and state the firm's location.	The portion of the above visitors' expenditures that are anticipated to be spent in each taxing entity.
PAYMENTS BY THE COMPANY TO TAXINING JURISTICTIONS	
Firm Payments to the city, county, state, and school district.	The following categories list other payments to governing entities aside from taxes. An example may be property payments to the city or county in lieu of property tax.

Incentives Sheet

The incentives sheet is where all government incentive-related information is entered into the model. The incentives are broken into several categories, including sales tax abatement, real property tax exemptions, forgivable loans, and subsidies for training and infrastructure.

Contact information for CEDBR regarding incentive amounts	Please provide contact information for the person at the taxing entity that can provide information on the incentive package being offered.
Sales tax exemptions for construction materials	Percentage of construction material costs that the IRB will fund. For example, if the total construction cost is expected to be $100,000 and the IRB is dedicated to funding $70,000, then the percentage is (70/100)*100 = 70 percent.
Sales tax exemptions for operations in city, county, and state	For up to twenty years, tax exemptions for operations are entered in actual dollar values per year. The first year is considered the first year of operation, not the year of expansion, whereas the first expansion is assumed to take place in year zero.

Property tax abatement	Two forms of property tax payments can be slated for abatement, real property and machinery and equipment. Enter the number of years of property tax abatement followed by the percentage of the total property tax bill to be abated for both real property and machinery and equipment.
Forgivable Loans (cash value) city, county, and state	Forgivable loans are those offered by the city, county, and state that are collectible only in the event of non-completion of requirements. Forgivable loans are entered over the full twenty-year project period, where each yearly entry represents changes in the overall loan incentive package, not cumulative values.
Infrastructure improvements (cash value) city, county and state	Enter the cash value of infrastructure improvements being made by the taxing entity for the purpose of this project.
Cash value of all other incentives city, county and state	Cash incentives other than tax abatements and forgivable loans, including personnel training incentives and infrastructure improvements, are tracked over the ten-year project period and entered for city, county, and state in the remaining cells. Once again, each year's value represents additions to the total package over the twenty-year project, not cumulative values.
State programs	Provide the cash value based on the qualified state programs.

Additional information pertaining to model development and operation may be found by contacting Jeremy Hill at the Center for Economic Development and Business Research by email (Jeremy.Hill@Wichita.edu) or phone (316-213-3673).