Firm Data Sheet INSTRUCTIONS

July 2016

Full Policy Model: v0716
CEDBR Fiscal Benefit-Cost Model for Local Governments

Prepared by
Center for Economic Development and Business Research
W. Frank Barton School of Business
Wichita State University

Wichita State University, 1845 Fairmount St., Wichita, KS 67260-0121
Telephone: (316) 978-3225   Fax: (316) 978-3950   www.cedbr.org

Introduction

The Center for Economic Development and Business Research developed the 2005 CEDBR Fiscal Benefit-Cost Model for local officials and economic development professionals for use in assessing 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 v0716 is an update to the 2005 CEDBR Fiscal Benefit-Cost Model.

General Provisions

In the development of the model and in the preparation of analyses using the model, 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 and are 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 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, and school 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. It is only necessary to complete the sections applicable to a given project. However, the comprehensiveness of the original data provided directly effects the accuracy of the final analysis.

Company Information

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

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 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, share of county sales tax revenue 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 take place in the year that expansion starts. If expansion expenditures are expected to significantly exceed a single-years' time, use Expansion #2 (below) to allocate second-year expenditures.
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 building and improvements.
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) subject to retail sales tax and/or 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.

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 material 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.
Amount of taxable furniture, fixtures and equipment purchased in the city, county and state.	The portions of FFE subject to retail sales tax and/or compensating use tax at each the state, county, and city levels.
Total construction salaries.	The portion of the total cost of construction which is salaries paid to construction workers.
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 1-10	In Year 1 – Year 10 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.
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.

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 which will be subject to state corporate income taxes.
New or additional purchases of the firm related to this project, year 1-10.	In Year 1 – Year 10 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 percent of the above purchases subject to sales tax in each of the taxing entities.
EMPLOYMENT	
Number of NEW employees to be hired each year as a result of this project	In Year 1 – Year 10 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 county each year FROM OUT OF STATE	That portion of the above listed new employees that are known to be moving into the area from out of state as a result of this project. Unless indicated here, the model will assume that the new employment as a result of this project is employing existing residents of the area.
Number of these new employees moving to county each year FROM OTHER KANSAS COUNTIES.	That portion of the above listed new employees that are known to be moving into the area from out of county as a result of this project. Unless indicated here, the model will assume that the new employment as a result of this project is employing existing residents of the area.
Average annual salaries of these employees per employee including all employees hired to date related to this project	In Year 1 – Year 10 enter the weighted average annual salaries for the new hires noted above. Don't overlook raises expected over the ten-year period. 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 1 will have made more in year 1 than they do 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	The anticipated average number of hotel or motel night stays of the above listed visitors.
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 as 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 out into several categories, including sales tax abatement, real property tax exemptions, forgivable loans, subsidies for training and for 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 will be funded by the IRB. 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 city, county and state	Tax exemptions for operations are entered in actual dollar values per year up to ten years. 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 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 loans offered by the city, county, and state that are collectable only in the event of non-completion of requirements. Forgivable loans are entered over the full ten year project period where each yearly entry represents changes in the overall loan incentive package, not cumulative values.
Training dollars KIT/KER/IMPACT	Companies creating new jobs may qualify for Kansas Industrial Training (KIT) based on the number of jobs and wages. The cash value of the training assistance is entered here.
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 value represents additions to the total package over the ten-year project, not cumulative values.

Additional Information pertaining to model development and operation may be found by contacting Pattie Bradley at the Center for Economic Development and Business Research by email (patricia.bradley@wichita.edu) or phone (316-978-5036).