



Cost Benefit Analysis

prepared using InformAnalytics

InformAnalytics GLOSSARY

Total Investment: Total amount of private investment/cost of project

Total Net Benefits: Total of community benefits generated. A calculated projection of indirect economic growth (payroll being spent on goods and services, indirect economic benefits created by construction jobs, etc).

Direct/Spillover:

- Direct refers to jobs and payroll created “directly” by the project
- Spillover refers to indirect jobs and payroll (ripple effects of “Direct” private investment)

Discounted Total: 2% discount of all projections. An accounting adjustment to allow for a dollar of benefit in the future being worth less than a dollar of benefit today.

Discounted Total Benefits: The total projected community benefits, direct or spillover, generated by the project applying for incentives.

Cost/Benefit Ratio: The ratio of project cost vs. community benefit, or the community benefit generated by each dollar of incentives approved.

INCENTIVES DEFINITIONS

NOTE these are not direct cash incentives; they are savings on future taxes incurred by the project as a result of the project's improvements/construction investment.

Property Tax Exemption: savings on future property taxes. Calculated from the increase in assessed value of the project once the project improvement/construction is completed.

Sales Tax Exemption: a limited savings/exemption on future sales tax charges for the qualified purchases of construction materials and/or equipment. The savings amount is calculated using 50% of the total construction costs of the project.

Mortgage Recording Tax Exemption: A one-time savings on a portion of the mortgage recording tax paid to Erie County when a mortgage is filed.

Cost-Benefit Analysis

A cost-benefit analysis of this proposed investment was conducted using InformAnalytics, an economic impact model developed by CGR. The report estimates the impact that a potential project will have on the local economy based on information provided by Erie County IDA. The report calculates the costs and benefits for specified local taxing districts over the first 10 years, with future returns discounted at a 2% rate.

TABLE 2

Estimated Costs or Incentives

Erie County IDA is considering the following incentive package for Coca-Cola Beverages Northeast, Inc..

Description	Nominal Value	Discounted Value*
Property Tax Exemption	\$1,963,000	\$1,809,000
Sales Tax Exemption	\$1,243,000	\$1,243,000
Total Costs	\$3,206,000	\$3,052,000

May not sum to total due to rounding.

* Discounted at 2%

TABLE 3

State & Regional Impact (Life of Project)

The following table estimates the total benefits from the project over its lifetime.

Description	Direct	Spillover	Total
REGIONAL BENEFITS	\$77,701,000	\$56,495,000	\$134,197,000
To Private Individuals	\$75,941,000	\$55,589,000	\$131,530,000
Temporary Payroll	\$8,175,000	\$2,837,000	\$11,013,000
Ongoing Payroll	\$67,766,000	\$52,752,000	\$120,518,000
To the Public	\$1,760,000	\$906,000	\$2,666,000
Property Tax Revenue	\$522,000	N/A	\$522,000
Temporary Sales Tax Revenue	\$133,000	\$46,000	\$180,000
Ongoing Sales Tax Revenue	\$1,105,000	\$860,000	\$1,965,000
STATE BENEFITS	\$4,784,000	\$3,237,000	\$8,021,000
To the Public	\$4,784,000	\$3,237,000	\$8,021,000
Temporary Income Tax Revenue	\$400,000	\$139,000	\$538,000
Ongoing Income Tax Revenue	\$3,313,000	\$2,313,000	\$5,626,000
Temporary Sales Tax Revenue	\$115,000	\$40,000	\$155,000
Ongoing Sales Tax Revenue	\$957,000	\$745,000	\$1,701,000
Total Benefits to State & Region	\$82,485,000	\$59,732,000	\$142,217,000
Discounted Total Benefits (2%)	\$76,358,000	\$54,984,000	\$131,342,000

May not sum to total due to rounding.

TABLE 4

Benefit to Cost Ratio

The following benefit to cost ratios were calculated using the discounted totals.

Description	Benefit*	Cost*	Ratio
Region	\$123,935,000	\$2,475,000	50:1
State	\$7,407,000	\$577,000	13:1
Grand Total	\$131,342,000	\$3,052,000	43:1

May not sum to total due to rounding.

* Discounted at 2%

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