

# Cost-Benefit Analysis for Eastman Machine

Prepared by Erie County IDA using InformAnalytics

# Executive Summary

**INVESTOR**  
**Eastman Machine**

**TOTAL INVESTED**  
**\$1.7 Million**

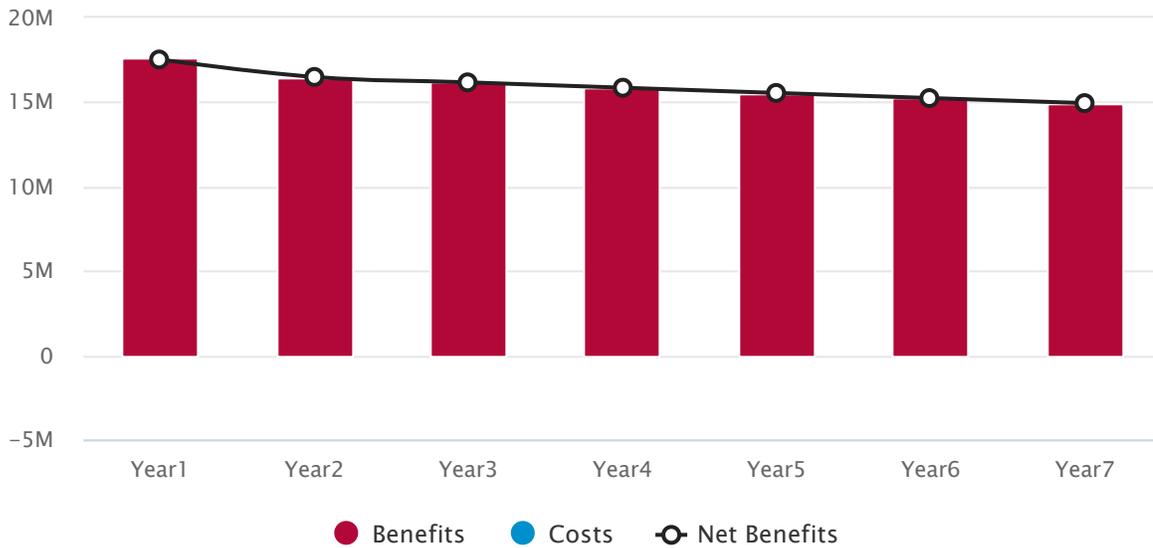
**LOCATION**  
**775 & 779 Washington  
St, Buffalo, NY 14203**

**TIMELINE**  
**7 Years**

F1 FIGURE 1

Discounted\* Net Benefits for Eastman Machine by Year

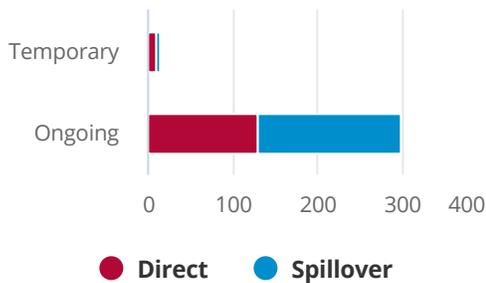
Total Net Benefits: \$111,777,000



Discounted at 2%

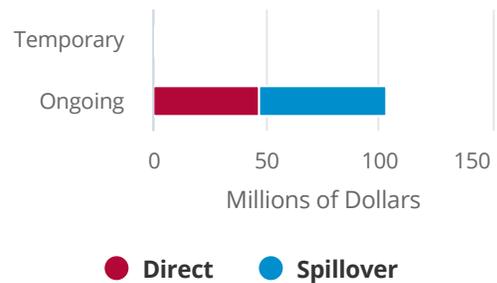
F2 FIGURE 2

Total Jobs



F3 FIGURE 3

Total Payroll



# Proposed Investment

Eastman Machine proposes to invest \$1.7 million at 775 & 779 Washington St, Buffalo, NY 14203 over 7 years.

T1 TABLE 1

## Proposed Investments

Description	Amount
<b>CONSTRUCTION SPENDING</b>	
Construction	\$1,435,000
<b>OTHER SPENDING</b>	
Non-Manufacturing Equipment	\$180,000
Soft Costs	\$50,000
<b>Total Investments</b>	<b>\$1,665,000</b>
Discounted Total (2%)	\$1,665,000

May not sum to total due to rounding.

F4 FIGURE 4

## Location of Investment



# 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 7 years, with future returns discounted at a 2% rate.

T2 TABLE 2

## Estimated Costs or Incentives

Erie County IDA is considering the following incentive package for Eastman Machine.

Description	Nominal Value	Discounted Value*
Property Tax Exemption	\$41,000	\$38,000
Sales Tax Exemption	\$91,000	\$91,000
Mortgage Recording Tax Exemption	\$8,000	\$8,000
<b>Total Costs</b>	<b>\$139,000</b>	<b>\$137,000</b>

**May not sum to total due to rounding.**

\* Discounted at 2%

T3 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
<b>REGIONAL BENEFITS</b>	<b>\$51,046,000</b>	<b>\$60,866,000</b>	<b>\$111,912,000</b>
<b>To Private Individuals</b>	<b>\$50,217,000</b>	<b>\$59,889,000</b>	<b>\$110,106,000</b>
Temporary Payroll	\$552,000	\$191,000	\$743,000
Ongoing Payroll	\$49,665,000	\$59,698,000	\$109,363,000
<b>To the Public</b>	<b>\$830,000</b>	<b>\$976,000</b>	<b>\$1,806,000</b>
Property Tax Revenue	\$11,000	N/A	\$11,000
Temporary Sales Tax Revenue	\$9,000	\$3,000	\$12,000
Ongoing Sales Tax Revenue	\$810,000	\$973,000	\$1,783,000
<b>STATE BENEFITS</b>	<b>\$3,163,000</b>	<b>\$3,546,000</b>	<b>\$6,710,000</b>
<b>To the Public</b>	<b>\$3,163,000</b>	<b>\$3,546,000</b>	<b>\$6,710,000</b>
Temporary Income Tax Revenue	\$27,000	\$9,000	\$36,000
Ongoing Income Tax Revenue	\$2,428,000	\$2,692,000	\$5,119,000
Temporary Sales Tax Revenue	\$8,000	\$3,000	\$10,000
Ongoing Sales Tax Revenue	\$701,000	\$843,000	\$1,544,000
<b>Total Benefits to State &amp; Region</b>	<b>\$54,210,000</b>	<b>\$64,412,000</b>	<b>\$118,622,000</b>
<b>Discounted Total Benefits (2%)</b>	<b>\$51,158,000</b>	<b>\$60,756,000</b>	<b>\$111,914,000</b>

May not sum to total due to rounding.

T4 TABLE 4

**Benefit to Cost Ratio**

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

Description	Benefit*	Cost*	Ratio
Region	\$105,584,000	\$92,000	1145:1
State	\$6,330,000	\$45,000	142:1
<b>Grand Total</b>	<b>\$111,914,000</b>	<b>\$137,000</b>	<b>817:1</b>

**May not sum to total due to rounding.**

\* Discounted at 2%

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