

PREPARED FOR:

Town of Hempstead Industrial Development Agency
350 Front Street, Room 234-A
Hempstead, NY 11550

Economic and Fiscal Impact

NBD HOLDING, LLC.

Town of Hempstead
Industrial Development Agency

JANUARY 3, 2021

PREPARED BY:



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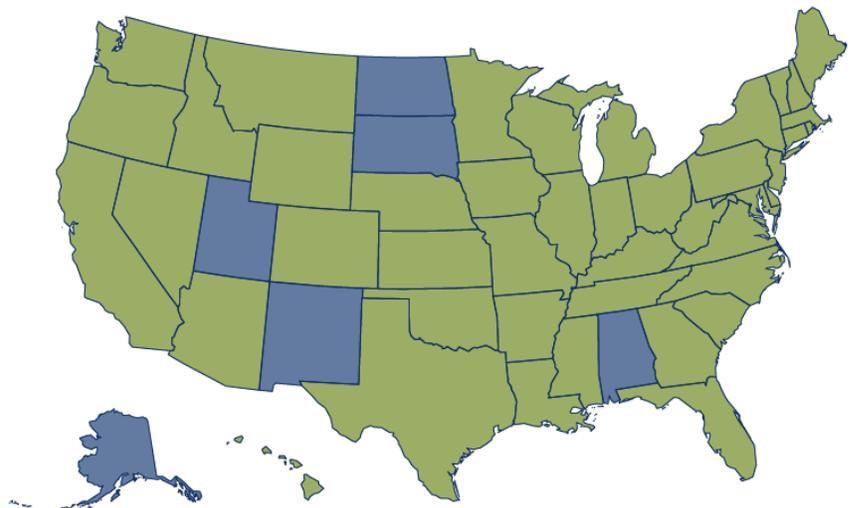
ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 44 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter [@camoinassociate](https://twitter.com/camoinassociate) and on [Facebook](https://www.facebook.com/camoinassociate).

THE PROJECT TEAM

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ABOUT THE STUDY

Camoin Associates was retained by the Town of Hempstead Industrial Development Agency to measure the potential economic and fiscal impacts of a project proposed by NBD Holding, LLC. The proposed project involves the construction of a 100-room Hilton Garden Inn at 417, 435, 444, 447, and 477 Woodcleft Avenue, Freeport, Town of Hempstead, Nassau County, New York. The goal of this analysis is to provide a complete assessment of the total economic, employment, and tax impact of the project on the Town of Hempstead that result from the renovation of the facility and on-site operations.

The primary tool used in this analysis is the input-output model developed by Economic Modeling Specialists Intl. (Emsi). Primary data used in this study was obtained from the developer’s application for financial assistance to the Town of Hempstead Industrial Development Agency and included the following data points: renovation spending, on-site jobs, exemptions, and PILOT schedule.

The economic impacts are presented in four categories: direct impact, indirect impact, induced impact, and total impact. The indirect and induced impacts are commonly referred to as the “multiplier effect.” Note that previous impact reports commissioned by the Town of Hempstead Industrial Development Agency were presented in only three categories: direct impact, indirect impact, and total impact. Prior to 2020, Camoin Associates included both the indirect and induced impacts in the “indirect impact” category. Beginning in 2020, the indirect and induced impacts will be reported separately to allow for more accurate interpretation of results.

STUDY INFORMATION

Data Source:
NBD Holding, LLC Application for Assistance and the Town of Hempstead Industrial Development Agency

Geography:
Town of Hempstead

Study Period:
2021

Modeling Tool:
Emsi

DIRECT IMPACTS

This initial round of impacts is generated as a result of spending on renovation and operations.

INDIRECT IMPACTS

The direct impacts have ripple effects through business to business spending. This spending results from the increase in demand for goods and services in industry sectors that supply both the facility.

INDUCED IMPACTS

Impacts that result from spending by facility employees, employees of town businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the town on food, clothing, and other goods and services.

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EXECUTIVE SUMMARY

The Town of Hempstead Industrial Development Agency (the “Agency”) received an application for financial assistance from NBD Holding, LLC (the “Applicant”) for the construction of a 100-room Hilton Garden Inn (the “Project”) at 417, 435, 444, 447, and 477 Woodcleft Avenue, Freeport, Town of Hempstead, Nassau County, New York (the “Site”). When complete, the Project will include a 125-person capacity ball room and an attached independently operated 100-person restaurant. The Applicant is seeking a 20-year PILOT agreement from the Agency. The Agency commissioned Camoin Associates to conduct an economic and limited fiscal impact analysis of the Project on the Town of Hempstead (the “Town”).

The following is a summary of our findings from this study, with details below and in the following sections.

Table 1

Summary of Benefits to Town	
Total Jobs	10
Direct Jobs	8
Total Earnings	\$ 304,677
Direct Earnings	\$ 206,830
Annual Sales Tax Revenue to County	\$ 2,266
Annual Sales Tax Revenue to Town	\$ 200
Average Annual PILOT Payment	\$ 458,223
Average Annual PILOT Payment to Town	\$ 4,001
Average Annual PILOT Benefit	\$ 296,461
Average Annual PILOT Benefit to Town	\$ 2,589
Average Annual Net Benefit to Town	\$ 2,789

- ◆ The Project supports 10 net new jobs in the town, with nearly \$305,000 in associated earnings. These figures include net new jobs resulting from both on-site direct jobs and indirect/induced activity.
- ◆ The Applicant has negotiated terms of a proposed 20-year PILOT agreement with the Agency, where the applicant would pay an average of \$458,223 each year, of which approximately \$4,000 will be allocated to the Town.
- ◆ On an annual basis, the Project will support an estimated \$2,266 new sales tax revenue in Nassau County, of which \$200 will be allocated to the Town. This is a conservative estimate of sales tax revenue to be generated as this does not include the sales tax revenue generated by the hotel’s retail sales.
- ◆ The annual net benefit to the Town will be \$2,798. In this case, this is the sum of the average annual PILOT benefit to the Town and projected new sales tax revenue to the Town.

- ◆ Through negotiations with the Agency the Applicant could have access to a sales tax exemption valued at up to \$1,730,175 and a mortgage recording tax exemption valued at up to \$240,000. However, if we assume that the Project would not occur absent IDA benefits, this is not actually a “cost” to the state and county since no future revenue stream would exist without the exemptions.

Table 2

Summary of Costs to Affected Jurisdictions

	State and County	
Sales Tax Exemption	\$	1,730,175
Mortgage Tax Exemption	\$	240,000

Source: Applicant, Camoin Associates

ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated by facility operation and renovation spending as provided by the Applicant were used as the direct inputs for the economic impact model. Camoin Associates uses the input-output model designed by Economic Modeling Specialists, International (Emsi) to calculate total economic impacts. Emsi allows the analyst to input the amount of new direct economic activity (spending or jobs) occurring within the town and uses the direct inputs to estimate the spillover effects that the net new spending or jobs have as these new dollars circulate through the Town of Hempstead’s economy. This is captured in the indirect and induced impacts and is commonly referred to as the “multiplier effect.” See Attachment A for more information on economic impact analysis.

The Project would have economic impacts upon the Town of Hempstead as a result of Project operation, new permanent jobs, and renovation spending.

CONSTRUCTION PHASE IMPACTS

The Applicant anticipates that private sector investment in the construction of the Project would cost approximately \$32.3 million¹, of which 70%² would be sourced from within the town. This means that there will be over \$22.6 million in net new spending in the town associated with the construction phase of the Project.

Table 3

Construction Phase Spending	
Total Construction Cost	\$ 32,330,000
Percent Sourced from Town	70%
Net New Construction Spending	\$ 22,631,000

Source: Applicant, Camoin Associates

Based on over \$22.6 million worth of net new direct spending associated with the construction phase of the Project, we determined that there would be over \$28.8 million in total one-time construction related spending supporting 191 jobs and an associated nearly \$12.3 million in earnings over the construction period throughout the town. Table 4 outlines the economic impacts of construction.

Table 4

Town Economic Impact - Construction Phase			
	Jobs	Earnings	Sales
Direct	144	\$ 10,041,876	\$ 22,631,000
Indirect	21	\$ 1,071,959	\$ 3,346,586
Induced	27	\$ 1,158,156	\$ 2,833,194
Total	191	\$ 12,271,991	\$ 28,810,780

Source: Emsi, Camoin Associates

¹ Includes project costs and provided by the Applicant, excluding acquisition, legal fees, and financial charges.

² According to Emsi, approximately 70% of demand by the construction industry is met within the town.

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IMPACTS OF ON-SITE EMPLOYMENT

In order to conduct an economic impact analysis, an initial step is to determine what portion of the on-site jobs, sales, and earnings are net new to the region in question; in other words, what portion of the new jobs, sales, and earnings would not occur but for the project. The direct impact of this Project is defined as the sales at the Site from customers who otherwise would have had to go outside of the town in order to find the type of accommodations they desire. For example, a customer may prefer to stay in Town of Hempstead, but if hotels with the amenities desired are unavailable, the customer would have to go to neighboring towns or counties. By increasing the number of hotel rooms and expanding types of accommodation available, the Project will allow the Town of Hempstead to “capture” some of the sales that are currently going to adjacent towns. These captured sales are considered net new sales to the town and are used as the direct input for the economic impact model.

The applicant indicated that the hotel would be operated as a Hilton Garden Inn. Hilton Garden Inn is marketed as a mid-price hotel with high levels of service, but more relaxed than traditional Hilton hotel and resorts. Hilton Garden Inn properties typically include a full cooked-to-order breakfast, 24-7 business centers, fitness centers, and on-site laundry. Nationally, the brand’s major competitors include Hampton by Hilton, Courtyard by Marriott, and Holiday Inn.

Camoin Associates conducted research on the Long Island hotel market to determine the percentage of revenue generated by the hotel that would be net new to the Town of Hempstead. Sales would be net new to the county for two main reasons: (1) Customers who would typically stay at Hilton properties in neighboring towns would decide to stay at the Project because of loyalty to the Hilton and Garden Inn brands, and (2) the Project would be able to satisfy additional demand for rooms in the Town of Hempstead on nights when area hotels have reached 100% occupancy.

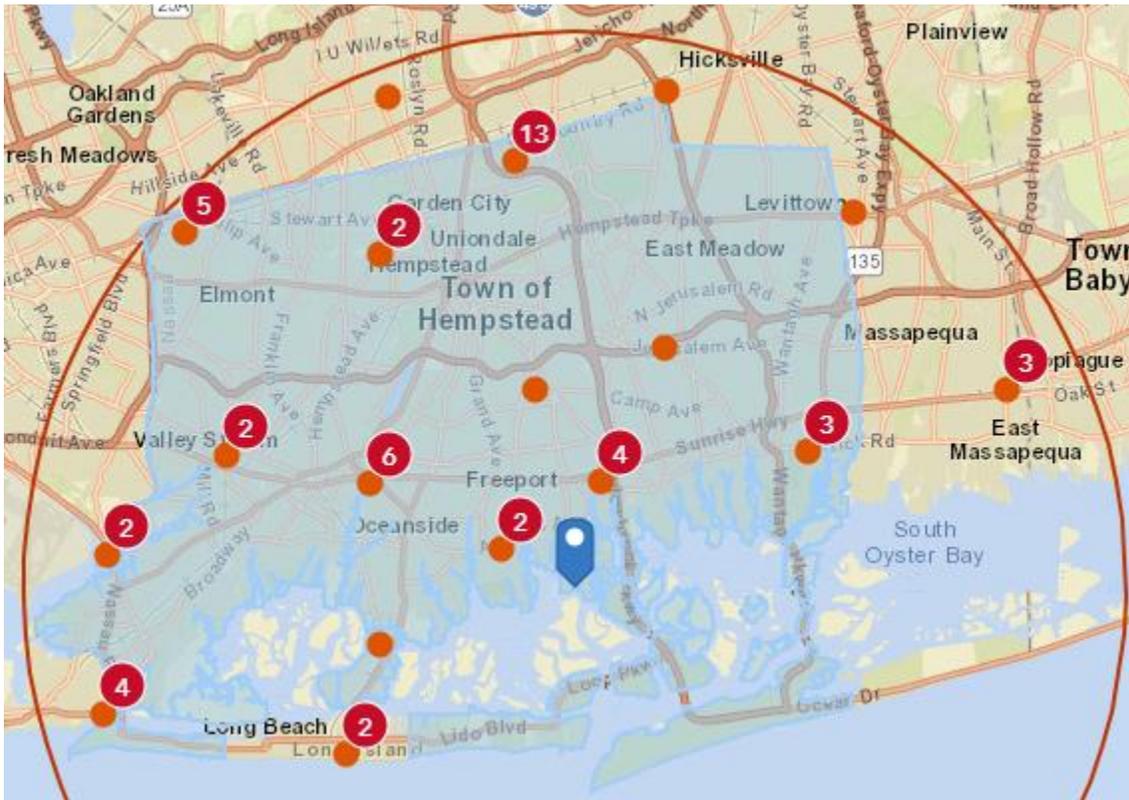
NET NEW SALES FROM BRAND LOYAL/EXTENDED STAY-PREFERENCE CUSTOMERS

Brand-loyal customers who would typically stay at Hilton hotels in neighboring towns due to limited Hilton offerings in the Town of Hempstead are likely to stay at the Project. Revenue from these customers would be net new the town.

Map A on the following page shows the locations of hotels within 10-miles of the site of the hotel in Freeport. Blue shading denotes the Town of Hempstead. According to Esri, there are 54 hotels within 10-miles of the Project, including a Hilton Garden Inn in Westbury, a Courtyard by Marriott in Westbury, and Hampton Inns in Garden City and Rockville Center. Two of these properties are in the Town of Hempstead. The following is more detail on the four comparable properties:

- Hilton Garden Inn - Privado Road, Westbury, New York, 11590 (Town of North Hempstead)
- Courtyard by Marriott - Privado Road, Westbury, New York, 11590 (Town of North Hempstead)
- Hampton Inn – North Avenue, Garden City, New York, 11530 (Town of Hempstead)
- Hampton Inn – Merrick Road, Rockville Center, New York, 11570 (Town of Hempstead)

Map A: Hotel Inventory Within Proximity to the Project Site



These properties, given their proximity and comparable price points, would be the most likely source of brand-loyal, or mid-priced-loyal guests who may shift their demand to the Project, perhaps because it offers them a more convenient location. However, since some of these properties are located within the Town of Hempstead, some guests who shift to the Project would not be net new to the town. The Project could, however, potentially attract loyal Hilton customers who would typically stay at nearby properties in neighboring towns. Revenue from these guests would be considered net new to the town.

NET NEW SALES FROM INCREASED SUPPLY OF ROOMS

The second way in which the Project could contribute net new revenue to the Town of Hempstead is by increasing the supply of rooms overall. On nights when hotel occupancy rates in the town approach 100%, the town is foregoing tax revenue due to a lack of supply. According to data from CoStar, the Nassau County hotel occupancy rate prior to the COVID-19 pandemic trended between 82% and 88% (in 2019). Since dropping to 44.0% in March 2020, rates have climbed back up to 73.2% (as of October 2021), indicating that the market (including the Town of Hempstead) is on the rebound and trending towards pre-COVID-19 levels.

IMPACT OF NET NEW SALES

Assigning a specific figure to the proportion of “net new” activity is imprecise in this case, but using the market figures provided and our professional judgment, we are conservatively estimating that 20% of sales at the site will be “net new” to the town. Therefore, of the 41 positions³ created at the hotel, the direct impact of the Project will

³ Provided by the Applicant. Assumes 30 full-time and 11 part-time jobs.

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be 8 new positions. Using these new jobs as direct inputs into the model, Emsi was used to calculate the economic impacts of the on-site activity. Table 5 details the impact that the on-site activity will have on the Town of Hempstead in terms of employment, earnings, and sales.

Table 5

Town Economic Impact - On-Site Operations			
	Jobs	Earnings	Sales
Direct	8 \$	206,830 \$	642,090
Indirect	1 \$	45,045 \$	105,404
Induced	1 \$	52,802 \$	129,563
Total	10 \$	304,677 \$	877,056

Source: Emsi, Camoin Associates

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FISCAL IMPACT ANALYSIS

In addition to the economic impact of the Project on the local economies (outlined above), there would also be a fiscal impact in terms of annual property tax and sales tax generation. The following section of the analysis outlines the impact of the completion of the Project on the local taxing jurisdictions in terms of the cost and/or benefit to municipal budgets.

PAYMENT IN LIEU OF TAXES (PILOT)

The Applicant has applied to the Agency for a Payment In Lieu of Taxes (PILOT) agreement. The Applicant has proposed a 20-year payment schedule based on the current tax rate, taxable value, and assessed value of the Project. Based on the terms of the PILOT as proposed, Camoin Associates calculated the potential impact on the affected jurisdictions.⁴

Table 6

Tax Payments with PILOT

Year	Total		Portion of Payment by Jurisdiction			
	PILOT Payments		Town	County	School District	Village
1	\$ 133,151	\$ 1,163	\$ 15,515	\$ 81,077	\$ 35,396	
2	\$ 133,151	\$ 1,163	\$ 15,515	\$ 81,077	\$ 35,396	
3	\$ 133,151	\$ 1,163	\$ 15,515	\$ 81,077	\$ 35,396	
4	\$ 225,000	\$ 1,965	\$ 26,218	\$ 137,005	\$ 59,812	
5	\$ 255,000	\$ 2,227	\$ 29,714	\$ 155,272	\$ 67,787	
6	\$ 280,000	\$ 2,445	\$ 32,627	\$ 170,495	\$ 74,433	
7	\$ 310,000	\$ 2,707	\$ 36,123	\$ 188,762	\$ 82,408	
8	\$ 355,000	\$ 3,100	\$ 41,366	\$ 216,164	\$ 94,370	
9	\$ 400,000	\$ 3,493	\$ 46,610	\$ 243,565	\$ 106,333	
10	\$ 440,000	\$ 3,842	\$ 51,271	\$ 267,921	\$ 116,966	
11	\$ 470,000	\$ 4,104	\$ 54,767	\$ 286,188	\$ 124,941	
12	\$ 510,000	\$ 4,453	\$ 59,428	\$ 310,545	\$ 135,574	
13	\$ 550,000	\$ 4,803	\$ 64,089	\$ 334,901	\$ 146,207	
14	\$ 590,000	\$ 5,152	\$ 68,750	\$ 359,258	\$ 156,841	
15	\$ 630,000	\$ 5,501	\$ 73,411	\$ 383,614	\$ 167,474	
16	\$ 670,000	\$ 5,851	\$ 78,072	\$ 407,971	\$ 178,107	
17	\$ 710,000	\$ 6,200	\$ 82,733	\$ 432,327	\$ 188,741	
18	\$ 750,000	\$ 6,549	\$ 87,394	\$ 456,683	\$ 199,374	
19	\$ 790,000	\$ 6,898	\$ 92,055	\$ 481,040	\$ 210,007	
20	\$ 830,000	\$ 7,248	\$ 96,716	\$ 505,396	\$ 220,640	
Total	\$ 9,164,454	\$ 80,025	\$ 1,067,887	\$ 5,580,340	\$ 2,436,202	
Average	\$ 458,223	\$ 4,001	\$ 53,394	\$ 279,017	\$ 121,810	

Source: Town of Hempstead IDA, Camoin Associates

⁴ It is assumed that each jurisdiction will continue to receive the same portion of the PILOT that they currently receive from the full tax bill.

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TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates assumes the Applicant would not undertake the Project. Based on the current taxes applicable on the Site as provided by the Town of Hempstead IDA and an assumed annual increase to the tax rate of 2.00%⁵ (holding taxable value constant), Table 7 outlines the estimated tax payments made by the building owner without the Project.

Table 7

Tax Payments without Project

Year	Total Property Tax Payment Without Project*		Portion of Payment by Jurisdiction			
			Town	County	School District	Village
1	\$	133,151	\$ 1,163	\$ 15,515	\$ 81,077	\$ 35,396
2	\$	135,814	\$ 1,186	\$ 15,826	\$ 82,699	\$ 36,104
3	\$	138,531	\$ 1,210	\$ 16,142	\$ 84,353	\$ 36,826
4	\$	141,301	\$ 1,234	\$ 16,465	\$ 86,040	\$ 37,562
5	\$	144,127	\$ 1,259	\$ 16,794	\$ 87,761	\$ 38,314
6	\$	147,010	\$ 1,284	\$ 17,130	\$ 89,516	\$ 39,080
7	\$	149,950	\$ 1,309	\$ 17,473	\$ 91,306	\$ 39,861
8	\$	152,949	\$ 1,336	\$ 17,822	\$ 93,132	\$ 40,659
9	\$	156,008	\$ 1,362	\$ 18,179	\$ 94,995	\$ 41,472
10	\$	159,128	\$ 1,390	\$ 18,542	\$ 96,895	\$ 42,301
11	\$	162,311	\$ 1,417	\$ 18,913	\$ 98,833	\$ 43,147
12	\$	165,557	\$ 1,446	\$ 19,292	\$ 100,810	\$ 44,010
13	\$	168,868	\$ 1,475	\$ 19,677	\$ 102,826	\$ 44,890
14	\$	172,245	\$ 1,504	\$ 20,071	\$ 104,882	\$ 45,788
15	\$	175,690	\$ 1,534	\$ 20,472	\$ 106,980	\$ 46,704
16	\$	179,204	\$ 1,565	\$ 20,882	\$ 109,119	\$ 47,638
17	\$	182,788	\$ 1,596	\$ 21,299	\$ 111,302	\$ 48,591
18	\$	186,444	\$ 1,628	\$ 21,725	\$ 113,528	\$ 49,563
19	\$	190,173	\$ 1,661	\$ 22,160	\$ 115,798	\$ 50,554
20	\$	193,976	\$ 1,694	\$ 22,603	\$ 118,114	\$ 51,565
Total	\$	3,235,228	\$ 28,250	\$ 376,985	\$ 1,969,967	\$ 860,026
Average	\$	161,761	\$ 1,413	\$ 18,849	\$ 98,498	\$ 43,001

Source: Town of Hempstead IDA, Camoin Associates

*Note: Assumes an average annual increase of 2.00%

⁵ The tax rate is increased by 2.00% annually, the maximum inflation factor that can be reasonably anticipated into the future. New York State property tax cap legislation limits tax levy growth to an inflation factor set by the State or 2.00%, whichever is less, the amount by which a government entity may increase its annual tax levy (certain exceptions apply)..

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Table 8 calculates the benefit to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the property tax payments without the Project. Approximately \$296,000 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be \$5.9 million over the 20-year period.

Table 8

Tax Policy Comparison (All Jurisdictions)

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 133,151	\$ 133,151	\$ -
2	\$ 135,814	\$ 133,151	\$ (2,663)
3	\$ 138,531	\$ 133,151	\$ (5,379)
4	\$ 141,301	\$ 225,000	\$ 83,699
5	\$ 144,127	\$ 255,000	\$ 110,873
6	\$ 147,010	\$ 280,000	\$ 132,990
7	\$ 149,950	\$ 310,000	\$ 160,050
8	\$ 152,949	\$ 355,000	\$ 202,051
9	\$ 156,008	\$ 400,000	\$ 243,992
10	\$ 159,128	\$ 440,000	\$ 280,872
11	\$ 162,311	\$ 470,000	\$ 307,689
12	\$ 165,557	\$ 510,000	\$ 344,443
13	\$ 168,868	\$ 550,000	\$ 381,132
14	\$ 172,245	\$ 590,000	\$ 417,755
15	\$ 175,690	\$ 630,000	\$ 454,310
16	\$ 179,204	\$ 670,000	\$ 490,796
17	\$ 182,788	\$ 710,000	\$ 527,212
18	\$ 186,444	\$ 750,000	\$ 563,556
19	\$ 190,173	\$ 790,000	\$ 599,827
20	\$ 193,976	\$ 830,000	\$ 636,024
Total	\$ 3,235,228	\$ 9,164,454	\$ 5,929,226
Average	\$ 161,761	\$ 458,223	\$ 296,461

Source: Town of Hempstead IDA, Camoin Associates

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TOWN

Table 9 calculates the benefit to the Town. The Town would receive approximately \$2,600 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be \$51,775 over the 20-year period.

Table 9

Tax Policy Comparison for Town

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 1,163	\$ 1,163	\$ -
2	\$ 1,186	\$ 1,163	\$ (23)
3	\$ 1,210	\$ 1,163	\$ (47)
4	\$ 1,234	\$ 1,965	\$ 731
5	\$ 1,259	\$ 2,227	\$ 968
6	\$ 1,284	\$ 2,445	\$ 1,161
7	\$ 1,309	\$ 2,707	\$ 1,398
8	\$ 1,336	\$ 3,100	\$ 1,764
9	\$ 1,362	\$ 3,493	\$ 2,131
10	\$ 1,390	\$ 3,842	\$ 2,453
11	\$ 1,417	\$ 4,104	\$ 2,687
12	\$ 1,446	\$ 4,453	\$ 3,008
13	\$ 1,475	\$ 4,803	\$ 3,328
14	\$ 1,504	\$ 5,152	\$ 3,648
15	\$ 1,534	\$ 5,501	\$ 3,967
16	\$ 1,565	\$ 5,851	\$ 4,286
17	\$ 1,596	\$ 6,200	\$ 4,604
18	\$ 1,628	\$ 6,549	\$ 4,921
19	\$ 1,661	\$ 6,898	\$ 5,238
20	\$ 1,694	\$ 7,248	\$ 5,554
Total	\$ 28,250	\$ 80,025	\$ 51,775
Average	\$ 1,413	\$ 4,001	\$ 2,589

Source: Town of Hempstead IDA, Camoin Associates

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COUNTY

Table 10 calculates the benefit to the County. The County would receive approximately \$34,545 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be nearly \$691,000 over the 20-year period.

Table 10

Tax Policy Comparison for County

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 15,515	\$ 15,515	\$ -
2	\$ 15,826	\$ 15,515	\$ (310)
3	\$ 16,142	\$ 15,515	\$ (627)
4	\$ 16,465	\$ 26,218	\$ 9,753
5	\$ 16,794	\$ 29,714	\$ 12,919
6	\$ 17,130	\$ 32,627	\$ 15,497
7	\$ 17,473	\$ 36,123	\$ 18,650
8	\$ 17,822	\$ 41,366	\$ 23,544
9	\$ 18,179	\$ 46,610	\$ 28,431
10	\$ 18,542	\$ 51,271	\$ 32,729
11	\$ 18,913	\$ 54,767	\$ 35,853
12	\$ 19,292	\$ 59,428	\$ 40,136
13	\$ 19,677	\$ 64,089	\$ 44,411
14	\$ 20,071	\$ 68,750	\$ 48,679
15	\$ 20,472	\$ 73,411	\$ 52,938
16	\$ 20,882	\$ 78,072	\$ 57,190
17	\$ 21,299	\$ 82,733	\$ 61,433
18	\$ 21,725	\$ 87,394	\$ 65,668
19	\$ 22,160	\$ 92,055	\$ 69,895
20	\$ 22,603	\$ 96,716	\$ 74,113
Total	\$ 376,985	\$ 1,067,887	\$ 690,903
Average	\$ 18,849	\$ 53,394	\$ 34,545

Source: Town of Hempstead IDA, Camoin Associates

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SCHOOL DISTRICT

Table 11 calculates the benefit to the school district. The school district would receive approximately \$180,519 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the school district would be over \$3.6 million over the 20-year period.

Table 11

Tax Policy Comparison for School District

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 81,077	\$ 81,077	\$ -
2	\$ 82,699	\$ 81,077	\$ (1,622)
3	\$ 84,353	\$ 81,077	\$ (3,276)
4	\$ 86,040	\$ 137,005	\$ 50,965
5	\$ 87,761	\$ 155,272	\$ 67,512
6	\$ 89,516	\$ 170,495	\$ 80,979
7	\$ 91,306	\$ 188,762	\$ 97,456
8	\$ 93,132	\$ 216,164	\$ 123,031
9	\$ 94,995	\$ 243,565	\$ 148,569
10	\$ 96,895	\$ 267,921	\$ 171,026
11	\$ 98,833	\$ 286,188	\$ 187,355
12	\$ 100,810	\$ 310,545	\$ 209,735
13	\$ 102,826	\$ 334,901	\$ 232,076
14	\$ 104,882	\$ 359,258	\$ 254,375
15	\$ 106,980	\$ 383,614	\$ 276,634
16	\$ 109,119	\$ 407,971	\$ 298,851
17	\$ 111,302	\$ 432,327	\$ 321,025
18	\$ 113,528	\$ 456,683	\$ 343,156
19	\$ 115,798	\$ 481,040	\$ 365,241
20	\$ 118,114	\$ 505,396	\$ 387,282
Total	\$ 1,969,967	\$ 5,580,340	\$ 3,610,373
Average	\$ 98,498	\$ 279,017	\$ 180,519

Source: Town of Hempstead IDA, Camoin Associates

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VILLAGE

Table 12 calculates the benefit to the Village. The Village would receive approximately \$79,000 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Village would be nearly \$1.6 million over the 20-year period.

Table 12

Tax Policy Comparison for Village

Year	Property Tax Payment Without Project	PILOT Payment	Benefit (Cost) of Project
1	\$ 35,396	\$ 35,396	\$ -
2	\$ 36,104	\$ 35,396	\$ (708)
3	\$ 36,826	\$ 35,396	\$ (1,430)
4	\$ 37,562	\$ 59,812	\$ 22,250
5	\$ 38,314	\$ 67,787	\$ 29,473
6	\$ 39,080	\$ 74,433	\$ 35,353
7	\$ 39,861	\$ 82,408	\$ 42,546
8	\$ 40,659	\$ 94,370	\$ 53,712
9	\$ 41,472	\$ 106,333	\$ 64,861
10	\$ 42,301	\$ 116,966	\$ 74,665
11	\$ 43,147	\$ 124,941	\$ 81,794
12	\$ 44,010	\$ 135,574	\$ 91,564
13	\$ 44,890	\$ 146,207	\$ 101,317
14	\$ 45,788	\$ 156,841	\$ 111,052
15	\$ 46,704	\$ 167,474	\$ 120,770
16	\$ 47,638	\$ 178,107	\$ 130,469
17	\$ 48,591	\$ 188,741	\$ 140,150
18	\$ 49,563	\$ 199,374	\$ 149,811
19	\$ 50,554	\$ 210,007	\$ 159,453
20	\$ 51,565	\$ 220,640	\$ 169,075
Total	\$ 860,026	\$ 2,436,202	\$ 1,576,176
Average	\$ 43,001	\$ 121,810	\$ 78,809

Source: Town of Hempstead IDA, Camoin Associates

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OTHER EXEMPTIONS

There are additional benefits to working with the Agency including a one-time sales tax exemption on construction materials and furniture, fixtures, and equipment as well as a mortgage recording tax exemption. Tax exemptions are for the state and county taxes and are not applicable to the town and village.

Table 13

Summary of Costs to Affected Jurisdictions

	State and County	
Sales Tax Exemption	\$	1,730,175
Mortgage Tax Exemption	\$	240,000

Source: Applicant, Camoin Associates

The additional incentives offered by the Agency will benefit the Applicant but will not negatively affect the taxing jurisdictions because, without the Project, the Town by definition would not be receiving any associated sales tax or mortgage tax revenue.

SALES TAX REVENUE

SALES TAX REVENUE – CONSTRUCTION PHASE

The one-time renovation phase earnings described by the total economic impact of the renovation work (described in the above section) would lead to additional sales tax revenue for the Town. It is assumed that 70%⁶ of the construction phase earnings would be spent within the county and that 25% of those purchases would be taxable.

Table 14

One-Time Sales Tax Revenue, Construction Phase

Total New Earnings	\$	12,271,991
Amount Spent in County (70%)	\$	8,590,394
Amount Taxable (25%)	\$	2,147,598
Nassau County Sales Tax Revenue (4.25%)	\$	91,273
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	\$	8,053

Source: Town of Hempstead IDA, Camoin Associates

***Note:** Nassau County's sales tax rate is 4.25%, of which 0.75% is allocated to the towns and cities within the county. For this analysis we assume half of the 0.75% is allocated to the Town of Hempstead.

⁶ According to Emsi, 70% demand for industries in a typical household spending basket is met within Nassau County.

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SALES TAX REVENUE – EMPLOYEE EARNINGS

The earnings generated by on-site jobs that will occur as a result of building operation at the Project (described under Impacts of On-Site Employment) would lead to additional annual sales tax revenue for the town. It is assumed that 70% of the earnings would be spent within the county and that 25% of those purchases will be taxable. Table 15 displays the annual tax revenue that the Town will receive.

Table 15

Annual Sales Tax Revenue, On-Site Operations	
Total New Earnings	\$ 304,677
Amount Spent in County (70%)	\$ 213,274
Amount Taxable (25%)	\$ 53,318
Nassau County Sales Tax Revenue (4.25%)	\$ 2,266
New Town Sales Tax Revenue Portion*	0.375%
New Town Tax Revenue	\$ 200

Source: Town of Hempstead IDA, Camoin Associates

***Note:** Nassau County's sales tax rate is 4.25%, of which 0.75% is allocated to the towns and cities within the county. For this analysis we assume half of the 0.75% is allocated to the Town of Hempstead.

ADDITIONAL TAX REVENUE – ONGOING HOTEL OPERATIONS

In addition to the sales tax revenue generated by the earnings of the direct and indirect employment positions created by the Project, there would also be revenue generated from taxes charged directly at the hotel (sales tax and hotel tax). The Applicant does not provide revenue estimates for hotel operation upon completion however, 20% of revenue generated will be net new to the town. From this, the town will receive additional sales tax revenue. Nassau County will also collect net new hotel tax revenue (3% rate).

ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial “change in final demand”. To understand the meaning of “change in final demand”, consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells \$1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is \$1 million because dollars are flowing in from outside the United States and are therefore “new” dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the “Direct Effects” of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer’s vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will “leak out”. What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of industry-to-industry purchases. Finally, the widget manufacturer has employees who will naturally spend their wages. Again, those wages spent will either be for local goods and services or will “leak” out of the economy. The purchases of local goods and services will then stimulate other local economic activity. Together, these effects are referred to as the “Indirect Effects” of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial \$1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects. The ratio of Total Effects to Direct Effects is called the “multiplier effect” and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar (\$1) of change in final demand, an additional \$1.40 of indirect economic activity occurs for a total of \$2.40.

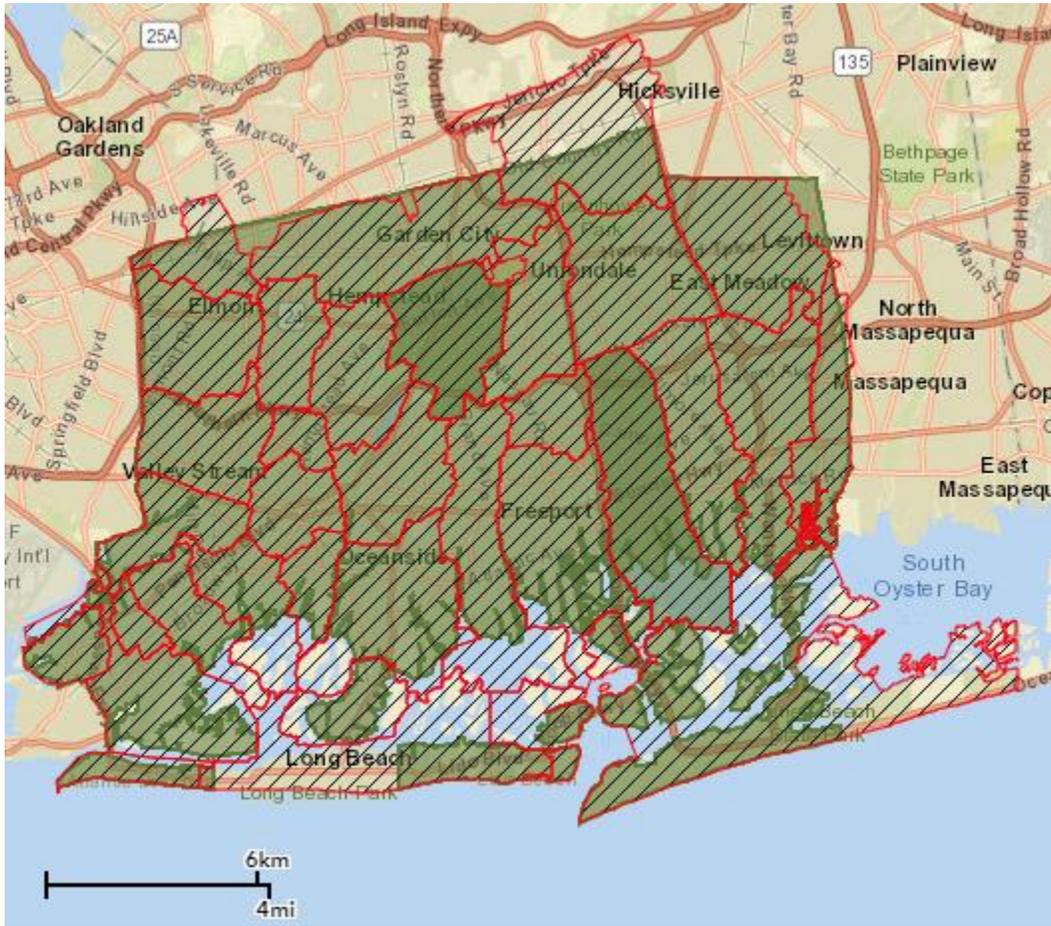
Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the “local economy” is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the \$1 million of widgets being purchased by Canadians is not causing total North American demand to increase by \$1 million. Presumably, those Canadian purchasers will have \$1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many “new” dollars the producer would be causing to occur domestically.

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ATTACHMENT B: STUDY AREA

Town of Hempstead (Green) and Zip Code Region (Red outline with dashes)



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