PREPARED FOR:

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

Economic and Fiscal Impact

ROCK 50, LLC

Town of Hempstead
Industrial Development Agency

JANUARY 19, 2022

PREPARED BY:

camoin associates

PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com

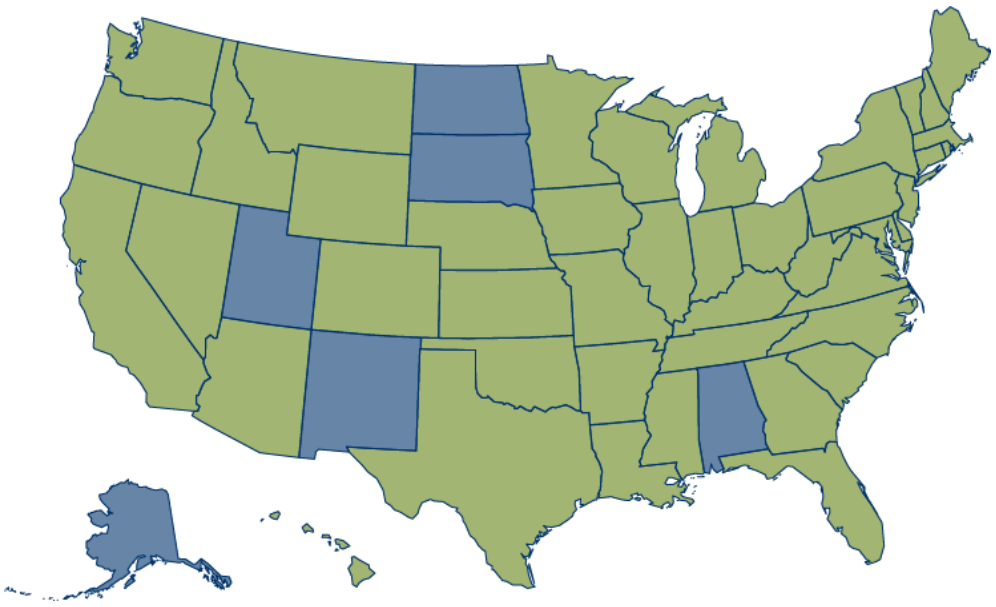
ABOUT CAMOIN ASSOCIATES

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** and on **Facebook**.

THE PROJECT TEAM

Rachel Selsky
Vice President

Jessica Tagliafierro
Senior Analyst



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 Rock 50, LLC. The proposed project involves construction of an over 60,000 SF Class A commercial office building at 50 North Park Avenue, Rockville Centre, New York 11970. 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 construction phase 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: 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:
Rock 50, LLC Application for Assistance and the Town of Hempstead Industrial Development Agency

Geography:
Town of Hempstead

Study Period:
2022

Modeling Tool:
Emsi

DIRECT IMPACTS

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

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 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.

CONTENTS

This page intentionally left blank.

EXECUTIVE SUMMARY

The Town of Hempstead Industrial Development Agency (the "Agency") received an application for financial assistance from Rock 50, LLC (the "Applicant") for the construction of an over 60,000 SF Class A commercial office building (the "Project") at 50 North Park Avenue, Rockville Centre, New York 11970 (the "Site"). 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	339
Direct Jobs	223
Total Earnings	$ 35,813,835
Direct Earnings	$ 27,786,932
Annual Sales Tax Revenue to County	$ 266,365
Annual Sales Tax Revenue to Town	$ 23,503
Average Annual PILOT Payment	$ 584,372
Average Annual PILOT Payment to Town	$ 2,704
Average Annual PILOT Benefit	$ 584,372
Average Annual PILOT Benefit to Town	$ 2,704
Average Annual Net Benefit to Town	**$ 26,207**

- The Project would support 339 net new jobs in the town, of which 223 are direct jobs, with over $35.8 million in associated earnings.
- The Applicant has negotiated terms of a proposed 20-year PILOT agreement with the Agency, where the applicant would pay an average of $584,372 each year, of which $2,704 will be allocated to the Town. The property is currently tax exempt, therefore these figures represent the average annual benefit of the PILOT.
- The annual net benefit to the Town is estimated to be $26,207. In this case, this is the sum of the average annual PILOT benefit to the Town and new annual 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 $448,431 and a mortgage recording tax exemption valued at up to $46,313. 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	$	448,431
Mortgage Tax Exemption	$	46,313

Source: Applicant, Camoin Associates

ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated by facility operation and new resident 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 construction and operation.

CONSTRUCTION PHASE IMPACTS

The Applicant estimates that private sector investment in the construction of the Project would cost approximately $8.4 million[1], of which 70%[2] would be sourced from within the town. This means that there will be over $5.9 million in net new spending in the town associated with the construction phase of the Project.

Table 3

Construction Phase Spending - Town

Total Construction Cost	$	8,432,000
Percent Sourced from Town		70%
Net New Constuction Spending	**$**	**5,902,400**

Source: Applicant, Camoin Associates

Based on over $5.9 million worth of net new direct spending associated with the construction phase of the Project, Camoin Associates determined that there would be nearly $7.6 million in total one-time construction related spending supporting 29 jobs and an associated over $3.0 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	21	$	2,470,854	$	5,902,400
Indirect	4	$	284,152	$	907,819
Induced	4	$	306,546	$	777,434
Total	**29**	**$**	**3,061,551**	**$**	**7,587,653**

Source: Emsi, Camoin Associates

[1] Includes project costs as provided by the Applicant, excluding acquisition, legal fees, and financial charges.
[2] According to Emsi, approximately 70% of construction industry demand is met within the town.

IMPACTS OF ON-SITE EMPLOYMENT

According to the Applicant, 223 new jobs will be on-site following Project completion. The table below details the impact that these net new jobs will have on the Town of Hempstead (Table 5).

Table 5

Town Economic Impact - On-Site Operations

	Jobs		Earnings		Sales
Direct	223	$	27,786,932	$	50,200,099
Indirect	70	$	4,910,732	$	12,478,834
Induced	46	$	3,116,170	$	7,881,870
Total	**339**	**$**	**35,813,835**	**$**	**70,560,803**

Source: Emsi, Camoin Associates

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 PILOT 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.[3]

Table 6

Tax Payments with PILOT

Year	Total PILOT Payments	Portion of Payment by Jurisdiction			
		Town	County	School District	Village
1	$ 294,147	$ 1,361	$ 18,782	$ 158,921	$ 115,083
2	$ 294,147	$ 1,361	$ 18,782	$ 158,921	$ 115,083
3	$ 294,147	$ 1,361	$ 18,782	$ 158,921	$ 115,083
4	$ 510,000	$ 2,360	$ 32,565	$ 275,541	$ 199,534
5	$ 525,000	$ 2,429	$ 33,523	$ 283,645	$ 205,403
6	$ 530,000	$ 2,452	$ 33,842	$ 286,347	$ 207,359
7	$ 550,000	$ 2,545	$ 35,119	$ 297,152	$ 215,184
8	$ 560,000	$ 2,591	$ 35,758	$ 302,555	$ 219,096
9	$ 585,000	$ 2,707	$ 37,354	$ 316,062	$ 228,877
10	$ 590,000	$ 2,730	$ 37,673	$ 318,763	$ 230,834
11	$ 595,000	$ 2,753	$ 37,993	$ 321,464	$ 232,790
12	$ 610,000	$ 2,822	$ 38,951	$ 329,569	$ 238,658
13	$ 620,000	$ 2,869	$ 39,589	$ 334,971	$ 242,571
14	$ 650,000	$ 3,008	$ 41,505	$ 351,180	$ 254,308
15	$ 700,000	$ 3,239	$ 44,697	$ 378,194	$ 273,870
16	$ 715,000	$ 3,308	$ 45,655	$ 386,298	$ 279,739
17	$ 750,000	$ 3,470	$ 47,890	$ 405,207	$ 293,432
18	$ 755,000	$ 3,493	$ 48,209	$ 407,909	$ 295,389
19	$ 760,000	$ 3,517	$ 48,528	$ 410,610	$ 297,345
20	$ 800,000	$ 3,702	$ 51,083	$ 432,221	$ 312,995
Total	**$ 11,687,441**	**$ 54,078**	**$ 746,281**	**$ 6,314,449**	**$ 4,572,633**
Average	**$ 584,372**	**$ 2,704**	**$ 37,314**	**$ 315,722**	**$ 228,632**

Source: Town of Hempstead IDA, Camoin Associates

[3] It is assumed that each jurisdiction will continue to receive the same portion of the PILOT that they would currently receive from the full tax bill, if the property were not currently tax exempt.

TAX POLICY COMPARISON

Without financial assistance from the Agency, Camoin Associates assumes the Applicant would not undertake the Project. Table 7 displays the property tax payment associated with the residential portion of the Project. It is assumed that the property will continue to be tax exempt.

Table 7

Tax Payments without Project

Year	Total Property Tax Payment Without Project*	Portion of Payment by Jurisdiction			
		Town	County	School District	Village
1	$ -	$ -	$ -	$ -	$ -
2	$ -	$ -	$ -	$ -	$ -
3	$ -	$ -	$ -	$ -	$ -
4	$ -	$ -	$ -	$ -	$ -
5	$ -	$ -	$ -	$ -	$ -
6	$ -	$ -	$ -	$ -	$ -
7	$ -	$ -	$ -	$ -	$ -
8	$ -	$ -	$ -	$ -	$ -
9	$ -	$ -	$ -	$ -	$ -
10	$ -	$ -	$ -	$ -	$ -
11	$ -	$ -	$ -	$ -	$ -
12	$ -	$ -	$ -	$ -	$ -
13	$ -	$ -	$ -	$ -	$ -
14	$ -	$ -	$ -	$ -	$ -
15	$ -	$ -	$ -	$ -	$ -
16	$ -	$ -	$ -	$ -	$ -
17	$ -	$ -	$ -	$ -	$ -
18	$ -	$ -	$ -	$ -	$ -
19	$ -	$ -	$ -	$ -	$ -
20	$ -	$ -	$ -	$ -	$ -
Total	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Average	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Source: Town of Hempstead IDA, Camoin Associates

Table 8 calculates the benefit (or cost) to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the property tax payments without the Project. Over $584,000 more in PILOT revenue will be received annually than property taxes that would be received without the Project. The total benefit would be $11.7 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	$ -	$ 294,147	$ 294,147
2	$ -	$ 294,147	$ 294,147
3	$ -	$ 294,147	$ 294,147
4	$ -	$ 510,000	$ 510,000
5	$ -	$ 525,000	$ 525,000
6	$ -	$ 530,000	$ 530,000
7	$ -	$ 550,000	$ 550,000
8	$ -	$ 560,000	$ 560,000
9	$ -	$ 585,000	$ 585,000
10	$ -	$ 590,000	$ 590,000
11	$ -	$ 595,000	$ 595,000
12	$ -	$ 610,000	$ 610,000
13	$ -	$ 620,000	$ 620,000
14	$ -	$ 650,000	$ 650,000
15	$ -	$ 700,000	$ 700,000
16	$ -	$ 715,000	$ 715,000
17	$ -	$ 750,000	$ 750,000
18	$ -	$ 755,000	$ 755,000
19	$ -	$ 760,000	$ 760,000
20	$ -	$ 800,000	$ 800,000
Total	**$ -**	**$ 11,687,441**	**$ 11,687,441**
Average	**$ -**	**$ 584,372**	**$ 584,372**

Source: Town of Hempstead IDA, Camoin Associates

TOWN

Table 9 calculates the benefit (or cost) to the Town. The Town would receive approximately $2,704 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Town would be over $54,000 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	$ -	$ 1,361	$ 1,361
2	$ -	$ 1,361	$ 1,361
3	$ -	$ 1,361	$ 1,361
4	$ -	$ 2,360	$ 2,360
5	$ -	$ 2,429	$ 2,429
6	$ -	$ 2,452	$ 2,452
7	$ -	$ 2,545	$ 2,545
8	$ -	$ 2,591	$ 2,591
9	$ -	$ 2,707	$ 2,707
10	$ -	$ 2,730	$ 2,730
11	$ -	$ 2,753	$ 2,753
12	$ -	$ 2,822	$ 2,822
13	$ -	$ 2,869	$ 2,869
14	$ -	$ 3,008	$ 3,008
15	$ -	$ 3,239	$ 3,239
16	$ -	$ 3,308	$ 3,308
17	$ -	$ 3,470	$ 3,470
18	$ -	$ 3,493	$ 3,493
19	$ -	$ 3,517	$ 3,517
20	$ -	$ 3,702	$ 3,702
Total	**$ -**	**$ 54,078**	**$ 54,078**
Average	**$ -**	**$ 2,704**	**$ 2,704**

Source: Town of Hempstead IDA, Camoin Associates

COUNTY

Table 10 calculates the benefit (or cost) to the County. The County would receive approximately $37,314 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the County would be over $746,000 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	$ -	$ 18,782	$ 18,782
2	$ -	$ 18,782	$ 18,782
3	$ -	$ 18,782	$ 18,782
4	$ -	$ 32,565	$ 32,565
5	$ -	$ 33,523	$ 33,523
6	$ -	$ 33,842	$ 33,842
7	$ -	$ 35,119	$ 35,119
8	$ -	$ 35,758	$ 35,758
9	$ -	$ 37,354	$ 37,354
10	$ -	$ 37,673	$ 37,673
11	$ -	$ 37,993	$ 37,993
12	$ -	$ 38,951	$ 38,951
13	$ -	$ 39,589	$ 39,589
14	$ -	$ 41,505	$ 41,505
15	$ -	$ 44,697	$ 44,697
16	$ -	$ 45,655	$ 45,655
17	$ -	$ 47,890	$ 47,890
18	$ -	$ 48,209	$ 48,209
19	$ -	$ 48,528	$ 48,528
20	$ -	$ 51,083	$ 51,083
Total	**$ -**	**$ 746,281**	**$ 746,281**
Average	**$ -**	**$ 37,314**	**$ 37,314**

Source: Town of Hempstead IDA, Camoin Associates

SCHOOL DISTRICT

Table 11 calculates the benefit (or cost) to the school district. The school district would receive approximately $315,722 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 $6.3 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	$ -	$ 158,921	$ 158,921
2	$ -	$ 158,921	$ 158,921
3	$ -	$ 158,921	$ 158,921
4	$ -	$ 275,541	$ 275,541
5	$ -	$ 283,645	$ 283,645
6	$ -	$ 286,347	$ 286,347
7	$ -	$ 297,152	$ 297,152
8	$ -	$ 302,555	$ 302,555
9	$ -	$ 316,062	$ 316,062
10	$ -	$ 318,763	$ 318,763
11	$ -	$ 321,464	$ 321,464
12	$ -	$ 329,569	$ 329,569
13	$ -	$ 334,971	$ 334,971
14	$ -	$ 351,180	$ 351,180
15	$ -	$ 378,194	$ 378,194
16	$ -	$ 386,298	$ 386,298
17	$ -	$ 405,207	$ 405,207
18	$ -	$ 407,909	$ 407,909
19	$ -	$ 410,610	$ 410,610
20	$ -	$ 432,221	$ 432,221
Total	**$ -**	**$ 6,314,449**	**$ 6,314,449**
Average	**$ -**	**$ 315,722**	**$ 315,722**

Source: Town of Hempstead IDA, Camoin Associates

VILLAGE

Table 12 calculates the benefit (or cost) to the Village. The Village would receive approximately $228,632 more in PILOT revenue annually than it would receive in property taxes without the Project. The total benefit to the Village would be nearly $4.6 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	$ -	$ 115,083	$ 115,083
2	$ -	$ 115,083	$ 115,083
3	$ -	$ 115,083	$ 115,083
4	$ -	$ 199,534	$ 199,534
5	$ -	$ 205,403	$ 205,403
6	$ -	$ 207,359	$ 207,359
7	$ -	$ 215,184	$ 215,184
8	$ -	$ 219,096	$ 219,096
9	$ -	$ 228,877	$ 228,877
10	$ -	$ 230,834	$ 230,834
11	$ -	$ 232,790	$ 232,790
12	$ -	$ 238,658	$ 238,658
13	$ -	$ 242,571	$ 242,571
14	$ -	$ 254,308	$ 254,308
15	$ -	$ 273,870	$ 273,870
16	$ -	$ 279,739	$ 279,739
17	$ -	$ 293,432	$ 293,432
18	$ -	$ 295,389	$ 295,389
19	$ -	$ 297,345	$ 297,345
20	$ -	$ 312,995	$ 312,995
Total	**$ -**	**$ 4,572,633**	**$ 4,572,633**
Average	**$ -**	**$ 228,632**	**$ 228,632**

Source: Town of Hempstead IDA, Camoin Associates

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.

Table 13

Summary of Costs to Affected Jurisdictions

		State and County
Sales Tax Exemption	$	448,431
Mortgage Tax Exemption	$	46,313

Source: Applicant, Camoin Associates

The additional incentives offered by the Agency would benefit the Applicant but will not negatively affect the taxing jurisdictions because, without the Project, the jurisdictions 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 construction phase earnings described by the total economic impact of the construction work (described in the above section) would lead to additional sales tax revenue for the Town. It is assumed that 70%[4] 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	$	3,061,551
Amount Spent in County (70%)	$	2,143,086
Amount Taxable (25%)	$	535,771
Nassau County Sales Tax Revenue (4.25%)	**$**	**22,770**
New Town Sales Tax Revenue Portion*		0.375%
New Town Sales Tax Revenue	**$**	**2,009**

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.

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

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 Nassau 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	$	35,813,835
Amount Spent in County (70%)	$	25,069,684
Amount Taxable (25%)	$	6,267,421
Nassau County Sales Tax Revenue (4.25%)	**$**	**266,365**
New Town Sales Tax Revenue Portion*		0.375%
New Town Tax Revenue	**$**	**23,503**

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.

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.

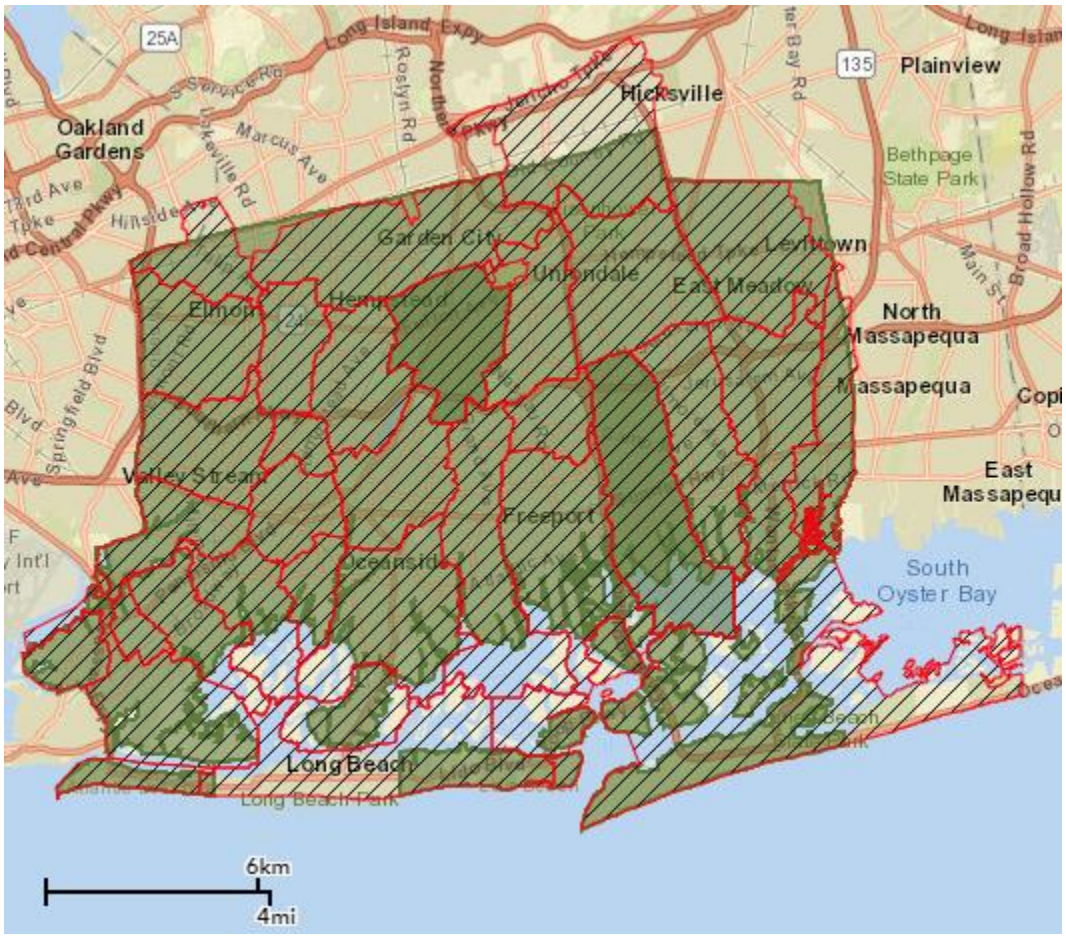
Therefore, the total economic impact resulting from the new widget manufacturer is the initial $1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects. The ratio of Total Effects to Direct Effects is called the "multiplier effect" and is often reported as a 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.

ATTACHMENT B: STUDY AREAS

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



Leading action to grow your economy

Camoin Associates
PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com
@camoinassociate

camoin associates