

MEMORANDUM

DATE: October 14, 2021

TO: Bertha Henry, County Administrator

FROM: Sandy-Michael McDonald, Director
Office of Economic and Small Business Development

SUBJECT: Project Play Exhibit 2- Tax Revenue/Incentive Pay Out Analysis

The Office of Economic and Small Business Development (OESBD) has prepared an agenda item in support of the Project Play resolution to be approved as a qualified applicant for participation in the Broward County Direct Cash/Job Creation Incentive Grant Program. The incentive amount includes a \$750 per new job created each from Broward County and the city of Plantation under the Direct Cash/Job Creation Incentive Grant Program over the period of Fiscal Years 2022 through 2029 based on the creation of 150 new, high wage/high skill jobs and an estimated capital investment of \$8,000,000 in the City of Plantation, Broward County, Florida.

The OESBD conducts tax revenue/incentive pay out analyses to ultimately determine Return on Investment (ROI). The ROI is determined by calculating the monetary value of the Net Return for the County (Column J) divided by monetary value of the County Incentives Payments (Column H), plus the monetary value of the County Public Service Cost (Column I).

The OESBD proposes to award to Project Play a total of \$112,500 over a six (6) year period as follows: Year 1: \$9,375; Year 2: \$18,750; Year 3: \$21,125; Year 4: \$21,125; Year 5: \$18,750; Year 6: \$9,375. During the seven (7) year period of the project, the County's Share of All Tax Payments would generate \$433,843, (Column F) in new tax revenue. Using the County's Economic Impact Multiplier (1.8967) (Column G), the total economic benefit from Project Play investment would be \$822,870.

Over that same seven-year period, the Net Return for the County (Column J) is \$72,686. This figure reflects the County's Share of All Tax Payments (\$433,843) minus the County Incentive Payments (\$112,500) and the County Public Service Cost (\$248,657). Because the proposed facility is already in existence and operating, there is no additional public service cost factor in the project.

The Tax Revenue/Incentive Pay Out Analysis comprises the following data and information in spreadsheet form (see spreadsheet). The following are the descriptive headings included on this spreadsheet:

- Column A/Year: The term of the project
- Column B/Sales Tax: The projected amount of future sales tax by year
- Column C/County's Share of Sales Tax Payments (Reference Local Government Half-Cent Sales Tax Table). Source: Florida Department of Revenue's Office of Tax Research
- Column D/Ad Valorem and Personal Property Taxes (Reference FY21 [2020 Final] Millage Rate Chart, Broward County Property Appraiser
- Column E/County's Share of Ad Valorem Taxes (Reference FY21 [2020 Final] Millage Rate Chart),
Estimate provided by the Broward County Property Appraiser
- Column F/County's Share of All Tax Payments: Reflects the sum of Column E plus Column C
- Column G/Economic Impact 1.8853 Multiplier. Source: Florida Department of Revenue
- Column H/County Incentive Payments: Proposed amount of local financial support from County
- Column I/County Public Service Cost (Reference OESBD Municipal Service Costs Chart)
- Column J/Net Return for the County: (Difference between Column F (County's Share of All Tax Payments), and Column H (County Incentive Payment) and Column I (County Public Service Cost
- Column K/Cumulative Net Return for the County
- Column L/Net Present Value of Net Return

The analysis indicates that the anticipated return on investment generated from the project is 64.61%. Approval is recommended based on the creation of 100 new, high wage/high skill jobs and an estimated capital investment of \$8,000,000.

Play -- Tax Revenue/Incentive Pay Out Analysis - 6-Year/\$8,000,000 Capital Investment											
Projected Tax Payments											
Year	Local Sales Tax	County's Share of Sales Tax Payments 50.00%	Ad Valorem and Pers. Prop. Taxes	County's Share of Ad Valorem Taxes 26.02%	County's Share of All Tax Payments	Addition of Multiplier Effect	County Incentive Payments	County Public Service cost	Net Return for the County	Cumulative Net Return for the County	Net Present Value of Net Return
2022	31,298	15,649	162,626	42,323	57,972	109,956	0	30,540	27,432	27,432	27,432
2023	31,298	15,649	167,505	43,593	59,242	112,364	9,375	32,067	17,800	45,232	17,198
2024	31,298	15,649	172,530	44,901	60,550	114,845	18,750	33,670	8,129	53,361	7,589
2025	31,298	15,649	177,706	46,248	61,897	117,399	28,125	35,354	-1,582	51,779	-1,427
2026	31,298	15,649	183,037	47,635	63,284	120,031	28,125	37,122	-1,962	49,817	-1,770
2027	31,298	15,649	188,529	49,064	64,713	122,742	18,750	38,978	6,986	56,802	6,301
2028	31,298	15,649	194,184	50,536	66,185	125,533	9,375	40,927	15,884	72,686	14,326
Total					433,843	822,870	112,500	248,657	72,686		69,649
									Return on Investment =	64.61%	
									Discounted Return on Investment =		61.91%
Assumptions:											
1. Allocation of sales tax payments based on DOR estimates.											
2. Allocation of other tax payments based on FY 2021 millage rates.											
3. Discount rate of 3.5% used for net present value calculation.											
4. Estimated capital investment total \$8,000,000											
5. Estimated total square feet of building 100,000											
6. Total Value-Added New Jobs Created: 150 @ Estimated \$80,874/Year per job											
7. County's Total portion of QTI/DC incentive: \$112,500											
8. City's Total Portion of QTI/DC incentive: \$112,500											
9. County's investment of \$112,500 with a return of \$72,686 represents an 64.61% return on investment.											
10. Incentive payback period: 6 years											
Prepared by the PMG Associates, Inc. for Broward County Office of Economic and Small Business Development											