

A Report of the Economic Impact on the State of Texas from Complete Energy Systems LLC in Pflugerville, Texas

August 19, 2011

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Table of Contents

Executive Summary	3
The Report:	
Introduction	8
Description of the Facility	8
Timeline for Employment and Investment	9
Total Capital Investment and Total Employment	9
Economic Impacts During Construction	10
Fiscal Impacts During Construction	14
Economic Impacts During the Facility's Operations	19
Fiscal Impacts During the Facility's Operations	22
Discussion of Indirect and Induced Impacts	33
About Impact DataSource	33
Some Rates and Assumptions Used in this Analysis	35

Executive Summary

The Project

Complete Energy Systems LLC plans a facility in Pflugerville.

The company plans to invest \$12,055,900 in the facility: \$4,580,900 in buildings and other real property improvements and \$7,475,000 in machinery and equipment over the first four years.

The firm will hire 280 workers over five years, with initial average annual salaries of \$55,363..

Total Capital Investment and Employment that Will be Maintained

Over the first ten years, the facility will have the following total capital investment and number of permanent jobs that will be maintained at this facility:

Total Capital Investment and Permanent Employment That Will Be Maintained		
Year	Level of Capital Investment	Level of Permanent Employment
2012	\$7,245,900	157
2013	\$10,245,900	242
2014	\$11,245,900	261
2015	\$12,055,900	262
2016	\$12,055,900	280
2017	\$12,055,900	280
2018	\$12,055,900	280
2019	\$12,055,900	280
2020	\$12,055,900	280
2021	\$12,055,900	280

Economic Output During Construction

The economic impact/increase in gross state product during construction of buildings and improvements will be as follows:

Economic Impact of Construction at the Facility's Facility			
	Direct	Indirect and Induced	Total
Economic output/increase in gross state product	\$4,742,900	\$8,051,547	\$12,794,447
Peak construction employment	40	56	96
Payroll/increase in state personal income	\$3,731,169	\$5,062,077	\$8,793,245

Economic Impacts During the Facility's Operations

Total Economic Output/Increase in State Gross Product

The total annual economic output/increase in gross state product during the facility's operations is shown below.

Total Economic Output/Increase in Gross State Product During the Facility's Operations			
Year	Direct	Indirect and Induced	Total Economic Output
2012	\$39,691,250	\$54,809,647	\$94,500,897
2013	\$166,312,260	\$229,660,600	\$395,972,860
2014	\$184,169,731	\$254,319,982	\$438,489,713
2015	\$231,963,572	\$320,318,497	\$552,282,069
2016	\$261,310,806	\$360,844,092	\$622,154,898
2017	\$274,376,346	\$378,886,297	\$653,262,643
2018	\$288,095,164	\$397,830,611	\$685,925,775
2019	\$302,499,922	\$417,722,142	\$720,222,064
2020	\$317,624,918	\$438,608,249	\$756,233,167
2021	\$333,506,164	\$460,538,662	\$794,044,825
Total	\$2,399,550,132	\$3,313,538,778	\$5,713,088,910

Total Employment During the Facility's Operations

Total employment to be maintained during the facility's operations is shown below.

Total Employment During the Facility's Operations			
Year	Direct	Indirect and Induced	Total Jobs
2012	157	352	509
2013	242	543	785
2014	261	586	847
2015	262	588	850
2016	280	629	909
2017	280	629	909
2018	280	629	909
2019	280	629	909
2020	280	629	909
2021	280	629	909

Total Payroll/State Personal Income During the Facility's Operations

Total payroll/state personal income during the facility's operations is shown below.

Total Payroll/State Personal Income During the Facility's Operations			
Year	Direct	Indirect and Induced	Total Payroll
2012	\$8,691,991	\$14,306,148	\$22,998,139
2013	\$13,397,846	\$22,051,515	\$35,449,361
2014	\$14,883,235	\$24,496,317	\$39,379,552
2015	\$15,388,467	\$25,327,878	\$40,716,345
2016	\$16,939,061	\$27,880,000	\$44,819,060
2017	\$17,447,232	\$28,716,400	\$46,163,632
2018	\$17,970,649	\$29,577,892	\$47,548,541
2019	\$18,509,769	\$30,465,229	\$48,974,997
2020	\$19,065,062	\$31,379,185	\$50,444,247
2021	\$19,637,014	\$32,320,561	\$51,957,575

Retail Sales During Construction and Operations

Retail sales in the state during construction projects at the facility are shown below:

Retail Sales During Construction	
Retail sales during construction	\$3,600,405

Retail sales in the state during the facility's operations are shown below.

Retail Sales During the Facility's Operations	
2012	\$17,891,631
2013	\$57,858,644
2014	\$64,106,416
2015	\$78,252,787
2016	\$87,859,769
2017	\$92,004,372
2018	\$96,349,037
2019	\$100,903,590
2020	\$105,678,349
2021	\$110,684,150
Total	\$811,588,744

State Revenues

During construction, the State of Texas will receive the following revenues:

State Revenues During Construction	
State revenues during construction	\$341,380

During the facility's operations, the state will receive revenues as shown below.

State Revenues During the Facility's Operations	
2012	\$1,474,936
2013	\$4,345,552
2014	\$4,815,979
2015	\$5,793,314
2016	\$6,494,160
2017	\$6,791,629
2018	\$7,103,179
2019	\$7,429,494
2020	\$7,771,291
2021	\$8,129,325
Total	\$60,148,858

Details of information summarized above in this executive summary are on the following pages.

A Report of the Economic Impact of Complete Energy Systems LLC

Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, Austin, Texas. The analysis was to determine the economic impact of Complete Energy Systems LLC's facility in Pflugerville, Texas on the state during the first ten years of the construction and operations of the facility and the fiscal impact on the State of Texas during this same period.

A Description of the Facility and Its Operations

Complete Energy Systems LLC plans a facility in Pflugerville.

The company plans to invest \$12,055,900 in the facility: \$4,580,900 in buildings and other real property improvements and \$7,475,000 in machinery and equipment over the first four years.

The firm will hire 280 workers over five years, with initial average annual salaries of \$55,363..

Timeline for Permanent Employment and Investment

The facility's timeline for permanent employment and investment over the next ten years will be as follows:

Timeline for Permanent Employment and Investment					
Year	Number of New Jobs	Land	Buildings and Other Real Property Improvements	Machinery and Equipment	Total Capital Investment
2012	157	\$0	\$580,900	\$6,665,000	\$7,245,900
2013	85	\$0	\$3,000,000	\$0	\$3,000,000
2014	19	\$0	\$1,000,000	\$0	\$1,000,000
2015	1	\$0	\$0	\$810,000	\$810,000
2016	18	\$0	\$0	\$0	\$0
2017		\$0	\$0	\$0	\$0
2018		\$0	\$0	\$0	\$0
2019		\$0	\$0	\$0	\$0
2020		\$0	\$0	\$0	\$0
2021		\$0	\$0	\$0	\$0
Total	280	\$0	\$4,580,900	\$7,475,000	\$12,055,900

Total Capital Investment and Total Employment

The facility's proposed capital investment and total employment will be as follows:

Total Capital Investment and Employment Over the First Ten Years	
Total capital investment	\$12,055,900
Total employment	280

Economic Impacts During Construction

The facility plans to spend the following estimated amounts on building improvements costs and equipment installation:

Construction Costs	
2012	\$580,900
2013	\$3,000,000
2014	\$1,000,000
2015	\$162,000
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0
2021	\$0
Total	\$4,742,900

Construction Economic Output/Increase in Gross State Product

The facility's construction projects will provide direct, indirect and induced economic output/increase in gross state product, as shown below.

Economic Output/Increase in Gross State Product During Construction			
Year	Direct Construction Output	Indirect and Induced Output	Total Output
2012	\$580,900	\$986,136	\$1,567,036
2013	\$3,000,000	\$5,092,800	\$8,092,800
2014	\$1,000,000	\$1,697,600	\$2,697,600
2015	\$162,000	\$275,011	\$437,011
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0
Total	\$4,742,900	\$8,051,547	\$12,794,447

An explanation of the multipliers used to calculated indirect and induced impacts is later in this report.

Construction Employment

The estimated number of construction workers to be supported by the facility's construction is shown below.

Number of Construction Workers for a \$1 Million Construction Project	
Total capital investment in construction	\$1,000,000
Labor costs as a percentage of construction costs	40%
Estimated annual construction worker salary	\$50,000
Estimated number of construction workers for \$1 million one year construction project	8.00

The number of construction workers employed during the facility's construction is shown below.

Construction Workers Employed During Construction		
Year	Construction Costs	Number of Construction Workers
2012	\$580,900	40
2013	\$3,000,000	24
2014	\$1,000,000	8
2015	\$162,000	1
2016	\$0	0
2017	\$0	0
2018	\$0	0
2019	\$0	0
2020	\$0	0
2021	\$0	0
Total	\$4,742,900	

During construction, the following number of direct, indirect and induced jobs will be supported:

Direct, Indirect and Induced Employment During Construction			
Year	Direct Construction Employment	Indirect and Induced Employment	Total Employment
2012	40	56	96
2013	24	34	58
2014	8	11	19
2015	1	2	3
2016	0	0	0
2017	0	0	0
2018	0	0	0
2019	0	0	0
2020	0	0	0
2021	0	0	0

Construction Payroll

Construction workers will have the following payrolls:

Direct Construction Payroll			
Year	Construction Costs	Average Annual Construction Salaries	Total Construction Payroll
2012	\$580,900	\$50,000	\$2,000,000
2013	\$3,000,000	\$51,500	\$1,236,000
2014	\$1,000,000	\$53,045	\$424,360
2015	\$162,000	\$54,636	\$70,809
2016	\$0	\$56,275	\$0
2017	\$0	\$57,964	\$0
2018	\$0	\$59,703	\$0
2019	\$0	\$61,494	\$0
2020	\$0	\$63,339	\$0
2021	\$0	\$65,239	\$0
Total	\$4,742,900		\$3,731,169

The direct, indirect and induced payrolls during construction will be the following:

Direct, Indirect and Induced Payroll During Construction			
Year	Direct Construction Payroll	Indirect and Induced Payroll	Total Payroll
2012	\$2,000,000	\$2,713,400	\$4,713,400
2013	\$1,236,000	\$1,676,881	\$2,912,881
2014	\$424,360	\$575,729	\$1,000,089
2015	\$70,809	\$96,066	\$166,875
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0
Total	\$3,731,169	\$5,062,077	\$8,793,245

Fiscal Impacts During Construction

Taxable Sales

The percent of construction costs for building materials and the percent of total worker salaries to be spent on taxable goods and services are shown below.

Percent of Construction Costs and Worker Salaries Subject to Sales Tax	
Percent of construction costs for materials	60%
Percent of construction materials that will be subject to sales tax	40%
Percent of worker salaries spent on taxable goods and services	28%

The facility's construction projects will result in the following taxable sales:

Estimated Taxable Sales			
Year	Estimated Taxable Construction Materials	Estimated Taxable Worker Spending	Total Taxable Sales
2012	\$139,416	\$1,319,752	\$1,459,168
2013	\$720,000	\$815,607	\$1,535,607
2014	\$240,000	\$280,025	\$520,025
2015	\$38,880	\$46,725	\$85,605
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0
Total	\$1,138,296	\$2,462,109	\$3,600,405

Sales Tax Collections

With a 6.25% sales tax, the state will collect the following sales tax on construction materials and on construction worker spending:

Estimated Sales Tax Collections During Construction			
Year	On Construction Materials	On Taxable Worker Spending	Total Sales Tax Collections
2012	\$8,714	\$82,485	\$91,198
2013	\$45,000	\$50,975	\$95,975
2014	\$15,000	\$17,502	\$32,502
2015	\$2,430	\$2,920	\$5,350
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0
Total	\$71,144	\$153,882	\$225,025

Taxable Margins Subject to Texas Franchise Tax

If direct, indirect and induced revenues during construction are revenues for organizations subject to Texas' franchise tax, their taxable margins will be subject to the tax. If this is the case, and the estimated taxable margins of the construction companies and indirect and induced companies are 10% of revenues, then construction on this project will result in the following taxable margins:

Estimated Taxable Margins During Construction Subject to Texas' Franchise Tax			
Year	On		Total Taxable Margins
	Direct Revenues During Construction	On Indirect and Induced Revenues	
2012	\$58,090	\$98,614	\$156,704
2013	\$300,000	\$509,280	\$809,280
2014	\$100,000	\$169,760	\$269,760
2015	\$16,200	\$27,501	\$43,701
2016	\$0	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	\$0	\$0
2019	\$0	\$0	\$0
2020	\$0	\$0	\$0
2021	\$0	\$0	\$0
Total	\$474,290	\$805,155	\$1,279,445

Franchise Tax Collections

Texas franchise tax is a tax on “taxable margin,” which is a concept similar to taxable income. Generally, an entity’s taxable margin is its revenue less either its cost of goods sold or its compensation expense, but not both. If 70% of the entity’s revenue is less than either of these calculations, then 70% of revenue is the taxable margin. Taxable margin must then be apportioned to business done in Texas, measured by the ratio of gross receipts from business done in Texas to gross receipts from business done everywhere. The tax rate is then applied to the apportioned margin. A half percent rate is used for taxable entities primarily engaged in retail or wholesale trade, and a 1% rate is used for all other entities.

The estimated franchise tax to be collected by the state from construction companies and indirect and induced businesses is shown below.

Estimated Franchise Tax Collections During Construction		
Year	Total Taxable Margins	Franchise Tax Collections
2012	\$156,704	\$1,567
2013	\$809,280	\$8,093
2014	\$269,760	\$2,698
2015	\$43,701	\$437
2016	\$0	\$0
2017	\$0	\$0
2018	\$0	\$0
2019	\$0	\$0
2020	\$0	\$0
2021	\$0	\$0
Total	\$1,279,445	\$12,794

Other Taxes and Revenues from Workers

During the facility's construction, other taxes -- in addition to sales and franchise taxes -- will be collected for the State's general fund. The estimated annual collections from each worker of these other taxes during construction are the following:

Other Revenues for the State from Each Worker During Construction	
Gasoline taxes	\$38
Motor vehicle sales and use taxes	\$250
Cigarette and tobacco taxes	\$16
Alcohol beverage taxes	\$90
Net lottery proceeds	\$183
Total	\$576

Other taxes and revenues from workers for the State during construction will be the following:

Other Revenues for the State from Workers During Construction						
Year	Gasoline Taxes	Motor Vehicle Sales and Use Taxes	Cigarette and Tobacco Taxes	Alcoholic Beverage Taxes	Net Lottery Proceeds	Total Other Taxes and Revenues
2012	\$3,614	\$24,092	\$1,494	\$8,715	\$17,596	\$55,511
2013	\$2,233	\$14,889	\$924	\$5,386	\$10,874	\$34,306
2014	\$767	\$5,112	\$317	\$1,849	\$3,733	\$11,778
2015	\$128	\$853	\$53	\$309	\$623	\$1,965
2016	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$0	\$0	\$0	\$0	\$0	\$0
2018	\$0	\$0	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$6,742	\$44,946	\$2,788	\$16,258	\$32,826	\$103,560

Summary of General Fund Revenues for the State During Construction

During the facility's construction projects, the State will receive the following revenues for its general fund:

General Fund Revenues for the State During Construction				
Year	Sales Tax Collections	Franchise Tax Collections	Other Taxes and Revenues	Total Revenues
2012	\$91,198	\$1,567	\$55,511	\$148,276
2013	\$95,975	\$8,093	\$34,306	\$138,374
2014	\$32,502	\$2,698	\$11,778	\$46,977
2015	\$5,350	\$437	\$1,965	\$7,753
2016	\$0	\$0	\$0	\$0
2017	\$0	\$0	\$0	\$0
2018	\$0	\$0	\$0	\$0
2019	\$0	\$0	\$0	\$0
2020	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0
Total	\$225,025	\$12,794	\$103,560	\$341,380

Economic Impacts During the Facility's Operations

The facility will have the following estimated annual revenues during the first ten years of operations with average annual increases after year 5 of 5%.

The Facility's Estimated Annual Operating Revenues During the First Ten Years of Operations		
2012	Year 1	\$39,691,250
2013	Year 2	\$166,312,260
2014	Year 3	\$184,169,731
2015	Year 4	\$231,963,572
2016	Year 5	\$261,310,806
2017	Year 6	\$274,376,346
2018	Year 7	\$288,095,164
2019	Year 8	\$302,499,922
2020	Year 9	\$317,624,918
2021	Year 10	\$333,506,164

Economic Output During Operations

The facility's annual revenues will result in the following direct, indirect and induced output:

Output During Operations			
Year	Direct Operations Output	Indirect and Induced Output	Total Output
2012	\$39,691,250	\$54,809,647	\$94,500,897
2013	\$166,312,260	\$229,660,600	\$395,972,860
2014	\$184,169,731	\$254,319,982	\$438,489,713
2015	\$231,963,572	\$320,318,497	\$552,282,069
2016	\$261,310,806	\$360,844,092	\$622,154,898
2017	\$274,376,346	\$378,886,297	\$653,262,643
2018	\$288,095,164	\$397,830,611	\$685,925,775
2019	\$302,499,922	\$417,722,142	\$720,222,064
2020	\$317,624,918	\$438,608,249	\$756,233,167
2021	\$333,506,164	\$460,538,662	\$794,044,825
Total	\$2,399,550,132	\$3,313,538,778	\$5,713,088,910

Employment during Operations

The facility expects to have the following number of new jobs:

Number of Jobs to be Created		
Year	Number of New Jobs to be Created	Cumulative Number of New Jobs
2012	157	157
2013	85	242
2014	19	261
2015	1	262
2016	18	280
2017	0	280
2018	0	280
2019	0	280
2020	0	280
2021	0	280
Total	280	

Therefore, the following number of direct, indirect and induced jobs will be supported during the facility's operations:

Direct, Indirect and Induced Employment During Operations			
Year	Direct Operations Employment	Indirect and Induced Employment	Total Employment
2012	157	352	509
2013	242	543	785
2014	261	586	847
2015	262	588	850
2016	280	629	909
2017	280	629	909
2018	280	629	909
2019	280	629	909
2020	280	629	909
2021	280	629	909

The estimated annual payroll at the facility will be the following:

Estimated Annual Payroll	
Average annual salaries	\$55,363
Percent of annual increase after the first year	3.0%
Annual payroll:	
2012	\$8,691,991
2013	\$13,397,846
2014	\$14,883,235
2015	\$15,388,467
2016	\$16,939,061
2017	\$17,447,232
2018	\$17,970,649
2019	\$18,509,769
2020	\$19,065,062
2021	\$19,637,014

The direct, indirect and induced payrolls during the facility's operations will be the following:

Direct, Indirect and Induced Payroll During Operations			
Year	Direct Operations Payroll	Indirect and Induced Payroll	Total Payroll
2012	\$8,691,991	\$14,306,148	\$22,998,139
2013	\$13,397,846	\$22,051,515	\$35,449,361
2014	\$14,883,235	\$24,496,317	\$39,379,552
2015	\$15,388,467	\$25,327,878	\$40,716,345
2016	\$16,939,061	\$27,880,000	\$44,819,060
2017	\$17,447,232	\$28,716,400	\$46,163,632
2018	\$17,970,649	\$29,577,892	\$47,548,541
2019	\$18,509,769	\$30,465,229	\$48,974,997
2020	\$19,065,062	\$31,379,185	\$50,444,247
2021	\$19,637,014	\$32,320,561	\$51,957,575
Total	\$161,930,326	\$266,521,124	\$428,451,450

Fiscal Impacts During the Facility's Operations

Taxable Sales on Direct and Indirect Worker Spending

An estimated 28% of the gross salaries of direct and indirect workers will be spent on taxable goods and services. If this is the case, worker spending will result in taxable sales, as shown below.

Taxable Spending by Direct and Indirect Workers		
Year	Worker Salaries	Workers' Taxable Spending
2012	\$22,998,139	\$6,439,479
2013	\$35,449,361	\$9,925,821
2014	\$39,379,552	\$11,026,275
2015	\$40,716,345	\$11,400,577
2016	\$44,819,060	\$12,549,337
2017	\$46,163,632	\$12,925,817
2018	\$47,548,541	\$13,313,592
2019	\$48,974,997	\$13,712,999
2020	\$50,444,247	\$14,124,389
2021	\$51,957,575	\$14,548,121
Total	\$428,451,450	\$119,966,406

The Facility's Taxable Sales

The facility's expects to have the following sales subject to Texas sales tax or about 10% of revenues.

The Facility's Taxable Sales	
Year	Taxable Sales
2012	\$3,969,125
2013	\$16,631,226
2014	\$18,416,973
2015	\$23,196,357
2016	\$26,131,081
2017	\$27,437,635
2018	\$28,809,516
2019	\$30,249,992
2020	\$31,762,492
2021	\$33,350,616
Total	\$239,955,013

Taxable Spending by the Facility and Indirect and Induced Companies

An estimated five percent of the facility's expenditures and ten percent of revenues of indirect and induced companies may be spent on taxable goods and services. If this is the case, the following taxable spending can be expected from the companies:

Taxable Spending by the Facility and Indirect Companies			
Year	The Facility's Taxable Spending	Estimated Taxable Spending by Indirect and Induced Companies	Total Facility and Companies' Taxable Spending
2012	\$1,984,563	\$5,480,965	\$7,465,527
2013	\$8,315,613	\$22,966,060	\$31,281,673
2014	\$9,208,487	\$25,431,998	\$34,640,485
2015	\$11,598,179	\$32,031,850	\$43,630,028
2016	\$13,065,540	\$36,084,409	\$49,149,950
2017	\$13,718,817	\$37,888,630	\$51,607,447
2018	\$14,404,758	\$39,783,061	\$54,187,819
2019	\$15,124,996	\$41,772,214	\$56,897,210
2020	\$15,881,246	\$43,860,825	\$59,742,071
2021	\$16,675,308	\$46,053,866	\$62,729,174
Total	\$119,977,507	\$331,353,878	\$451,331,384

Taxable Spending by Out-of-Town Visitors to the Facility

The facility expects the following number of out-of-town visitors:

Number of Visitors	
Annual increase in the number of visitors after Year 1	10%
2012	100
2013	110
2014	121
2015	133
2016	146
2017	161
2018	177
2019	195
2020	214
2021	236

These visitors will spend the following number of days visiting the facility and spend the following amounts:

Spending by a Typical Out-of-State Visitors	
Average number of days spent visiting the facility	1.75
Average number of nights spent in a local hotel	0.75
Average daily spending in the community subject to sales tax	\$100
Average nightly room rate at a local motel	\$110
Average annual increase in nightly room rate	3.5%
Average annual increase in daily taxable spending in the community	3.5%

Therefore, taxable spending by these visitors in the community and spending on lodging subject to hotel occupancy taxes are shown below.

Spending by Out-of-Town Visitors		
Year	Taxable Spending in the Community	Spending on Lodging in the Community
2012	\$17,500	\$8,250
2013	\$19,924	\$9,075
2014	\$22,683	\$9,983
2015	\$25,825	\$10,981
2016	\$29,402	\$12,502
2017	\$33,474	\$14,233
2018	\$38,110	\$16,204
2019	\$43,388	\$18,449
2020	\$49,397	\$21,004
2021	\$56,239	\$23,913
Total	\$335,941	\$144,592

Total Taxable Sales

Taxable spending by workers and spending by the facility and related indirect and induced companies will result in the following total taxable sales:

Estimated Total Taxable Sales					
Year	Workers' Taxable Spending	The Facility's Taxable Sales	The Facility and Companies' Taxable Spending	Taxable Spending by Visitors in the Community	Total Taxable Sales
2012	\$6,439,479	\$3,969,125	\$7,465,527	\$17,500	\$17,891,631
2013	\$9,925,821	\$16,631,226	\$31,281,673	\$19,924	\$57,858,644
2014	\$11,026,275	\$18,416,973	\$34,640,485	\$22,683	\$64,106,416
2015	\$11,400,577	\$23,196,357	\$43,630,028	\$25,825	\$78,252,787
2016	\$12,549,337	\$26,131,081	\$49,149,950	\$29,402	\$87,859,769
2017	\$12,925,817	\$27,437,635	\$51,607,447	\$33,474	\$92,004,372
2018	\$13,313,592	\$28,809,516	\$54,187,819	\$38,110	\$96,349,037
2019	\$13,712,999	\$30,249,992	\$56,897,210	\$43,388	\$100,903,590
2020	\$14,124,389	\$31,762,492	\$59,742,071	\$49,397	\$105,678,349
2021	\$14,548,121	\$33,350,616	\$62,729,174	\$56,239	\$110,684,150
Total	\$119,966,406	\$239,955,013	\$451,331,384	\$335,941	\$811,588,744

Sales Tax Collections

With a 6.25% sales tax, the state will collect the following sales tax on the spending of workers, companies and visitors:

Estimated Sales Tax Collections During Operations					
Year	On Workers' Spending	On The Facility's Taxable Sales	On Taxable Companies' Spending	On Taxable Spending of Visitors in the Community	Total Sales Tax Collections
2012	\$402,467	\$248,070	\$466,595	\$1,094	\$1,118,227
2013	\$620,364	\$1,039,452	\$1,955,105	\$1,245	\$3,616,165
2014	\$689,142	\$1,151,061	\$2,165,030	\$1,418	\$4,006,651
2015	\$712,536	\$1,449,772	\$2,726,877	\$1,614	\$4,890,799
2016	\$784,334	\$1,633,193	\$3,071,872	\$1,838	\$5,491,236
2017	\$807,864	\$1,714,852	\$3,225,465	\$2,092	\$5,750,273
2018	\$832,099	\$1,800,595	\$3,386,739	\$2,382	\$6,021,815
2019	\$857,062	\$1,890,625	\$3,556,076	\$2,712	\$6,306,474
2020	\$882,774	\$1,985,156	\$3,733,879	\$3,087	\$6,604,897
2021	\$909,258	\$2,084,414	\$3,920,573	\$3,515	\$6,917,759
Total	\$7,497,900	\$14,997,188	\$28,208,212	\$20,996	\$50,724,297

Hotel Occupancy Tax Collections

From the overnight lodging spending of visitors to the facility, the state will collect the following hotel occupancy taxes:

Estimated Hotel Occupancy Tax Collections from Visitors		
Year	Spending on Lodging	Total Hotel Occupancy Tax Collections
2012	\$8,250	\$495
2013	\$9,075	\$545
2014	\$9,983	\$599
2015	\$10,981	\$659
2016	\$12,502	\$750
2017	\$14,233	\$854
2018	\$16,204	\$972
2019	\$18,449	\$1,107
2020	\$21,004	\$1,260
2021	\$23,913	\$1,435
Total	\$144,592	\$8,676

Franchise Tax Collections from the Company and Indirect and Induced Businesses

Texas franchise tax is a tax on “taxable margin,” which is a concept similar to taxable income. Generally, an entity’s taxable margin is its revenue less either its cost of goods sold or its compensation expense, but not both. If 70% of the entity’s revenue is less than either of these calculations, then 70% of revenue is the taxable margin. Taxable margin must then be apportioned to business done in Texas, measured by the ratio of gross receipts from business done in Texas to gross receipts from business done everywhere. The tax rate is then applied to the apportioned margin. A half percent rate is used for taxable entities primarily engaged in retail or wholesale trade, and a 1% rate is used for all other entities.

Estimated Taxable Margins of the Company and Indirect and Induced Companies

The facility's estimated taxable margins subject to Texas franchise tax may be 2% of revenues, while the estimated taxable margins of indirect companies may be 10% of revenues. If this is the case, the estimated taxable margins of the company and indirect and induced companies that will be subject to corporate franchise taxes in the state of Texas are shown below.

Revenues of the Company Subject to Franchise Taxes and Taxable Margins of Indirect and Induced Companies During Operations			
Year	Taxable Margins of the Company Subject to Texas Franchise Taxes	Revenues of Indirect and Induced Businesses Subject to Franchise Taxes	Total Revenues Subject to Franchise Taxes
2012	\$793,825	\$5,480,965	\$6,274,790
2013	\$3,326,245	\$22,966,060	\$26,292,305
2014	\$3,683,395	\$25,431,998	\$29,115,393
2015	\$4,639,271	\$32,031,850	\$36,671,121
2016	\$5,226,216	\$36,084,409	\$41,310,625
2017	\$5,487,527	\$37,888,630	\$43,376,157
2018	\$5,761,903	\$39,783,061	\$45,544,964
2019	\$6,049,998	\$41,772,214	\$47,822,213
2020	\$6,352,498	\$43,860,825	\$50,213,323
2021	\$6,670,123	\$46,053,866	\$52,723,989
Total	\$47,991,003	\$331,353,878	\$379,344,880

Estimated Franchise Tax Payments by the Company and Indirect and Induced Companies

The estimated annual franchise tax payments to the State by the facility and indirect and induced businesses are shown below.

Estimated Franchise Tax Collections from the Facility and Indirect and Induced Businesses During Operations			
	The Facility	Indirect Businesses	Total
2012	\$7,938	\$54,810	\$62,748
2013	\$33,262	\$229,661	\$262,923
2014	\$36,834	\$254,320	\$291,154
2015	\$46,393	\$320,318	\$366,711
2016	\$52,262	\$360,844	\$413,106
2017	\$54,875	\$378,886	\$433,762
2018	\$57,619	\$397,831	\$455,450
2019	\$60,500	\$417,722	\$478,222
2020	\$63,525	\$438,608	\$502,133
2021	\$66,701	\$460,539	\$527,240
Total	\$479,910	\$3,313,539	\$3,793,449

Other Taxes and Revenues from Workers

During the facility's operations, other taxes -- in addition to sales and franchise taxes -- will be collected for the State's general fund. The estimated annual collections of other taxes from each worker during operations are the following:

Other Revenues for the State from Each Worker During Operations	
Gasoline taxes	\$38
Motor vehicle sales and use taxes	\$250
Cigarette and tobacco taxes	\$16
Alcoholic beverage taxes	\$90
Net lottery proceeds	\$183
Total	\$576

Other taxes and revenues for the State from workers during the facility's operations will be the following:

Other Revenues for the State from Workers During Operations						
Year	Gasoline Taxes	Motor Vehicle Sales and Use Taxes	Cigarette and Tobacco Taxes	Alcoholic Beverage Taxes	Net Lottery Proceeds	Total Other Taxes and Revenues
2012	\$19,105	\$127,366	\$7,900	\$46,072	\$93,023	\$293,466
2013	\$30,332	\$202,212	\$12,543	\$73,145	\$147,688	\$465,920
2014	\$33,695	\$224,631	\$13,933	\$81,255	\$164,061	\$517,575
2015	\$34,838	\$232,256	\$14,406	\$84,013	\$169,631	\$535,145
2016	\$38,349	\$255,659	\$15,858	\$92,478	\$186,723	\$589,068
2017	\$39,499	\$263,329	\$16,334	\$95,253	\$192,325	\$606,740
2018	\$40,684	\$271,229	\$16,824	\$98,110	\$198,095	\$624,942
2019	\$41,905	\$279,366	\$17,328	\$101,054	\$204,037	\$643,690
2020	\$43,162	\$287,747	\$17,848	\$104,085	\$210,159	\$663,001
2021	\$44,457	\$296,379	\$18,384	\$107,208	\$216,463	\$682,891
Total	\$366,026	\$2,440,175	\$151,358	\$882,673	\$1,782,204	\$5,622,437

The Total Revenues for the State of Texas from the Facility's Operations

The total increase in state revenues from the facility's operations are shown below.

General Fund Revenues for the State During Operations					
Year	Sales Tax Collections	Hotel Occupancy Taxes	Franchise Tax Collections	Other Taxes and Revenues	Total State Revenues
2012	\$1,118,227	\$495	\$62,748	\$293,466	\$1,474,936
2013	\$3,616,165	\$545	\$262,923	\$465,920	\$4,345,552
2014	\$4,006,651	\$599	\$291,154	\$517,575	\$4,815,979
2015	\$4,890,799	\$659	\$366,711	\$535,145	\$5,793,314
2016	\$5,491,236	\$750	\$413,106	\$589,068	\$6,494,160
2017	\$5,750,273	\$854	\$433,762	\$606,740	\$6,791,629
2018	\$6,021,815	\$972	\$455,450	\$624,942	\$7,103,179
2019	\$6,306,474	\$1,107	\$478,222	\$643,690	\$7,429,494
2020	\$6,604,897	\$1,260	\$502,133	\$663,001	\$7,771,291
2021	\$6,917,759	\$1,435	\$527,240	\$682,891	\$8,129,325
Total	\$50,724,297	\$8,676	\$3,793,449	\$5,622,437	\$60,148,858

Discussion of Indirect and Induced Impacts

This analysis calculated the direct economic impact of the facility from its construction projects and during its operations. In addition, the indirect and induced impacts were also calculated.

Indirect revenues, jobs and salaries are created in new or existing firms in the state, such as parts suppliers, that may supply goods and services to the facility. In addition, induced revenues, jobs and salaries are created and supported in new or existing businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to workers and their families.

To estimate the indirect and induced economic impact of the facility on the state, regional economic multipliers were used. Regional economic multipliers for Texas are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis: an output multiplier, an employment multiplier and an earnings multiplier.

An output multiplier was used to estimate the indirect and induced output or revenues created and supported in the state. An employment multiplier was used to estimate the number of indirect and induced jobs created and supported in the state. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs.

The multipliers show the estimated indirect and induced revenues of other companies in the state for every dollar of revenues at the facility. An employment multiplier shows the number of indirect and induced jobs created for every direct job at the facility and the amount of salaries paid to these workers for every dollar paid to a direct worker at the facility. The indirect and induced multipliers shown below were used in this analysis:

Indirect and Induced Multipliers Used in this Analysis		
	During Construction	During Operations
Output multiplier	1.6976	1.3809
Employment multiplier	1.4092	2.2450
Earnings multiplier	1.2604	1.6459

About Impact DataSource

Impact DataSource is a seventeen-year-old Austin economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects in Texas and 25 other states. In addition, the firm has developed economic impact analysis computer programs for several clients including the New Mexico Economic Development Department.

The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.

Some Rates and Assumptions Used in this Analysis

State tax rates for tax revenues that go into the state's general revenue fund:

Texas business franchise tax:

Texas franchise tax is a tax on "taxable margin," which is a concept similar to taxable income. Generally, an entity's taxable margin is its revenue less either its cost of goods sold or its compensation expense, but not both. If 70% of the entity's revenue is less than either of these calculations, then 70% of revenue is the taxable margin. Taxable margin must then be apportioned to business done in Texas, measured by the ratio of gross receipts from business done in Texas to gross receipts from business done everywhere. The tax rate is then applied to the apportioned margin. A half percent rate is used for taxable entities primarily engaged in retail or wholesale trade, and a 1% rate is used for all other entities.

Sales and use tax rate	6.25%
Hotel occupancy tax rate	6%
Gasoline tax, per gallon	\$0.20
Percent of gasoline taxes going into state general revenues	25%
Motor vehicle sales and use tax	6.25%
Percent of total salaries that a typical worker spends on taxable goods and services	33%

Estimated other taxes collected annually by the state for the general revenue fund for each worker household:

	Total Collections in 2010	Number of Households in the State (Estimated 2010)	Amount of Annual Collections Per Worker Household
Cigarette and tobacco taxes	\$138,764,873	8,948,598	\$16
Alcoholic beverage taxes	\$809,233,737	8,948,598	\$90
Net lottery proceeds	\$1,633,922,591	8,948,598	\$183
Total			\$289

Some assumptions used in this analysis:

Annual state gasoline tax collections per worker:

Miles driven per year by a typical worker	15,000
Miles per gallon	20
Number of gallons of gasoline purchased each year by a typical worker	750

Gasoline tax, per gallon	\$0.20
Gasoline taxes paid each year by a typical worker	\$150
Percent of gasoline taxes going into the general fund	25%
Gasoline taxes paid each year by a typical worker going to the general fund	\$38

Annual motor vehicle sales and use tax collections per worker:

Number of new or used automobiles purchased per 10 workers each year	2
Average value of new or used automobiles purchased by a typical worker who purchases an automobile	\$20,000
Motor vehicle sales and use tax	6.25%
Annual motor vehicle sales and use taxes paid by a typical worker	\$250.00

Estimated other taxes collected annually by the state for the general revenue fund for each worker household:

Summary of annual state taxes, other than sales taxes, collected from each worker:

Gasoline taxes	\$37.50
Motor vehicle sales and use taxes	\$250.00
Cigarette and tobacco taxes	\$15.51
Alcoholic beverage taxes	\$90.43
Net lottery proceeds	\$182.59
Total	\$576.03

Estimated annual increase in the above taxes per worker over each of the next ten years 3%