



Advancing Communities

# SHAW BUILDING, L.P.: COST-BENEFIT ANALYSIS

PREPARED ON JANUARY 9, 2025

PREPARED FOR THE CITY OF NEWBURGH INDUSTRIAL DEVELOPMENT AGENCY



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# EXECUTIVE SUMMARY

The City of Newburgh Industrial Development Agency (the “Agency”) received an application for financial assistance from Shaw Building, L.P. (the “Applicant”) related to a proposed project located at 24 – 42 Johnes Street in the City of Newburgh (the “Site”). The proposed project includes the rehabilitation of the historic Shaw Building and the construction of a new mixed-use building on the same site. In total, the proposed project will create 53 residential mixed-income apartments and 8 ground floor commercial spaces that will include 6 artist studios and two retail commercial units (the “Project”). The Agency requested an economic and fiscal impact analysis from MRB Group to assess the benefits and costs of the Project on the City of Newburgh (the “City”) and other jurisdictions as part of the Agency’s deliberations.

MRB Group assessed the Project for both one-time construction impacts and ongoing impacts of operations. The economic impacts considered in this analysis include direct and indirect changes to jobs, wages, and sales associated with the construction of the mixed-use building. There will also be ongoing economic impacts associated with the new household spending and the anticipated employment at the proposed Site. The fiscal impacts of the Project include one-time and ongoing new tax revenue as well as the presumed costs of the financial assistance under consideration by the Agency.

Using an estimate of locally-sourced labor and materials, we were able to assess the one-time economic impact. The construction phase of the Project will produce approximately 132 direct, on-site local construction jobs and 32 indirect jobs. Combining direct and indirect impacts, the construction phase of the Project will create 164 jobs that generate \$8.4 million in wages. Using anticipated annual spending habits of the Site’s residential tenants and on-site employment estimates provided by the Applicant, we estimate the operations of the Site will result in a total of 32 jobs earning \$1.5 million in wages on an annual basis.

Summary of Economic Impacts			
	Direct	Indirect	Total
Construction Jobs	132	32	164
Construction Wages	\$6,374,589	\$2,036,957	\$8,411,546
Ongoing Jobs	27	5	32
Ongoing Wages	\$1,181,194	\$264,831	\$1,446,025

Source: Lightcast, MRB

In terms of fiscal benefits, we estimate that that County will benefit from additional, one-time sales tax revenue of \$55,201 associated with the construction wages earned during the construction phase of the Project. Upon completion of the Project, we estimate the County will benefit from additional sales tax revenue of \$164,107 over the 15-year PILOT term related to the new wages being earned from ongoing jobs and \$317,902 related to residential tenants spending locally. Under the proposed PILOT terms, we estimate the Project will generate an increase of \$683,358 in additional property tax revenue over the current taxes for the County, City, and school district.

Summary of Fiscal Benefits, Local Government	
Source	Total
Sales Tax, Construction, One-time	\$55,201
Sales Tax, Operations, 15 Years	\$164,107
Sales Tax, New Household Spending, 15 Years	\$317,902
Increase in Property Tax Revenue, 15 Years	\$683,358

Source: Lightcast, Applicant, MRB

In terms of fiscal costs of the Project, the Applicant has requested a sales tax exemption and a mortgage recording tax exemption. The estimated cost of the sales tax exemption is \$585,000, the local portion of which is \$270,000. The cost of the mortgage recording tax exemption is \$304,183, the local portion of which is \$144,849.

Summary of Exemptions, Local Government	
	Total
Cost of Sales Tax Exemption, One-Time	\$270,000
Mortgage Recording Tax Exemption	\$144,849
PILOT Exemption, 15 Years	\$2,508,619

Source: Lightcast, Applicant, MRB

The proposed PILOT schedule includes net total exemptions of \$2.5 million over 15 years based on a 2% escalation rate.

# INTRODUCTION

The City of Newburgh Industrial Development Agency received an application for financial assistance from Shaw Building, L.P. related to a proposed project located at 24 – 42 Johnes Street in the City of Newburgh. The proposed project includes the rehabilitation of the historic Shaw Building and the construction of a new mixed-use building on the same site. In total, the proposed project will create 53 residential mixed-income apartments and 8 ground floor commercial spaces that will include 6 artist studios and two retail commercial units. The Agency requested an economic and fiscal impact analysis from MRB Group to assess the benefits and costs of the Project on the City of Newburgh and other jurisdictions as part of the Agency's deliberations.

MRB Group assessed the Project for both one-time construction impacts and ongoing impacts of operations. The economic impacts considered in this analysis include direct and indirect changes to jobs, wages, and sales associated with the construction of the mixed-use building. There will also be ongoing economic impacts associated with the new household spending and the anticipated employment at the proposed Site. The fiscal impacts of the Project include one-time and ongoing new tax revenue as well as the presumed costs of the financial assistance under consideration by the Agency.

# ECONOMIC IMPACT ANALYSIS

The Project would have economic impacts on the County and City in several ways. Economic impacts include one-time effects on jobs, earnings and sales during the construction phase of the Project, which we estimate for the entire County. It also includes ongoing impacts related to new household spending and operations of the Project, which we estimate for the City.<sup>1</sup>

## Methodology

Both one-time, construction-phase impacts and ongoing, operation-phase impacts have “Direct” and “Indirect” components. For the construction phase:

- Direct jobs, wages, and sales are those that occur on-site related to labor and materials used in the construction of the Project.
- Indirect jobs, wages, and sales are those caused by the Direct impacts, and result from business-to-business purchases (e.g. a contractor buying a piece of equipment from a dealer) and from employees spending a portion of their wages locally.

For the operation phase:

- Direct jobs, wages, and sales are those jobs created from the operations of the Project (e.g., on-site employment of a maintenance person) and from new household spending occurring as a result of the Project.
- Indirect jobs, wages, and sales are those caused by the Direct impact, such as business-to-business purchases (e.g. a grocery store serving the new households buying goods from a distributor) and employees of such businesses spending a portion of their wages locally.

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<sup>1</sup> By their nature, construction-related impacts tend to be somewhat more diffuse, which is why we report them as County-level impacts. City-level impacts are measured based on ZIP code 12550, which is the closest approximation available of the City. A map of ZIP Code 12550 in relation to the City’s boundaries is included in the Appendix.

### Data Note

To estimate the Direct and Indirect impacts, MRB Group employs the Lightcast<sup>2</sup> economic modeling system. We used data from the Applicant and publicly-available and proprietary data sources as inputs to the Lightcast modeling system. Where needed, we adjusted the Lightcast model to best match the Project specifics. We then reported the results of the modeling.

### Construction Phase

The Applicant provided estimates of the construction spending that would occur locally (i.e. in-County). Over the construction period, the Applicant estimates that \$16.5 million will be spent on local materials and labor throughout the construction process. We used the \$16.5 million local spending level (direct “Sales” in the table) as the input into the Lightcast economic modeling system, assigning the County as the geography of study. We estimate that \$16.5 million in local spending will create 132 direct jobs and direct earnings of \$6.4 million. When coupled with the indirect impacts shown below, the total economic impact of the construction of the Project will be 164 jobs, \$8.4 million in earnings, and \$22.9 million in total sales.

Local Construction Spending	
	Local Spend
Materials & Labor	\$16,500,000

Source: Applicant, MRB

Economic Impact of Construction Phase, One-Time			
	Direct	Indirect	Total
Jobs	132	32	164
Earnings	\$6,374,589	\$2,036,957	\$8,411,546
Sales	\$16,500,000	\$6,382,343	\$22,882,343

Source: Lightcast, MRB

<sup>2</sup> Lightcast, formerly “Economic Modeling Systems, Intl.” uses data from the US Bureau of Labor Statistics, the US Bureau of Economic Analysis, the US Census, and other public data sources to model out economic impacts.

## Operation Phase

Unlike the construction phase impacts, which were estimated at the County level to account for their dispersed nature, the operation phase impacts are estimated at the City level.<sup>3</sup>

Operation phase impacts are driven by two sources. The primary driver of operation phase impacts is “net new” household spending from the new units being brought to the market by the Project. The second source of operation phase impacts results from the employment on the Site.

The Project will bring 53 total housing units to the market, all of which we consider “net new.” As shown in the table to the right, the Project incorporates a mix of 48 market-rate units and 5 units that will be reserved for households earning no more than 80% of the Area’s Median Income (AMI), for a total of 53 units.

Data from the Bureau of Labor Statistics’ Consumer Expenditure Survey (CEX) estimates the annual spending of households for the baskets of goods and services shown in the tables on the following page. The Project’s 53 total units will attract households with different income levels that will likely have varying spending habits. To accommodate the

Total New Household Spending				
	Annual per HH Spend	% Spent Locally	# of Units	Total New Spending
<b>Market-Rate Units</b>				
Food	\$12,381	80%	48	\$475,430
Household Furnishings	\$3,006	80%	48	\$115,430
Apparel and Services	\$2,423	80%	48	\$93,043
Transportation	\$13,860	80%	48	\$532,224
Healthcare	\$7,029	80%	48	\$269,914
Entertainment	\$3,781	80%	48	\$145,190
Personal Care Products and Services	\$1,002	80%	48	\$38,477
Education	\$1,974	80%	48	\$75,802
Miscellaneous	\$1,324	80%	48	\$50,842
Other	\$459	80%	48	\$17,626
<b>Total, Market-Rate Units</b>	<b>\$47,239</b>	<b>80%</b>	<b>48</b>	<b>\$1,813,978</b>
<b>80% AMI Units</b>				
Food	\$9,214	80%	5	\$36,856
Household Furnishings	\$2,744	80%	5	\$10,976
Apparel and Services	\$2,332	80%	5	\$9,328
Transportation	\$10,244	80%	5	\$40,976
Healthcare	\$5,451	80%	5	\$21,804
Entertainment	\$3,171	80%	5	\$12,684
Personal Care Products and Services	\$798	80%	5	\$3,192
Education	\$1,139	80%	5	\$4,556
Miscellaneous	\$1,056	80%	5	\$4,224
Other	\$566	80%	5	\$2,264
<b>80% AMI Units</b>	<b>\$36,715</b>	<b>80%</b>	<b>5</b>	<b>\$146,860</b>
<b>Total Spending</b>			<b>53</b>	<b>\$1,960,838</b>

Source: Table 3104. Northeastern region by income before taxes: Average annual expenditures and characteristics, Consumer Expenditure Surveys, 2021-2022; MRB

<sup>3</sup> The ZIP code included in the economic impact analysis is shown in Appendix A, and are compared to the City’s boundaries.



different spending habits, we divided the 53 units into two spending baskets as shown in the tables on the following page. We also conservatively assume the 80% of household spending will occur locally.

In total we estimate that the residential tenants of the Project’s units will spend \$2.0 million on the goods and services shown. Annual spending of \$2.0 million (see “Direct Sales” in table), corresponds to a direct impact of 13 jobs and earning \$661,294 in earnings. Coupled with the indirect impacts, the total economic impacts of new household spending will be 15 jobs, \$798,015 in earnings, and \$2.3 million in sales annually.

The second source of the Project’s annual economic impact will be the on-site employment of the Project. The Applicant estimates two jobs associated with the residential management and maintenance of the Site earning an average salary of \$97,500 and \$32,500 respectively. The Applicant also estimates 12 full time jobs earning an average salary of \$32,500 annually associated with the commercial component of the Project.<sup>4</sup>

Onsite employment of 14 jobs earning an aggregate of \$520,000 in earnings generates a total annual economic impact of 16 jobs, \$648,010 in earnings, and \$2.0 million in sales.

Economic Impact of New Household Spending			
	Direct	Indirect	Total
Jobs	13	2	15
Earnings	\$661,194	\$136,821	\$798,015
Sales	\$1,960,838	\$356,692	\$2,317,529

Source: Lightcast

Ongoing Employment Estimate			
Job	Count	Salary	Total
Professional/Managerial	1	\$97,500	\$97,500
Unskilled Residential	1	\$32,500	\$32,500
Commercial	12	\$32,500	\$390,000
Total	14		\$520,000

Source: Applicant; Lightcast; MRB

Economic Impact of Onsite Employment			
	Direct	Indirect	Total
Jobs	14	2	16
Earnings	\$520,000	\$128,010	\$648,010
Sales	\$1,654,161	\$336,659	\$1,990,820

Source: Lightcast

<sup>4</sup> The Applicant provided an estimated range of annual salaries for the positions shown above. For purposes of this analysis, we use the midpoint of those ranges to calculate the associated economic impact.

### Combined Annual Economic Impacts

The table to the right displays the total annual economic impact of the Project including impacts of both new household spending and operations. The total economic impact of the Project will be 32 jobs, \$1.4 million in earnings, and \$4.3 million in sales annually.

Combined Economic Impact of Operations			
	Direct	Indirect	Total
Jobs	27	5	32
Earnings	\$1,181,194	\$264,831	\$1,446,025
Sales	\$3,614,998	\$693,351	\$4,308,349

Source: Lightcast

# FISCAL IMPACT ANALYSIS

The Project would also have a number of fiscal impacts as described below.

## PILOT Schedule

The Applicant's proposed PILOT schedule is displayed on the following page. The Applicant is proposing a 15-year term that abates 100% of the Project's improvement value for the first ten years, that decreases the abatement by 10% each year until the Project is fully taxable in Year 16 after the PILOT expires. The Applicant worked with the City's Assessor to derive an estimate for the Future Assessed Value (FAV) of the Project once built.

Under the proposed PILOT schedule, the Project would generate \$1.2 million in property tax revenue over 15 years.

PILOT Schedule									
	Exemption	Tax Rate	Land Value	Existing Structure Value	FAV	Improvement Value	Abated Value	Taxable Value	PILOT
1	100%	32.7270	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$0	\$1,000,000	\$32,727
2	100%	33.3815	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$0	\$1,000,000	\$33,382
3	100%	34.0491	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$0	\$1,000,000	\$34,049
4	100%	34.7301	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$0	\$1,000,000	\$34,730
5	100%	35.4247	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$0	\$1,000,000	\$35,425
6	100%	36.1332	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$0	\$1,000,000	\$36,133
7	100%	36.8559	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$0	\$1,000,000	\$36,856
8	100%	37.5930	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$0	\$1,000,000	\$37,593
9	100%	38.3449	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$0	\$1,000,000	\$38,345
10	100%	39.1117	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$0	\$1,000,000	\$39,112
11	90%	39.8940	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$770,610	\$1,770,610	\$70,637
12	80%	40.6919	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$1,541,220	\$2,541,220	\$103,407
13	60%	41.5057	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$3,082,440	\$4,082,440	\$169,445
14	40%	42.3358	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$4,623,660	\$5,623,660	\$238,082
15	20%	43.1825	\$243,900	\$756,100	\$7,950,000	\$7,706,100	\$6,164,880	\$7,164,880	\$309,398
<b>Total</b>									<b>\$1,249,319</b>

Source: Applicant; MRB

### Increase in Property Tax Revenue

Under the current assessment value (CAV) of \$1.0 million, the Site will generate approximately \$32,727 annually. Escalating at 2% per year, the Site would generate \$565,961 in property tax revenue under the current assessment. Under the proposed PILOT, the Site would generate \$1.2 million in property tax revenue. Therefore, the Site would generate \$683,358 million more in property tax revenue over 15 years compared what it would under the current assessment.

Increase in Tax Revenue					
Year	Tax Rate	CAV	Current Taxes	PILOT	Increase in Tax Revenue
1	32.7270	\$1,000,000	\$32,727	\$ 32,727	\$ -
2	33.3815	\$1,000,000	\$33,382	\$ 33,382	\$ -
3	34.0491	\$1,000,000	\$34,049	\$ 34,049	\$ -
4	34.7301	\$1,000,000	\$34,730	\$ 34,730	\$ -
5	35.4247	\$1,000,000	\$35,425	\$ 35,425	\$ -
6	36.1332	\$1,000,000	\$36,133	\$ 36,133	\$ -
7	36.8559	\$1,000,000	\$36,856	\$ 36,856	\$ -
8	37.5930	\$1,000,000	\$37,593	\$ 37,593	\$ -
9	38.3449	\$1,000,000	\$38,345	\$ 38,345	\$ -
10	39.1117	\$1,000,000	\$39,112	\$ 39,112	\$ -
11	39.8940	\$1,000,000	\$39,894	\$ 70,637	\$ 30,743
12	40.6919	\$1,000,000	\$40,692	\$ 103,407	\$ 62,715
13	41.5057	\$1,000,000	\$41,506	\$ 169,445	\$ 127,939
14	42.3358	\$1,000,000	\$42,336	\$ 238,082	\$ 195,746
15	43.1825	\$1,000,000	\$43,183	\$ 309,398	\$ 266,215
<b>Total</b>			<b>\$565,961</b>	<b>\$1,249,319</b>	<b>\$683,358</b>

Source: Applicant; MRB

### Sales Tax Revenue – Construction Phase

As estimated previously, the construction phase of the Project will result in \$8.4 million new earnings over the construction period. Assuming 70% of the total new earnings will be spent in the County and 25% of that spending will be subject to the sales tax, we estimate \$1.5 million in taxable spending over the construction period. Applying the County sales tax rate of 3.75%, we estimate \$55,201 in sales tax revenue will be generated during construction.

### Sales Tax Revenue – Operation Phase

Using a similar methodology as above, we estimate the sales tax revenue generated from the new earnings of the on-site employees. We estimated \$1.4 in total new earnings occurring annually within the County during the operation phase. Given the projected level of earnings, we estimate a resulting \$9,490 in sales tax revenue for the County. Escalated 2% per year over 15 years, we estimate the Project will generate \$164,107 in sales tax over the length of the PILOT.

Sales Tax Revenue - Construction Phase	
Line	Value
Total New Earnings	\$8,411,546
% Spent in County	70%
\$ Spent in County	\$5,888,082
% Taxable	25%
\$ Taxable	\$1,472,021
County Sales Tax Rate	3.75%
\$ County Sales Tax Revenue	\$55,201

Source: MRB

Sales Tax Revenue - Operation Phase	
Line	Value
Total New Earnings	\$1,446,025
% Spent in County	70%
\$ Spent in County	\$1,012,217
% Taxable	25%
\$ Taxable	\$253,054
County Sales Tax Rate	3.75%
\$ County Sales Tax Revenue	\$9,490
Revenue Over 15 Years	\$164,107

Source: MRB

### Sales Tax Revenue – New Household Spending

Using a similar methodology as above, we estimate the project result in \$18,383 in annual sales tax revenue related to new household spending. Escalated at 2% per year for 15 years, the total sales tax revenue related to new household spending is estimated at \$317,902 over the term of the PILOT.

Sales Tax Revenue - New Household Spending	
Line	Value
Total Household Spending	\$1,960,838
% Taxable	25%
\$ Taxable	\$490,209
County Sales Tax Rate	4%
\$ County Sales Tax Revenue	\$18,383
Revenue Over 15 Years	\$317,902

Source: MRB

### Cost of Property Tax Exemption

The estimated cost of the Project's property tax exemption is the difference between what the Applicant has proposed in PILOT payments versus what the Applicant would pay without such abatement.

In this case, a portion of the Site, the existing Shaw Building, would qualify for a RP485a as of right abatement as part of New York State's Residential-Commercial Urban Exemption program. The Applicant has stated that they will seek this as of right abatement should the proposed PILOT abatement not be granted. Therefore, the true cost of the property tax exemption is the difference between the proposed PILOT schedule and what the Applicant would pay under the RP485a abatement.

The tables on the following page calculate the "Full Taxes" that would be paid by the Applicant should the Project seek a RP485a as of right abatement. In this scenario, the existing portion of the Project would generate \$1.2 million in property taxes under the RP485a program over 15 years. The new structure would be taxed at full FAV and therefore would generate an additional \$2.6 million in property taxes. In total, the Project would generate a total of \$3.8 million in "full taxes" over 15 years, absent a PILOT abatement.



RP485a - Existing Property									
Year	Exemption (Existing Building Only)	Tax Rate	Land Value	Existing Structure Value	FAV	Improvement Value	Abated Value	Taxable Value	Taxes
1	100%	32.7270	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$0	\$864,056	\$28,278
2	100%	33.3815	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$0	\$864,056	\$28,843
3	100%	34.0491	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$0	\$864,056	\$29,420
4	100%	34.7301	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$0	\$864,056	\$30,009
5	100%	35.4247	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$0	\$864,056	\$30,609
6	100%	36.1332	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$0	\$864,056	\$31,221
7	100%	36.8559	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$0	\$864,056	\$31,846
8	100%	37.5930	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$0	\$864,056	\$32,482
9	80%	38.3449	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$651,220	\$1,515,276	\$58,103
10	60%	39.1117	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$1,302,440	\$2,166,496	\$84,735
11	40%	39.8940	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$1,953,660	\$2,817,716	\$112,410
12	20%	40.6919	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$2,604,880	\$3,468,936	\$141,157
13	0%	41.5057	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$3,256,100	\$4,120,156	\$171,010
14	0%	42.3358	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$3,256,100	\$4,120,156	\$174,430
15	0%	43.1825	\$107,956	\$756,100	\$3,364,056	\$3,256,100	\$3,256,100	\$4,120,156	\$177,919
<b>Total</b>									<b>\$1,162,473</b>

Source: Applicant; MRB

Full Taxes - New Structure									
Year	Exemption	Tax Rate	Land Value	Existing Structure Value	FAV	Improvement Value	Abated Value	Taxable Value	Taxes
1	0%	32.7270	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$150,084
2	0%	33.3815	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$153,086
3	0%	34.0491	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$156,147
4	0%	34.7301	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$159,270
5	0%	35.4247	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$162,456
6	0%	36.1332	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$165,705
7	0%	36.8559	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$169,019
8	0%	37.5930	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$172,399
9	0%	38.3449	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$175,847
10	0%	39.1117	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$179,364
11	0%	39.8940	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$182,952
12	0%	40.6919	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$186,611
13	0%	41.5057	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$190,343
14	0%	42.3358	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$194,150
15	0%	43.1825	\$135,944	\$0	\$4,585,944	\$4,450,000	\$4,450,000	\$4,585,944	\$198,033
<b>Total</b>									<b>\$2,595,465</b>

Source: Applicant; MRB

The table below displays the difference in estimated property tax revenue under the proposed PILOT and the value of the 'Full Taxes' which is the sum of property tax revenue the Project would generate under the RP485a program for the existing structure and the unabated taxes on the new structure. Over the 15-year PILOT term, the fiscal cost of the Project would be \$2.5 million.

Cost of PILOT Abatement					
Year	RP485a Taxes	Full Taxes on New Build	Full Taxes	PILOT	Difference
1	\$28,278	\$150,084	\$178,362	\$32,727	(\$145,635)
2	\$28,843	\$153,086	\$181,929	\$33,382	(\$148,548)
3	\$29,420	\$156,147	\$185,568	\$34,049	(\$151,519)
4	\$30,009	\$159,270	\$189,279	\$34,730	(\$154,549)
5	\$30,609	\$162,456	\$193,065	\$35,425	(\$157,640)
6	\$31,221	\$165,705	\$196,926	\$36,133	(\$160,793)
7	\$31,846	\$169,019	\$200,865	\$36,856	(\$164,009)
8	\$32,482	\$172,399	\$204,882	\$37,593	(\$167,289)
9	\$58,103	\$175,847	\$233,950	\$38,345	(\$195,606)
10	\$84,735	\$179,364	\$264,100	\$39,112	(\$224,988)
11	\$112,410	\$182,952	\$295,361	\$70,637	(\$224,725)
12	\$141,157	\$186,611	\$327,768	\$103,407	(\$224,361)
13	\$171,010	\$190,343	\$361,353	\$169,445	(\$191,908)
14	\$174,430	\$194,150	\$368,580	\$238,082	(\$130,498)
15	\$177,919	\$198,033	\$375,951	\$309,398	(\$66,554)
<b>Total</b>	<b>\$1,162,473</b>	<b>\$2,595,465</b>	<b>\$3,757,939</b>	<b>\$1,249,319</b>	<b>(\$2,508,619)</b>

Source: Applicant; MRB

### Cost of Other Exemptions

The Applicant has requested an exemption for construction-phase sales and use tax valued at \$585,000 the local portion of which is \$270,000. Similarly, the Applicant has also requested a mortgage recording tax exemption (MRTE) valued at \$304,183, the local portion of which is \$144,849.

Cost of Sales Tax Exemption, County	
Line	Value
Sales Tax Exemption	\$585,000
County	3.75%
State	4.00%
MCTD	0.375%
County Exemption	\$270,000

Source: Applicant; MRB

Cost of MRTE, County	
Line	Value
MRTE	\$304,183
County	0.50%
State	0.50%
MCTD	0.050%
County Exemption	\$144,849

Source: Applicant; MRB

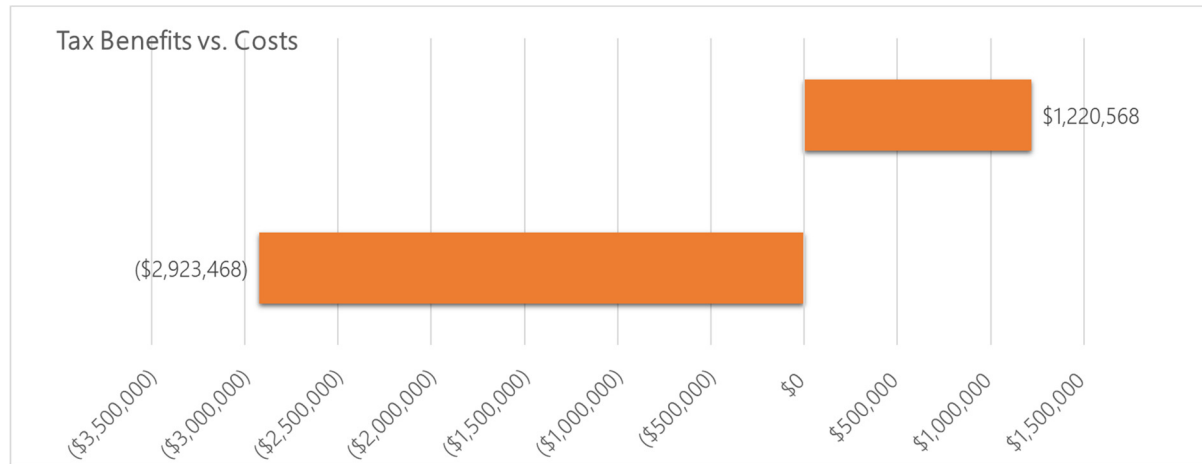
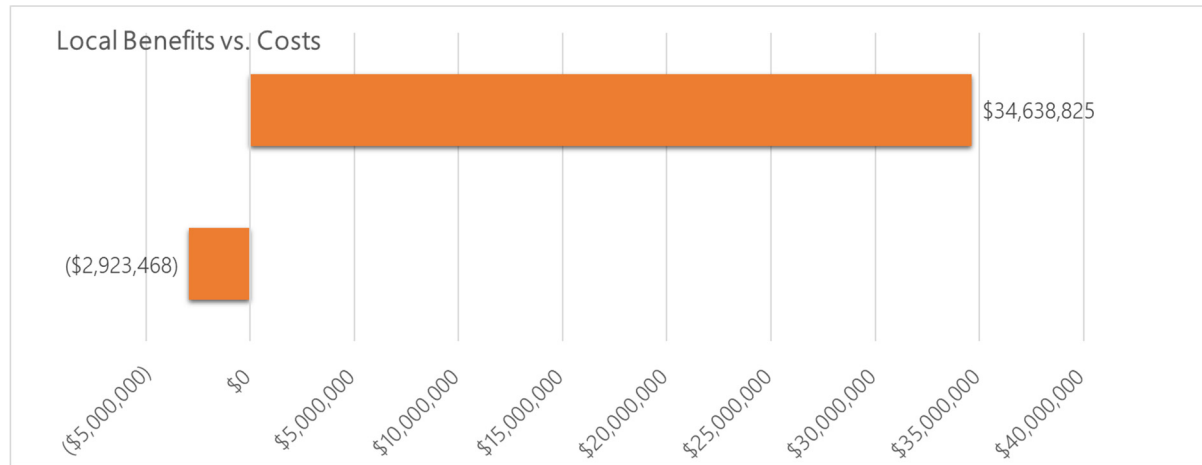
# APPENDIX

## Cumulative Impact of the Project and Benefits-to-Costs Ratio

<b>Cost/Benefit Analysis - Cumulative Local Impact</b>	
Local Costs (Construction - Year 15)	\$2,923,468
Sales Tax Exemption	\$270,000
Mortgage Tax Exemption	\$144,849
Real Property Tax Exemption	\$2,508,619
Local Benefits (Construction - Year 15)	\$34,638,825
Sales Tax, Construction, One-time	\$55,201
Sales Tax, Operations, 15 Years	\$164,107
Sales Tax, New Household Spending, 15 Years	\$317,902
Increase in Property Tax Revenue, 15 Years	\$683,358
Sub-Total Tax Benefits	\$1,220,568
Total New Earnings - Construction	\$8,411,546
Total New Earnings - Operations, 15 Years	\$25,006,711
Sub-Total (New Earnings)	\$33,418,257
Benefits to Costs Ratio	11.85
Tax Benefits to Tax Costs Ratio	0.42

Source: Applicant, MRB

Benefits vs. Costs Graph



### City of Newburgh ZIP Code Approximation

