

Making The Most Out of GASB 77

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Economic Development Law in Georgia

December 2 , 2016

Georgia Tech Center for Economic Development Research



Government Finance Officers Association

RECOMMENDATION:

LETTER OF TRANSMITTAL SHOULD INCLUDE:


1. COST BENEFIT ANALYSIS (FISCAL IMPACT ANALYSIS)
2. EXPLANATION OF HOW TAX ABATEMENTS ARE ACCOUNTED FOR AND INCORPORATED INTO THE BUDGET PROCESS
3. DESCRIPTION OF THE POLICIES GOVERNING TAX ABATEMENTS AND METHODOLOGIES USED TO DETERMINE RETURN ON INVESTMENT
4. IDENTIFICATION OF THOSE RESPONSIBLE FOR MONITORING COMPLIANCE AND ABATEMENT AGREEMENTS
5. RELATIONSHIP BETWEEN TAX ABATEMENTS AND GOVERNMENTS GOALS
6. FIVE-YEAR CHART OF BENEFITS ANTICIPATED
 - FINANCIAL
 - NONFINANCIAL

Georgia Tech Center for Economic Development Research

FISCAL IMPACT

EXPENSE

EDUCATION
PUBLIC SAFETY
INCENTIVES, ETC.




REVENUE

PROPERTY TAX
SALES TAX
FEES, ETC.


CAN INCLUDE NONFINANCIAL MEASURES SUCH AS NEW HOUSEHOLDS, NEW STUDENTS, AND NEW RETAIL ACTIVITY

BASED ON SPECIFIC CHARACTERISTICS OF YOUR COMMUNITY:

LAND USE, TAX STRUCTURE, COMMUTING PATTERNS, SERVICE DELIVERY, ETC.



CAN BE POSITIVE OR NEGATIVE!



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LOCI... The Gold Standard in Fiscal Impact Analysis Software

Let's be honest: Fiscal Impact Analysis is a very difficult and time-consuming process. The amount of data required for fiscal impact analysis and the complexity of the analysis are two important reasons economic developers don't incorporate it into their protocol for projects. And on the occasions that fiscal impact analysis is required, the analysis is virtually always out-sourced.

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—Economic Development America

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By Major Category

Summary of Settings All Details By Major Category Fiscal Impact Summary Misc. Measures

Revenues/Expenditures	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Sales Taxes	0	10,240	12,236	14,348	20,497	20,497	20,497	20,497
Property Taxes	0	273,341	265,604	256,695	322,547	305,283	289,601	266,100
Franchise Fees	0	0	0	0	0	0	0	0
Business License/Occupation Tax	0	1,891	2,299	2,741	3,882	3,931	3,968	3,5
Liquor License Revenues	0	26	59	95	121	143	158	1
Alcoholic Beverage Tax Revenues	0	82	181	295	377	444	492	4
Services	0	0	0	0	0	0	0	0
Revenues from Files	0	731	1,630	2,658	3,394	3,991	4,429	4,4
Revenues from Permits	0	74	167	271	347	408	452	4
Miscellaneous Fees	25,000	5,817	12,968	21,144	26,998	31,754	36,240	35,2
Water Revenues	0	0	0	0	0	0	0	0
Wastewater Revenues	0	0	0	0	0	0	0	0
Solid Waste Revenues	0	0	0	0	0	0	0	0
Public Power Revenues	0	0	0	0	0	0	0	0
Other Utility #1 Revenues	0	0	0	0	0	0	0	0
Other Utility #2 Revenues	0	0	0	0	0	0	0	0
Salvage Value	0	0	0	0	0	0	0	0
TOTAL REVENUES	\$25,000	\$292,181	\$295,202	\$298,248	\$378,163	\$366,451	\$352,037	\$331,2
Support	2,000,000	264,702	226,851	190,153	230,128	186,154	145,373	108,4
Education	0	0	0	0	0	0	0	0
Public Works	0	1,479	3,296	5,370	6,863	8,072	8,958	8,5
Recreation/Libraries	0	601	1,342	2,184	2,793	3,284	3,644	3,3
Court System	0	1,017	2,268	3,698	4,722	5,554	6,164	6,1
General Government	0	3,273	7,296	11,895	15,190	17,866	19,826	19,6
Health Services	0	709	1,582	2,578	3,292	3,871	4,296	4,2
Social Welfare	0	226	503	821	1,048	1,232	1,367	1,2

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Miscellaneous Measures

Summary of Settings All Details By Major Category Fiscal Impact Summary Misc. Measures

Miscellaneous Measures	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Jobs held by residents of local jurisdiction	0	28	34	40	57	57	57
Jobs held by workforce outside local jurisdiction	0	72	86	100	143	143	143
>>>>Total new employment	0	100	120	140	200	200	200
Paid to residents of local jurisdiction	\$0	\$1,136,000	\$1,363,200	\$1,590,400	\$2,272,000	\$2,272,000	\$2,272,000
Paid to in-commuters to local jurisdiction	\$0	\$2,864,000	\$3,436,800	\$4,009,600	\$5,728,000	\$5,728,000	\$5,728,000
>>>>Total new income	\$0	\$4,000,000	\$4,800,000	\$5,600,000	\$8,000,000	\$8,000,000	\$8,000,000
Estimated new households in local jurisdiction	0	5	11	19	24	28	31
Estimated new pupils in school system	0	3	7	12	15	18	20
By resident employees of local jurisdiction	\$0	\$640,847	\$769,016	\$897,186	\$1,281,694	\$1,281,694	\$1,281,694
By in-commuters to local jurisdiction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
By facility	\$0	\$312,500	\$375,000	\$437,500	\$625,000	\$625,000	\$625,000
By visitors	\$0	\$0	\$0	\$0	\$0	\$0	\$0
>>>>Total new retail sales	\$0	\$953,347	\$1,144,016	\$1,334,686	\$1,906,694	\$1,906,694	\$1,906,694
Number of visitors	0	0	0	0	0	0	0
Duration of stay in days	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Avg. daily expenditure per person	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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Summary Report for Project Project name goes here

Analysis Type: County only

Total New Jobs:	0	Total New Investment:	\$0
Total New Payroll:	\$0	Total Tax Abatement:	\$0
Average Wage:	\$0	Total Net Tax Liability:	\$0

Real Property Summary

Calendar Year	Total New	State Tax	Local Tax	Total Tax	State Tax	Local Tax	Total Tax	Capex
2017	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2018	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2026	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2027	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2028	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2029	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2030	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2031	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2032	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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2034	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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2036	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2037	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2038	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2039	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2040	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2041	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2042	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2043	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2044	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2045	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2046	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2047	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2048	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2049	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2050	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2051	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2052	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2053	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2054	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2055	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2056	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2057	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2058	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2059	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2060	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2061	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2062	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2063	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2064	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2065	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2066	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2067	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2068	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2069	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2070	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2071	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2072	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2073	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2074	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2075	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2076	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2077	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2078	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2079	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2080	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2081	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2082	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2083	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2084	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2085	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2086	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2087	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2088	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2089	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2090	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2091	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2092	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2093	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2094	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2095	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2096	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2097	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2098	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2099	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2100	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Total Abatement: \$0
County share: \$0
City share: \$0
School System share: \$0

Printed on: 1/10/2016

GASB-77 Report for Project Case Study 1 - Auto Parts Manufacturing

Analysis Type: County only

Total New Jobs:	200	Total New Investment:	\$10,000,000
Total New Payroll:	\$4,000,000	Total Tax Abatement:	\$1,570,000
Average Wage:	\$20,000	Total Net Tax Liability:	\$1,257,400

Year	Total New Employment	Payroll	Revenue	Net Tax
2017	100	\$2,000,000	\$1,447,000	\$0
2018	100	\$2,000,000	\$1,499,000	\$100,000
2019	100	\$2,000,000	\$1,558,000	\$200,000
2020	100	\$2,000,000	\$1,617,000	\$300,000
2021	100	\$2,000,000	\$1,676,000	\$400,000
2022	100	\$2,000,000	\$1,735,000	\$500,000
2023	100	\$2,000,000	\$1,794,000	\$600,000
2024	100	\$2,000,000	\$1,853,000	\$700,000
2025	100	\$2,000,000	\$1,912,000	\$800,000
2026	100	\$2,000,000	\$1,971,000	\$900,000
2027	100	\$2,000,000	\$2,030,000	\$1,000,000
2028	100	\$2,000,000	\$2,089,000	\$1,100,000
2029	100	\$2,000,000	\$2,148,000	\$1,200,000
2030	100	\$2,000,000	\$2,207,000	\$1,300,000
2031	100	\$2,000,000	\$2,266,000	\$1,400,000
2032	100	\$2,000,000	\$2,325,000	\$1,500,000
2033	100	\$2,000,000	\$2,384,000	\$1,600,000
2034	100	\$2,000,000	\$2,443,000	\$1,700,000
2035	100	\$2,000,000	\$2,502,000	\$1,800,000
2036	100	\$2,000,000	\$2,561,000	\$1,900,000
2037	100	\$2,000,000	\$2,620,000	\$2,000,000
2038	100	\$2,000,000	\$2,679,000	\$2,100,000
2039	100	\$2,000,000	\$2,738,000	\$2,200,000
2040	100	\$2,000,000	\$2,797,000	\$2,300,000
2041	100	\$2,000,000	\$2,856,000	\$2,400,000
2042	100	\$2,000,000	\$2,915,000	\$2,500,000
2043	100	\$2,000,000	\$2,974,000	\$2,600,000
2044	100	\$2,000,000	\$3,033,000	\$2,700,000
2045	100	\$2,000,000	\$3,092,000	\$2,800,000
2046	100	\$2,000,000	\$3,151,000	\$2,900,000
2047	100	\$2,000,000	\$3,210,000	\$3,000,000
2048	100	\$2,000,000	\$3,269,000	\$3,100,000
2049	100	\$2,000,000	\$3,328,000	\$3,200,000
2050	100	\$2,000,000	\$3,387,000	\$3,300,000
2051	100	\$2,000,000	\$3,446,000	\$3,400,000
2052	100	\$2,000,000	\$3,505,000	\$3,500,000
2053	100	\$2,000,000	\$3,564,000	\$3,600,000
2054	100	\$2,000,000	\$3,623,000	\$3,700,000
2055	100	\$2,000,000	\$3,682,000	\$3,800,000
2056	100	\$2,000,000	\$3,741,000	\$3,900,000
2057	100	\$2,000,000	\$3,800,000	\$4,000,000
2058	100	\$2,000,000	\$3,859,000	\$4,100,000
2059	100	\$2,000,000	\$3,918,000	\$4,200,000
2060	100	\$2,000,000	\$3,977,000	\$4,300,000
2061	100	\$2,000,000	\$4,036,000	\$4,400,000
2062	100	\$2,000,000	\$4,095,000	\$4,500,000
2063	100	\$2,000,000	\$4,154,000	\$4,600,000
2064	100	\$2,000,000	\$4,213,000	\$4,700,000
2065	100	\$2,000,000	\$4,272,000	\$4,800,000
2066	100	\$2,000,000	\$4,331,000	\$4,900,000
2067	100	\$2,000,000	\$4,390,000	\$5,000,000
2068	100	\$2,000,000	\$4,449,000	\$5,100,000
2069	100	\$2,000,000	\$4,508,000	\$5,200,000
2070	100	\$2,000,000	\$4,567,000	\$5,300,000
2071	100	\$2,000,000	\$4,626,000	\$5,400,000
2072	100	\$2,000,000	\$4,685,000	\$5,500,000
2073	100	\$2,000,000	\$4,744,000	\$5,600,000
2074	100	\$2,000,000	\$4,803,000	\$5,700,000
2075	100	\$2,000,000	\$4,862,000	\$5,800,000
2076	100	\$2,000,000	\$4,921,000	\$5,900,000
2077	100	\$2,000,000	\$4,980,000	\$6,000,000
2078	100	\$2,000,000	\$5,039,000	\$6,100,000
2079	100	\$2,000,000	\$5,098,000	\$6,200,000
2080	100	\$2,000,000	\$5,157,000	\$6,300,000
2081	100	\$2,000,000	\$5,216,000	\$6,400,000
2082	100	\$2,000,000	\$5,275,000	\$6,500,000
2083	100	\$2,000,000	\$5,334,000	\$6,600,000
2084	100	\$2,000,000	\$5,393,000	\$6,700,000
2085	100	\$2,000,000	\$5,452,000	\$6,800,000
2086	100	\$2,000,000	\$5,511,000	\$6,900,000
2087	100	\$2,000,000	\$5,570,000	\$7,000,000
2088	100	\$2,000,000	\$5,629,000	\$7,100,000
2089	100	\$2,000,000	\$5,688,000	\$7,200,000
2090	100	\$2,000,000	\$5,747,000	\$7,300,000
2091	100	\$2,000,000	\$5,806,000	\$7,400,000
2092	100	\$2,000,000	\$5,865,000	\$7,500,000
2093	100	\$2,000,000	\$5,924,000	\$7,600,000
2094	100	\$2,000,000	\$5,983,000	\$7,700,000
2095	100	\$2,000,000	\$6,042,000	\$7,800,000
2096	100	\$2,000,000	\$6,101,000	\$7,900,000
2097	100	\$2,000,000	\$6,160,000	\$8,000,000
2098	100	\$2,000,000	\$6,219,000	\$8,100,000
2099	100	\$2,000,000	\$6,278,000	\$8,200,000
2100	100	\$2,000,000	\$6,337,000	\$8,300,000

Total Tax Revenue: \$1,257,400
Total Payroll: \$4,000,000
Total Investment: \$10,000,000

Printed on: 1/10/2016


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FISCAL IMPACT STRATEGY

WHO SHOULD DO IT?

Internal analysis?

Independent third party?




KEEP IT SIMPLE!

You don't need a multi-page report...


Aggregate your projects

A short summary paragraph and a five-year chart of benefits will work



EVALUATE YOUR POLICIES

Make adjustments to your economic development policies to better meet your community goals



ANALYZE EVERY PROJECT

#1

#2

#3

#4

Make fiscal analysis a habit

Adjust old projects as new employment and investment numbers are realized.

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