

## ECONOMIC IMPACT ANALYSIS

The accompanying economic analysis reports were prepared by or through Katz, Sapper and Miller (KSM), a well known local, full service accounting firm. Among KSM's many areas of expertise are real estate, and state and local taxation.

The first report concerns the incremental real estate tax that is expected to be generated from the Project once it is fully operational. The "incremental real estate tax" is the net increase in real estate taxes generated by the Project site – net of what the current owner is presently paying. (The two columns highlighted in that report are probably the most telling.) In addition to real estate tax revenue generation, the accompanying reports reflect the substantial amount of incremental County Option Income Tax (COIT) that the Project will generate as well as a wide range of other positive economic benefits.

Between the accompanying three reports they show the following:

1. In the first year of the Project being fully operational the Project will generate over \$270,000 in incremental real estate taxes, including the State's PTRC (see page 2 of that report);
2. In the first year of the project being fully operational the project will generate over \$47,000 in incremental County Option Income Taxes (COIT); and
3. That in addition to dramatic increase in real estate tax revenues and COIT, the Project will have other dramatic positive economic impacts on the community. Those impacts include:
  - a) the generation of \$12.8 million in retail sales (does not include Witham provided medical services)
  - b) an additional \$19.2 million in direct and indirect local economic activity;
  - c) the direct creation of over 150 jobs in Boone County; and
  - d) an additional \$13.4 million in direct and indirect payroll generated in Boone County.

Clearly the Project will greatly benefit both Boone County and Union Township in a vast and varied economic fashion.

# PROJECT GENERATED INCREMENTAL REAL ESTATE TAX REVENUE

Greenhouse Development, LLC

Boone County

Union Township

Assume Tax Rates Increase 5% / yr

Assume Real Estate Appreciates 2% / yr

Business	Sq ft	Cost/ sq ft	Estimated Assessed Value	Current Net Tax Rate - Real	Total Est Taxes 20 Years	Est Taxes yr 1
Medical office	20,000	\$125	2,500,000	1.8591	1,926,980	46,480
Medical office addition - yr 5	15,000	\$125	1,875,000	1.8591	1,192,600	-
Drug Store	15,000	\$90	1,350,000	1.8591	1,039,400	25,100
Coffee House	1,800	\$90	162,000	1.8591	122,310	3,010
Bank	3,600	\$90	324,000	1.8591	248,320	6,020
Restaurant	5,000	\$90	450,000	1.8591	348,270	8,370
Multi-tenant lease space	10,000	\$90	900,000	1.8591	696,230	16,730
Land (Parcel 010-07230-00)			3,300,000	1.8591	2,542,350	61,350
Paving			1,000,000	1.8591	767,990	18,590
			11,861,000		8,884,450	185,650

yr2	yr3	yr4	yr5	yr6	yr7	yr8	yr9	yr10	yr11	yr12	yr13	yr14	yr15	yr16	yr17	yr18	yr19	yr20
49,800	53,300	57,100	61,200	65,500	70,200	75,200	80,500	86,200	92,300	98,900	105,900	113,400	121,500	130,100	139,300	149,200	159,800	171,100
-	-	-	42,400	45,400	48,600	52,100	55,800	59,800	64,000	68,500	73,400	78,600	84,200	90,200	96,600	103,500	110,800	118,700
26,900	28,800	30,800	33,000	35,300	37,800	40,500	43,400	46,500	49,800	53,300	57,100	61,200	65,500	70,200	75,200	80,500	86,200	92,300
3,200	3,400	3,600	3,900	4,200	4,500	4,800	5,100	5,500	5,900	6,300	6,700	7,200	7,700	8,200	8,800	9,400	10,100	10,800
6,400	6,900	7,400	7,900	8,500	9,100	9,700	10,400	11,100	11,900	12,700	13,600	14,600	15,600	16,700	17,900	19,200	20,600	22,100
9,000	9,600	10,300	11,000	11,800	12,600	13,500	14,500	15,500	16,600	17,800	19,100	20,500	22,000	23,600	25,300	27,100	29,000	31,100
17,900	19,200	20,600	22,100	23,700	25,400	27,200	29,100	31,200	33,400	35,800	38,300	41,000	43,900	47,000	50,300	53,900	57,700	61,800
65,700	70,400	75,400	80,800	86,500	92,600	99,200	106,200	113,700	121,800	130,400	139,700	149,600	160,200	171,600	183,800	196,800	210,800	225,800
19,900	21,300	22,800	24,400	26,100	28,000	30,000	32,100	34,400	36,800	39,400	42,200	45,200	48,400	51,800	55,500	59,400	63,600	68,100
198,800	212,900	228,000	286,700	307,000	328,800	352,200	377,100	403,900	432,500	463,100	496,000	531,300	569,000	609,400	652,700	699,000	748,600	801,800

# PROJECT GENERATED INCREMENTAL REAL ESTATE TAX REVENUE

Greenhouse Development  
Boone County  
Union Township  
Property Tax Distribution

Assume Property Total Taxes Paid in Year 1 = \$185,650

Assume Total Property Taxes Paid over 20 Years = \$8,884,450

<u>Breakdown of Total Tax Rate</u>	<u>Tax Rate</u>	<u>% of Total</u>	<u>Taxes - Yr 1</u>		<u>Total Taxes - 20 Yrs</u>	
			<u>Paid by Greenhouse</u>	<u>Total - including PTRC</u>	<u>Paid by Greenhouse</u>	<u>Total - including PTRC</u>
State Fair & Forestry	0.0024	0.1%	190	280	8,880	13,090
Total County Rate	0.2718	11.9%	22,090	32,240	1,057,250	1,543,040
Union Township						
Township Tax	0.0120					
Township Poor	0.0034					
Firefighting	0.0100					
Debt Service	-					
Cumulative Fire	0.0152					
Fire Equipment Debt	-					
Park & Recreation	-					
Total Township Rate	0.0406	1.8%	3,340	4,820	159,920	230,780
Total School Rate	1.8837	82.6%	153,350	223,430	7,338,560	10,692,240
Total Library Rate	0.0813	3.6%	6,680	9,640	319,840	461,570
Total Corporation Rate	-	0.0%	-	-	-	-
Total Tax Rate - 2005 Pay 2006	2.2798	100.0%	185,650	270,410	8,884,450	12,940,720

# PROJECT GENERATED INCREMENTAL REAL ESTATE TAX REVENUE

Greenhouse Development  
 Boone County  
 Union Township  
 COIT Tax Distribution

Assume Total Additional COIT Taxes in Year 1 = \$46,644  
 Assume Total Additional COIT Taxes over 20 Years = \$1,212,479

	<u>Share</u>	<u>% of Total</u>	<u>Additional Taxes Yr 1</u>	<u>Total Additional Taxes 20 Years</u>
<b>Breakdown of 2006 Tax Distribution</b>				
County	7,774,417	46.86%	21,857	568,168
Townships				
Other Townships	770,512	4.65%	2,169	56,380
<b>Union Township</b>	<u>61,486</u>	<u>0.37%</u>	173	4,486
Township Totals	831,998	5.02%	16,857	438,190
Cities & Towns	5,993,890	36.14%		
Libraries	<u>1,986,322</u>	11.98%	<u>5,588</u>	<u>145,255</u>
Total COIT Tax	<u>16,586,627</u>	<u>100.00%</u>	<u>46,644</u>	<u>1,212,479</u>

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## Summary of Economic Benefits

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Applied Economics was retained by Katz, Sapper and Miller on behalf of Greenhouse Development, LLC to perform an economic benefit analysis of the proposed Union Crossing Mixed-Use Development Project in Union Township, Boone County, Indiana. This analysis is intended to provide a framework for understanding the economic impacts the proposed project would generate.

This proposed mixed use project would include medical office and retail development totaling close to 71,000 square feet over the next five years. The analysis assumes the following development mix: 35,000 square feet of medical office space (20,000 in the first year, followed by an additional 15,000 in year five), a 15,000 square foot drug store, an 1,800 square foot coffee house, a 4,000 square foot bank, a 5,000 square foot restaurant and 10,000 square feet of multi-tenant office space.

The construction of this type of development would provide significant economic benefits to the county. These positive impacts include the following:

- The project could initially create annual economic impact of \$19.2 million in Boone County. This means the company would directly and indirectly support \$19.2 million in local economic activity through the value of the direct sales as well as supplier purchases and purchases made by employees. Over the next five years, the company's annual impact would increase to \$22.1 million.
- Beginning in the first year of operations, 154 direct jobs would be created in Boone County at the stores and offices in the development. These 154 jobs support an additional 82 indirect jobs *at other businesses* throughout Boone County as a result of the on-going operations of the businesses in the development. By year five, the number of direct jobs would be close to 200, supporting 146 additional indirect jobs.
- Over \$6.4 million in direct payroll and \$3.0 million in additional indirect payroll would be generated in the first year of operations, creating the potential for significant local retail expenditures by employees and their families. Average wages are estimated at \$41,300 and would increase to \$41,700 by the fifth year with the addition of 15,000 square feet of medical office space.
- Close to \$13.4 million in new direct and indirect annual payroll would be added to the county economy once full employment is reached.
- The 343 direct and indirect jobs would support a population of approximately 485 people by the fifth year of operations. About 80 percent of this supported population would live and work in Boone County based on typical commuting patterns for the county. These 390 people would generate significant retail sales as well as state and local tax revenues of almost \$8.0 million over the next ten years.
- Total retail sales at the development itself are estimated at about \$12.8 annually.
- In addition, purchases in other parts of the county supported by direct and indirect payroll from the tenants in the development are projected at approximately \$3.9 million per year by build out. The most significant expenditures would be for food, vehicles and utilities.

**ECONOMIC IMPACTS OF PROPOSED UNION CROSSING MIXED-USE DEVELOPMENT PROJECT ON  
Union Township and Boone County, Indiana May 2007**

- A large portion of these purchases are taxable, generating approximately \$1.7 million in sales tax to the state over the next ten years as a result of the construction of the proposed development in Boone County.
- Based on the amount of direct and indirect payroll and the share of workers likely to live in Boone County, the development would support \$609,000 in county income tax revenues and \$2.6 million in state income tax revenues over the next ten years.
- In addition to sales and income tax revenues generated by the project, the direct and indirect employees supported by their operations would generate close to \$3.0 million in local property tax revenues in Boone County over the next ten years. This is in addition to the property taxes generated by the development itself.

The proposed medical office and retail mixed-use project would not only create an opportunity for additional office users and health care providers in the area, but also support a significant amount of additional economic activity, jobs and payroll in related local supplier and consumer businesses throughout the county.

**IMPACT OF GREENHOUSE DEVELOPMENT ON BOONE COUNTY**

	<b>10 Yr Total</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total Projected Increase in Economic Activity in Hamilton County</b>	<b>\$231,193,451</b>	<b>\$19,160,664</b>	<b>\$19,160,664</b>	<b>\$19,160,664</b>	<b>\$19,160,664</b>	<b>\$22,078,685</b>	<b>\$22,078,685</b>	<b>\$22,078,685</b>	<b>\$22,078,685</b>	<b>\$22,078,685</b>	<b>\$22,078,685</b>	<b>\$22,078,685</b>
Total Number of Direct Jobs	197	154	154	154	154	197	197	197	197	197	197	197
Direct local payroll	\$83,019,515	\$6,363,047	\$6,363,047	\$6,363,047	\$6,363,047	\$8,223,904	\$8,223,904	\$8,223,904	\$8,223,904	\$8,223,904	\$8,223,904	\$8,223,904
Average wage	na	\$41,280	\$41,280	\$41,280	\$41,280	\$41,746	\$41,746	\$41,746	\$41,746	\$41,746	\$41,746	\$41,746
Secondary local jobs created	146	82	82	82	82	146	146	146	146	146	146	146
Payroll for secondary jobs created	\$48,189,021	\$2,958,681	\$2,958,681	\$2,958,681	\$2,958,681	\$5,193,471	\$5,193,471	\$5,193,471	\$5,193,471	\$5,193,471	\$5,193,471	\$5,193,471
Total Retail Sales												
Direct retail sales	\$127,672,462	\$9,968,340	\$10,267,390	\$10,575,412	\$10,892,674	\$11,219,454	\$11,556,038	\$11,902,719	\$12,259,801	\$12,627,595	\$13,006,423	\$13,396,615
Secondary sales from employee spending	\$70,852,609	\$5,033,733	\$5,033,733	\$5,033,733	\$5,033,733	\$7,245,382	\$7,245,382	\$7,245,382	\$7,245,382	\$7,245,382	\$7,245,382	\$7,245,382
<b>Retail Sales Impacts of Additional Direct and Secondary Payroll</b>												
Food Stores	\$9,426,433	\$669,702	\$669,702	\$669,702	\$669,702	\$963,946	\$963,946	\$963,946	\$963,946	\$963,946	\$963,946	\$963,946
Restaurants & Bars	\$3,602,295	\$255,926	\$255,926	\$255,926	\$255,926	\$368,370	\$368,370	\$368,370	\$368,370	\$368,370	\$368,370	\$368,370
Clothing, Shoes	\$2,423,392	\$172,170	\$172,170	\$172,170	\$172,170	\$247,816	\$247,816	\$247,816	\$247,816	\$247,816	\$247,816	\$247,816
Housekeeping Supplies	\$866,982	\$61,595	\$61,595	\$61,595	\$61,595	\$88,658	\$88,658	\$88,658	\$88,658	\$88,658	\$88,658	\$88,658
Furniture & Appliances	\$2,319,418	\$164,783	\$164,783	\$164,783	\$164,783	\$237,183	\$237,183	\$237,183	\$237,183	\$237,183	\$237,183	\$237,183
Newspapers & Magazines	\$206,348	\$14,660	\$14,660	\$14,660	\$14,660	\$21,101	\$21,101	\$21,101	\$21,101	\$21,101	\$21,101	\$21,101
Automobile Repair	\$1,095,725	\$77,846	\$77,846	\$77,846	\$77,846	\$112,049	\$112,049	\$112,049	\$112,049	\$112,049	\$112,049	\$112,049
Gasoline	\$2,389,800	\$169,784	\$169,784	\$169,784	\$169,784	\$244,381	\$244,381	\$244,381	\$244,381	\$244,381	\$244,381	\$244,381
Drugs/Medical Supplies	\$983,753	\$69,891	\$69,891	\$69,891	\$69,891	\$100,599	\$100,599	\$100,599	\$100,599	\$100,599	\$100,599	\$100,599
New & Used Vehicles and Accessories	\$5,896,120	\$418,891	\$418,891	\$418,891	\$418,891	\$602,937	\$602,937	\$602,937	\$602,937	\$602,937	\$602,937	\$602,937
Toys and Sporting Goods	\$700,624	\$49,776	\$49,776	\$49,776	\$49,776	\$71,646	\$71,646	\$71,646	\$71,646	\$71,646	\$71,646	\$71,646
Personal Electronics	\$1,247,687	\$88,642	\$88,642	\$88,642	\$88,642	\$127,588	\$127,588	\$127,588	\$127,588	\$127,588	\$127,588	\$127,588
Entertainment Fees and Admissions	\$612,646	\$43,526	\$43,526	\$43,526	\$43,526	\$62,649	\$62,649	\$62,649	\$62,649	\$62,649	\$62,649	\$62,649
Utilities and Telecommunications	\$4,648,433	\$330,249	\$330,249	\$330,249	\$330,249	\$475,348	\$475,348	\$475,348	\$475,348	\$475,348	\$475,348	\$475,348
Other Retail Categories	\$2,034,689	\$144,555	\$144,555	\$144,555	\$144,555	\$208,067	\$208,067	\$208,067	\$208,067	\$208,067	\$208,067	\$208,067
<b>State and Local Revenue Impacts from Employees and Secondary Jobs</b>												
State sales tax	\$1,741,675	\$123,738	\$123,738	\$123,738	\$123,738	\$178,104	\$178,104	\$178,104	\$178,104	\$178,104	\$178,104	\$178,104
State income tax	\$2,585,191	\$198,001	\$198,001	\$198,001	\$198,001	\$256,170	\$256,170	\$256,170	\$256,170	\$256,170	\$256,170	\$256,170
State utility tax	\$65,078	\$4,623	\$4,623	\$4,623	\$4,623	\$6,655	\$6,655	\$6,655	\$6,655	\$6,655	\$6,655	\$6,655
Local income tax	\$609,009	\$46,644	\$46,644	\$46,644	\$46,644	\$60,347	\$60,347	\$60,347	\$60,347	\$60,347	\$60,347	\$60,347
Local property tax	\$2,993,703	\$231,241	\$231,241	\$231,241	\$231,241	\$295,534	\$295,534	\$295,534	\$295,534	\$295,534	\$295,534	\$295,534

Source: Applied Economics, 2007; Minnesota IMPLAN Group; Bureau of Labor Statistics, Consumer Expenditure Survey, 2005; Indiana Department of Workforce Development, 2007.