

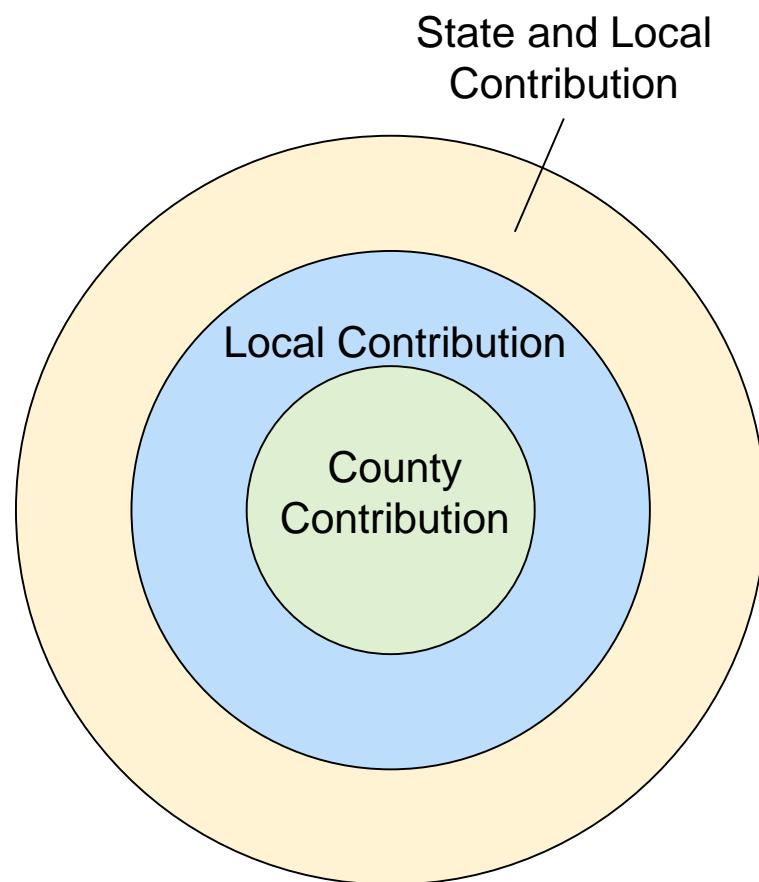
# **Tax Contribution Results**

# Approach for Estimating Tax Contributions

- Because Durham County contributed funding for the site development of Park Center East, we estimate **gross contributions to county taxes** from Park Center East from 2018-2028.
  - Results do not represent a “net” analysis of what would happen in the absence of the funding but provide a broad understanding of how the construction and ongoing activities associated with Park Center East contribute to county taxes.
- Tax contributions are estimated using IMPLAN state and local tax outputs, with adjustments made to estimate the county’s portion of state & local taxes.
- In this analysis, we include:
  - **Contributions from construction effects and ongoing effects.**
  - **Direct and secondary contributions.**
- Results are presented in real dollars in each year.

# Approach: State and Local Tax Overlap

- IMPLAN reports Tax Contributions at the aggregated “State and Local” Level
  - This represents the sum of State Tax Contribution and all Local Tax Contributions
  - Local Contributions include both County and Municipal tax contribution
- To get to County Level Contributions:
  - Step 1: Take the proportion of local contributions from the “State and Local” total. (This is analogous to subtracting out the State contribution from the “State and Local” total, leaving only Local)
  - Step 2: Take the proportion of County Tax contributions from the Local tax contribution calculated in Step 1. (This is analogous to subtracting out the Municipal contributions from the Local contribution)



# Approach: Tax Results Methodology

- To estimate tax contributions at the County level, RTI applied two percentages.
  - The first percentage is based on the share of State and Local tax revenue made up by Local tax revenue.
  - The second percentage is based on the share of Local tax revenue made up by County tax revenue.
- The exact percentages used to calculate the county tax contributions vary by tax type (Property, Sales, Transit, and Other) and by contribution type (Direct, Indirect, Induced).
- These percentages are laid out in the following slides.

## Example:

If the State and Local Tax Contribution were \$100.

Local tax revenue is assumed to make up 50% of State and Local Tax revenue so the Local Tax Contribution is \$50 (50% of \$100).

County taxes are assumed to make up 60% of local tax revenue so the County Tax Contribution is \$30 (60% of \$50).

# Key Assumptions: Statewide Contribution to Local Level

- **RTI adjustment to the State and Local Tax contribution**
  - **For direct construction:** Local taxes on direct construction activities make up roughly 51% of total state & local tax revenue (100%) based on state and local tax data on construction from U.S. Census.
  - **For all non-construction activities:** Local taxes on all non-construction activities make up roughly 47% of total state & local tax revenue (100%) based on state and local tax data on general revenues from U.S. Census.
    - We assume the distribution of tax revenue from indirect construction activities and all ongoing activities follows this percentage (47%).

# Key Assumptions: Adjusting Local Contribution to County Level

- **Local and County Tax Breakdown**

- Property and other taxes
  - We assume county taxes make up roughly 90% of local taxes from direct contributions and 65% of local taxes from indirect and induced contributions
  - 65% is based off the ratio of North Carolina wide County Tax Revenue to North Carolina wide Total Local Tax Revenue (based on local tax data from North Carolina Department of Revenue)
  - One caveat is that this ratio does not reflect interlocal transfers (which tend to flow from counties to municipalities), including unique agreements/understandings between Durham county and municipalities. Data on interlocal transfers for these categories of taxes was not readily available.
- Sales and transit taxes
  - We assume county taxes make up roughly 58% of local sales tax from direct, indirect, and induced contributions (based on data from Durham County)
  - This percentage reflects the sales tax distribution agreed to by Durham county and the city (including interlocal transfers).
  - Sales tax is further disaggregated into the Transit Tax and all other sales taxes using a ratio of 0.5/2.75 (the transit tax rate/total local sales tax rate)

# Key Assumptions: Percentages of State and Local Tax Contributions: Direct\*

Direct Construction:

## Property and Other Taxes

State & Local Taxes:  
100%

Local Taxes:  
51% of  
State & Local

County Taxes:  
90% of  
Local

Direct Construction:  
**Sales Tax**

State and Local Taxes:  
100%

Local Taxes:  
51%

County  
Taxes:  
58%

Direct Ongoing:

## Property and Other Taxes

State and Local Taxes:  
100%

Local Taxes:  
47%

County  
Taxes:  
90%

Direct Ongoing:  
**Sales Tax**

State and Local Taxes:  
100%

Local Taxes:  
47%

County  
Taxes:  
58%

\*100% Under State and Local Reflects the results from IMPLAN which are reported at the aggregated “State and Local” level.  
\*\*Reflects the portion of local sales tax (2.75% local sales tax) made up by the transit tax (0.5%)

# Key Assumptions: Percentages of State and Local Tax Contributions: Indirect and Induced\*

Indirect & Induced Construction:

## **Property and Other Taxes**

State and Local Taxes:  
100%

Local Taxes:  
47%

County  
Taxes:  
65%

Indirect & Induced Construction:

## **Sales Tax**

State and Local Taxes:  
100%

Local Taxes:  
47%

County  
Taxes:  
58%

Indirect & Induced Ongoing:  
**Property and Other Taxes**

State and Local Taxes:  
100%

Local Taxes:  
47%

County  
Taxes:  
65%

Indirect & Induced Ongoing:  
**Sales Tax**

State and Local Taxes:  
100%

Local Taxes:  
47%

County  
Taxes:  
58%

\*100% Under State and Local Reflects the results from IMPLAN which are reported at the aggregated “State and Local” level.  
\*\*Reflects the portion of local sales tax (2.75% local sales tax) made up by the transit tax (0.5%)

# Key Assumptions: Transit Tax

- Transit tax contributions are calculated as a proportion of Sales Tax Revenue.
- Transit tax contributions make up  $2/11^{\text{th}}$  of County Sales Tax contributions.
  - This reflects the proportion of Local Sales Tax (2.75%) made up by the transit tax (0.5%).

# Summary of Tax Contributions to Durham County, 2018-2028

- Tax results include:
  - Property tax, sales tax, transit tax, and other taxes\*
  - Construction and ongoing effects
  - Direct and secondary effects
  - Frontier and Park Center East
- The real value of tax contributions to Durham County from 2018-2028 is estimated at \$92 million.
- Drivers of economic contributions include:
  - Ongoing economic activities
  - Phase 1B

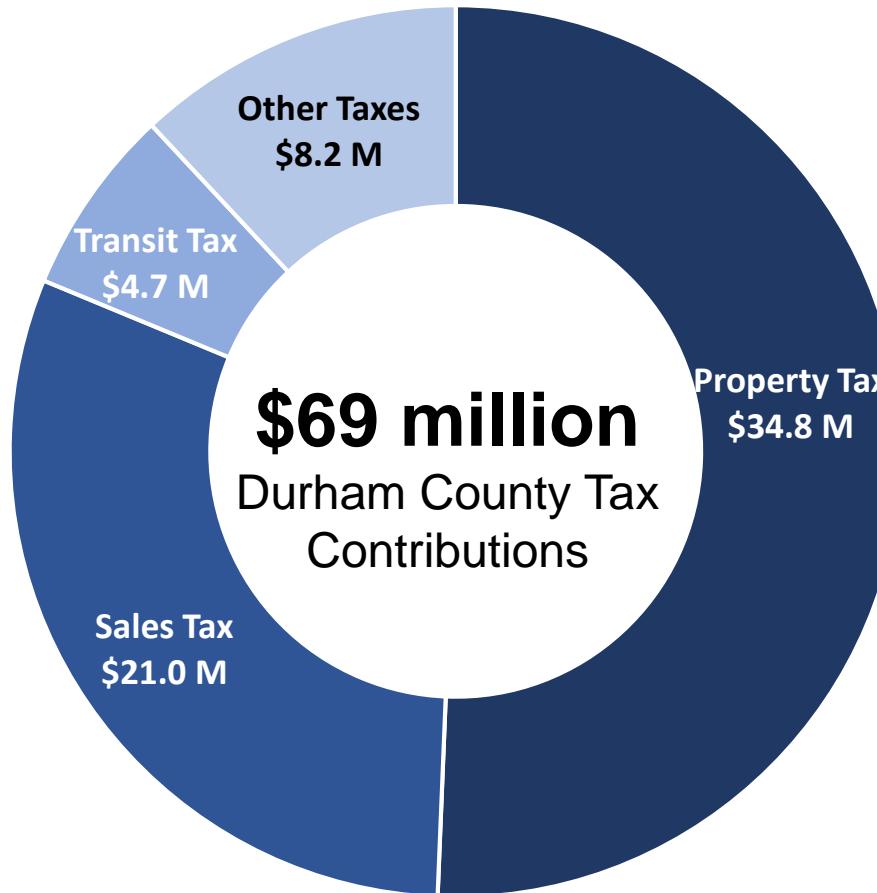
## Total Real Tax Contributions to Durham County

	Real Value
Park Center East Total	\$69 million
Phase 1A	\$7 million
Phase 1B	\$62 million
Frontier	\$23 million
Total	\$92 million

Numbers may not add to totals due to rounding

# Total Real Tax Contributions for Park Center East, 2018-2028

## Total Real Tax Contributions to Durham County

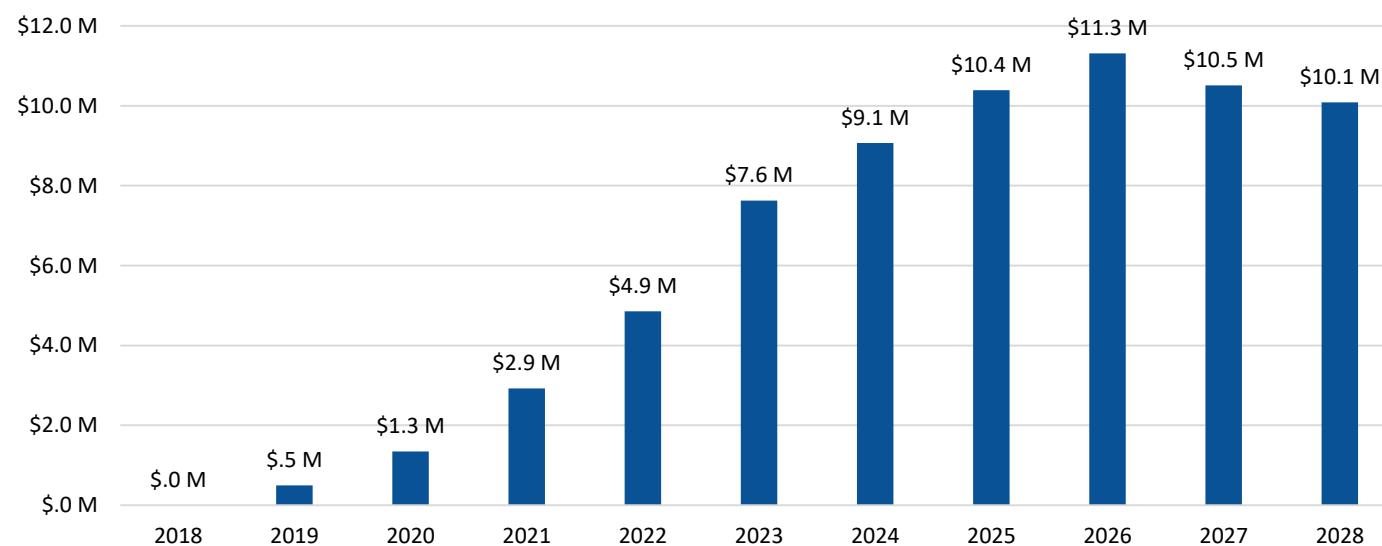


- Property Tax
- Sales Tax
- Transit Tax
- Other Taxes

# Total Real Tax Contributions by Year by Type of Tax for Park Center East

## Total Real Tax Contributions to Durham County

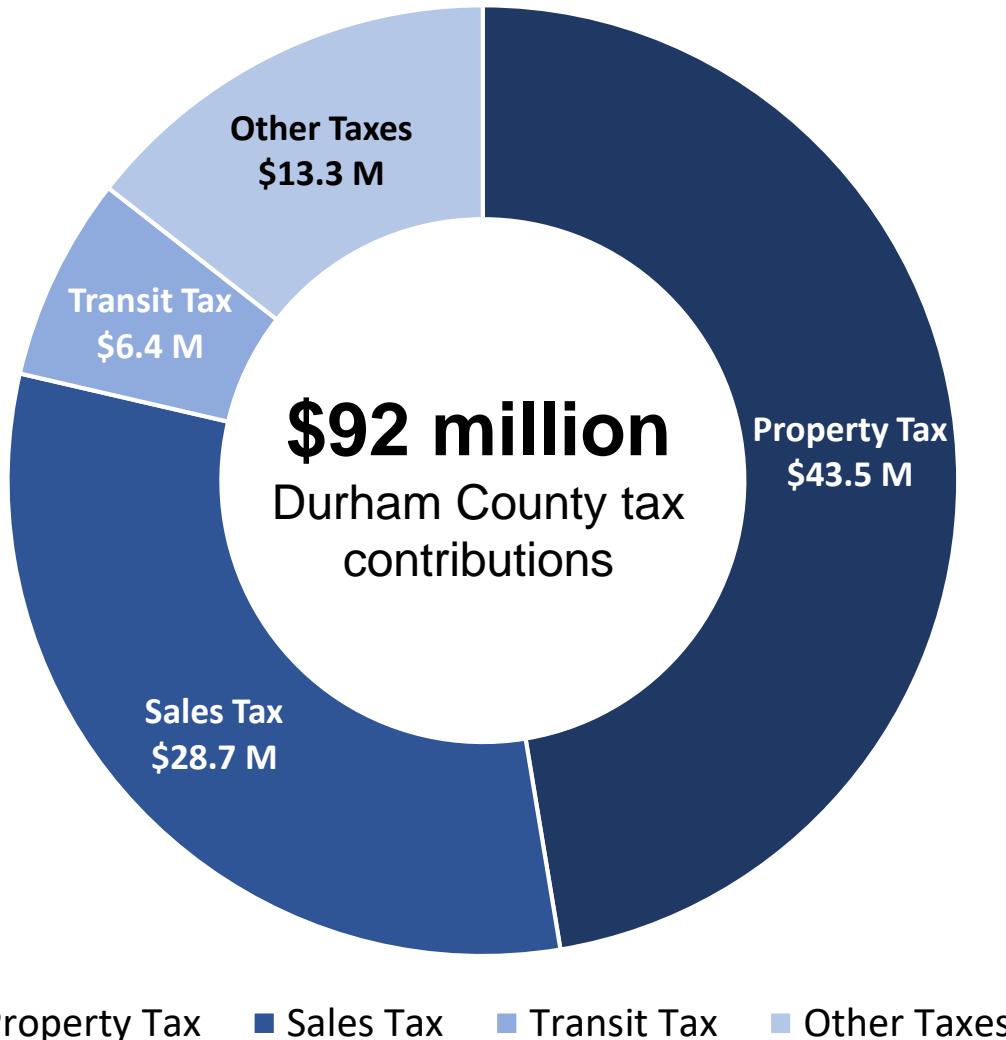
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	All Years
Property Taxes	\$0.0 M	\$0.3 M	\$0.7 M	\$1.5 M	\$2.5 M	\$3.9 M	\$4.6 M	\$5.2 M	\$5.7 M	\$5.3 M	\$5.1 M	\$34.75 M
Sales Taxes	\$0.0 M	\$0.2 M	\$0.4 M	\$0.9 M	\$1.5 M	\$2.3 M	\$2.8 M	\$3.2 M	\$3.5 M	\$3.2 M	\$3.1 M	\$21.00 M
Transit Taxes	\$0.0 M	\$0.0 M	\$0.1 M	\$0.2 M	\$0.3 M	\$0.5 M	\$0.6 M	\$0.7 M	\$0.8 M	\$0.7 M	\$0.7 M	\$4.67 M
Other Taxes	\$0.0 M	\$0.1 M	\$0.2 M	\$0.4 M	\$0.5 M	\$0.8 M	\$1.1 M	\$1.3 M	\$1.4 M	\$1.3 M	\$1.2 M	\$8.20 M
Total	\$0.0 M	\$0.5 M	\$1.3 M	\$2.9 M	\$4.9 M	\$7.6 M	\$9.1 M	\$10.4 M	\$11.3 M	\$10.5 M	\$10.1 M	\$68.6 M



Note: Numbers in table are estimates and may not add to totals due to rounding. Bar chart represents "Total" row in the table.

# Total Real Tax Contributions for Park Center East & Frontier, 2018-2028

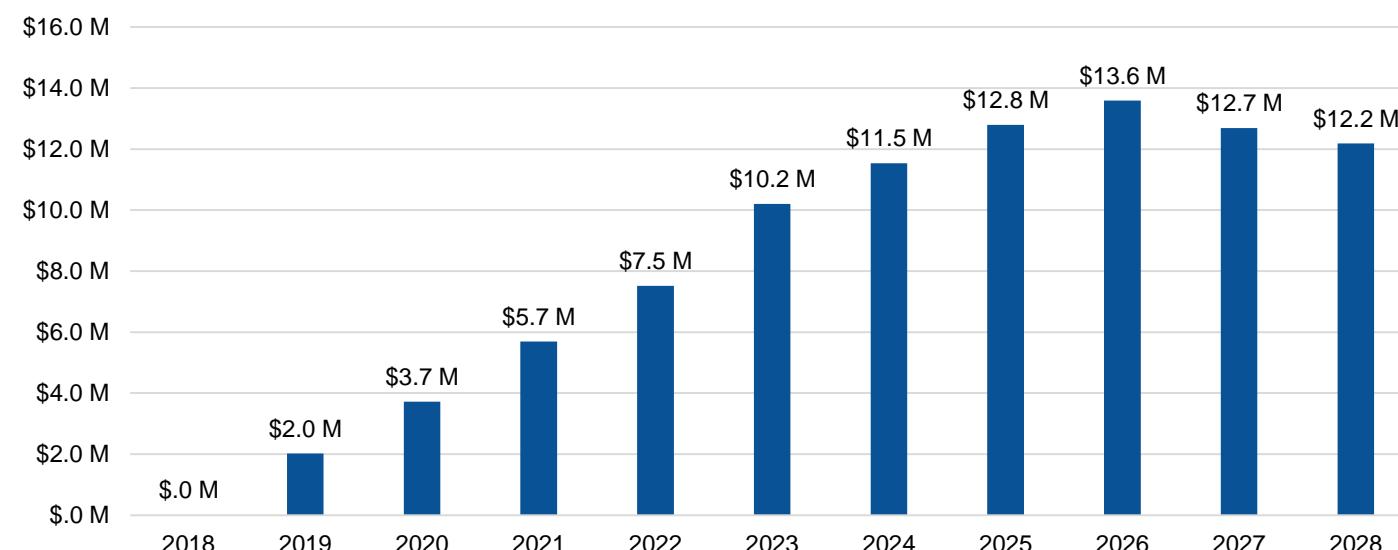
## Total Real Tax Contributions to Durham County



# Total Real Tax Contributions by Year by Type of Tax for Park Center East & Frontier

## Total Real Tax Contributions to Durham County

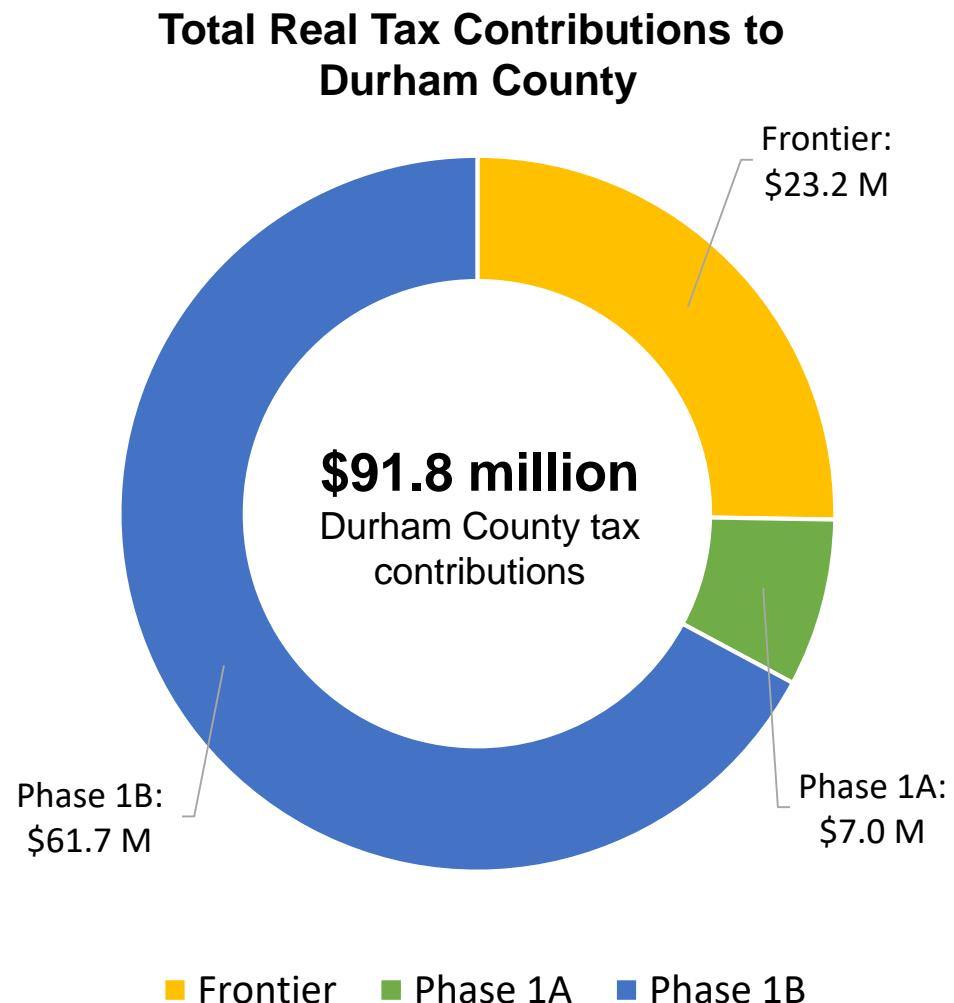
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	All Years
Property Taxes	\$0.0 M	\$0.0 M	\$1.6 M	\$2.6 M	\$3.6 M	\$5.0 M	\$5.6 M	\$6.2 M	\$6.7 M	\$6.2 M	\$6.0 M	\$43.50 M
Sales Taxes	\$0.0 M	\$0.8 M	\$1.2 M	\$1.8 M	\$2.3 M	\$3.2 M	\$3.6 M	\$4.0 M	\$4.2 M	\$3.9 M	\$3.8 M	\$28.67 M
Transit Taxes	\$0.0 M	\$0.2 M	\$0.3 M	\$0.4 M	\$0.5 M	\$0.7 M	\$0.8 M	\$0.9 M	\$0.9 M	\$0.9 M	\$0.8 M	\$6.37 M
Other Taxes	\$0.0 M	\$1.0 M	\$0.7 M	\$0.9 M	\$1.0 M	\$1.3 M	\$1.6 M	\$1.7 M	\$1.8 M	\$1.7 M	\$1.6 M	\$13.26 M
Total	\$0.0 M	\$2.0 M	\$3.7 M	\$5.7 M	\$7.5 M	\$10.2 M	\$11.5 M	\$12.8 M	\$13.6 M	\$12.7 M	\$12.2 M	\$91.8 M



Note: Numbers in table are estimates and may not add to totals due to rounding. Bar chart represents "Total" row in the table.

# Tax Contributions by Phase, 2018-2028

- **Real value of tax contributions to Durham County from 2018-2028 is \$92 million.**
- **Phase 1B, although further into the future, accounts for 67% of the tax contributions given it's size, breadth of activities, and high-paying jobs.**
- **Ongoing economic activities contribute more taxes overall than construction.**
  - For example, in Phase 1B, \$50.2 million in real taxes (81% of the total for Phase 1B) are contributed by ongoing activities.



# Construction and Ongoing Tax Contributions, 2018-2028

