

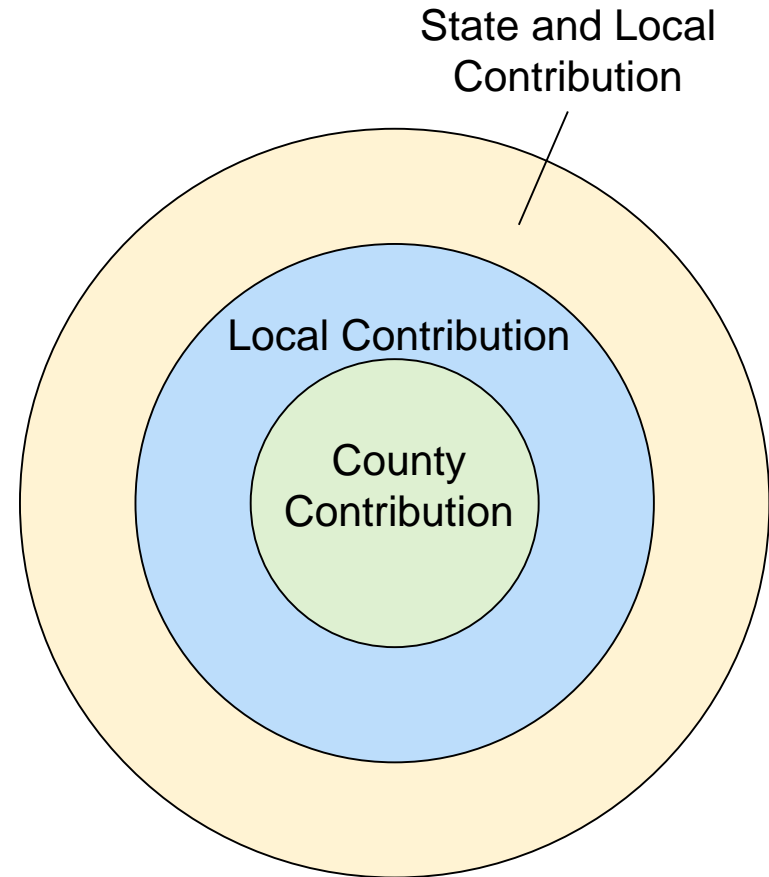
Tax Contribution Results

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.

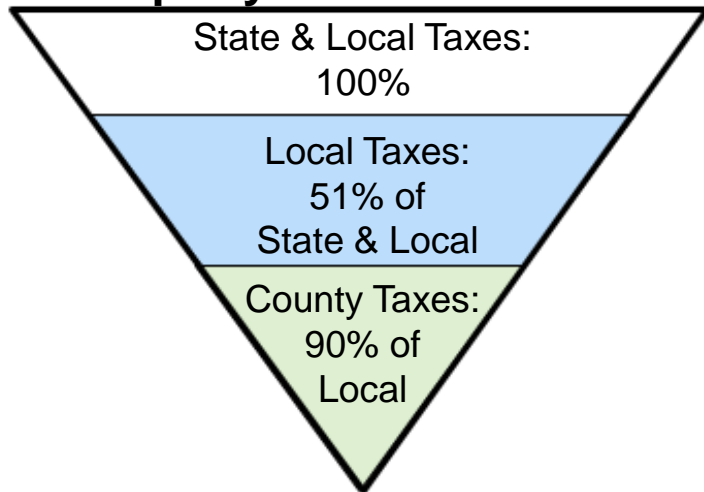
- Sales and transit taxes

- 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*

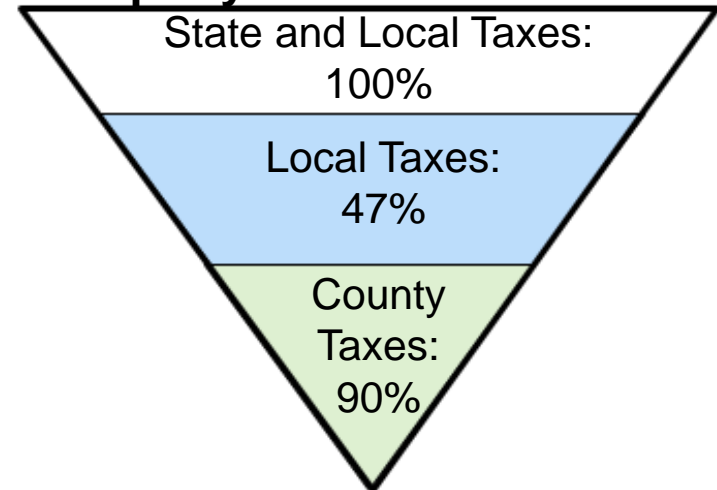
Direct Construction:

Property and Other Taxes



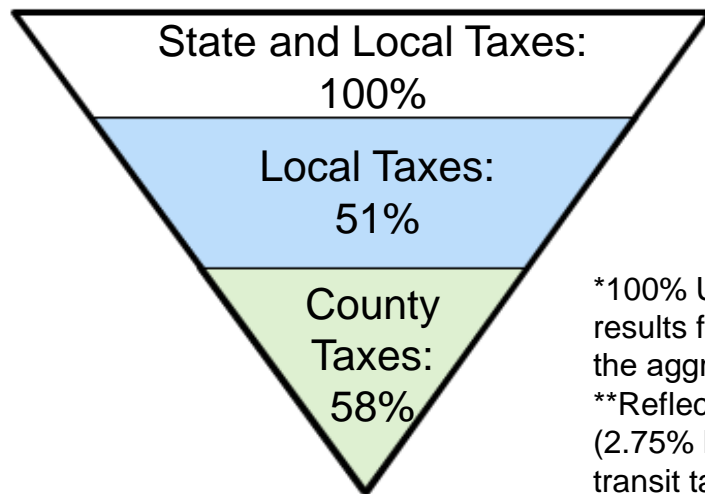
Direct Ongoing:

Property and Other Taxes



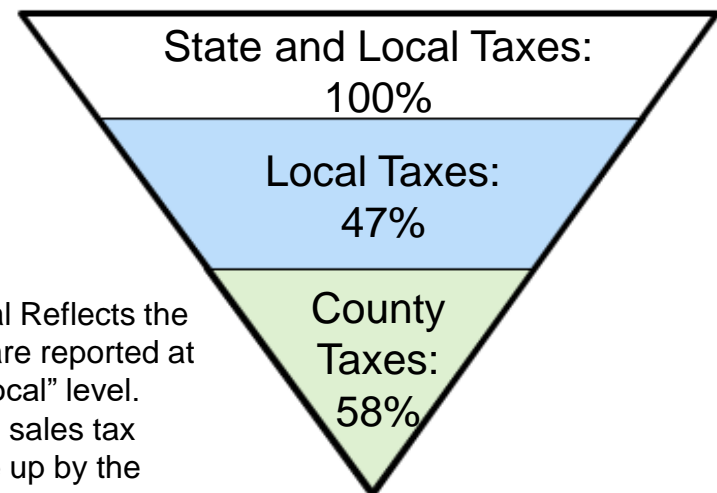
Direct Construction:

Sales Tax



Direct Ongoing:

Sales Tax

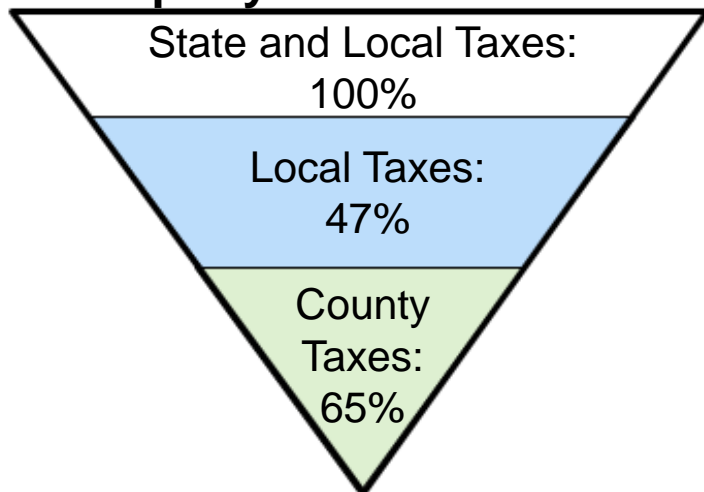


*100% Under State and Local Reflects the results from IMPLAN which are reported at the aggregated "State and Local" level.
**Reflects the portion of local sales tax (2.75% local sales tax) made up by the transit tax (0.5%)

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

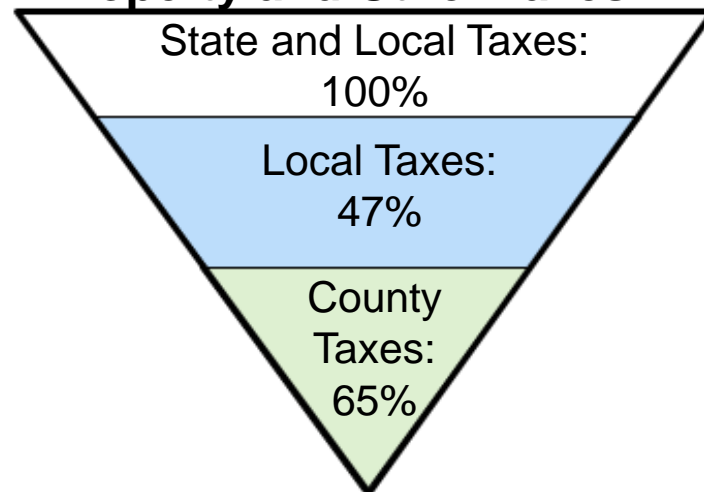
Indirect & Induced Construction:

Property and Other Taxes



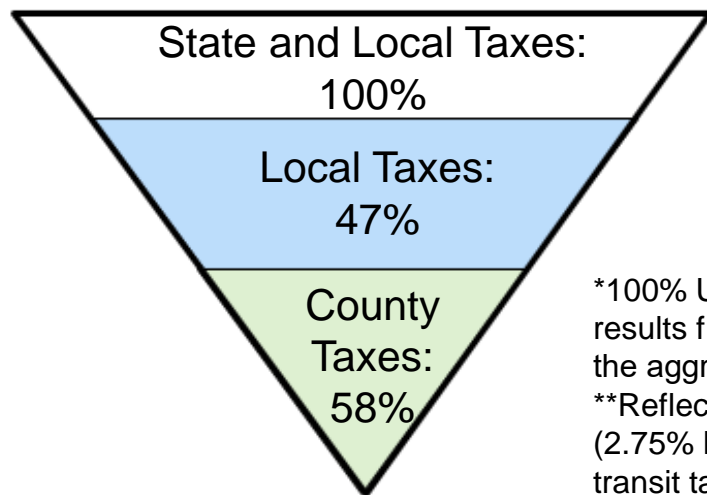
Indirect & Induced Ongoing:

Property and Other Taxes



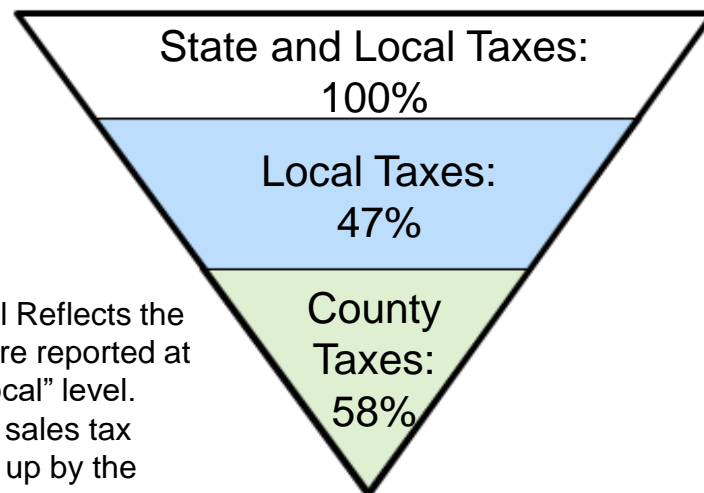
Indirect & Induced Construction:

Sales Tax



Indirect & Induced Ongoing:

Sales Tax



*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 $\frac{2}{11}$ 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

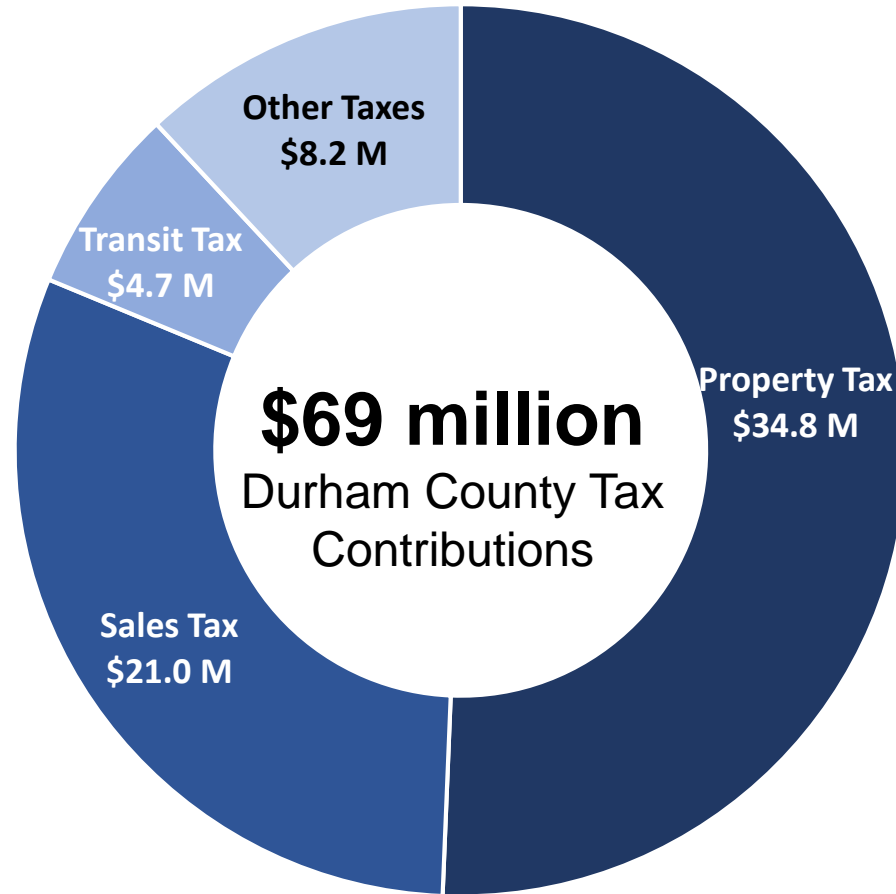
Total Real Tax Contributions to Durham County

	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

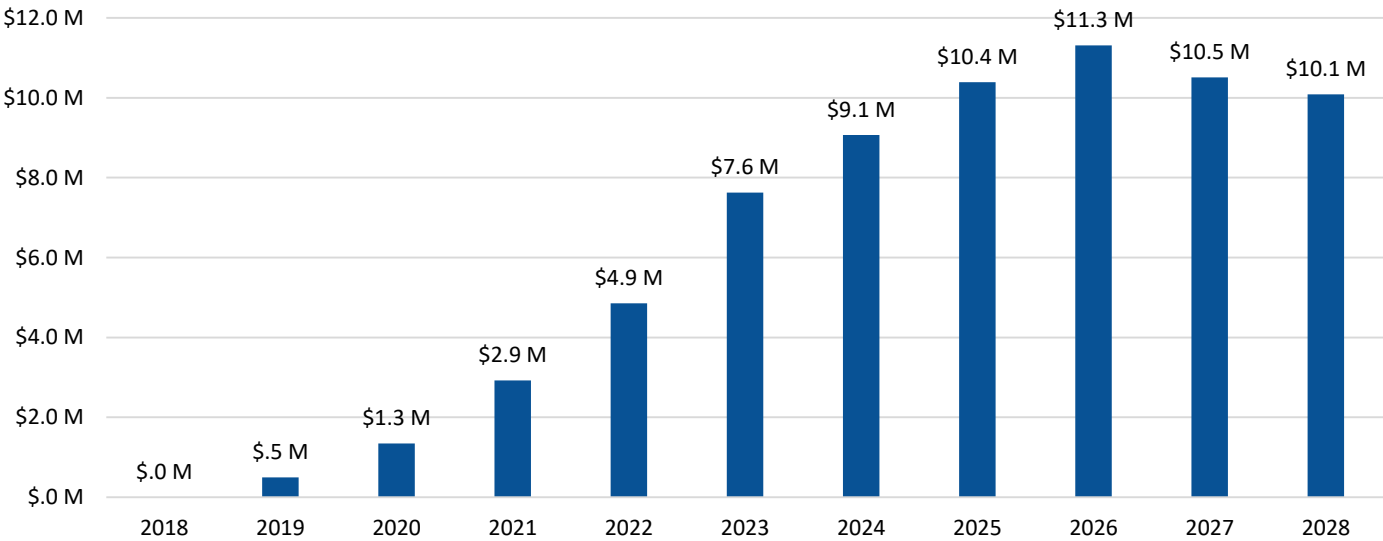


■ Property Tax ■ Sales Tax ■ Transit Tax ■ Other Taxes

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

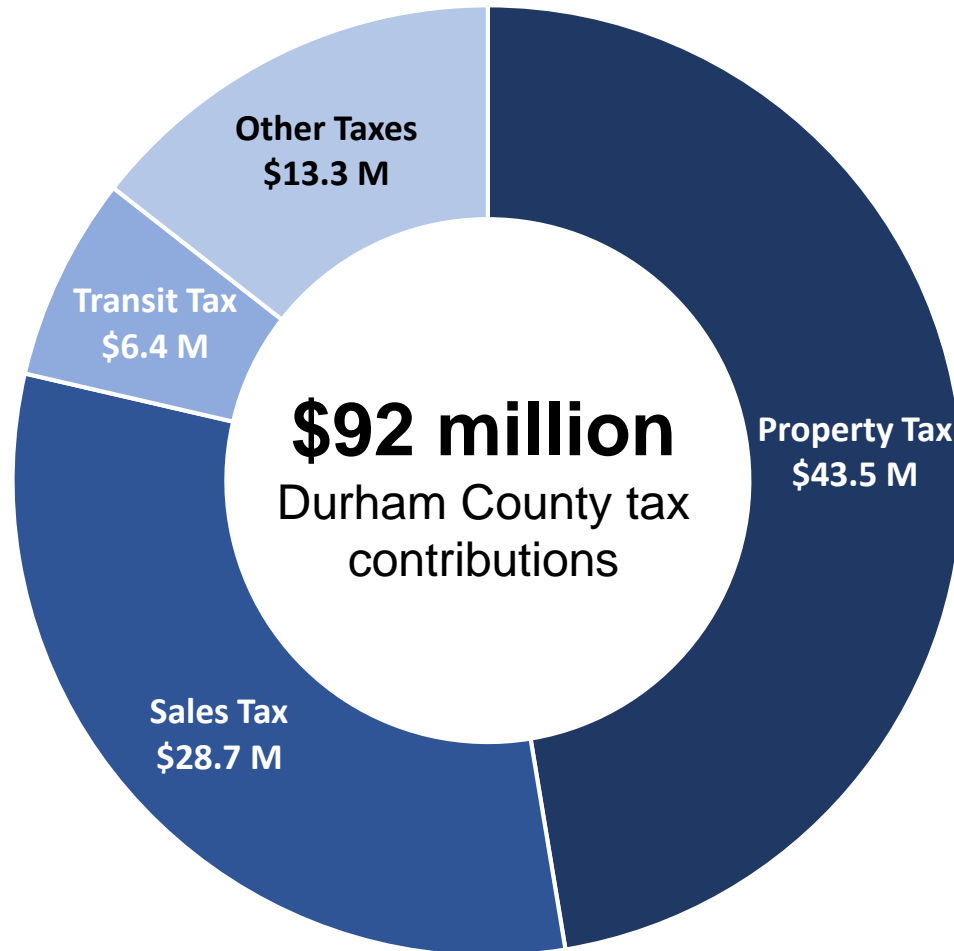
Total Real Tax Contributions to Durham County

	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



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

Total Real Tax Contributions to Durham County

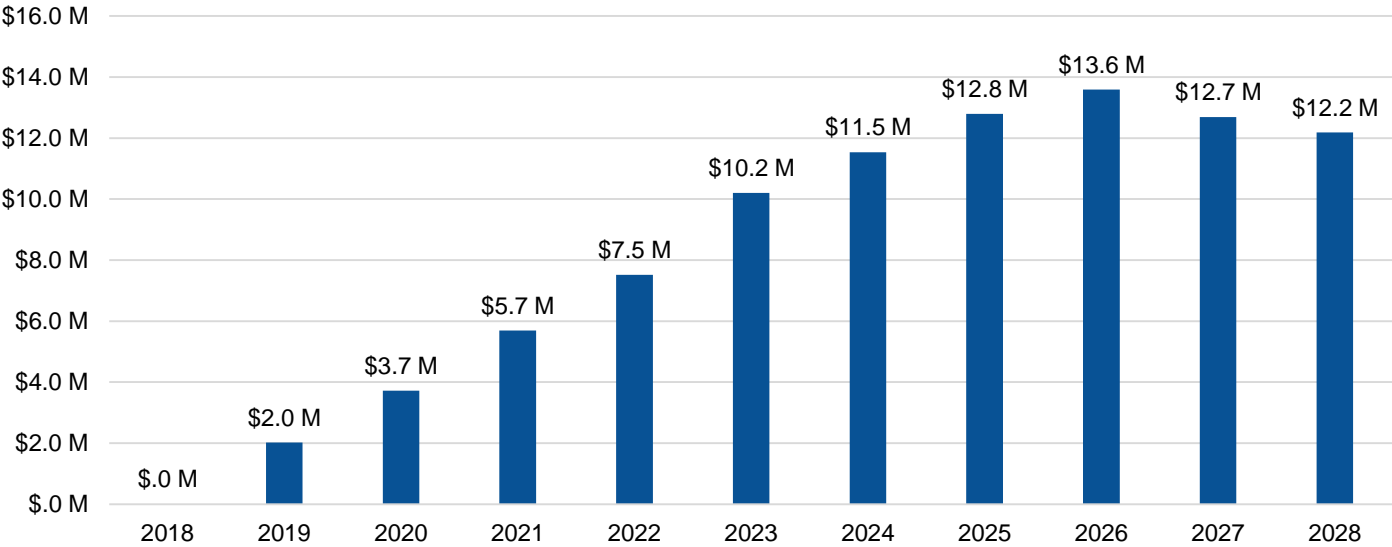


■ Property Tax ■ Sales Tax ■ Transit Tax ■ Other Taxes

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

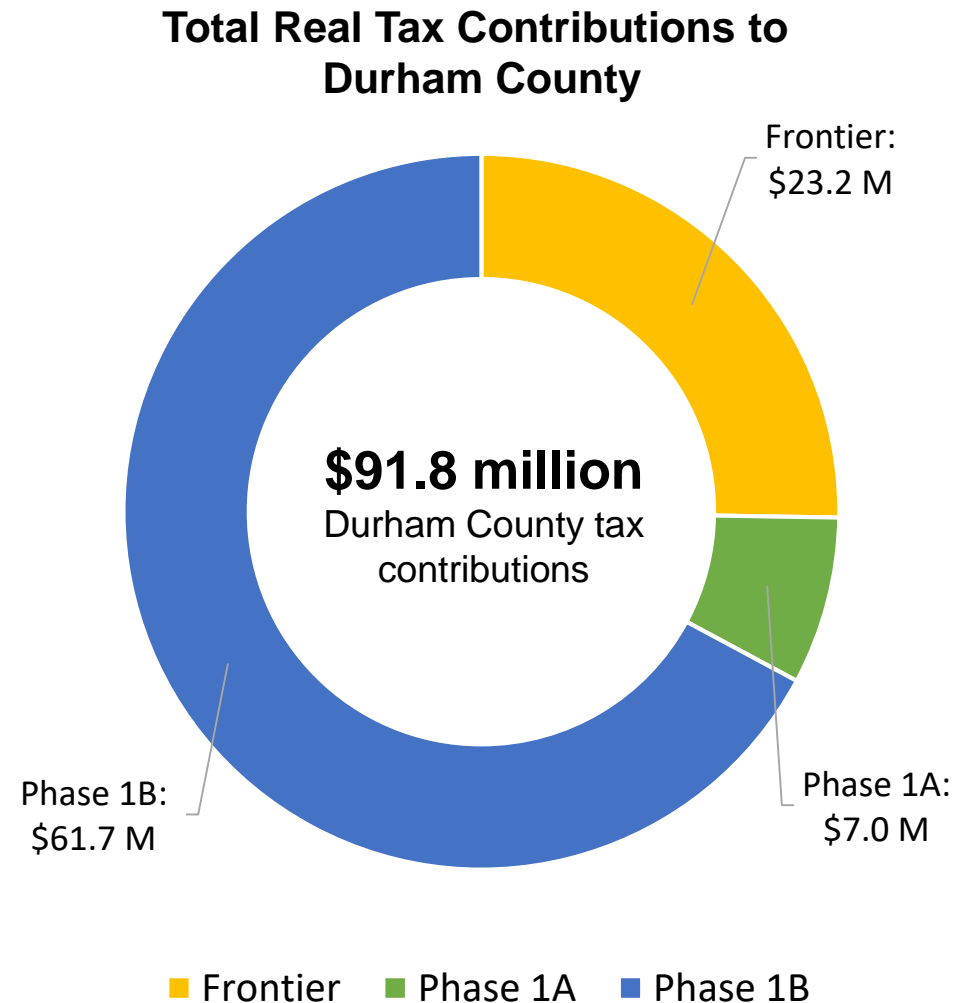
Total Real Tax Contributions to Durham County

	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



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

Total Real Tax Contributions to Durham County

