

# THE ECONOMIC IMPACT OF THE ROUND ROCK CHAMBER OF COMMERCE & ECONOMIC DEVELOPMENT PARTNERSHIP 2011–2014

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## **Prepared for:**

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## EXECUTIVE SUMMARY

### Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting, research, and analysis firm. This report estimates the annual and cumulative economic and fiscal impacts that resulted from projects supported by the Round Rock Chamber of Commerce & Economic Development Partnership (chamber) from 2011 through 2014.

The chamber's mission is to promote economic growth by creating high-quality jobs, attracting new capital investment, retaining and expanding existing business, and improving the quality of life in Round Rock. In order to assist expansion or relocation projects, the chamber provides a number of services to companies including facility assistance, guidance through the permitting process, and investment incentives among others. In addition, the chamber supports local community assets to improve the quality of life in the city.

### Economic Impact Summary from 2011 through 2014

The chamber supported thirty-four projects from 2011 through 2014. These projects result in a significant on-going economic impact on the area. The table below shows the cumulative increase in revenues for area businesses, or economic output, over the period. By 2014, the firms supported by the chamber over the last four years generated direct, indirect, and induced revenues for area businesses of \$1.3 billion annually.

Estimated Cumulative Increase in Economic Output by New Firms				
Year	# of Projects	Direct Economic Output	Indirect & Induced Economic Output	Total Economic Output
2011	3	\$352,278,301	\$142,244,726	\$494,523,027
2012	12	\$623,723,581	\$266,247,639	\$889,971,220
2013	26	\$857,833,755	\$354,638,551	\$1,212,472,306
2014	34	\$927,514,749	\$387,192,424	\$1,314,707,172

A total of 2,785 direct jobs were created by these businesses. In total, 4,631 direct, indirect, and induced jobs were created by these businesses in the Round Rock area as shown in the table below. Over the four-year period, it is estimated that these employees were paid approximately \$941 million in workers' earnings.

Total Impact on Employment & Workers' Earnings 2011–2014			
	Direct	Indirect & Induced	Total
Jobs Created from 2011 to 2014	2,785	1,846	4,631
Cumulative Workers' Earnings (millions)	\$675.3	\$265.6	\$940.9

## EXECUTIVE SUMMARY

### Taxable Spending

The projects supported by the chamber created additional taxable spending in the city. The construction activity associated with these new capital investments results in taxable sales from the purchase of materials as well as spending by temporary construction workers. Permanent direct, indirect, and induced workers also generated local taxable sales in the community. The table below summarizes the total local taxable sales resulting from the thirty-four development projects under review.

Total Local Taxable Sales During Construction and from New Workers			
Year	Local Taxable Spending from Construction	Local Taxable Spending by New Workers	Total Taxable Spending
2011	\$4,357,791	\$9,142,044	\$13,499,834
2012	\$2,561,250	\$14,088,635	\$16,649,885
2013	\$4,878,188	\$16,786,458	\$21,664,645
2014	\$1,072,500	\$18,027,416	\$19,099,916

The businesses added industrial and commercial property to the tax rolls during the period as well. In addition, a portion of new workers were projected to have built new homes in the city, adding residential property to the local tax rolls.

Value of Taxable Property Added to Tax Rolls by 2014			
	Industrial / Commercial Property	Residential Property	Total
Value of New Taxable Property in 2014	\$137,277,101	\$12,605,137	\$149,882,238

### Fiscal Impact Summary from 2011 through 2014

The economic impacts described above translate into fiscal impacts for the City of Round Rock, Williamson County, and other local taxing districts. The chamber's thirty-four projects generated more than \$10.9 million in additional tax revenue for these local taxing districts. The additional revenue is summarized in the table below.

Total Additional Revenue for Local Taxing Districts Generated by Supported Projects from 2011–2014			
	Sales Tax Collections	Property Tax Collections	Total
City of Round Rock	\$1,418,286	\$1,768,539	\$3,186,825
Williamson County	\$0	\$2,057,972	\$2,057,972
Round Rock ISD	\$0	\$5,750,086	\$5,750,086
<b>Total</b>	<b>\$1,418,286</b>	<b>\$9,576,597</b>	<b>\$10,994,882</b>

## EXECUTIVE SUMMARY

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### Fiscal Impact Over Ten Years

In total, it is projected that the projects supported by the chamber over the last four years will generate \$46.0 million for local taxing districts during subsequent ten-year periods for each cohort of projects.

Total Additional Revenue for Local Taxing Districts Over a Ten-Year Period				
	City of Round Rock	Williamson County (incl. FM/RD)	Round Rock ISD	Total
2011 Projects	\$4,268,860	\$2,532,313	\$7,059,947	<b>\$13,861,121</b>
2012 Projects	\$2,415,100	\$1,534,319	\$4,277,594	<b>\$8,227,013</b>
2013 Projects	\$10,614,817	\$2,699,263	\$7,525,394	<b>\$20,839,473</b>
2014 Projects	\$738,729	\$603,019	\$1,681,183	<b>\$3,022,931</b>
<b>Total Ten-Year Impact</b>	<b>\$18,037,506</b>	<b>\$7,368,914</b>	<b>\$20,544,119</b>	<b>\$45,950,538</b>

## EXECUTIVE SUMMARY

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### Return on the Community's Investment in Economic Development

The chamber's funding, generated through its Momentum campaign and city contract, totaled \$2.96 million from 2011 through 2014. These investments in economic development directly supported significant economic and fiscal impacts in the Round Rock-area economy. The table below summarizes the impact that the thirty-four economic development projects are estimated to have over a ten-year period and represent the return on the community's investments in economic development from 2011 through 2014.

Summary of Return on Economic Development Funding 2011–2014	
<b>Momentum and city investments in the chamber</b>	<b>\$2,960,905</b>
Total number of permanent jobs created during the period	4,631
Total economic output supported	\$13,826,955,551
Total workers' earnings supported	\$3,057,858,483
Total additional local taxable sales supported	\$584,741,608
Total additional sales taxes collected by local taxing districts	\$11,694,832
Total additional property taxes collected by local taxing districts during the period	\$34,255,706

For every \$1 of Momentum funding, the city and chamber supported or generated:

- \$4,670 in economic output.
- \$1,033 in additional worker earnings.
- \$197 in additional local taxable sales.
- \$3.95 in additional sales taxes for the city.
- \$11.57 in additional property taxes for local taxing districts.

In addition, over this period from 2011 to 2014, a direct job was created with every \$1,063 in economic development funding. Considering direct, indirect, and induced jobs, a job was created with every \$639 in funding.

## EXECUTIVE SUMMARY

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### Incentives Committed by the City of Round Rock and the Round Rock Chamber of Commerce & Economic Development Partnership and Rate of Return

The thirty-four projects supported by the city and chamber have and will generate significant revenues for local taxing districts. When viewing the incentives offered to businesses from 2011 through 2014 as an investment and the additional tax revenue to local taxing districts as the return on the investment, chamber-led economic development projects are projected to have generated a 27.7% average annual rate of return.

Rate of Return on Incentives			
	Total Value of Incentives	Average Annual New Tax Revenue Generated	Average Annual Rate of Return on Incentives
2011 Projects	\$1,250,000	\$426,886	34.2%
2012 Projects	\$221,000	\$241,510	109.3%
2013 Projects	\$4,890,000	\$1,061,482	21.7%
2014 Projects	\$160,000	\$73,873	46.2%
<b>Total</b>	<b>\$6,521,000</b>	<b>\$1,803,751</b>	<b>27.7%</b>

### Conclusions and Perspective

Some conclusions can be drawn by Impact DataSource from this and other studies that it conducts for economic development organizations. These conclusions or observations include the following:

The creation of new taxes generated by chamber-assisted projects are examples of what a focused economic development effort can accomplish for the benefit of a community and such new taxes and other public revenues are significant.

The job growth and increased tax revenues can be accomplished with a relative inexpensive investment in economic development activities.

Impact DataSource does not suggest that the chamber caused all of the investments and growth presented in this report. The chamber provided support to these businesses, some more than others, and in some cases offered incentives.

However, Impact DataSource believes that such a one-stop center for economic development services is critical to a community's economic growth and many of these investments may not have occurred without the efforts of the chamber.

## OVERVIEW

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### Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting, research, and analysis firm. This report estimates the annual and cumulative economic and fiscal impacts that resulted from projects supported by the Round Rock Chamber of Commerce & Economic Partnership (chamber) from 2011 through 2014.

### Momentum

The Round Rock Economic Development Partnership is a public-private partnership between the City of Round Rock and the Momentum investors of the chamber.

The city and chamber partner to accelerate economic growth through aggressive programs for business development and business retention and expansion.

The chamber's mission is to promote economic growth by creating high-quality jobs, attracting new capital investment, retaining and expanding existing business, and improving the quality of life in Round Rock. In order to assist expansion or relocation projects, the chamber provides a number of services to companies including facility assistance, guidance through the permitting process, and investment incentives among others. In addition, the chamber supports local community assets to improve the quality of life in the city.

To accomplish their mission, the chamber has created Momentum, an innovative five-year economic development program that brings together private-sector investors who want to ensure a positive economic future for the community. Along with the private-sector investment, the City of Round Rock (city) contracts with the chamber to oversee economic development efforts on behalf of Round Rock residents.

### Projects

The chamber provided the following information on locations, jobs, and capital investment from 2011 through 2014.

Projects Supported by the Chamber			
Year	Locations	Direct Jobs	Total Capital Investment
2011	3	1,137	\$46,483,101
2012	9	817	\$27,320,000
2013	14	645	\$52,034,000
2014	8	186	\$11,440,000
<b>Total</b>	<b>34</b>	<b>2,785</b>	<b>\$137,277,101</b>



## OVERVIEW

### Summary of Committed Incentives

The chamber supported each of the above projects in different ways. The following table summarizes incentives committed to the projects from 2011 through 2014.

Incentives Committed to Projects Supported by the City and Chamber				
Year	Cash Grants	Sales Tax Rebates	City Property Tax Abatement	Total Value of Incentives
2011	\$500,000	\$0	\$750,000	\$1,250,000
2012	\$0	\$0	\$221,000	\$221,000
2013	\$730,000	\$4,000,000	\$160,000	\$4,890,000
2014	\$100,000	\$0	\$60,000	\$160,000
<b>Total</b>	<b>\$1,330,000</b>	<b>\$4,000,000</b>	<b>\$1,191,000</b>	<b>\$6,521,000</b>

In addition, Williamson County offered tax abatement incentives on three projects, offering Emerson a 50% abatement for seven years, Cornerstone Hospital a 50% for five years, and South University a 40% abatement for four years.

### Community's Investment in Economic Development

The chamber reports the following annual funding from Momentum and the city. Over the entire period from 2011 through 2014, the chamber had a budget of \$2.96 million.

Round Rock Chamber of Commerce & Economic Development Partnership Funding			
Year	Momentum	City	Total Funding
2011	\$320,336	\$389,979	\$710,315
2012	\$195,600	\$490,715	\$686,315
2013	\$283,975	\$516,000	\$799,975
2014	\$248,300	\$516,000	\$764,300
<b>Total</b>	<b>\$1,048,211</b>	<b>\$1,912,694</b>	<b>\$2,960,905</b>

### Discussion of Economic and Fiscal Impacts

The chamber supported thirty-four projects during the four-year period. These new businesses employed new workers in the area and made expenditures for supplies, services, and other inputs. The direct economic activity generated by these firms ripples through the local economy spurring spin-off impacts. The direct activity will generate indirect and induced economic impacts as described below.

The direct economic impacts are the expenditures of the firms as well as the employment and workers' earnings paid to workers. Indirect and induced benefits or spin-off benefits will be created from the spending during the operations of the firms and the direct workers.

Indirect sales, jobs, and workers' earnings will be created or supported in other businesses and organizations that supply goods and services to the direct firms supported by the chamber.

In addition, induced sales, jobs, and workers' earnings will be created or supported in area businesses, such as restaurants, gas stations, banks, book stores, grocery stores, apartment complexes, convenience stores, and service companies that supply goods and services to the direct and indirect workers and their families.

## OVERVIEW

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This report estimates the impact of the firms using impact multipliers from the US Department of Commerce's Regional Input-Output Modeling System (RIMS II) for Williamson County and various industries in which the firm's operate. The new employment and industry of activity serve as the basis for the other economic calculations in this report.

These economic impacts translate into additional revenues or fiscal impacts for local taxing districts including the city, county, and school district. Local taxing districts collect various revenues as a result of the economic activity generated by the supported projects. This study estimates the sales and property taxes generated for local taxing districts.

## ANALYSIS OF ECONOMIC IMPACT FROM 2011 THROUGH 2014

### Construction Impacts

Many of the locations supported by the chamber involved capital investment that supported construction activity in the area. Although detailed information on the construction activity was not available, the consultant estimates some of the economic impacts related to this construction. The following estimates assume 50% of the annual capital investments represent the cost to construct the buildings and other real property.

The tables below estimate the economic impact of the construction in the Round Rock area.

Assumptions in Estimating Construction Impacts	
% of construction costs for materials	50%
% of construction materials purchased locally	30%
% of construction costs for labor	50%
% of construction worker salary on taxable items	25%
% of construction worker salary spent locally	30%

The purchase of taxable construction materials and taxable purchases made by construction workers are estimated to total \$12.9 million over the period.

Construction Impacts				
Year	Construction Jobs Supported Each Year	Local Taxable Construction Material Spending	Local Taxable Construction Worker Spending	Total Local Taxable Spending from Construction
2011	234	\$3,486,233	\$871,558	\$4,357,791
2012	134	\$2,049,000	\$512,250	\$2,561,250
2013	250	\$3,902,550	\$975,638	\$4,878,188
2014	54	\$858,000	\$214,500	\$1,072,500
<b>Total</b>	<b>672</b>	<b>\$10,295,783</b>	<b>\$2,573,946</b>	<b>\$12,869,728</b>

The construction activity represents temporary impacts supported by the annual construction spending by businesses supported by the chamber.

### Economic Impacts from Projects Supported

The chamber supported thirty-four projects during the four-year period. These new businesses employed new workers in the area and made expenditures for supplies, services, and other inputs. As discussed earlier, the direct economic impact of these businesses will support spin-off activity in the community called indirect and induced impacts. The indirect impacts occur in the local businesses that supply goods or services to the direct businesses and the induced impacts occur in local businesses that supply goods or services to direct and indirect workers.

## ANALYSIS OF ECONOMIC IMPACT FROM 2011 THROUGH 2014

### Employment and Workers' Earnings

The table below summarizes the estimated annual additional economic impact on employment and workers' earnings in the Round Rock area from 2011 through 2014. The chamber reported the estimated number of direct jobs added by each business. The spin-off jobs were estimated using industry-specific RIMS II multipliers. In addition, the direct and spin-off workers' earnings were also estimated using RIMS II industry-specific multipliers.

The employment estimates shown below represent permanent jobs in Williamson County.

The following table shows the cumulative increase in employment and workers' earnings generated by firms supported by the chamber over the last four years. This table reflects the fact that most businesses added in early years continue to operate going forward.

Summary of Cumulative Economic Impact on Employment & Workers' Earnings						
Year	Direct Employment	Indirect & Induced Employment	Total Employment	Direct Workers' Earnings	Indirect & Induced Workers' Earnings	Total Workers' Earnings
2011	1,137.0	742.2	1,879.2	\$109,211,464	\$38,987,823	\$148,199,287
2012	1,954.0	1,321.8	3,275.8	\$163,605,409	\$64,781,777	\$228,387,186
2013	2,599.0	1,737.6	4,336.6	\$194,356,413	\$77,764,484	\$272,120,897
2014	2,785.0	1,845.8	4,630.8	\$208,173,194	\$84,064,551	\$292,237,745
<b>Total</b>				<b>\$675,346,480</b>	<b>\$265,598,636</b>	<b>\$940,945,116</b>

Note: Workers' earnings include both salaries and benefits paid to workers.

### Economic Output

The following table shows the cumulative increase in economic output generated by firms supported by the chamber over the last four years. These values represent the inter-industry purchases from businesses within the area and the purchases by new workers in the area. This table reflects the fact that most businesses added in early years continue to operate going forward.

Estimated Cumulative Increase in Economic Output by New Firms			
Year	Direct Economic Output	Indirect & Induced Economic Output	Total Economic Output
2011	\$352,278,301	\$142,244,726	\$494,523,027
2012	\$623,723,581	\$266,247,639	\$889,971,220
2013	\$857,833,755	\$354,638,551	\$1,212,472,306
2014	\$927,514,749	\$387,192,424	\$1,314,707,172
<b>Total</b>	<b>\$2,761,350,386</b>	<b>\$1,150,323,340</b>	<b>\$3,911,673,726</b>

## ANALYSIS OF ECONOMIC IMPACT FROM 2011 THROUGH 2014

### Taxable Sales: New Worker Spending

In addition to the employment and income impacts, the local economy benefits from sales and spending impacts as well as taxable property on local tax rolls. The table below estimates sales and spending generated by the workers employed by these thirty-four economic development projects.

Assumptions in Estimating Taxable Sales	
% of workers' salaries spent on taxable items	25%
% of taxable shopping done locally	35%

Local Taxable Spending by New Workers by Year				
Year	<i>Direct Annual Salaries</i>	<i>Indirect &amp; Induced Annual Salaries</i>	<i>Total Annual Salaries</i>	<i>Local Taxable Spending</i>
2011	\$76,994,082	\$27,486,416	\$104,480,498	\$9,142,044
2012	\$115,341,813	\$45,671,153	\$161,012,966	\$14,088,635
2013	\$137,021,271	\$54,823,961	\$191,845,233	\$16,786,458
2014	\$146,762,102	\$59,265,509	\$206,027,610	\$18,027,416

### Total Local Taxable Sales

Combining the new business activity taxable sales, worker taxable spending, and the construction taxable spending, the table below summarizes estimated total local taxable spending in Round Rock due to these thirty-four projects.

Total Local Taxable Sales During Construction and from New Workers			
Year	<i>Local Taxable Spending from Construction</i>	<i>Local Taxable Spending by New Workers</i>	<i>Total Taxable Spending</i>
2011	\$4,357,791	\$9,142,044	\$13,499,834
2012	\$2,561,250	\$14,088,635	\$16,649,885
2013	\$4,878,188	\$16,786,458	\$21,664,645
2014	\$1,072,500	\$18,027,416	\$19,099,916
<b>Total</b>	<b>\$12,869,728</b>	<b>\$58,044,552</b>	<b>\$70,914,280</b>

## ANALYSIS OF ECONOMIC IMPACT FROM 2011 THROUGH 2014

### Property on Local Tax Rolls

The businesses supported by the chamber made capital investments during the four-year period from 2011 through 2014. The table below shows the cumulative value of taxable property each year. The values have not been adjusted to account for depreciation of equipment or appreciation of real property.

Value of Commercial/Industrial Property on Tax Rolls	
Year	Cumulative Taxable Value
2011	\$46,483,101
2012	\$73,803,101
2013	\$125,837,101
2014	\$137,277,101

Some of the new jobs created in Round Rock may have been filled by workers moving to the area. A portion of these new workers moving to the area may build new homes in the area. The tables below estimate the value of cumulative residential property added to local tax rolls as a result of the economic development projects.

Assumptions in Estimating Residential Property	
% of new workers who move to area	10%
% of relocating workers who build a home	15%
Average taxable value of new home (2011)	\$171,000
Annual residential appreciation	2.0%

Cumulative Residential Property on Tax Rolls Each Year				
Year	Cumulative Total Jobs	New Workers Moving to the Area	New Homes Built for New Workers	Value of Residential Property
2011	1,879.2	188	28	\$4,820,153
2012	3,275.8	328	49	\$8,570,443
2013	4,336.6	434	65	\$11,572,780
2014	4,630.8	463	69	\$12,605,137

Total property added to local tax rolls, including commercial/industrial and residential property, is summarized in the table below.

Total Cumulative Property on Tax Rolls Each Year			
Year	Value Commercial/Industrial Property	Value of Residential Property	Total Value of Property
2011	\$46,483,101	\$4,820,153	\$51,303,254
2012	\$73,803,101	\$8,570,443	\$82,373,544
2013	\$125,837,101	\$11,572,780	\$137,409,881
2014	\$137,277,101	\$12,605,137	\$149,882,238

## ANALYSIS OF FISCAL IMPACT FROM 2011 THROUGH 2014

### Tax Rates

Sales taxes are estimated for the City of Round Rock. The taxable sales estimated in this analysis are intended to represent the sales subject to Round Rock's sales tax although these projects will create additional economic activity in surrounding cities.

Sales Tax Rates	
City of Round Rock	2.00%

The capital investments associated with these thirty-four projects were located in the City of Round Rock. The fiscal impact analysis estimates property taxes resulting from these projects using the City of Round Rock, Williamson County, and Round Rock Independent School District (ISD) property tax rates. The property tax rates used are listed below.

Property Tax Rates				
Year	City of Round Rock	Williamson County (incl. FM/RD)	Round Rock ISD	Total
2011	0.423210	0.487687	1.335000	2.2459
2012	0.420350	0.489029	1.380000	2.2894
2013	0.419490	0.489029	1.367400	2.2759
2014	0.419490	0.489029	1.367400	2.2759

### Sales Tax Collections

The City of Round Rock receives sales tax as a result of the economic development projects. Taxable purchases made during construction as well as direct and spin-off worker taxable spending in the area serve as the basis for these sales tax collection calculations. The table summarizes the estimated sales taxes supported by the supported projects over four years.

Sales Tax Collections by Year	
Year	City of Round Rock
2011	\$269,997
2012	\$332,998
2013	\$433,293
2014	\$381,998
<b>Total</b>	<b>\$1,418,286</b>

## ANALYSIS OF FISCAL IMPACT FROM 2011 THROUGH 2014

### Property Tax Collections

Property taxing districts in Round Rock receive benefits from the property supported by these development projects assisted by the chamber. Listed below are estimated property tax revenue to the city, county, school district, and other local property taxing districts.

Property Tax Collections by Year				
Year	City of Round Rock	Williamson County (incl. FM/RD)	Round Rock ISD	Total
2011	\$217,121	\$250,199	\$684,898	<b>\$1,152,218</b>
2012	\$346,257	\$402,831	\$1,136,755	<b>\$1,885,843</b>
2013	\$576,421	\$671,974	\$1,878,943	<b>\$3,127,338</b>
2014	\$628,741	\$732,968	\$2,049,490	<b>\$3,411,198</b>
<b>Total</b>	<b>\$1,768,539</b>	<b>\$2,057,972</b>	<b>\$5,750,086</b>	<b>\$9,576,597</b>

\* Property tax collections have not been adjusted to reflect property tax abatements offered by the city and county.

### Total Fiscal Impact for Local Taxing Districts

In total, it is estimated that the thirty-four projects supported by the chamber generated \$11.0 million in additional sales and property tax collections over the four-year period from 2011 through 2014 for local taxing districts. Specifically, the City of Round Rock is estimated to have collected \$3.2 million in sales and property taxes as a result of projects supported by the chamber during this period. The table below summarizes the total additional revenue for local taxing districts that result from the thirty-four economic development projects supported by the chamber.

Total Additional Revenue for Local Taxing Districts Generated by Supported Projects from 2011–2014			
	Sales Tax Collections	Property Tax Collections	Total
City of Round Rock	\$1,418,286	\$1,768,539	\$3,186,825
Williamson County	\$0	\$2,057,972	\$2,057,972
Round Rock ISD	\$0	\$5,750,086	\$5,750,086
<b>Total</b>	<b>\$1,418,286</b>	<b>\$9,576,597</b>	<b>\$10,994,882</b>



## PROJECTED LONG-TERM IMPACTS

### Economic Impact Over Ten Years

The businesses and employment supported by the chamber are expected to contribute to the Round Rock-area economy on an on-going permanent basis. This section projects the economic and fiscal impact of all of the projects over a ten-year period. Businesses assisted in 2011 were analyzed for a ten-year period from 2011 through 2020. Similarly, projects assisted in 2014 were analyzed for a ten-year period from 2014 through 2023.

Projects added in 2011 will contribute approximately \$5.4 billion in economic output over the ten-year period from 2011 through 2020. Projects that began in 2012 support more than \$4.2 billion in economic output over the first ten years. In total, the projects supported by the chamber from 2011 through 2014 will generate nearly \$13.8 billion in economic impact over a ten-year horizon for each cohort of projects.

Total Contribution to Economic Impact by Businesses Over Ten Years			
	Direct Economic Output (in millions)	Indirect & Induced Economic Output (in millions)	Total Economic Output (in millions)
2011 Projects	\$3,857.3	\$1,557.5	\$5,414.9
2012 Projects	\$2,895.1	\$1,326.6	\$4,221.7
2013 Projects	\$2,426.8	\$909.5	\$3,336.4
2014 Projects	\$575.1	\$278.8	\$853.9
<b>Total Ten-Year Impact</b>	<b>\$9,754.4</b>	<b>\$4,072.5</b>	<b>\$13,827.0</b>

The projects supported by the chamber over the last four years will generate 4,631 total permanent jobs in the area. Workers will receive approximately \$3.1 billion in workers' earnings as a result of these projects over a ten-year period for each cohort of projects.

Total Employment and Workers' Earnings Over Ten Years						
	Direct Employment	Indirect Employment	Total Employment	Direct Workers' Earnings (Millions)	Indirect & Induced Workers' Earnings (Millions)	Total Workers' Earnings (Millions)
2011 Projects	1,137.0	742.2	1,879.2	\$1,195.8	\$426.9	\$1,622.7
2012 Projects	817.0	579.6	1,396.6	\$571.7	\$273.9	\$845.6
2013 Projects	645.0	415.8	1,060.8	\$300.9	\$128.0	\$428.9
2014 Projects	186.0	108.2	294.2	\$108.7	\$52.0	\$160.7
<b>Total Ten-Year Impact</b>	<b>2,785.0</b>	<b>1,845.8</b>	<b>4,630.8</b>	<b>\$2,177.1</b>	<b>\$880.7</b>	<b>\$3,057.9</b>

The long-term fiscal impact of these projects is discussed on the next page.

## PROJECTED LONG-TERM IMPACTS

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### Fiscal Impact Over Ten Years

In total, it is projected that the projects supported by the chamber over the last four years will generate \$46.0 million for local taxing districts during subsequent ten-year periods for each cohort of projects.

Total Additional Revenue for Local Taxing Districts Over a Ten-Year Period				
	City of Round Rock	Williamson County (incl. FM/RD)	Round Rock ISD	Total
2011 Projects	\$4,268,860	\$2,532,313	\$7,059,947	<b>\$13,861,121</b>
2012 Projects	\$2,415,100	\$1,534,319	\$4,277,594	<b>\$8,227,013</b>
2013 Projects	\$10,614,817	\$2,699,263	\$7,525,394	<b>\$20,839,473</b>
2014 Projects	\$738,729	\$603,019	\$1,681,183	<b>\$3,022,931</b>
<b>Total Ten-Year Impact</b>	<b>\$18,037,506</b>	<b>\$7,368,914</b>	<b>\$20,544,119</b>	<b>\$45,950,538</b>

## CONCLUSIONS

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### Return on the Community's Investment in Economic Development

The chamber's funding, generated through its Momentum campaign and city contract, totaled \$2.96 million from 2011 through 2014. These investments in economic development directly supported significant economic and fiscal impacts in the Round Rock-area economy. The table below summarizes the impact that the thirty-four economic development projects are estimated to have over a ten-year period and represent the return on the community's investments in economic development from 2011 through 2014.

Summary of Return on Economic Development Funding 2011–2014	
<b>Momentum and city investments in the chamber</b>	<b>\$2,960,905</b>
Total number of permanent jobs created during the period	4,631
Total economic output supported	\$13,826,955,551
Total workers' earnings supported	\$3,057,858,483
Total additional local taxable sales supported	\$584,741,608
Total additional sales taxes collected by local taxing districts	\$11,694,832
Total additional property taxes collected by local taxing districts during the period	\$34,255,706

For every \$1 of Momentum funding, the city and chamber supported or generated:

- \$4,670 in economic output.
- \$1,033 in additional worker earnings.
- \$197 in additional local taxable sales.
- \$3.95 in additional sales taxes for the city.
- \$11.57 in additional property taxes for local taxing districts.

In addition, over this period from 2011 to 2014, a direct job was created with every \$1,063 in economic development funding. Considering direct, indirect, and induced jobs, a job was created with every \$639 in funding.

## CONCLUSIONS

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### Incentives Committed by the City of Round Rock and the Round Rock Chamber of Commerce & Economic Development Partnership and Rate of Return

These projects have and will generate significant revenues for the city and other local taxing districts. An average annual rate of return was calculated based on the incentives and the average annual projected additional tax revenues from sales and property taxes paid to the City of Round Rock.

Rate of Return on Incentives			
	Total Value of Incentives	Average Annual New Tax Revenue Generated	Average Annual Rate of Return on Incentives
2011 Projects	\$1,250,000	\$426,886	34.2%
2012 Projects	\$221,000	\$241,510	109.3%
2013 Projects	\$4,890,000	\$1,061,482	21.7%
2014 Projects	\$160,000	\$73,873	46.2%
<b>Total</b>	<b>\$6,521,000</b>	<b>\$1,803,751</b>	<b>27.7%</b>

Overall, when viewing the incentives offered to businesses from 2011 through 2014 as an investment and the additional tax revenue to local taxing districts as the return on the investment, the city and chamber are estimated to generate a 27.7% average annual rate of return on its investment.

## CONCLUSIONS

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### **Conclusions and Perspective**

Some conclusions can be drawn by Impact DataSource from this and other studies that it conducts for economic development organizations. These conclusions or observations include the following:

The creation of new taxes generated by chamber-assisted projects are examples of what a focused economic development effort can accomplish for the benefit of a community and such new taxes and other public revenues are significant.

The job growth and increased tax revenues can be accomplished with a relative inexpensive investment in economic development activities.

Impact DataSource does not suggest that the chamber caused all of the investments and growth presented in this report. The chamber provided support to these businesses, some more than others, and in some cases offered incentives.

However, Impact DataSource believes that such a one-stop center for economic development services is critical to a community's economic growth and many of these investments may not have occurred without the efforts of the chamber.

## METHODOLOGY

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### **Conduct of the Analysis**

This analysis was conducted by Impact DataSource and completed using firm data, rates, and information gathered by the Round Rock Chamber of Commerce & Economic Development Partnership (chamber). In addition, the model uses certain estimates and assumptions. Using this information, Impact DataSource estimated the annual economic impact from the economic development projects supported by the chamber.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are defined as those that result directly from a project. These impacts are the direct expenditures by the firm. Second, this economic impact analysis calculates the indirect and induced impacts that result from the project. Indirect jobs and salaries are supported in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services to the firm. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to workers and their families.

To estimate the indirect and induced economic impact of these projects and the employees on the area, regional economic multipliers were used. Regional economic multipliers are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis: earnings multipliers, employment multipliers, and output multipliers. Employment multipliers were used to estimate the number of indirect and induced jobs supported in the area for each project. Earnings multipliers were used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. These multipliers show the estimated number of indirect and induced jobs supported for every one direct job at the firm and the amount of salaries paid to these workers for every dollar paid to a direct worker at the firm. Output multipliers were used to estimate the increase in revenue or economic output generated by each of these businesses based on the increase in workers. For projects that included capital investment only and did not include the hiring of additional workers, a conservative assets-to-sales ratio was used to estimate the increase in output due to the addition of new capital. The multipliers used in the analysis were specific to each firm and industry, and each firm and industry.

### **About Impact DataSource**

Impact DataSource is a 20 year-old Austin economic consulting, research and analysis firm. The firm has conducted over 2,500 economic impact analyses of numerous projects across the country. In addition, the firm has developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.

Paul Scheuren performed this economic impact analysis. He is an economist and has a Master of Arts degree in Economics from Clemson University and a Bachelor of Business Administration from Temple University.

Data used in the analysis, along with schedules of the results of calculations, are on the following pages.

# **Appendix**

## *Data & Rates*

## APPENDIX

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### Sales Tax Rates

City of Round Rock	2.0%
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### Construction Assumptions

Percent of construction costs for labor	50%
Percent of construction costs for materials	50%
Estimated percent of construction materials that were purchased in the area	30%
Estimated construction workers annual salaries (2010)	\$48,363
Estimated percent of a typical construction worker's salary spent locally	30%
Estimated percent of a typical construction worker's salary spent on taxable goods and services	25%

### Local Spending Assumptions

Estimated percent of a typical worker's salary spent on taxable goods and services	25%
Estimated percent of a typical worker's salary spent locally	35%
Salaries as a percentage of workers' earnings Workers' earnings include both salaries and benefits	70.5%

### Residential Property Assumptions

Estimated percent of new workers moving to the area from somewhere else	10.0%
Estimated percent of these new workers who built a new home or required that new rental property be built for them	15.0%
Estimated 2011 taxable value of new residences to be built for some new workers who move to the area	\$171,000
Annual residential property appreciation	2.0%