

THE ECONOMIC IMPACT OF THE ROUND ROCK CHAMBER 2012–2017

July 12, 2017

Prepared for:

Round Rock Chamber
212 East Main St.
Round Rock, TX 78664

Prepared by:
Impact DataSource
Austin, Texas
www.impactdatasource.com



TABLE OF CONTENTS

Executive Summary	3
Overview	
Introduction.....	8
Round Rock Chamber.....	8
Projects.....	8
Summary of Committed Incentives.....	8
Discussion of Economic and Fiscal Impacts.....	9
Analysis of Economic Impact from 2012 through 2017	
Construction Impacts.....	10
Economic Impacts from Projects Supported.....	10
Employment and Workers' Earnings.....	11
Cumulative Impact on Employment and Workers' Earnings.....	11
Economic Output.....	12
Cumulative Impact on Economic Output.....	12
Taxable Sales.....	13
Property on Local Tax Rolls.....	14
Analysis of Fiscal Impact from 2012 through 2017	
Tax Rates Used in the Analysis.....	15
Sales Tax Collections.....	15
Property Tax Collections.....	16
Total Fiscal Impact for Local Taxing Districts.....	17
Projected Long-Term Impacts	
Economic Impact Over Ten Years.....	18
Fiscal Impact Over Ten Years.....	19
Conclusions	
Return on the Community's Investment in Economic Development.....	20
Incentives Committed by the City and Chamber and Rate of Return.....	21
Conclusions and Perspective.....	22
Methodology	
Conduct of the Analysis.....	23
About Impact DataSource.....	23
Appendix	
Data & Rates.....	24

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 (chamber) from 2012 through 2017.

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 2012 through 2017

The chamber supported fifty projects from 2012 through 2017. 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 2017, the firms supported by the chamber over the last six years generated direct, indirect, and induced revenues for area businesses of \$2.4 billion annually.

Estimated Cumulative Increase in Economic Output by New Firms				
Year	# of Projects	Direct Economic Output	Indirect & Induced Economic Output	Total Economic Output
2012	9	\$264,399,715	\$121,158,018	\$385,557,733
2013	23	\$491,323,411	\$206,647,138	\$697,970,549
2014	31	\$553,674,198	\$236,241,183	\$789,915,380
2015	39	\$1,273,234,533	\$488,922,756	\$1,762,157,289
2016	45	\$1,595,434,610	\$616,842,198	\$2,212,276,808
2017	50	\$1,725,852,174	\$674,742,563	\$2,400,594,737

A total of 5,261 direct jobs were created by these businesses. In total, 8,273 direct, indirect, and induced jobs were created by these businesses in the Round Rock area as shown in the table below. Over the six-year period, it is estimated that these employees were paid approximately \$1.4 billion in workers' earnings.

Total Impact on Employment & Workers' Earnings 2012–2017			
	Direct	Indirect & Induced	Total
Jobs Created from 2012 to 2017	5,261	3,012	8,273
Cumulative Workers' Earnings (millions)	\$979.6	\$445.9	\$1,425.5

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 fifty 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
2012	\$2,561,250	\$4,763,750	\$7,325,000
2013	\$4,878,188	\$7,275,076	\$12,153,263
2014	\$1,072,500	\$8,325,806	\$9,398,306
2015	\$6,721,875	\$17,669,848	\$24,391,723
2016	\$57,309,375	\$23,569,260	\$80,878,635
2017	\$22,537,500	\$26,333,287	\$48,870,787

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 2017			
	Industrial / Commercial Property	Residential Property	Total
Value of New Taxable Property in 2017	\$1,014,194,000	\$23,897,583	\$1,038,091,583

Fiscal Impact Summary from 2012 through 2017

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 fifty projects generated more than \$53.4 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 2012–2017			
	Sales Tax Collections	Property Tax Collections	Total
City of Round Rock	\$3,660,354	\$9,424,878	\$13,085,233
Williamson County	\$0	\$10,639,751	\$10,639,751
Round Rock ISD	\$0	\$29,708,060	\$29,708,060
Total	\$3,660,354	\$49,772,690	\$53,433,044

EXECUTIVE SUMMARY

Fiscal Impact Over Ten Years

In total, it is projected that the projects supported by the chamber over the last six years will generate \$248.8 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
2012 Projects	\$2,409,742	\$1,513,986	\$4,209,743	\$8,133,470
2013 Projects	\$10,601,594	\$2,659,122	\$7,393,871	\$20,654,587
2014 Projects	\$734,922	\$593,070	\$1,649,071	\$2,977,063
2015 Projects	\$5,465,052	\$3,822,471	\$10,628,643	\$19,916,166
2016 Projects	\$28,367,725	\$29,935,957	\$83,238,987	\$141,542,668
2017 Projects	\$11,157,202	\$11,745,987	\$32,660,524	\$55,563,712
Total Ten-Year Impact	\$58,736,236	\$50,270,592	\$139,780,839	\$248,787,667

EXECUTIVE SUMMARY

Return on the Community's Investment in Economic Development

The chamber's funding, generated through its Momentum campaign and city contract, totaled \$4.4 million from 2012 through 2017. 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 fifty 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 2012 through 2017.

Summary of Return on Economic Development Funding 2012–2017	
Momentum and city investments in the chamber	\$4,349,510
Total number of permanent jobs created during the period	8,273
Total economic output supported	\$22,373,764,392
Total workers' earnings supported	\$3,934,307,573
Total additional local taxable sales supported	\$753,172,196
Total additional sales taxes collected by local taxing districts	\$15,063,444
Total additional property taxes collected by local taxing districts during the period	\$233,724,223

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

- \$5,144 in economic output.
- \$905 in additional worker earnings.
- \$173 in additional local taxable sales.
- \$3.46 in additional sales taxes for the city.
- \$53.74 in additional property taxes for local taxing districts.

In addition, over this period from 2012 to 2017, a direct job was created with every \$ 827in economic development funding. Considering direct, indirect, and induced jobs, a job was created with every \$526 in funding.

EXECUTIVE SUMMARY

Incentives Committed by the City of Round Rock and the Round Rock Chamber and Rate of Return

The fifty 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 2012 through 2017 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 42.6% average annual rate of return.

Rate of Return on Incentives			
		Average Annual	
	Total Value of Incentives	New Tax Revenue Generated	Average Annual Rate of Return on Incentives
2012 Projects	\$221,000	\$240,974	109.0%
2013 Projects	\$4,890,000	\$1,060,159	21.7%
2014 Projects	\$160,000	\$73,492	45.9%
2015 Projects	\$1,804,128	\$546,505	30.3%
2016 Projects	\$2,168,001	\$2,836,772	130.8%
2017 Projects	\$4,531,607	\$1,115,720	24.6%
Total	\$13,774,736	\$5,873,624	42.6%

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

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 (chamber) from 2012 through 2017.

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 2012 through 2017.

Projects Supported by the Chamber			
Year	Locations	Direct Jobs	Total Capital Investment
2012	9	817	\$27,320,000
2013	14	645	\$52,034,000
2014	8	186	\$11,440,000
2015	8	1,358	\$71,700,000
2016	6	1,880	\$611,300,000
2017	5	375	\$240,400,000
Total	50	5,261	\$1,014,194,000

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 2012 through 2017.

Incentives Committed to Projects Supported by the City and Chamber				
Year	Cash Grants	Hotel or Sales Tax Rebates	City Property Tax Abatement	Total Value of Incentives
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
2015	\$983,000	\$201,140	\$619,988	\$1,804,128
2016	\$575,000	\$0	\$1,593,001	\$2,168,001
2017	\$505,000	\$3,773,786	\$252,821	\$4,531,607
Total	\$2,893,000	\$7,974,926	\$2,906,810	\$13,774,736

In addition, Williamson County offered tax abatement incentives on several projects:

- Cornerstone Hospital - 50% abatement for five years,
- South University - 40% abatement for four years,
- Harcourt - 50% abatement for five years, and
- ProPortion Foods - 50% abatement for seven years.

The Kalahari resort project incentive is not represented in the table above due to its unique nature.

The agreements provide for Kalahari to employ a minimum of 700 and invest at least \$350 million in a 975-room resort, 200,000-square-foot indoor/outdoor water park and 150,000-square-foot convention center. The City will own the 351-acre tract of land, which will be leased to Kalahari for up to 99 years. In addition, the City will issue bonds to provide \$40 million in net proceeds to construct the City-owned Convention Center, and \$30 million to construct city-owned improvements. Also, the City will waive most development fees. After the debt payments are made each year, the City and Kalahari will share remaining select State and City tax revenues, with 75 percent going to Kalahari and 25 percent to the City in years 1-10 and 50-50 in years 11-40. Based on projected revenues the incentive payments to Kalahari are estimated to be \$7.5 million annually for years 1 through 10. The City expects to receive \$4.7 million a year in new tax revenue after debt and incentive payments are made for years 1 through 10.

Finally, an incentive for The Sanctuary is also not represented in the table above. It is expected that The Sanctuary project will include an \$8.5 million Public Improvement District.

OVERVIEW

Community's Investment in Economic Development

The chamber reports the following annual funding from Momentum and the city. Over the entire period from 2012 through 2017, the chamber had a budget of 4.4 million.

Round Rock Chamber of Commerce & Economic Development Partnership Funding			
Year	Momentum	City	Total Funding
2012	\$195,600	\$490,715	\$686,315
2013	\$283,975	\$516,000	\$799,975
2014	\$248,300	\$516,000	\$764,300
2015	\$335,700	\$525,000	\$860,700
2016	\$340,200	\$535,000	\$875,200
2017 (through May 2017)	\$140,100	\$222,920	\$363,020
Total	\$1,543,875	\$2,805,635	\$4,349,510

Discussion of Economic and Fiscal Impacts

The chamber supported fifty projects during the six-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.

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 2012 through 2017

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 \$95.1 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
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
2015	328	\$5,377,500	\$1,344,375	\$6,721,875
2016	2,725	\$45,847,500	\$11,461,875	\$57,309,375
2017	1,045	\$18,030,000	\$4,507,500	\$22,537,500
Total	4,536	\$76,064,550	\$19,016,138	\$95,080,688

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 fifty projects during the six-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 2012 through 2017

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 2012 through 2017. 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 six 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
2012	817.0	579.6	1,396.6	\$52,209,716	\$25,014,197	\$77,223,913
2013	1,462.0	995.4	2,457.4	\$80,732,806	\$37,201,553	\$117,934,359
2014	1,648.0	1,103.6	2,751.6	\$92,277,115	\$42,690,361	\$134,967,476
2015	3,006.0	2,214.2	5,220.2	\$193,982,825	\$92,458,473	\$286,441,298
2016	4,886.0	2,787.8	7,673.8	\$263,601,989	\$118,473,156	\$382,075,144
2017	5,261.0	3,012.0	8,273.0	\$296,839,696	\$130,042,367	\$426,882,063
Total				\$979,644,146	\$445,880,107	\$1,425,524,253

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 six 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
2012	\$264,399,715	\$121,158,018	\$385,557,733
2013	\$491,323,411	\$206,647,138	\$697,970,549
2014	\$553,674,198	\$236,241,183	\$789,915,380
2015	\$1,273,234,533	\$488,922,756	\$1,762,157,289
2016	\$1,595,434,610	\$616,842,198	\$2,212,276,808
2017	\$1,725,852,174	\$674,742,563	\$2,400,594,737
Total	\$5,903,918,640	\$2,344,553,856	\$8,248,472,496

ANALYSIS OF ECONOMIC IMPACT FROM 2012 through 2017

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 fifty 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	Direct Annual Salaries	Indirect & Induced Annual Salaries	Total Annual Salaries	Local Taxable Spending
2012	\$36,807,850	\$17,635,009	\$54,442,859	\$4,763,750
2013	\$56,916,628	\$26,227,095	\$83,143,723	\$7,275,076
2014	\$65,055,366	\$30,096,705	\$95,152,071	\$8,325,806
2015	\$136,757,891	\$65,183,224	\$201,941,115	\$17,669,848
2016	\$185,839,402	\$83,523,575	\$269,362,977	\$23,569,260
2017	\$209,271,986	\$91,679,869	\$300,951,854	\$26,333,287

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 fifty projects.

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
2012	\$2,561,250	\$4,763,750	\$7,325,000
2013	\$4,878,188	\$7,275,076	\$12,153,263
2014	\$1,072,500	\$8,325,806	\$9,398,306
2015	\$6,721,875	\$17,669,848	\$24,391,723
2016	\$57,309,375	\$23,569,260	\$80,878,635
2017	\$22,537,500	\$26,333,287	\$48,870,787
Total	\$95,080,688	\$87,937,027	\$183,017,715

ANALYSIS OF ECONOMIC IMPACT FROM 2012 through 2017

Property on Local Tax Rolls

The businesses supported by the chamber made capital investments during the six-year period from 2012 through 2017. 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
2012	\$27,320,000
2013	\$79,354,000
2014	\$90,794,000
2015	\$162,494,000
2016	\$773,794,000
2017	\$1,014,194,000

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
2012	1,396.6	140	21	\$3,653,887
2013	2,457.4	246	37	\$6,557,893
2014	2,751.6	275	41	\$7,489,952
2015	5,220.2	522	78	\$14,493,561
2016	7,673.8	767	115	\$21,731,979
2017	8,273.0	827	124	\$23,897,583

ANALYSIS OF ECONOMIC IMPACT FROM 2012 through 2017

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
2012	\$27,320,000	\$3,653,887	\$30,973,887
2013	\$79,354,000	\$6,557,893	\$85,911,893
2014	\$90,794,000	\$7,489,952	\$98,283,952
2015	\$162,494,000	\$14,493,561	\$176,987,561
2016	\$773,794,000	\$21,731,979	\$795,525,979
2017	\$1,014,194,000	\$23,897,583	\$1,038,091,583

ANALYSIS OF FISCAL IMPACT FROM 2012 through 2017

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 fifty 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
2012	0.420350	0.489029	1.380000	2.2894
2013	0.419490	0.489029	1.367400	2.2759
2014	0.414650	0.486529	1.337500	2.2387
2015	0.414650	0.481529	1.332500	2.2287
2016	0.425000	0.476529	1.332500	2.2340
2017	0.425000	0.476529	1.332500	2.2340

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 six years.

Sales Tax Collections by Year	
Year	City of Round Rock
2012	\$146,500
2013	\$243,065
2014	\$187,966
2015	\$487,834
2016	\$1,617,573
2017	\$977,416
Total	\$3,660,354

ANALYSIS OF FISCAL IMPACT FROM 2012 through 2017

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
2012	\$130,199	\$151,471	\$427,440	\$709,110
2013	\$360,392	\$420,134	\$1,174,759	\$1,955,285
2014	\$407,534	\$478,180	\$1,314,548	\$2,200,262
2015	\$733,879	\$852,246	\$2,358,359	\$3,944,485
2016	\$3,380,985	\$3,790,912	\$10,600,384	\$17,772,281
2017	\$4,411,889	\$4,946,807	\$13,832,570	\$23,191,267
Total	\$9,424,878	\$10,639,751	\$29,708,060	\$49,772,690

* 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 fifty projects supported by the chamber generated \$53.4 million in additional sales and property tax collections over the six-year period from 2012 through 2017 for local taxing districts. Specifically, the City of Round Rock is estimated to have collected \$13.1 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 fifty economic development projects supported by the chamber.

Total Additional Revenue for Local Taxing Districts Generated by Supported Projects from 2012–2017			
	Sales Tax Collections	Property Tax Collections	Total
City of Round Rock	\$3,660,354	\$9,424,878	\$13,085,233
Williamson County	\$0	\$10,639,751	\$10,639,751
Round Rock ISD	\$0	\$29,708,060	\$29,708,060
Total	\$3,660,354	\$49,772,690	\$53,433,044

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 2012 were analyzed for a ten-year period from 2012 through 2021. Similarly, projects assisted in 2017 were analyzed for a ten-year period from 2017 through 2026.

Projects added in 2012 will contribute approximately \$4.2 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 2012 through 2017 will generate nearly \$22.4 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)
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
2015 Projects	\$6,911.0	\$2,418.7	\$9,329.8
2016 Projects	\$2,546.9	\$1,014.0	\$3,560.9
2017 Projects	\$732.3	\$338.7	\$1,071.1
Total Ten-Year Impact	\$16,087.3	\$6,286.4	\$22,373.8

The projects supported by the chamber over the last six years will generate 8,273 total permanent jobs in the area. Workers will receive approximately \$3.9 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)
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
2015 Projects	1,358.0	1,110.6	2,468.6	\$974.1	\$477.1	\$1,451.2
2016 Projects	1,880.0	573.6	2,453.6	\$564.2	\$207.4	\$771.7
2017 Projects	375.0	224.2	599.2	\$207.9	\$68.4	\$276.3
Total Ten-Year Impact	5,261.0	3,012.0	8,273.0	\$2,727.5	\$1,206.8	\$3,934.3

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

PROJECTED LONG-TERM IMPACTS

Fiscal Impact Over Ten Years

In total, it is projected that the projects supported by the chamber over the last six years will generate \$248.8 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
2012 Projects	\$2,409,742	\$1,513,986	\$4,209,743	\$8,133,470
2013 Projects	\$10,601,594	\$2,659,122	\$7,393,871	\$20,654,587
2014 Projects	\$734,922	\$593,070	\$1,649,071	\$2,977,063
2015 Projects	\$5,465,052	\$3,822,471	\$10,628,643	\$19,916,166
2016 Projects	\$28,367,725	\$29,935,957	\$83,238,987	\$141,542,668
2017 Projects	\$11,157,202	\$11,745,987	\$32,660,524	\$55,563,712
Total Ten-Year Impact	\$58,736,236	\$50,270,592	\$139,780,839	\$248,787,667

CONCLUSIONS

Return on the Community's Investment in Economic Development

The chamber's funding, generated through its Momentum campaign and city contract, totaled \$4.4 million from 2012 through 2017. 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 fifty 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 2012 through 2017.

Summary of Return on Economic Development Funding 2012–2017	
Momentum and city investments in the chamber	\$4,349,510
Total number of permanent jobs created during the period	8,273
Total economic output supported	\$22,373,764,392
Total workers' earnings supported	\$3,934,307,573
Total additional local taxable sales supported	\$753,172,196
Total additional sales taxes collected by local taxing districts	\$15,063,444
Total additional property taxes collected by local taxing districts during the period	\$233,724,223

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

- \$5,144 in economic output.
- \$905 in additional worker earnings.
- \$173 in additional local taxable sales.
- \$3.46 in additional sales taxes for the city.
- \$53.74 in additional property taxes for local taxing districts.

In addition, over this period from 2012 to 2017, a direct job was created with every \$ 827in economic development funding. Considering direct, indirect, and induced jobs, a job was created with every \$526 in funding.

CONCLUSIONS

Incentives Committed by the City of Round Rock and the Round Rock Chamber 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			
		Average Annual	
	Total Value of	New Tax	Average Annual
	Incentives	Revenue	Rate of Return
		Generated	on Incentives
2012 Projects	\$221,000	\$240,974	109.0%
2013 Projects	\$4,890,000	\$1,060,159	21.7%
2014 Projects	\$160,000	\$73,492	45.9%
2015 Projects	\$1,804,128	\$546,505	30.3%
2016 Projects	\$2,168,001	\$2,836,772	130.8%
2017 Projects	\$4,531,607	\$1,115,720	24.6%
Total	\$13,774,736	\$5,873,624	42.6%

Overall, when viewing the incentives offered to businesses from 2012 through 2017 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 42.6% average annual rate of return on its investment.

CONCLUSIONS

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

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 24 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

Sales Tax Rates

City of Round Rock	2.0%
--------------------	------

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%