

About this Cost-Benefit Analysis Report

This cost-benefit analysis report was prepared using the Kansas Tax Abatement Cost-Benefit Model - a computer program that analyzes economic and fiscal impact. The pages that follow, in this report, show the impact that the firm included in this analysis, the firm's employees and workers in spin-off jobs will have on the community and the state.

The economic impact over the next ten years is calculated along with the accompanying public costs and benefits for the State of Kansas and the taxing entities included in this analysis.

This analysis also shows the effect of tax abatements and incentives that may be considered for the firm

Here is how the analysis was performed:

1. Data was entered for the state and community's tax and other rates; the firm and its employees; tax abatements and other incentives being considered for the firm; construction activity; and expected visitors.
2. Using the data entered, as well as some rates built into the computer program, calculations were made of the economic impact of the firm along with the related costs and benefits.

The calculations of impact include direct, indirect and induced impact. Regional economic multipliers, specific to the firm's industry group, were used by the program to calculate the direct and induced or spin-

These are the report sections:

Summary of Costs and Benefits for all Taxing Entities This report page summarizes the costs and benefits for all taxing entities resulting from the firm and from new direct, indirect and induced jobs.

The Economic Impact that the Firm will have on the Community This report page shows the number of direct, indirect and induced jobs that will be created in the community, the number of new residents and additional school children, and increases in local personal income, retail sales, economic activity and the property tax base in the first year and over the next ten years.

Costs and Benefits for Each Taxing Entity These report pages summarize the costs and benefits for the State of Kansas and for each taxing entity as a result of the firm locating or expanding in the Kansas community.

The public benefits include additional revenues from the firm and employees for your taxing entities - - - sales taxes, property taxes, utilities, utility franchise fees, other payments by new residents, payments by the firm and additional school funding. Public costs include the additional costs of public services for new residents and the firm, costs of educating new students that move to the school district, along with tax abatements and incentives provided to the firm.

In addition to a presentation of public costs and benefits, this report also computes the present value of net benefits to be received by each taxing entity; the payback period for incentives and taxes to be abated; the rate of return on investment for each entity and cost-benefit ratios.

A Tax Abatement Cost-Benefit Analysis of HP Distribution Under JDC master resolution

City or County where the firm is or will be located: **City of Olathe**
Date of Analysis: Tuesday, May 14, 2019

Description of the firm's location or expansion in the community:
Transportation terminal on Lot 1

This report includes an analysis of costs and benefits from the firm for the following taxing entities, where the firm is or will be located. These taxing entities, with the exception of a neighboring school district, if shown, are considering tax abatements or incentives for the firm:

City:	Olathe
County:	Johnson
School District:	Olathe School District
A neighboring School District:	Gardner-Edgerton Schools
Special Taxing District:	Johnson County Community Colleg
Special Taxing District:	School District Excluded Mills
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Data Used in this Analysis, if included , follows the Costs and Benefits for the State of Kansas

Present Value

The present value of the expected cash flow over the next ten years - the excess of benefits over cost - for each entity was computed. Present value is a way of expressing in today's dollars, dollars to be paid or received in the future. Today's dollar and a dollar to be received or paid at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. The analysis uses a discount rate that is entered to make the dollars comparable--by expressing them in today's dollars or in present value.

Generally, a positive present value indicates an acceptable investment.

Payback Period

The investment payback period for each taxing entity was computed. This analysis views the financial incentives, including tax abatement, that the taxing entities are considering for the firm as an investment that the public will be making in the company. The payback period, therefore, is the number of years that it will take each taxing entity to recover the cost of incentives from the net annual benefits that they will receive. This payback period also shows the point in time where the cost and benefits are equal for the level and length of tax abatements and incentives being granted.

The payback period is a basis for judging the appropriateness of providing incentives to a firm. Generally, the shorter the payback period the better the investment.

Rate of Return on Investment

The rate of return on investment for each taxing entity was also computed. As with the computation of payback, the rate of return analysis views the incentives that each taxing entity is considering as an investment that the public will be making in the company. The rate of return, therefore, is annual rate of return, over the next ten years, on each taxing entity's investment in the firm.

Generally, a rate of return in excess of the taxing entity's cost of capital is considered desirable.

Cost-Benefit Ratio

The cost-benefit ratio for each taxing entity was also computed. This ratio compares public benefits over a ten year period from the new or expanding firm to public costs during the same period. For example, a cost-benefit ratio of 1.55 (or 1.55 to 1) shows that ten year benefits are 155 percent of public costs. Conversely, a cost-benefit ratio of .75 shows that public benefits are only 75 percent of public costs -- costs exceed benefits.

Generally, a cost-benefit ratio of 1.30 to 1 is considered acceptable for a taxing entity to grant tax abatements and other financial incentives to a firm.

Data Used in this Analysis These report pages, if included, show the data used in this cost-benefit analysis.

Summary of Costs and Benefits for all Taxing Units

Benefits:

	Sales Taxes	Property Taxes	Utilities and Utility Franchise Fees	Corporate and Personal Income Taxes	Additional School Funding	Other Revenues	Total Benefits
City: Olathe	\$255,331	\$214,396	\$14,960			\$331,285	\$815,972
County: Johnson	\$394,449	\$168,971				\$1,315,665	\$1,879,085
S. D: Olathe School Distri		\$439,831			\$9,770,031		\$10,209,862
S. D: Gardner-Edgerton		\$0			\$0		\$0
Johnson County Commu		\$85,066				\$179,139	\$264,205
School District Excluded		\$71,283				\$18,049,863	\$18,121,146
State of Kansas	\$2,368,864	\$114,898		\$4,107,869		\$670,217	\$7,261,848

Costs, Incentives and Taxes Abated:

	Costs of Services for the Firm and New Residents	Costs of Educating New Students	Taxes Abated	Incentives	Total Costs, Incentives and Taxes Abated
City: Olathe	\$617,323		\$100,812	\$0	\$718,136
County: Johnson	\$501,611		\$78,581	\$0	\$580,192
S. D: Olathe School Distri		\$9,770,031	\$209,279		\$9,979,309
S. D: Gardner-Edgerton		\$0			\$0
Johnson County Commu	\$81,713		\$38,274		\$119,987
School District Excluded	\$27,509,820		\$0		\$27,509,820
State of Kansas	\$601,408	\$3,687,779	\$55,764	\$0	\$4,344,951

Net Benefits:

	Total Benefits	Total Costs Incentives and Taxes Abated	Net Benefits
City: Olathe	\$815,972	\$718,136	\$97,836
County: Johnson	\$1,879,085	\$580,192	\$1,298,892
S. D: Olathe School Distri	\$10,209,862	\$9,979,309	\$230,552
S. D: Gardner-Edgerton	\$0	\$0	\$0
Johnson County Commu	\$264,205	\$119,987	\$144,218
School District Excluded	\$18,121,146	\$27,509,820	(\$9,388,675)
State of Kansas	\$7,261,848	\$4,344,951	\$2,916,897

Other:

	Present Value of Net Benefits to be Received Over the next 10 Years	Present Value of Incentives and Taxes Abated Over the next 10 Years	Payback Period for Incentives and Taxes Abated	Rate of Return over the next 10 years on Investment of Incentives and Taxes Abated	Cost-Benefit Ratio
City: Olathe	\$65,701	\$60,933	10 Years	107.82%	1.08
County: Johnson	\$703,662	\$47,495	2 Years	1481.55%	14.82
S. D: Olathe School Distri	\$137,240	\$126,502	9 Years	108.49%	1.08
S. D: Gardner-Edgerton	\$0				
Johnson County Commu	\$79,072	\$23,136	4 Years	341.78%	3.42
School District Excluded	(\$4,995,469)	\$0	N/A	0.00%	0.00
State of Kansas	\$1,459,952	\$33,704	1 Year	4331.69%	43.32

The Economic Impact of the Firm

	<u>In the first year</u>	<u>Over the next ten years</u>
Number of jobs to be created	32	208
Number of new residents in the community	60	328
Number of additional students in the local school district	21	115
Increase in local personal income	\$945,000	\$38,167,028
Increase in local retail sales	\$425,250	\$17,175,163
Increase in the community's property tax base	\$3,035,389	\$4,588,563

Costs and Benefits for the City of: Olathe

Benefits to the city from the firm, its employees and spin-off benefits:

Year	Sales Taxes	Property Taxes	Utilities and Utility Franchise Fees	Other Municipal Revenues	Total
Construction Period	\$788	\$0	\$0	\$50,000	\$50,788
1	\$8,477	\$18,404	\$1,496	\$7,462	\$35,839
2	\$11,840	\$18,948	\$1,496	\$11,571	\$43,854
3	\$15,302	\$19,559	\$1,496	\$15,851	\$52,208
4	\$18,867	\$20,240	\$1,496	\$20,308	\$60,911
5	\$22,536	\$20,995	\$1,496	\$24,948	\$69,975
6	\$32,311	\$21,718	\$1,496	\$29,776	\$85,301
7	\$30,195	\$22,462	\$1,496	\$34,799	\$88,952
8	\$34,191	\$23,228	\$1,496	\$40,022	\$98,937
9	\$38,300	\$24,016	\$1,496	\$45,452	\$109,264
10	\$42,526	\$24,828	\$1,496	\$51,095	\$119,944
Total	\$255,331	\$214,396	\$14,960	\$331,285	\$815,972

The City's costs, property taxes abated and incentives provided to the firm:

Year	City Costs for the firm and Municipal Services for New Residents	Property Taxes Abated	Incentives	Total
Construction Period	\$0	\$0	\$0	\$0
1	\$35,081	\$9,152	\$0	\$44,234
2	\$40,379	\$9,347	\$0	\$49,727
3	\$45,899	\$9,546	\$0	\$55,445
4	\$51,647	\$9,750	\$0	\$61,396
5	\$57,630	\$9,957	\$0	\$67,588
6	\$63,857	\$10,169	\$0	\$74,026
7	\$70,334	\$10,386	\$0	\$80,720
8	\$77,071	\$10,607	\$0	\$87,678
9	\$84,073	\$10,833	\$0	\$94,907
10	\$91,351	\$11,064	\$0	\$102,415
Total	\$617,323	\$100,812	\$0	\$718,136

Net Costs and Benefits for the City of: Olathe

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$50,788	\$0	\$50,787	\$50,787	\$0
1	\$35,839	\$44,234	(\$8,396)	(\$7,633)	\$8,320
2	\$43,854	\$49,727	(\$5,873)	(\$4,854)	\$7,724
3	\$52,208	\$55,445	(\$3,238)	(\$2,433)	\$7,172
4	\$60,911	\$61,396	(\$486)	(\$332)	\$6,659
5	\$69,975	\$67,588	\$2,387	\$1,482	\$6,182
6	\$85,301	\$74,026	\$11,274	\$6,363	\$5,740
7	\$88,952	\$80,720	\$8,231	\$4,223	\$5,329
8	\$98,937	\$87,678	\$11,259	\$5,252	\$4,948
9	\$109,264	\$94,907	\$14,357	\$6,088	\$4,594
10	\$119,944	\$102,415	\$17,529	\$6,758	\$4,265
Total	\$815,972	\$718,136	\$97,836	\$65,701	\$60,933

Discounted payback period for taxes abated and incentives 10 Years

Average annual rate of return over the next ten years on the city's investment of taxes abated and incentives for the firm 107.82%

Cost-Benefit Ratio 1.08

Costs and Benefits for Johnson County

Benefits to the county from the firm, its employees and spin-off benefits:

Year	Sales Taxes	Property Taxes	Other County Revenues	Total
Construction Period	\$1,844	\$0	\$0	\$1,844
1	\$13,928	\$14,360	\$35,031	\$63,319
2	\$18,888	\$14,806	\$54,223	\$87,917
3	\$23,994	\$15,313	\$74,216	\$113,524
4	\$29,251	\$15,884	\$95,037	\$140,171
5	\$34,661	\$16,522	\$116,710	\$167,893
6	\$52,029	\$17,128	\$139,264	\$208,421
7	\$45,956	\$17,754	\$162,726	\$226,436
8	\$51,849	\$18,398	\$187,124	\$257,371
9	\$57,908	\$19,061	\$212,487	\$289,457
10	\$64,140	\$19,745	\$238,846	\$322,731
Total	\$394,449	\$168,971	\$1,315,665	\$1,879,085

The County's costs, property taxes abated and incentives provided to the firm:

Year	County Costs for the firm and County Services for New Residents	Property Taxes Abated	Incentives	Total
Construction Period	\$0	\$0	\$0	\$0
1	\$13,223	\$7,134	\$0	\$20,357
2	\$20,567	\$7,286	\$0	\$27,853
3	\$28,217	\$7,441	\$0	\$35,658
4	\$36,183	\$7,600	\$0	\$43,783
5	\$44,476	\$7,762	\$0	\$52,238
6	\$53,106	\$7,927	\$0	\$61,033
7	\$62,084	\$8,096	\$0	\$70,179
8	\$71,419	\$8,268	\$0	\$79,687
9	\$81,125	\$8,444	\$0	\$89,569
10	\$91,211	\$8,624	\$0	\$99,835
Total	\$501,611	\$78,581	\$0	\$580,192

Net Costs and Benefits for Johnson County

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$1,844	\$0	\$1,843	\$1,843	\$0
1	\$63,319	\$20,357	\$42,962	\$39,056	\$6,485
2	\$87,917	\$27,853	\$60,064	\$49,639	\$6,021
3	\$113,524	\$35,658	\$77,865	\$58,501	\$5,590
4	\$140,171	\$43,783	\$96,388	\$65,834	\$5,190
5	\$167,893	\$52,238	\$115,655	\$71,812	\$4,819
6	\$208,421	\$61,033	\$147,388	\$83,196	\$4,474
7	\$226,436	\$70,179	\$156,256	\$80,184	\$4,154
8	\$257,371	\$79,687	\$177,683	\$82,890	\$3,857
9	\$289,457	\$89,569	\$199,887	\$84,771	\$3,581
10	\$322,731	\$99,835	\$222,896	\$85,936	\$3,324
Total	\$1,879,085	\$580,192	\$1,298,892	\$703,662	\$47,495

Discounted payback period for taxes abated and incentives 2 Years

Average annual rate of return over the next ten years on the county's investment of taxes abated and incentives for the firm 1481.55%

Cost-Benefit Ratio 14.82

Costs and Benefits for the School District where the firm is or will be located: Olathe School Di

Benefits to the school district from the firm, its employees and spin-off benefits:

Year	Property Taxes	Additional State, Federal and Other School Funding	Total
1	\$38,164	\$265,810	\$303,974
2	\$39,230	\$407,207	\$446,437
3	\$40,411	\$554,507	\$594,918
4	\$41,712	\$707,898	\$749,610
5	\$43,140	\$867,571	\$910,711
6	\$44,519	\$1,033,725	\$1,078,244
7	\$45,936	\$1,206,564	\$1,252,500
8	\$47,393	\$1,386,297	\$1,433,691
9	\$48,892	\$1,573,139	\$1,622,032
10	\$50,433	\$1,767,312	\$1,817,745
Total	\$439,831	\$9,770,031	\$10,209,862

Total costs for the School District:

Year	Additional Costs	Property Taxes Abated	Total
1	\$265,810	\$18,999	\$284,809
2	\$407,207	\$19,404	\$426,611
3	\$554,507	\$19,817	\$574,325
4	\$707,898	\$20,239	\$728,137
5	\$867,571	\$20,671	\$888,242
6	\$1,033,725	\$21,111	\$1,054,836
7	\$1,206,564	\$21,561	\$1,228,125
8	\$1,386,297	\$22,020	\$1,408,317
9	\$1,573,139	\$22,489	\$1,595,628
10	\$1,767,312	\$22,968	\$1,790,280
Total	\$9,770,031	\$209,279	\$9,979,309

Net Costs and Benefits for the School District: Olathe School District

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$303,974	\$284,809	\$19,164	\$17,422	\$17,272
2	\$446,437	\$426,611	\$19,826	\$16,385	\$16,036
3	\$594,918	\$574,325	\$20,593	\$15,472	\$14,889
4	\$749,610	\$728,137	\$21,472	\$14,666	\$13,824
5	\$910,711	\$888,242	\$22,469	\$13,951	\$12,835
6	\$1,078,244	\$1,054,836	\$23,407	\$13,213	\$11,917
7	\$1,252,500	\$1,228,125	\$24,375	\$12,508	\$11,064
8	\$1,433,691	\$1,408,317	\$25,373	\$11,837	\$10,272
9	\$1,622,032	\$1,595,628	\$26,403	\$11,197	\$9,537
10	\$1,817,745	\$1,790,280	\$27,465	\$10,589	\$8,855
Total	10,209,862	\$9,979,309	\$230,552	\$137,240	\$126,502

Discounted payback period for taxes abated and incentives 9 Years

Average annual rate of return over the next ten years on the school district's investment of taxes abated and incentives for the firm 108.49%

Cost-Benefit Ratio 1.08

Costs and Benefits for a neighboring School District: Gardner-Edgerton Schools

Benefits to the school district from the firm, its employees and spin-off benefits:

Year	Property Taxes	Additional State, Federal and Other School Funding	Total
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
Total	\$0	\$0	\$0

Total costs for the School District:

Year	Additional Costs
1	\$0
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$0

Net Costs and Benefits for the School District: Gardner-Edgerton Schools

Year	Public Benefits	Total Costs	Net Benefits or (Costs)	Present Value of Net Benefits
1	\$0	\$0	\$0	\$0
2	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0
6	\$0	\$0	\$0	\$0
7	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0

Discounted payback period for taxes abated and incentives N/A

Average annual rate of return over the next ten years on the school district's investment of taxes abated and incentives for the firm N/A

Cost-Benefit Ratio N/A

Costs and Benefits for Special Taxing District: Johnson County Community College

Benefits to the special taxing district from the firm, its employees and spin-off benefits:

Year	Property Taxes	Additional Revenues	Total
1	\$7,016	\$4,275	\$11,291
2	\$7,267	\$6,986	\$14,252
3	\$7,559	\$9,810	\$17,369
4	\$7,897	\$12,751	\$20,648
5	\$8,281	\$15,814	\$24,094
6	\$8,641	\$19,000	\$27,642
7	\$9,013	\$22,316	\$31,329
8	\$9,397	\$25,764	\$35,161
9	\$9,793	\$29,349	\$39,142
10	\$10,202	\$33,075	\$43,277
Total	\$85,066	\$179,139	\$264,205

Total costs for the Special Taxing District:

Year	Additional Costs	Property Taxes Abated	Total
1	\$1,950	\$3,475	\$5,425
2	\$3,186	\$3,549	\$6,735
3	\$4,475	\$3,624	\$8,099
4	\$5,816	\$3,702	\$9,518
5	\$7,213	\$3,780	\$10,994
6	\$8,667	\$3,861	\$12,528
7	\$10,179	\$3,943	\$14,122
8	\$11,752	\$4,027	\$15,779
9	\$13,387	\$4,113	\$17,500
10	\$15,087	\$4,201	\$19,287
Total	\$81,713	\$38,274	\$119,987

Net Costs and Benefits for Special Taxing District: Johnson County Community College

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$11,291	\$5,425	\$5,865	\$5,332	\$3,159
2	\$14,252	\$6,735	\$7,516	\$6,212	\$2,933
3	\$17,369	\$8,099	\$9,270	\$6,965	\$2,723
4	\$20,648	\$9,518	\$11,130	\$7,602	\$2,528
5	\$24,094	\$10,994	\$13,100	\$8,134	\$2,347
6	\$27,642	\$12,528	\$15,113	\$8,531	\$2,179
7	\$31,329	\$14,122	\$17,206	\$8,829	\$2,023
8	\$35,161	\$15,779	\$19,381	\$9,041	\$1,879
9	\$39,142	\$17,500	\$21,641	\$9,178	\$1,744
10	\$43,277	\$19,287	\$23,989	\$9,249	\$1,619
Total	\$264,205	\$119,987	\$144,218	\$79,072	\$23,136

Discounted payback period for taxes abated and incentives 4 Years

Average annual rate of return over the next ten years on the taxing district's investment of taxes abated and incentives for the firm 341.78%

Cost-Benefit Ratio 3.42

Costs and Benefits for Special Taxing District: School District Excluded Mills

Benefits to the special taxing district from the firm, its employees and spin-off benefits:

Year	Property Taxes	Additional Revenues	Total
1	\$6,040	\$491,076	\$497,116
2	\$6,231	\$752,304	\$758,534
3	\$6,448	\$1,024,437	\$1,030,884
4	\$6,693	\$1,307,822	\$1,314,514
5	\$6,967	\$1,602,814	\$1,609,781
6	\$7,227	\$1,909,779	\$1,917,007
7	\$7,496	\$2,229,095	\$2,236,590
8	\$7,772	\$2,561,146	\$2,568,918
9	\$8,058	\$2,906,332	\$2,914,389
10	\$8,351	\$3,265,060	\$3,273,411
Total	\$71,283	\$18,049,863	\$18,121,146

Total costs for the Special Taxing District:

Year	Additional Costs	Property Taxes Abated	Total
1	\$738,225	\$0	\$738,225
2	\$1,138,379	\$0	\$1,138,379
3	\$1,555,244	\$0	\$1,555,244
4	\$1,989,352	\$0	\$1,989,352
5	\$2,441,247	\$0	\$2,441,247
6	\$2,911,490	\$0	\$2,911,490
7	\$3,400,658	\$0	\$3,400,658
8	\$3,909,344	\$0	\$3,909,344
9	\$4,438,157	\$0	\$4,438,157
10	\$4,987,724	\$0	\$4,987,724
Total	\$27,509,820	\$0	\$27,509,820

Net Costs and Benefits for Special Taxing District: School District Excluded Mills

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$497,116	\$738,225	(\$241,109)	(\$219,190)	\$0
2	\$758,534	\$1,138,379	(\$379,845)	(\$313,921)	\$0
3	\$1,030,884	\$1,555,244	(\$524,360)	(\$393,959)	\$0
4	\$1,314,514	\$1,989,352	(\$674,838)	(\$460,923)	\$0
5	\$1,609,781	\$2,441,247	(\$831,467)	(\$516,276)	\$0
6	\$1,917,007	\$2,911,490	(\$994,484)	(\$561,360)	\$0
7	\$2,236,590	\$3,400,658	(\$1,164,069)	(\$597,351)	\$0
8	\$2,568,918	\$3,909,344	(\$1,340,426)	(\$625,319)	\$0
9	\$2,914,389	\$4,438,157	(\$1,523,768)	(\$646,226)	\$0
10	\$3,273,411	\$4,987,724	(\$1,714,313)	(\$660,942)	\$0
Total	18,121,146	\$27,509,820	(\$9,388,675)	(\$4,995,469)	\$0

Discounted payback period for taxes abated and incentives N/A

Average annual rate of return over the next ten years on the taxing district's investment of taxes abated and incentives for the firm 0.00%

Cost-Benefit Ratio 0.00

Costs and Benefits for the State of Kansas

Benefits to the State from the firm, its employees and spin-off benefits:

Year	Sales Taxes	Property Taxes	Corporate and Personal Income Taxes	Other State Revenues	Total
Construction Period	\$11,375	\$0	\$6,211	\$0	\$17,586
1	\$86,050	\$10,151	\$60,988	\$17,492	\$174,680
2	\$115,188	\$10,408	\$93,121	\$27,338	\$246,054
3	\$145,189	\$10,684	\$127,251	\$37,596	\$320,719
4	\$176,074	\$10,981	\$163,547	\$48,278	\$398,880
5	\$207,861	\$11,301	\$202,208	\$59,398	\$480,767
6	\$318,571	\$11,614	\$506,502	\$70,970	\$907,657
7	\$274,221	\$11,936	\$594,159	\$83,008	\$963,324
8	\$308,842	\$12,266	\$686,162	\$95,527	\$1,102,796
9	\$344,440	\$12,605	\$782,882	\$108,542	\$1,248,468
10	\$381,055	\$12,952	\$884,841	\$122,067	\$1,400,916
Total	\$2,368,864	\$114,898	\$4,107,869	\$670,217	\$7,261,848

The State's costs, property taxes abated and incentives provided to the firm:

Year	State Costs for the firm and Services for New Residents	Cost of Educating New Students	Property Taxes Abated	Incentives	Total
Construction Period	\$0	\$0	\$0	\$0	\$0
1	\$15,732	\$100,332	\$5,063	\$0	\$121,127
2	\$24,560	\$153,704	\$5,170	\$0	\$183,434
3	\$33,757	\$209,303	\$5,280	\$0	\$248,341
4	\$43,335	\$267,202	\$5,393	\$0	\$315,930
5	\$53,306	\$327,472	\$5,508	\$0	\$386,285
6	\$63,681	\$390,188	\$5,625	\$0	\$459,495
7	\$74,475	\$455,428	\$5,745	\$0	\$535,647
8	\$85,699	\$523,269	\$5,867	\$0	\$614,836
9	\$97,368	\$593,794	\$5,992	\$0	\$697,154
10	\$109,495	\$667,086	\$6,120	\$0	\$782,701
Total	\$601,408	\$3,687,779	\$55,764	\$0	\$4,344,951

Net costs and benefits for the State of Kansas:

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$17,586	\$0	\$17,585	\$17,585	\$0
1	\$174,680	\$121,127	\$53,553	\$48,684	\$4,602
2	\$246,054	\$183,434	\$62,619	\$51,751	\$4,273
3	\$320,719	\$248,341	\$72,378	\$54,378	\$3,967
4	\$398,880	\$315,930	\$82,949	\$56,655	\$3,683
5	\$480,767	\$386,285	\$94,482	\$58,665	\$3,419
6	\$907,657	\$459,495	\$448,162	\$252,975	\$3,175
7	\$963,324	\$535,647	\$427,676	\$219,465	\$2,948
8	\$1,102,796	\$614,836	\$487,960	\$227,636	\$2,737
9	\$1,248,468	\$697,154	\$551,313	\$233,810	\$2,541
10	\$1,400,916	\$782,701	\$618,214	\$238,348	\$2,359
Total	\$7,261,848	\$4,344,951	\$2,916,897	\$1,459,952	\$33,704

Discounted payback period for taxes abated and incentives 1 Year

Average annual rate of return over the next ten years on the state's investment of taxes abated and incentives for the firm 4331.69%

Cost-Benefit Ratio 43.32

Local rates and constants used in the Analysis of HP Distribution Under JDC master resolution

City:

Olathe	City name
24.406	City mill levy
\$296,642	Average market value of new residential property in the city
1.500%	City sales tax rate
6.000%	City transient guest tax rate
\$103	Annual net revenues per household for city owned utilities
\$236	Average annual utility franchise fees collected per household
\$103	Annual revenues per resident, in addition to property, transient guest and sales taxes, utilities and utility franchise fees
\$133	The city's annual marginal cost of providing municipal services, excluding utilities, to each new resident
\$94	Annual per worker revenues for the city from businesses -- in addition to property, transient guest and sales taxes and utilities
\$121	Annual marginal cost, per worker, of providing city services, excluding utilities, to businesses

County:

Johnson	Name of county
19.0240	County mill levy
\$281,260	Average market value of new residential property in the county
1.475%	County sales tax rate
0.000%	County transient guest tax rate
\$496	The county's annual revenues per resident, excluding property; transient guest and sales taxes
\$171	The county's annual marginal cost of providing municipal services to each new resident
1.00	Regional economic multiplier adjustment for the County
\$218	Annual per worker revenues for the county from businesses -- in addition to property, transient guest and sales taxes and utilities
\$121	The county's annual marginal cost, per worker, of providing services to businesses

School District 1 -- Where the firm is or will be located

Olathe School District	Name of school district
50.665	School district 1's local option mill levy
\$271,856	Average market value of new residential property in school district 1
\$12,734	School district 1's estimated marginal cost per child
\$8,361	State funding per child in school district 1
\$4,373.00	Federal and other annual funding per child in school district 1

School District 2 -- A neighboring school district where some of the firm's new employees will live

Gardner-Edgerton Schools	Name of school district
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45.969	School district 2's local option mill levy
\$194,904	Average market value of new residential property in school district 2
\$12,155	School district 2's estimated marginal cost per child
\$8,816	State funding per child in school district 2
\$3,339.00	Federal and other annual funding per child in school district 2

Special Taxing District 1 -- Where the firm is or will be located

Johnson County Community College	Special tax district 1
9.266	Special tax district 1's mill levy
\$416,511	Average market value of new residential property in special tax district 1
\$0.00	Special tax district 1's cost per resident
\$0.00	Special tax district 1's annual addl. revenues (excl prop taxes) from each new resident
\$78	The district's annual marginal cost, per worker, of providing services to businesses
\$171	Annual per worker revenues for the district from businesses -- in addition to property sales taxes and utilities

Special Taxing District 2 -- Where the firm is or will be located

School District Excluded Mills	Special tax district 2
8	Special tax district 2's mill levy
\$294,111	Average market value of new residential property in special tax district 2
\$11,154.00	Special tax district 2's cost per resident
\$8,234.00	Special tax district 2's annual addl. revenues (excl prop taxes) from each new resident
\$2,920	The district's annual marginal cost, per worker, of providing services to businesses
\$0	Annual per worker revenues for the district from businesses -- in addition to property sales taxes and utilities

State of Kansas:

13.5	State mill levy
0.065	State sales tax rate
\$508.00	State's annual marginal revenues per new resident (excl property, income and sales taxes)
\$468.00	State's annual marginal cost of providing services to each new resident
0.115	State tax classification for residential real property
0.25	State tax classification for commercial and industrial real property
0	State tax classification for commercial and industrial machinery and equipment (7 years or more life)
0.3	State tax classification for all other tangible personal property:
7	Economic life, in years for straight line depreciation of commercial and industrial machinery & equipment
0	Minimum taxable value as a percent of retail cost of commercial and industrial machinery & equipment
\$180	The state's annual marginal cost, per worker, of providing services to businesses
\$212	Annual per worker revenues for the state from businesses, excluding property, income and sales taxes
45.00%	Percent of gross salary that a typical Kansas worker spends on taxable goods and services

Personal Income Taxes:

Income >	Over	But Not Over	=	Tax	+	Tax Rate
	\$0	\$30,000		\$0		3.50%
	\$30,000	\$60,000		\$1,050		6.25%
	\$60,000			\$2,925		6.45%
Standard Deduction >		\$6,000				
Allowance per: Exemption >		\$2,250				

Corporate Income Taxes:

Corporate Income Tax Rate >	4.00%
Surtax Rate >	3.05%
Amount Over Which Surtax Applies >	\$50,000.00

Other Rates:

2.13%	Inflation
10.00%	Discount rate for calculating the present value of costs and benefits

Comments:

UPDATED 5/19 Updated 8/17 to account for the now excluded prorated 8 mills from the general school fund at th

Market or retail value of the firm's initial new or additional investment in: 1

\$567,000	Land
\$2,433,000	Building and improvements
\$0	Furniture, Fixtures and Equipment

Sum of the firm's initial new or additional investment

\$3,000,000

Projected Expansions

0 Year of 2nd Expansion

\$0	Land
\$0	Building and improvements
\$0	Furniture, Fixtures and Equipment

Sum of the firm's second expansion investment

\$0

0 Year of 3rd Expansion

\$0	Land
\$0	Building and improvements
\$0	Furniture, Fixtures and Equipment

Sum of the firm's third expansion investment

\$0

0 Year of 4th Expansion

\$0	Land
\$0	Building and improvements
\$0	Furniture, Fixtures and Equipment

Sum of the firm's fourth expansion investment

\$0

Sales and Purchases

2

New or additional sales of the firm:

Year 1:	\$2,500,000
Year 2:	\$3,000,000
Year 3:	\$3,600,000
Year 4:	\$4,320,000
Year 5:	\$5,184,000
Year 6:	\$6,220,800
Year 7:	\$7,464,960
Year 8:	\$8,957,952
Year 9:	\$10,749,542
Year 10:	\$12,899,451
Total:	\$64,896,705

Annual operating expenditures by the firm subject to sales taxes:

Year 1:	\$2,000,000
Year 2:	\$2,000,000
Year 3:	\$2,000,000
Year 4:	\$2,000,000
Year 5:	\$2,000,000
Year 6:	\$6,000,000
Year 7:	\$2,000,000
Year 8:	\$2,000,000
Year 9:	\$2,000,000
Year 10:	\$2,000,000
Total:	\$24,000,000

Percent of sales subject to sales taxes in the:

City:	0.00%
County:	0.00%
State:	0.00%

Percent of annual taxable operating expenditures in the:

City:	10.00%
County:	20.00%
State:	30.00%

% of sales on which state corporate income taxes will be computed (ie: Annual net taxable income)

10.00%

Property taxes**3**Will the Firm be located within City property tax jurisdiction ? (Y or N): ☒ Y**Revenues from utilities and franchise fees**

Net revenues from city-owned utilities provided to the firm

Construction period	\$0
Year 1:	\$696
Year 2:	\$696
Year 3:	\$696
Year 4:	\$696
Year 5:	\$696
Year 6:	\$696
Year 7:	\$696
Year 8:	\$696
Year 9:	\$696
Year 10:	\$696
Total:	\$6,960

City utility franchise fees to be collected on the firm's utility usage

Construction period	\$0
Year 1:	\$800
Year 2:	\$800
Year 3:	\$800
Year 4:	\$800
Year 5:	\$800
Year 6:	\$800
Year 7:	\$800
Year 8:	\$800
Year 9:	\$800
Year 10:	\$800
Total:	\$8,000

Payments by the firm and the cost of providing other services to the firm 4

Extra payments that the firm will make to the city, county and state -- those payments over and above property, sales and income taxes and utilities and other on-going payments made by all firms

	City	County	State
Construction period:	\$50,000	\$0	\$0
Year 1:	\$0	\$0	\$0
Year 2:	\$0	\$0	\$0
Year 3:	\$0	\$0	\$0
Year 4:	\$0	\$0	\$0
Year 5:	\$0	\$0	\$0
Year 6:	\$0	\$0	\$0
Year 7:	\$0	\$0	\$0
Year 8:	\$0	\$0	\$0
Year 9:	\$0	\$0	\$0
Year 10:	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Extra cost of providing public services to the firm -- those services that are over and above incentives, utilities and typical services provided to all firms in the city, county and

	City	County	State
Construction period:	\$0	\$0	\$0
Year 1:	\$25,704	\$0	\$0
Year 2:	\$25,704	\$0	\$0
Year 3:	\$25,704	\$0	\$0
Year 4:	\$25,704	\$0	\$0
Year 5:	\$25,704	\$0	\$0
Year 6:	\$25,704	\$0	\$0
Year 7:	\$25,704	\$0	\$0
Year 8:	\$25,704	\$0	\$0
Year 9:	\$25,704	\$0	\$0
Year 10:	\$25,704	\$0	\$0
Total:	\$257,040	\$0	\$0

Employee information

5

Number of new employees to
be hired each year

Number of new employees
moving to the county each year
from out of state

Total number of new
employees moving to the
county each year

Year 1:	25
Year 2:	15
Year 3:	15
Year 4:	15
Year 5:	15
Year 6:	15
Year 7:	15
Year 8:	15
Year 9:	15
Year 10:	15
Total:	160

Year 1:	6
Year 2:	3
Year 3:	3
Year 4:	3
Year 5:	3
Year 6:	3
Year 7:	3
Year 8:	3
Year 9:	3
Year 10:	3
Total:	33

Year 1:	14
Year 2:	7
Year 3:	7
Year 4:	7
Year 5:	7
Year 6:	7
Year 7:	7
Year 8:	7
Year 9:	7
Year 10:	7
Total:	77

New indirect employees who will be moving to the county, as
a per cent of new direct employees:

From out-of-State:

Total moving to the county:

Employee salary and household information

6

Average annual
salaries of
employees

Year 1:	\$42,000
Year 2:	\$42,630
Year 3:	\$43,269
Year 4:	\$43,918
Year 5:	\$44,577
Year 6:	\$45,246
Year 7:	\$45,924
Year 8:	\$46,613
Year 9:	\$47,312
Year 10:	\$48,022
Total:	\$449,513

Where new employees moving to the county
will live

80.00%	In the City.
70.00%	In the school district where the firm is located.
0.00%	In school district 2
100.00%	In special taxing district 1.
100.00%	In special taxing district 2.

Where employees will shop, as a percent of their total shopping:

80.00%	In Kansas.
60.00%	Within the County.
40.00%	In the City.

Household size of a typical new worker at the firm.

Number of school age children in the household of
a typical new worker at the firm.

Percent of new workers who move to the community that will
(1) buy new homes or mobile homes within the first five years or
(2) require the building of new residential units.

Value of incentives being offered to the firm:

	By the City	By the County	By the State
Construction period:	\$0	\$0	\$0
Year 1:	\$0	\$0	\$0
Year 2:	\$0	\$0	\$0
Year 3:	\$0	\$0	\$0
Year 4:	\$0	\$0	\$0
Year 5:	\$0	\$0	\$0
Year 6:	\$0	\$0	\$0
Year 7:	\$0	\$0	\$0
Year 8:	\$0	\$0	\$0
Year 9:	\$0	\$0	\$0
Year 10:	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Percent of property taxes to be abated on:

8

	Land	Buildings and Improvements	Furniture, Fixtures & Equipment
Year1	50.00%	50.00%	100.00%
Year2	50.00%	50.00%	100.00%
Year3	50.00%	50.00%	100.00%
Year4	50.00%	50.00%	100.00%
Year5	50.00%	50.00%	100.00%
Year6	50.00%	50.00%	100.00%
Year7	50.00%	50.00%	100.00%
Year8	50.00%	50.00%	100.00%
Year9	50.00%	50.00%	100.00%
Year10	50.00%	50.00%	100.00%

Property taxes to be abated by the following taxing entities:

☒ = Yes - Taxes to be abated☒ City☒ County☒ School District☒ Special Taxing District 1☐ Special Taxing District 2☒ The State

Construction

9

	Initial construction or expansion	2nd Expansion	3rd Expansion	4th Expansion
Construction Cost	\$2,433,000	\$0	\$0	\$0
Construction Profit Percentage	4.00%	0.00%	0.00%	0.00%
Taxable materials purchased in:				
Kansas	\$0	\$0	\$0	\$0
The County	\$0	\$0	\$0	\$0
The City	\$0	\$0	\$0	\$0
Taxable FFE purchased in:				
Kansas	\$0	\$0	\$0	\$0
The County	\$0	\$0	\$0	\$0
The City	\$0	\$0	\$0	\$0
Total Construction Salaries:	\$250,000	\$0	\$0	\$0
Construction Salaries spent in:				
Kansas	\$175,000	\$0	\$0	\$0
The County	\$125,000	\$0	\$0	\$0
The City	\$52,500	\$0	\$0	\$0
Amt. paid to avg. cons. worker	\$16,666	\$0	\$0	\$0
HH size - avg. cons. worker:	4	0	0	0
Nr. cons. workers:	15	0	0	0

Visitors

10

Number of out-of-town visitors expected at the firm each year

Year 1:	30
Year 2:	30
Year 3:	30
Year 4:	30
Year 5:	30
Year 6:	30
Year 7:	30
Year 8:	30
Year 9:	30
Year 10:	30
Total:	300

Average number of days that each visitor will stay in the city

Daily retail spending by a visitor, excluding lodging:

In the City
 Anywhere in the County

The number of nights that a typical visitor will stay in a local hotel or motel:

In the City
 Anywhere in the County

Average daily hotel / motel room rates:

In the City
 Anywhere in the County