

FY 2007 Annual Investment Projects Report

Pursuant to Local Law 48 Project Description, Employment and Assistance Data

This documents describes the variables included in the file LL 48 2007 Project Information, which contains data published in the Fiscal Year (FY) 2007 Annual Investment Projects Report pursuant to Local Law 48 (hereinafter, LL48 Report), Volume II. Because data collection, reporting requirements, definitions and other information vary over time, this document also outlines certain caveats meant to facilitate the interpretation and analysis of the data. The information included herein is complementary to the information provided in Volume I and Volume II of the FY 2007 LL48 Report. NYCEDC staff would welcome the opportunity to provide further assistance as requested.

Projects included in this report are land sale and development lease projects that commenced in FY00 through FY07 and other projects that commenced in FY99 through FY07.

LL48 states that with regard to any project for which the project agreement and any other documents applicable to such project have been executed on or after July 1, 2005, the report is for the period commencing on the date of execution of such agreement or document through the final year that the project receives assistance, except that for projects consisting of the sale or lease of City-owned land, the report is for the period from the date of the lease or conveyance of title by the City and continues for at least seven years. For projects in existence prior to July 1, 2005, the report is for the first seven years from the date of execution of any project agreement or document. Note that, in order to provide for a more complete inclusion of projects in the report, for purposes of the requirements described in the preceding sentence, NYCEDC has substituted July 1, 1998 for July 1, 2005.

The file LL48 2007 Project Information spreadsheet contains two tabs:

1. 'Project Data' includes all the information reported on the Project Reporting Table (RPT) included in Volume II of the FY 2007 LL48 Report except the comments; and
2. 'Project Comments' includes the comments included on the Project Reporting Table (RPT) included in Volume II of the FY 2007 LL48 Report.

Project Data Tab

This tab contains 540 rows in addition to the title rows. Each of the 540 rows represents the information from a project reporting table as presented in Volume II of the FY 2007 LL48 Report. The 540 entries can be broken down as follows:

- 537 rows with information for each on the 537 reported projects. Multiple projects pertaining to certain companies ("Linked Projects") are aggregated in the report. Information on such projects is accordingly combined and presented under the ID of the earliest project or the ID of the earliest project receiving PILOT assistance within the scope of the report. Linked Projects are identified and footnoted in Volume II of the Report. See also the description of the variable LL48ID below;
- 1 row reporting aggregated information relative to projects receiving financial assistance of a yearly amount of \$150,000 or less in the form of BIR energy incentive;
- 1 row reporting aggregated information relative to Development Leases with less than 25 current or projected FTE employment.
- 1 row reporting aggregated information relative to land sales with less than 25 current or projected FTE employment.

The following variables are included in columns:

1. **LL48 ID:** Each NYCEDC project was assigned a unique identification number that enables the model to utilize the proper information stored in the database. In the case of a company that reports total employment covering multiple projects included in the time frame of this report, a single PRT contains the combined cost and benefit information for all such projects. In these cases, the descriptive information in columns 1 to 15 refer to the project with the earliest start date, except that when all of the projects are IDA projects, the entries in columns 8 and 9 are the sum of the individual project amounts.

2-7. These items provide the project participant's business name and location.

2. **Project Name**

3. **Location**

4. **Borough**

5. **Council District**

6. **Block**

7. **Lot**

8-9. **Square Feet of Land and Building:** The size of the lot (in square feet) and the actual or planned area of the building, contained in the project location. These data, which sometimes come from the Department of Finance, were used to estimate annual property taxes paid for the project when property assessment figures were not available. Square footage data is not available uniformly for all projects (e.g., some older projects, BIR projects, etc.).

10. **NAICS Code:** The project's North American Industrial Classification System Code. Certain projects were intended for multiple tenants, potentially falling within different NAICS codes. For these projects, the NAICS code for the largest tenant is listed. The Cost-Benefit analysis matches the 3 digit level NAICS code to the corresponding RIMS multiplier.

11. **Program Name:** The specific NYCEDC, NYCIDA or NYCCRC program under which assistance is provided (e.g., Manufacturing Facility Bond, Commercial Incentive, Not-for-Profit Bond, Land Sale, etc.).

12. **Start Date:** The Start Date is the date on which the transaction with NYCEDC, NYCCRC and/or NYCIDA was executed and, if applicable, financial assistance was made available.

13. **End Date:** The date on which the company's agreement with NYCEDC, NYCCRC or NYCIDA is scheduled to terminate after which it is excluded from the report. In case the project is terminated prior to the maturity date (e.g., because of employee relocation, failure to operate at the project facility, prepayment by company, etc.), the project falls out of scope for the Report following termination.

14. **Project Amount:** The amount of the company's investment or, in the case of land sales, the amount paid for the property and in case of loans it is the amount of the loan. In the case of tax-exempt bond programs, the total amount of tax-exempt bonds authorized is provided instead. This amount may be lower than the investment amount. For development lease and energy assistance projects, this field is left blank.

15. **Type of Assistance:** This item lists the types of assistance (involving a City Cost) the company received (e.g., sales tax exemption, MRT exemption, etc.) or is authorized to receive during the life of the project.

16-22. **Current Jobs data:** These figures are self-reported by the companies as of the end of FY 2007 (June 30, 2007) and includes information on their tenants if applicable.

16-17. Part-time employees are those who work fewer than 35 hours per week.

16. **Part Time Perm Jobs**

17. **Part Time Temp Jobs**

18. **Full Time Perm Jobs**

19. **Full Time Temp Jobs**

20. **Contract Employees:** Prior to FY 2005, contract jobs were not surveyed as a separate category and it is not possible to determine how companies reported such jobs (e.g., whether they included them in the current jobs or not).

21. **Total Jobs Current:** The sum of the full-time, part-time, and contract jobs figures.

22. **Current Jobs FTE:** The full time equivalent employment given by: $18 + 19 + 20 + \frac{1}{2} (16 + 17)$. This figure is used for the estimate of the economic impact of the projects. For beneficiaries of the Commercial Growth program, FTE jobs are given by the average monthly employment for the 12-month period, as specified in the assistance agreement, that ends in the reporting (fiscal) year of the LL48 Report and includes jobs throughout New York City that are taken into account under job trigger provisions of the assistance agreement. If this number was not available, the later of the fiscal year-end snapshot and the previous annual average employment is used. If a company did not submit a report for the reporting year, the fields are left blank. In this case, Current Jobs FTE is equal to the previous year's figure, or jobs at the time of project application, in that order. When none of these data are available, the report assumes that the project supported one FTE job. As a result sometimes when data is presented after aggregation, this field might be higher than the Total Current Jobs.

Prior to FY 2009, the LL48 program and the database did not format, recognize and, hence, report the difference between 0 and missing values in the surveys. As a result, the 0 values for current jobs FTE might have been treated as missing values and therefore accordingly adjusted in the program using historical values. This was corrected in FY 2009.

Prior to FY 2008, construction jobs were not reported or surveyed as a separate category. Hence, it is difficult to assess whether companies reported on these jobs or included them as contract or current jobs.

Prior to FY 2005, contract jobs were not surveyed as a separate category and it is not possible to determine how companies reported such jobs (whether they included them in the current jobs or not).

23. **Job Trigger For Current Yr.:** The figure in this item is the minimum level of employment the company must maintain in the current year to receive 100 percent of available assistance. (This applies only to the Commercial Incentive program.) If average annual employment falls below a certain percentage of "base jobs," reduction or cancellation of assistance is triggered. The percentage varies by project and by whether the fall in the employment level was due to relocation. The figure shown is the highest employment level pertinent for triggering any benefit reduction.

24. **Total Jobs At Start FTE:** Full time equivalent employment at the time the project application was filed and/or project closing. In cases where the company is a real estate company that owns real estate at the project location, this figure includes jobs of the company's tenants. For Commercial Growth projects, this figure generally includes jobs throughout New York City taken into account in administering provisions of the assistance agreement that make certain benefits contingent on annual employment. For certain other projects, this figure may represent citywide jobs of the company at the time the project application was filed and/or project closing.

This field could be 0 due to the following reasons:

1. This field may be blank in cases of start-up companies.
2. The jobs at the project location might have been 0 for a project entailing new construction.
3. Data is missing for older projects due to multiple interpretations/data labels of variables in the source database, especially prior to FY 2005.

25. **Jobs Projected:** The company's projection, provided at the time of application, of the number of jobs that would exist 3 years after the start of the project. For Commercial Incentive projects, the projection is of jobs at the end of the project; for land sales, the projection period is variable from 3 to 7 years.

26-33. **Employee Information:** These columns do not take into account employees of tenants. If a company did not supply this information for the reporting year, the fields are left blank. Items 26 to 30 were not required for companies with employment of less than 250 at project locations.

26. **Exempt:** The percentage of the company's employees that are classified as "exempt" under the federal Fair Labor Standards Act. Generally, an exempt employee is not eligible for overtime compensation.

27-30. **Non-Exempt:** These columns list the percentages of employees that are "non-exempt" and whose annual earnings fall within various ranges. The "greater than \$50,000" category was computed by subtracting from the total number of non-exempt employees (as reported on the survey form) the sum of the employees in the lowest three earnings ranges. The sum of items 26 through 30 may differ from 100% because of rounding.

31. **% Living In NYC:** The percentage of employees of the company who are residents of NYC.

32-33. **Health Benefits Offered:** These columns report whether or not the company offers health benefits to all its full-time and part-time employees, respectively.

Cost and Benefit Calculations

Several of the items of City Benefit reported in the next section of the table use economic output estimates generated by the RIMS model:

- **Estimated Company Direct Output:** The model estimates the subject company's annual business output for each year by dividing the number of its FTE employees by the relevant RIMS factor representing the typical number of jobs per million dollars of output for that sector.
To project employment in future years, as described above, the report assumes that employment will stay at the FY07 figure.
- **Estimated Indirect and Induced Output:** The model uses the proportional relationships between direct and total outputs expressed in the RIMS II model to calculate the remaining indirect and induced output attributable to the company's business activity.
- **Estimated Total Output:** The model estimates the total output (direct, indirect and induced output) associated with the subject company's business activity by taking the product of the Output multiplier and the Estimated Company Direct Output.

The RIMS II factors produce dollar figures in 2002, 2004 or 2005 dollars. The model converts these figures into current dollars for each fiscal year using historical and projected inflation factors. For years after 2007, output is assumed to grow at 3.5% annually. Actual data for tax savings (project assistance) and estimates for direct tax liability generated directly and indirectly by the project in absence of assistance from NYCIDA/NYCEDC (full tax) are reported for FY07 in the column 'FY07'.

The column 'Through FY07' provides the present value, as of the project start date, of the estimated full taxes and the tax savings for each project from the project start date through FY 07. All present values are computed using the discount rate in effect at the Start Date. For projects beginning in FY06 or later, the discount rate is 6.25 percent, and for all other projects, the discount rate is 7.75 percent.

For all types of assistance other than development leases and land sales, the column 'FY07 and after' presents estimates of present values, as of the project start date, of estimated figures from FY07 through the End Date. (BIR assistance provided to projects that also receive NYCIDA assistance is assumed to be extended through the end of the NYCIDA project.) For land sales and ground leases, the present values take into account estimates only through the fiscal year that includes the date 7 years after the Start Date. The bases of all taxes are assumed to increase from their FY07 level by 3.5 percent annually.

The column 'Total' sums the 'Through FY07' and 'FY08 and After' columns. For Commercial Incentive projects, a maximum assistance amount generally is provided in the project agreement and is included in the 'Total' column; the column 'FY08 and After' is the 'Total' less the 'Through FY 07' column rather than a figure derived from projected annual amounts. Note that the 'Total' amounts may include some assistance that will be available to the company only if future employment exceeds specified levels.

34-65. **Real Property-Related Taxes:** This section of the spreadsheet shows the real property-related taxes generated by the company and by those companies that produce the indirect economic activity.

34-41. **Company Direct Property Taxes:** For a project that receives PILOT assistance, NYCEDC obtains information from DOF on what real property tax liability would have been for the land and the structure in the absence of this assistance and in the absence of possible benefit from the ICIP program. When such data are not available, NYCEDC estimates property taxes by multiplying the effective tax rate by the Assessed Value (or, if lower, Transitional Value) obtained from DOF. If assessed value information is unavailable from DOF sources, NYCEDC estimates the assessed value of the property by multiplying the square footage of land or building by the average assessed value per square foot for the zip code in which the property is located. Development leases show no company direct property tax because, in such cases, the land remains titled to NYCEDC and thus no property taxes are paid.

42-45. **Mortgage Recording Tax:** This column is an estimate of the MRT (without regard to any exemption) generated directly by the project. For NYCIDA projects receiving a MRT exemption, this amount is set equal to the Mortgage Recording Tax Exemption amount based on the assumption that the exemption offsets all MRT that otherwise would be due. For other NYCIDA projects, the mortgage is assumed to be equal to the bank loan and bond amounts reported to NYCIDA as sources of funds for the transaction. For land sales, the mortgage is assumed to be 75 percent of the sales price. For other programs, this amount is estimated to be zero.

46-49. **PILOT Savings:** Tax savings realized by the company due to the PILOT agreement are reported here, as obtained from DOF. PILOT savings figures may be overstated since they may include property tax savings that would have been available as-of-right under the ICIP administered by DOF. For purposes of projections for FY08 and thereafter, PILOT savings is assumed to grow by 3.5 percent annually from its FY07 level.

50-53. **Mortgage Recording Tax Exemption:** The City portion of tax savings enjoyed by the company due to its exemption from the MRT are reported here based on data in NYCEDC/NYCIDA project files. The total benefit is reported in the year that the project closes.

54-61. **Indirect and Induced Property Related Taxes:** Estimates of the property-related taxes paid by other businesses benefiting directly or indirectly from the company's economic activity are reported here. These estimates represent the project's estimated indirect and induced output resulting from its economic activity multiplied by the ratio of New York City's property taxes to its Gross City Product for the current year and the previous four years. These taxes are split between land and building using an estimate based on the average ratio of Land and Building assessed values.

62-65. **Total Real Property-Related Taxes:** These columns sum up Company Direct Property Taxes - Land and Building, Mortgage Recording Tax and Indirect and Induced Property Related Taxes, less any PILOT Savings or Mortgage Recording Tax Exemption enjoyed by the participating company.

66-89. **Income, Consumption and Use Taxes:** This subsection presents estimates of the other taxes generated for New York City by the project's business activity.

66-69. **Company Direct:** These columns report the income, consumption and use taxes generated by the company itself, including sales tax, business income and employees' personal income taxes. These figures were estimated by multiplying the RIMS estimate of company direct output by the ratio of City receipts for these taxes to Gross City Product for the current year and the previous four years. The estimate corrects for the facts that, on average, a small proportion of a company's employees do not reside within the City (which affects employee income taxes) and that non-profits have reduced tax liability.

70-73. **Sales Tax Exemption:** Tax savings enjoyed by the company due to the City portion of its sales tax exemption. For purpose of computing the present value of the savings in FY07 and thereafter for projects other than Commercial Incentive projects, the difference between the maximum allowed exemption and amounts used through FY07 were assumed to be realized in FY07. (As noted above, for Commercial Incentive projects, the 'FY 08 and After' column generally is computed by subtracting the amount in the 'Through FY 07' column from the 'Total' figure, which is taken from the project agreement.)

74-77. **Energy Tax Savings:** The City charges utility taxes and sales tax on the purchase of energy. Through NYCPUS and BIR assistance, low-cost energy is provided to project businesses. The estimated value of the City taxes forgone due to the lower cost of electricity is included in these columns.

78-81. **Tax Exempt Bond Savings:** Through IDA some companies receive the benefit of lower interest rates due to the exemption of interest earned on their bonds from City, State, and Federal income taxes. An estimate of City income taxes forgone due is included in these columns. It is calculated assuming that 35 percent of bonds exempt from City taxes are held by taxpayers subject to City income taxes, that the applicable marginal tax rate is 3.648 percent (the highest rate under the City's income tax), and that the taxable equivalent interest rate is 1.24 times the actual rate on the bond. These factors are applied to the average bond balances in each fiscal year to produce the estimate of City income tax foregone. Projections assumed that bond balances remain constant at their level at the end of FY07.

82-85. **Indirect and Induced:** Estimates of the income, consumption and use taxes paid by those businesses benefiting directly or indirectly from the company's economic activity are reported here. These estimates represent the project's estimated indirect and induced output multiplied by the ratio of New York City's total non-property taxes to its Gross City Product for the previous years. As for item Company Direct, the estimate corrects for the facts that, on average, a small proportion of employees working in the City do not reside within the City.

86-89. **Total Income, Consumption and Use Taxes:** These columns total the Company Direct and Indirect and Induced figures in this subsection less any Sales Tax Exemption, Energy Tax Savings, or Tax Exempt Bond Savings enjoyed by the participating company.

90-93. **Assistance Provided:** These columns sum the total assistance provided (Mortgage Recording Tax Exemption, PILOT Savings, Sales Tax Exemption, Energy Tax Savings and Tax Exempt Bond Savings).

94-97. **Recapture/cancellation/reduction amount:** Under certain circumstances (employee relocation, prepayment by company etc.) the assistance provided to the company is reduced, recaptured, or cancelled. These columns provide the amount of assistance that was recaptured or recovered from the company or a reduction in possible benefits that could have been claimed in future years. Repayments of past assistance are accounted for on a cash basis, so that amounts that have been requested from companies but have not yet been repaid are not reflected in the table.

98-101. **Penalty Assessed:** These columns provide the amount of penalty assessed (interest on amounts due to IDA/NYCEDC) over and above the recapture/reduction amount.

102-105. **Total Assistance Provided (Net of recapture and penalties):** These columns equal to Assistance provided minus the sum of Recapture/cancellation/reduction amount and Penalty Assessed.

106-113. **Tax Revenue Subtotals:** These columns provide totals of all tax revenues generated by the company before assistance (columns 106-109) and other firms/households sharing in the economic activity generated (columns 110-113).

114-117. **Total Tax Revenues (Before Assistance):** The Total Tax Revenues columns provide the sum of the Tax Revenue Subtotals columns.

118-121. **Total Tax Revenues (Net of Assistance, recapture and penalties):** These columns are equal to Tax Revenue Subtotals columns minus Total Assistance Provided (Net of recapture and penalties) columns.

122. **Bond Issuance FY 07:** This column is the volume of tax-exempt bonds issued in the reporting year.

123. **Value of Energy Benefit FY 07:** This is an estimate of the total benefit a project received from BIR or NYCPUS during the reporting year (not including the tax savings) from the purchase of electricity at rates lower than the company would otherwise pay.

124-125. **DOF Incentive Programs:** This indicates the amounts of assistance the company reports receiving during the reporting year from DOF under the REAP (Relocation and Employment Assistance) and CEP (Commercial Expansion) Programs are administered by DOF. These are not included in the total assistance figure since they are not provided by NYCEDC.

Project Comments Tab

This tab provides the comments associated with each projects as reported in Vol. II PRTs.

These comments note: i) whether the company participated in multiple projects that share the same employment, ii) whether the project is a non-profit organization and hence exempt from various taxes; iii) whether the project is located on land owned by the Port Authority or City and hence exempt from property taxes; iv) whether and how NYCEDC has estimated employment data in the current reporting year due to non-reporting of employment or reporting of no employees by the company; v) whether the project has multiple locations, and, if so, the council district and borough of the project locations not reported in items 2 and 3; vi) whether assistance has been terminated before the originally planned date, and if so, whether such termination was due to company default; vii) whether the company has applied for ICIP, and viii) whether the employee information in columns 16 to 22 includes tenant information because the company leases property to tenants at the project location.