

# Fiscal and Economic Benefits of Belmont Park Redevelopment Civic and Land Use Improvement Project, Town of Hempstead, NY

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June 2019

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## Limitations

BJH Advisors, LLC (BJH) has prepared this report (the Report) for Empire State Development (ESD) in conjunction with ESD's evaluation of a major commercial and civic development at Belmont Park.

Unless otherwise stated in this Report, the assessments made assume that the developed facilities will continue to be used for the purpose and at the levels described by the proposed developer, New York Arena Partners and/or one or more affiliates of NYAP (NYAP), without significant change.

The conclusions contained in this Report are based upon information provided through public data sources and by ESD and NYAP, and upon the assumption that all relevant information has been provided by those parties from whom it has been requested. NYAP has made no representations and warranties with respect to such information and has no obligation to update assumptions or information provided for this Report. Estimated project performance is based on projections provided by NYAP and actual results may vary. Information obtained from third parties has not been independently verified by BJH, unless otherwise stated in the Report.

## Executive Summary

In 2017, Empire State Development (ESD) undertook a public procurement process for the development of underutilized parcels at Belmont Park (Project Site). The Project Site represents approximately 43 acres of land or approximately 10 percent of the total Belmont Park property. The Project Site is divided into a Site A and a Site B portion, as shown in the site plan on page 10 below.

On December 21, 2017, ESD's Directors conditionally designated, subject to all public approval processes as required by law, New York Arena Partners as the developer of a project, which will consist of several key components:

- An up to 19,000 seat arena (Arena) on Site A, totaling approximately 745,000 gross square feet (SF) with approximately 40 parking spaces, for entertainment, recreational, cultural and community uses, including use as the home arena for the New York Islanders (Islanders), a National Hockey League (NHL) franchise and other event space;
- Experiential retail, dining and retail uses on Site A (Experiential Retail) totaling up to 35,000 SF;
- Hotel facility (Hotel) on Site A of up to 210,000 SF with up to 250 keys, 400 structured parking spaces, and amenities and dining, conference and event space;
- Commercial office space (Office) on Site A of 30,000 SF;
- Landscaped plazas on Site A totaling approximately 2.0 acres;
- Community facility (Community Facility) space component of 10,000 SF on the Project Site offering educational and career development services;
- Destination retail (Retail Village) on Site B of up to 315,000 SF with up to approximately 1,500 parking spaces located

in a structure beneath Retail Village (with the total SF of the Experiential Retail and Retail Village limited to a maximum of 350,000 SF);

- Approximately 3.75 acres of passive open space on Site B including an 8-foot-high landscaped berm on Site B with dense evergreen tree landscaping on top of the berm to buffer Site B from the adjacent residential neighborhood;
- Grade-separated connections for pedestrians and vehicles above or below Hempstead Turnpike, providing access between Site A and Site B.

In addition, to improve public transit service and encourage transit ridership to the Project Site, NYAP and the Long Island Railroad (LIRR) have collectively committed to fund LIRR service upgrades, totaling \$104 million (collectively, the LIRR Improvements). These upgrades include switch and signal equipment upgrades at the existing Belmont Park Station and the construction of a new full-time Elmont Station located on the Main Line/Hempstead Branch. NYAP's payments to fund these improvements total \$30 million.

This Report presents estimates of the economic and fiscal benefits of the Belmont Park Redevelopment Civic and Land Use Improvement Project (the Project) to the Elmont Union Free School District and Sewanhaka Central High School District (Schools), the Elmont Fire District, the Town of Hempstead, Nassau County, the Metropolitan Transportation Authority (MTA), and New York State. This Report also presents estimates of the economic benefits of the LIRR Improvements.

The Arena will be the new home of the New York Islanders and will host other entertainment, cultural and community events throughout the year. All components of the Project are expected to open in 2021. The improvements to the existing LIRR Belmont

Park Station are also anticipated to be complete in 2021 at the time of Project opening, while the new full-time LIRR Elmont Station is anticipated to be partially open for service in 2021 at the time of Project opening and fully placed-in-service in 2023. For purposes of measuring the permanent fiscal and economic impacts, full operations and associated sales activities were assumed to begin in 2024. Below is a summary of the Report findings.

### Fiscal Impacts from NYAP Expenditures

The fiscal benefit estimates are based on the one-time construction spending, and on-going employment and spending activities at the Project Site that provide tax revenues to the several state and local taxing jurisdictions. A summary of those impacts follows (and a breakdown is provided in Appendix A):

- Total of \$50 million provided to ESD by NYAP including i) \$30 million between 2019 and 2021 to be applied to the LIRR Improvements; and ii) in 2020, \$20 million for Project Site infrastructure;
- Approximately \$67 million in additional payments, comprised of annual payments made by NYAP of approximately \$2.2 million over 30 years;
- Approximately \$44 million in annual tax revenues, other than PILOT, (2024 estimate which escalates), to Nassau County, the Town of Hempstead, the State and the MTA from ongoing activities at the Project Site;
- Approximately \$6 million in annual PILOT revenues (2024 estimate which escalates); the net present value<sup>1</sup> (NPV) of

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<sup>1</sup> BJH discounted the PILOT stream at 6.25%. This is the discount rate used by New York City for present value calculations of taxes over time. It

the PILOT stream is estimated to be \$272 million over 49 years, with approximately \$154 million going to the Schools, approximately \$15 million to the Elmont Fire District, and the remainder or \$103 million going to Nassau County and Town of Hempstead through an agreement between the State and the County.

### Economic Impacts of the NYAP Project

Economic impacts are defined as spending in the economy, employment, and wages from the Project's temporary / one-time and permanent / ongoing activity. Below is a summary of both one-time and on-going impacts.

#### One-Time Economic Impacts from Construction - Direct

- \$1.26 billion in direct construction spending, of which \$994 million is hard costs. The direct construction spending also includes \$30 million for LIRR station and track improvements; and an additional \$20 million in Project infrastructure improvements
- 6,366 in temporary jobs<sup>2</sup>
- \$497 million in direct earnings

#### One-Time Construction Impacts – Total, including Multiplier

- 9,240 in temporary jobs, of which 6,366 are direct construction and 2,874 are additional “spillover”<sup>3</sup> jobs

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takes into account a municipal rate of borrowing as well as more macro-economic factors such as monetary supply and future borrowing rates.

<sup>2</sup> For construction impacts, a “job” refers to one “person-year” of employment, or the employment of one person for one year.

- \$1.88 billion in total economic output
- \$654 million in total earnings

On-Going Economic Impacts from Operations - Direct

- 2,455 in direct employees, of which 618 are Arena employees and 1,148 are associated with the Retail Village; the remaining 689 employees will be associated with the Hotel, Experiential Retail, Office and Community Facility
- \$487 million in direct output annually from Project operations, including the Arena, Retail Village, Hotel, Experiential Retail, Office and Community Facility
- \$94 million in total earnings annually related to direct employees

Ongoing – Total, including Multiplier

- 3,179 in total permanent employees, of which 2,455 are direct and 724 are spillover jobs
- \$725 million in total economic output annually
- \$133 million in total annual earnings from both direct and spillover employment

**Economic Impacts of the LIRR Improvements**

One-Time Economic Impacts from Construction - Direct

- \$104 million in direct construction spending, of which 78 percent or \$81 million is estimated to be hard costs
- 520 in temporary jobs or worker years
- \$40.6 million in direct earnings

One-Time Construction Impacts – Total, including Multiplier

- \$155 million in total economic output including direct, indirect and induced expenditure
- 754 in temporary jobs, of which 520 are direct construction related jobs and 235 are additional “spillover” jobs
- \$53.4 million in total earnings

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<sup>3</sup> “Spillover” refers to effects that are “other than direct,” meaning business-to-business or employee spending.

## I. Report Scope

This Report estimates economic and fiscal beneficial impacts of a new civil and commercial mixed-use project (the Project) to be developed at Belmont Park by NYAP. The Project is comprised of a new multi-purpose arena; retail, dining & entertainment uses; a hotel; an office component; and a community facility component. The Project will also include landscaping, and connections between site areas, and requires public improvements, including offsite enhancements to Elmont Road Park and Hendrickson Avenue Park, public parks located in the Town of Hempstead; upgrades to MTA and Long Island Railroad (LIRR) switching and signal equipment at the existing Belmont Park Station; dedicated LIRR service to the Project Site for Arena events; and the construction of a new full-time LIRR Main Line Elmont station.

The Report seeks to provide the following analysis:

**Task 1: Fiscal and Economic Benefits for the Construction Phase of Project.** Included in the Report's estimates are the negotiated investments and payments that NYAP is required to make at the Site in conjunction with the Project, and an estimate of temporary construction employment and multiplier effects of the construction "event" on the Nassau County<sup>4</sup> economy, including both worker earnings and total regional employment.

**Task 2: Fiscal and Economic Benefits for Ongoing Operations at the Project Site.** Included in the Report's estimates are permanent ongoing employment at the Site and the

fiscal impacts of these employees on Elmont Union Free School District and Sewanhaka Central High School District, Elmont Fire District, Nassau County, Town of Hempstead, MTA, and State revenues (e.g. income and sales taxes). In addition, these employment and earnings estimates are used as the basis for determining the multiplier effects of the onsite activity on the Nassau County economy, worker earnings and total regional employment.

## Methodology and Assumptions

Where available, the Report relies on information provided by NYAP related to the Project spending, revenues and employment, as well as expenditure breakdown provided by the Metropolitan Transit Authority for the LIRR Improvements. Where necessary, the Report analysis makes assumptions and uses other data sources to determine information and required inputs needed to calculate the fiscal and economic impacts of the Project. Examples of the type of information used as inputs to the analysis include workers' wages, employee place of residence, tax filing status and employee taxable expenditures. Wherever possible, the Report uses published guidelines and public data sources in determining Project assumptions (e.g. U.S. Bureau of Economic Analysis and the U.S. Department of Labor Bureau of Labor Statistics Consumer Expenditure Survey). The Report also relies on current tax and fee rates to estimate potential School District, Fire District, County, Town, State, and MTA revenues generated by the construction and ongoing operations on-site.

**Multiplier Effects.** Both during construction and on an ongoing basis, the Project will generate broad-based effects on the regional and State economies. When an entity invests in capital projects or operations, it creates spin-off effects from payments to suppliers

<sup>4</sup> State impacts are not measured in this Report.

and consumer spending. These impacts, known as “economic multiplier effects,” measure the increased demand of temporary and permanent employment and associated spending on total output (other business spending), earnings (individual earnings and income), and employment (total number of jobs) generated by the ongoing activity at the Project Site.

To estimate these multiplier effects on the local economy, this Report uses the RIMS II multipliers and the construction budget and operating headcount, which act as proxies for direct construction and operating impacts respectively.

RIMS II multipliers, developed by the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce, estimate the impact on a region’s economy from an initial change in sales, income or jobs created by an event or a project.

For a given region, input-output models can estimate three types of multiplier effects:

- i. Direct – the number of jobs, output and/or earnings required to complete the construction project or provided by the operating entity.
- ii. Indirect – multiplier effect jobs, output and/or earnings related to business-to-business expenditures or created because of increased input demand.
- iii. Induced – multiplier effect jobs, output and/or earnings related to consumer spending or created by direct or indirect workers spending their household incomes in the local economy.

Although the Project is expected to open in 2021, the budgets, including construction budgets, have not been inflated. As a result, estimates in this Report are made in 2019 dollars. Furthermore, all

estimates of tax revenues are based on current tax policy, as of June 2019.

The fiscal estimates provided are total revenues, without netting out the cost of additional services that may be required to support new economic activity in the local area (e.g. police, fire, water, sewer infrastructure). In addition, the ongoing economic impact estimates do not consider assumptions related to whether the spending and jobs are moving from one site presently in New York State to the new project location. In other words, all of the employment and activity is assumed to be “net new” economic activity to the State, which is a reasonable assumption given the type and unique nature of the retail uses and the newly generated demand for hotel and accommodation services generated by the other program components.

Due to the unknown characteristics of the retail tenants’ corporate ownership, no Town, County, or New York State tax impacts associated with corporate revenues have been estimated, which is a conservative estimation.

## II. Project Description

### Overview

NYAP proposes to create a vibrant new mixed-use commercial development at Belmont Park in the Town of Hempstead, Nassau County, New York. Construction is expected to begin in 2019, and the Project is to be placed-in-service in 2021. Once completed, the Project is anticipated to offer approximately 745,000 SF of Arena uses, 350,000 SF for Experiential Retail and the Retail Village, 210,000 SF of Hotel uses, 30,000 SF of Office uses, and 10,000 SF of Community Facility uses. The site plan below provides an overview of the Project components and their locations.

### Significant Private Investment

Total Project costs are estimated to be approximately \$1.26 billion, with hard costs of approximately \$994 million and soft and financing costs of approximately \$265 million. This amount includes payments made by NYAP of \$30 million for LIRR upgrades and improvements and \$20 million for on-site infrastructure work. The breakdown of square footage by use, as well as cost by use, including costs associated with 2 acres of landscaped area on Site A, 3.75 acres of passive open space on Site B, parking and Project Site connections are included in Table 1 below.

Site Plan for NYAP Development at Belmont Park



Industry Sector	Project Costs	
	Total SF	\$MM
Arena	745,000	\$ 859
Hotel	210,000	\$ 253
Retail	315,000	\$ 147
Dining & Entertainment	35,000	(a)
Community Space	10,000	(a)
Office	30,000	(a)
<b>Total</b>		<b>\$ 1,259</b>

Source: Based on Project budget information provided by NYAP.

a) Cost included in Arena budget.

## Public-Private Investment in LIRR

In addition to the significant private investment at the Site, there will be an associated public-private investment in improving LIRR service to the Site. This public-private investment will fund upgrades to the switching and signal equipment at the existing LIRR Belmont Park Station as well as the construction of a new full-time LIRR Elmont Station that will be located on the Main Line/Hempstead Branch significantly increasing public transit access to the Site. This new full-time station will be partially open for service for eastbound customers (going from Manhattan to Long Island) in 2021 and will be fully open for both east and westbound customers in 2023. The total investment in the LIRR Improvements is anticipated to be \$104 million, of which \$30 million is to be funded by NYAP and \$74 million is to be funded by the State of New York.

### III. Assumptions

#### Temporary Employment

The Report estimates temporary construction employment – which is measured in “person-years” and is equal to the employment of one person for one year – by dividing the labor costs of the Project (50 percent of both building and infrastructure hard costs) by the cost of a worker on site per year or approximately \$78,062. This annual labor cost was derived from a weighted average of the wage of one construction manager to the wages of five other construction workers, a reasonable ratio of the types and levels of workers expected to contribute to the Project’s physical development. The total number of estimated employees for the Project is 9,240 worker years.

#### Permanent Employment

Once complete in 2021, the Project will offer the region new entertainment, dining, retail, event space, office, community facility, open space and recreational facilities. The projected average space utilization for arena and hotel worker is 1,124 SF; for full-service dining is 134 SF; for limited service dining is 100 SF; for destination retail (Retail Village) is 549 SF; for community space is 405 SF; and for office space is 228 SF. Approximately 8,750 SF of the experiential dining and retail on Site A is expected to be full-service, and approximately 26,250 SF is expected to be limited service. It should be noted that if the experiential dining and entertainment space operates two shifts of workers, the employment numbers in this category would double. The Report assumes single shifts for business at the

Project Site, except for the Retail on located on Site B where double shifts daily are assumed. The total direct employment estimate from new uses through the Project, using the SF per worker guidelines detailed above, is 2,455, and is broken down by industry sector as shown in Table 2 below.

Industry Sector	SF/Employee	Employees	Wages (\$) (b)
Arena (a)	1,124	618	\$ 47,650
Hotel	1,124	205	\$ 34,691
Retail (c)	549	1,148	\$ 33,670
Dining & Entertainment	100	328	\$ 37,062
Community Space	405	25	\$ 43,310
Office	228	132	\$ 43,310
<b>Total (d)</b>		<b>2,455</b>	

Source: Based on Project budget information provided by NYAP.

- a) 30,000 SF removed from Arena SF for purposes of employee calculation.
- b) For purposes of the fiscal and economic impacts analysis, wages are derived from the U.S. Bureau of Labor Statistics survey data for Nassau County. NYAP projects higher wages in several categories, which would serve to increase impacts.
- c) Assumes two shift of work for every brand.
- d) May not add due to rounding.

In order to make estimates of tax revenues generated by these employees, including income and sales tax revenue estimates, the Report assumes the wage averages for each employment category, also shown in Table 2 (above). These averages are based on information from the U.S. Bureau of Labor (BLS) Statistics *Occupational Employment Statistics, May 2017* for Nassau County-Suffolk County and from NYAP.

## Lease Agreement with ESD

NYAP will ground lease the Project Site from ESD in order to effectuate the development. In calculating fiscal impacts, the Report includes the new infrastructure investments associated with the Project made by NYAP, as well as annual payments, which NYAP will pay to ESD over a 30-year schedule.

## IV. One-Time Construction Impacts

### Construction Budget as Basis for Measurement

NYAP's total construction budget of \$1.26 billion will be spent over the course of an approximately 28-month construction period, generating employment and earnings in the Town of Hempstead, Nassau County and the State. Of the \$994 million in hard costs, half or \$497 million are anticipated to go to labor earnings. The construction spending will generate significant direct and spillover fiscal and economic impacts, outlined below in greater detail, for Nassau County.

Expenditure of \$104 million for the LIRR Improvements will be undertaken over the course of a 24-month construction period beginning in 2021 with an anticipated partial completion in 2021 for eastbound customers and a full completion for both east and westbound customers in 2023. The LIRR Improvements investment will generate employment and earnings in Nassau County and the State. Of the \$104 million in total costs, 78% or \$81 million is anticipated to be in hard costs, and half of the hard costs, or \$40.6 million, are anticipated to be labor earnings. There will be significant economic spillover effects (both business to business and worker to business) from this expenditure.

### Fiscal Impacts

Of NYAP's total \$1.26 billion investment, \$50 million will be spent on public infrastructure: \$30 million on the LIRR Improvements and \$20 million on site improvements. This expenditure accrues to the benefit of public goods available to all.<sup>5</sup>

### Direct and Multiplier Effects of Project Construction

The construction expenditure, earnings and employment will generate multiplier effects in the New York State economy. Those impacts are shown in Table 3 and Table 4 below, which indicate that \$1.88 billion in total output, \$654 million in total earnings and 9,240 jobs in total employment will result from construction of the Project and an additional \$155 million in total output, \$53.4 million in total earnings and 754 jobs in total employment will result from the LIRR Improvements.

As explained above in Section III, the analysis assumes an average construction wage annually of \$78,062. This is well above the annual average income for Nassau and Suffolk County of \$62,870. Furthermore, NYAP has committed to hiring contractors that provide both training and benefits, in the form of healthcare insurance, paid time-off, and retirement savings, to

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<sup>5</sup> Other fiscal impacts that typically occur at project financing will be waived in the case of the Project, Per the proposed General Project Plan (GPP) and proposed lease agreement negotiated between ESD and the NYAP, the initial construction expenditures will be exempt from sales tax, and the NYAP will be able to benefit from a mortgage recording tax waiver for any construction financing related mortgages.

construction trade workers at the site. The construction labor used for the Project is also subject to Minority- or Women-Owned Business Enterprise (MWBE) and Service-Disabled Veteran Owned Small Business (SDVOB) hiring goals by percent of total construction spending.<sup>6</sup>

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<sup>6</sup> NYAP has committed to a 30 percent MWBE contracting goal and a 6 percent SDVOB contracting goal for the construction of the Project.

<b>Table 3</b>	<b>Construction (Temporary)</b>			
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$1,259,350,000	\$252,877,480	\$368,485,810	\$1,880,713,290
Earnings	\$496,945,000	\$57,496,537	\$99,488,389	\$653,929,926
Employment	6,366	851	2,023	9,240

<b>Table 4</b>	<b>Construction (Temporary) - LIRR Improvements</b>			
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$104,000,000	\$20,883,200	\$30,430,400	\$155,313,600
Earnings	\$40,560,000	\$4,692,792	\$8,120,112	\$53,372,904
Employment	520	69	165	754

Sources: RIMS, 2016 Multipliers, BJH 2019

Notes:

- a) Does not include soft costs, escalation, or entitlement pursuit costs that are accounted for in the multiplier effects.
- b) Assumes labor accounts for 50% of costs. Labor costs, including benefits, during one worker year is assumed to be 1.5\*annual wages or \$78,062.
- c) Estimate provides number of person-years during construction period for both Project construction and FF&E labor.

## V. Ongoing Impacts

### Permanent Employment as Basis for Measurement

Permanent direct employment at the Project Site is estimated to be a total of 2,455 jobs (per the methodology outlined on page 12), comprised of 618 Arena jobs, 205 Hotel jobs, 1,148 Retail Village jobs, 328 Experiential Retail jobs, 25 Community Facility jobs, and 132 Office jobs. These permanent jobs are the basis of estimating the significant ongoing economic and fiscal impacts of the Project for Nassau County, as described in further detail below.

### Fiscal Impacts

**Income Tax and Metropolitan Commuter Transportation Mobility Tax on Employee Wages:** The permanent workers employed at the Project site will earn wages and pay taxes, some of which will be captured by New York State. Of the total on-site employees, 100% are assumed to be New York State residents and therefore required to pay New York State income taxes. For the purposes of this Report, the total aggregate salaries per worker category are estimated to be within a 5% range of the aggregate average worker wage reported by the U.S. BLS *Occupational Employment Statistics, May 2017* for Nassau County-Suffolk County for the industry sector in which the worker is employed, except for married filers in employed in the Retail Village and single filers in the Community Space, where slightly higher wages (up to 35 percent variance from BLS data) were assumed.

In addition to income taxes, New York State would benefit from revenue impacts associated with the Metropolitan Commuter Transportation Mobility Tax (MCTMT), a tax imposed on employers who have workers at New York State locations, such as the Project Site. The tax is imposed on all persons employed in New York State whether the employee lives in New York State or not.

**Sales Tax on Worker Expenditures:** Workers at the Project Site who live in New York State are expected to make expenditures that are subject to New York State sales tax. The sales tax rate for purchases made in Nassau County is 8.625%, which includes 4.25% for the County portion, 4.0% for the State portion, and 0.375% as a surcharge accruing to the MTA.

In order to calculate the portion of workers' salaries that would be subject to New York State sales tax, as well as the MTA portion of the sales tax, the analysis in this Report uses the U.S. Department of Labor 2018 BLS Consumer Expenditure Survey for total households to determine spending patterns for tax applicable categories.

Table 5 below estimates the New York State income tax and the MCTMT associated with Project employment, and Table 6 provides an estimate of County, New York State and MTA sales tax revenues generated by employee spending as a result of the Project.

**Table 5** **Income and Metropolitan Commuter Transportation Mobility Tax Revenues***(in 2019 \$s)*

On-Site Employment	Total Jobs (a)	NYS Jobs (b)	Average Salary	Total NYS Payroll	Annual		
					Income Tax Revenues	MCTMT Revenues (c)	
<b>Arena</b>							
Married Filers	40%	247	247	\$ 48,446	\$ 11,966,100	\$ 618,365	\$ 40,685
Single Filers	60%	371	371	\$ 49,277	\$ 18,281,836	\$ 1,059,166	\$ 62,158
<b>Hotel</b>							
Married Filers	40%	81	81	\$ 36,327	\$ 2,942,515	\$ 139,873	\$ 10,005
Single Filers	60%	124	124	\$ 35,476	\$ 4,399,010	\$ 242,292	\$ 14,957
<b>Retail</b>							
Married Filers	40%	455	455	\$ 42,033	\$ 19,124,878	\$ 955,365	\$ 65,025
Single Filers	60%	693	693	\$ 34,997	\$ 24,235,626	\$ 1,338,745	\$ 82,401
<b>Dining &amp; Entertainment</b>							
Married Filers	41%	134	134	\$ 37,115	\$ 4,973,466	\$ 237,764	\$ 16,910
Single Filers	59%	194	194	\$ 38,958	\$ 7,557,768	\$ 423,315	\$ 25,696
<b>Community Space</b>							
Married Filers	41%	10	10	\$ 44,315	\$ 443,154	\$ 22,068	\$ 1,507
Single Filers	59%	15	15	\$ 56,092	\$ 813,332	\$ 47,612	\$ 2,765
<b>Office</b>							
Married Filers	41%	54	54	\$ 45,609	\$ 2,462,869	\$ 123,906	\$ 8,374
Single Filers	59%	78	78	\$ 45,231	\$ 3,528,000	\$ 201,272	\$ 11,995
<b>Totals</b>		2,455	2,455	\$ 41,030	\$ 100,728,551	<b>\$ 5,409,742</b>	<b>\$ 342,477</b>

Sources: NYS Occupational Employment Statistics Survey, updated to Q1 2017; NYS Tax Rates; BJH, 2019

Notes:

a) Approximately 40% allocated to married and 60% allocated to single filing status

b) Percent of employees living in NYS = 100%

c) MCTMT tax rate = 0.34% (Employers with payroll over \$437,500, assumed to be all of the above)

**Table 6 Employee Associated Sales Tax Revenues***(in 2019 \$s)*

<b>Annual Taxable Expenditure By Employment Source</b>	<b>Employees (NYS only)</b>	<b>Average Taxable Exp. (a)</b>	<b>State Tax Revenue (b)</b>	<b>County Tax Revenue (c)</b>	<b>MTA Tax Revenue (d)</b>	<b>Total Tax Revenues</b>
Arena	618	\$15,326,172	\$ 613,047	\$ 651,362	\$ 57,473	\$ 1,321,882
Hotel	205	\$ 5,071,971	\$ 202,879	\$ 215,559	\$ 19,020	\$ 437,457
Retail	1,148	\$28,443,525	\$ 1,137,741	\$ 1,208,850	\$ 106,663	\$ 2,453,254
Dining & Entertainment	328	\$ 8,124,978	\$ 324,999	\$ 345,312	\$ 30,469	\$ 700,779
Community Space	25	\$ 612,012	\$ 24,480	\$ 26,011	\$ 2,295	\$ 52,786
Office	132	\$ 3,261,382	\$ 130,455	\$ 138,609	\$ 12,230	\$ 281,294
<b>Total</b>	<b>2,455</b>	<b>\$60,840,039</b>	<b>\$ 2,433,602</b>	<b>\$ 2,585,702</b>	<b>\$ 228,150</b>	<b>\$ 5,247,453</b>

Sources: US Department of Labor, BLS Consumer Expenditure Survey; BJH, 2019

Notes:

a) Based on Selected Expenditures for Total Wage and Salary Earners (2016-7, NYC MSA, BLS Consumer Expenditure Survey)

Food away from home	\$ 4,285
Alcoholic beverages	\$ 499
Utilities, Fuels, and Public Services	\$ 4,000
Housekeeping Supplies	\$ 661
Household furnishings & equipment	\$ 1,582
Apparel and services (@50%)	\$ 1,146
Transportation	\$ 7,907
Entertainment	\$ 2,672
Personal Care Products & Services	\$ 791
Tobacco products	\$ 245
Misc. Expenditures	\$ 999
<b>Total</b>	<b>\$ 24,787</b>
b) New York State sales tax rate =	4.0%
c) County sales tax rate =	4.25%
d) MTA sales tax rate =	0.375%

**Sales and Admissions Taxes Generated by Gross**

**Receipts from Site Activities:** NYAP estimates that both the Experiential Retail (Retail A for food, retail and entertainment) and related operations and the Retail Village (Retail B) collectively would produce approximately \$329 million in annual gross sales. Of the Site B or Retail B sales, approximately 45 percent are expected to be for clothing and footwear items over \$110 and therefore subject to State sales tax.

Arena F&B and merchandise sales are estimated to be approximately \$47 million annually. Hotel F&B sales are estimated to be over \$4 million annually. Admission based ticket revenues and taxes are estimated based on a projected 2.4 million annual guests.

Based on these assumptions, on site sales and admissions taxes are estimated to be approximately \$30 million annually for the County, State and the MTA collectively, as per Table 7 below.

**Other Payments Associated with the Ground Lease:**

NYAP will make an annual payment made by NYAP of approximately \$2.2 million for 30 years, totaling approximately \$67 million. This annual payment is in addition to \$50 million that NYAP will pay between 2019 and 2021 for LIRR and on-site infrastructure resulting in a total NYAP payment of \$117 million for the Project and the State of New York.

**Table 7 On-Site Sales and Admissions Tax Revenues***(in 2019 \$s)*

<b>Sales Tax Category</b>	<b>Annual Sales or Attendance</b>	<b>Net Sales</b>	<b>State Tax Revenue (e)</b>	<b>County Tax Revenue (f)</b>	<b>MTA Tax Revenue (g)</b>	<b>Total Tax Revenues</b>
Arena F&B (a)	\$ 40,129,000	\$18,820,501	\$ 1,605,160	\$ 1,705,483	\$ 150,484	\$ 3,461,126
Arena Merchandise (b)	\$ 6,441,000	\$ 1,288,200	\$ 257,640	\$ 273,743	\$ 24,154	\$ 555,536
Retail A	\$ 26,208,255	N/A	\$ 1,048,330	\$ 1,113,851	\$ 98,281	\$ 2,260,462
Retail B (c)	\$ 302,786,632	N/A	\$ 5,450,159	\$12,868,432	\$ 1,135,450	\$ 19,454,041
Hotel F&B	\$ 4,237,010	N/A	\$ 169,480	\$ 180,073	\$ 15,889	\$ 365,442
Arena Attendance / Tax (d)	2,378,844	N/A	N/A	\$ 3,568,266	N/A	\$ 3,568,266
<b>Total</b>	<b>\$ 379,801,897</b>	<b>\$20,108,701</b>	<b>\$ 8,530,770</b>	<b>\$19,709,847</b>	<b>\$ 1,424,257</b>	<b>\$ 29,664,874</b>

Sources: 2024 sales data from NYAP; Rates from NYS DOF Tax Rates; BJH, 2019

Notes:

a) Arena F&B net percentage =	46.9%
b) Arena merchandise net percentage =	20.0%
c) Percentage of clothing and footwear over \$110, and therefore subject to State rate	45.0%
d) Admissions tax per head =	\$ 1.50
e) New York State sales tax rate =	4.0%
f) County sales tax rate =	4.25%
g) MTA sales tax rate =	0.375%

**Payment-in-Lieu-of-Taxes (PILOT):** NYAP will pay PILOT for each of the key components of the development. For the Arena, PILOT will be a per event a fee of \$10,000 per full event or \$5,000 per half-event, defined as an event limited to 5,000 or fewer attendees; NYAP guarantees a minimum annual PILOT payment of \$1,000,000 with annual escalation for the Arena. For the Hotel, PILOT will be an amount equivalent to the actual real estate taxes subject to a twenty-year abatement period on the improvements phased in on a straight-line basis with fixed per annum rate increases to reach full tax equivalency and subject to subsequent assessments and special assessments. For the Retail Village, PILOT will be an amount equivalent to the actual real estate taxes subject to a fifteen-year abatement period on the improvements phased in on a straight-line basis with fixed per annum rate increases to reach full tax equivalency and subject to subsequent assessments and special assessments. Finally, in the case of any other project component, an amount equivalent to the actual real estate taxes subject to a ten-year abatement period on the improvements phased in on a straight-line basis with fixed per annum rate increases to reach full tax equivalency and subject to subsequent assessments and special assessments.

Overall, it is expected that PILOT will have a net present value (NPV) of \$272 million over 49 years, with approximately \$154 million going to the Schools, approximately \$15 million to the Elmont Fire District, and the remainder or approximately \$103 million going to Nassau County.

**Hotel Taxes:** The Hotel activity will generate County hotel occupancy taxes and State sales taxes. Based on 250 rooms at an average annual 62 percent occupancy and an average daily

room rate of \$234, total Hotel taxes are estimated to be approximately \$927,000 annually

**Table 8 Nassau County Hotel Taxes**

(in 2019 \$s)

<b>Number of Keys</b>		250
<b>Hotel Occupancy Tax</b>		
Per Night Total	\$	1,088
Total for Year (a), (b), (c)	\$	<b>397,157</b>
<b>State Sales Tax on Rooms (d)</b>		
Per Night Total	\$	1,451
Total for Year (e)	\$	<b>529,542</b>
<b>Total for Year</b>	<b>\$</b>	<b>926,699</b>

Sources: Nassau County Department of Taxation and Finance; BJH 2019

Notes:

a) Nassau County Hotel tax rate		3.0%
b) Average Room Rate	\$	234
c) Occupancy Rate		62%
d) Does not include F&B		4.0%
e) State Sales Tax Rate		4.0%

### Multiplier Effects of Permanent Employment and Business Activity On-Site

Permanent workers at the Project Site will be employed for the following uses: Arena/Entertainment, Hotel, Retail Village, Experiential Retail (dining, retail and entertainment), Office, and Community Facility. This Report uses RIMS II multipliers to

determine effects from the on-site employment on total economic output, total earnings and total employment. Tables 9 through 21 show the economic activity from various uses at the Project Site.

A series of final tables then follows: Table 22 shows a recap of the temporary impacts, both NYAP and LIRR Construction; Table 23 shows the summation of the impacts of the permanent site activities; and Table 24 shows the aggregate economic activity from both the temporary construction and the initial year of permanent activities at full operation of the Project. This aggregate of temporary and permanent economic activity is estimated at \$2.6 billion in total output, including the original change in demand, \$786 million in total annual earnings, and 12,419 in total direct and indirect employment.

<b>Table 9 Arena - Spectator Sports (Local)</b>				
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$26,545,721	\$5,606,456	\$0	\$32,152,178
Earnings	\$7,966,064	\$1,037,182	\$0	\$9,003,246
Employment	167	24	0	192

<b>Table 10 Arena - Spectator Sports (Non-Local)</b>				
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$6,636,430	\$1,401,614	\$3,011,612	\$11,049,657
Earnings	\$1,991,516	\$259,295	\$403,879	\$2,654,691
Employment	42	6	13	61

<b>Table 11 Arena - Performing Arts Companies (Local)</b>				
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$38,999,944	\$18,700,473	\$0	\$57,700,417
Earnings	\$11,703,432	\$4,261,220	\$0	\$15,964,652
Employment	246	38	0	284

<b>Table 12 Arena - Performing Arts Companies (Non-Local)</b>				
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$25,999,962	\$12,466,982	\$8,150,988	\$46,617,933
Earnings	\$7,802,288	\$2,840,813	\$1,910,000	\$12,553,101
Employment	164	26	19	208

<b>Table 13 Retail - Other Retail (Local)</b>				
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$84,599,292	\$28,586,101	\$0	\$113,185,392
Earnings	\$11,591,311	\$3,233,976	\$0	\$14,825,287
Employment	344	64	0	408

<b>Table 14 Retail - Other Retail (Non-Local)</b>				
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$197,398,347	\$66,700,902	\$47,908,579	\$312,007,828
Earnings	\$27,046,393	\$7,545,944	\$6,207,147	\$40,799,485
Employment	803	149	141	1,093

<b>Table 15 Dining - Limited-Service - (Local)</b>				
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$30,589,574	\$9,602,067	\$0	\$40,191,642
Earnings	\$4,864,344	\$1,287,592	\$0	\$6,151,936
Employment	131	14	0	145

<b>Table 16 Dining - Limited-Service - (Non-Local)</b>				
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$7,647,394	\$2,400,517	\$1,767,313	\$11,815,223
Earnings	\$4,864,344	\$1,287,592	\$1,104,206	\$7,256,142
Employment	131	14	14	159

<b>Table 17 Dining - Full-Service - (Local)</b>				
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$22,942,181	\$7,442,443	\$0	\$30,384,624
Earnings	\$1,210,036	\$268,265	\$0	\$1,478,301
Employment	33	3	0	36

<b>Table 18 Dining - Full-Service - (Non-Local)</b>				
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$15,294,787	\$4,961,629	\$4,282,540	\$24,538,957
Earnings	\$1,210,036	\$268,265	\$265,361	\$1,743,662
Employment	33	3	4	41

<b>Table 19</b>	<b>Hotel - Accommodation (Non-Local)</b>			
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$22,705,293	\$6,532,313	\$5,022,411	\$34,260,016
Earnings	\$7,098,674	\$2,046,548	\$1,641,923	\$10,787,144
Employment	205	40	40	285

<b>Table 20</b>	<b>Innovation Space - Scientific research and development services (Local)</b>			
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$1,283,259	\$556,421	\$0	\$1,839,680
Earnings	\$1,069,383	\$489,670	\$0	\$1,559,053
Employment	25	18	0	43

<b>Table 21</b>	<b>Office - Management of Companies and Enterprises (Local)</b>			
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$6,838,421	\$2,236,164	\$0	\$9,074,585
Earnings	\$5,698,684	\$2,030,441	\$0	\$7,729,125
Employment	132	94	0	225

<b>Table 22</b>	<b>One-Time Impacts: NYAP and LIRR Construction</b>			
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$1,363,350,000	\$273,760,680	\$398,916,210	\$2,036,026,890
Earnings	\$537,505,000	\$62,189,329	\$107,608,501	\$707,302,830
Employment	6,886	921	2,188	9,995

<b>Table 23</b>	<b>Development (Ongoing)</b>			
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$487,480,606	\$167,194,082	\$70,143,443	\$724,818,131
Earnings	\$94,116,505	\$26,856,802	\$11,532,517	\$132,505,824
Employment	2,455	493	232	3,179

<b>Table 24</b>	<b>Project Total (Ongoing and Temporary)</b>			
<b>Impacts</b>	<b>Direct Effects</b>	<b>Indirect Effects</b>	<b>Induced Effects</b>	<b>Total (Direct + Multiplier)</b>
Net Output	\$1,746,830,606	\$420,071,562	\$438,629,253	\$2,605,531,421
Earnings	\$591,061,505	\$84,353,339	\$111,020,906	\$786,435,750
Employment	8,821	1,344	2,255	12,419

Notes:

- a) Output derived using multiplier analysis.
- b) Indirect and induced impacts estimated for Nassau County.

## APPENDIX A: Summary of Fiscal Impacts

Summary Table	Fiscal Impacts	
<i>(in 2019 \$s)</i>		
<b>Type of Revenue</b>		
<b>One-Time</b>		
Site Infrastructure Payment	\$	20,000,000
LIRR Improvements Payment	\$	30,000,000
<b>Total</b>	<b>\$</b>	<b>50,000,000</b>
<b>Re-Occurring, Annual (a) (b)</b>		
Annual ground rent to State (ESD)	\$	2,236,595
State Income Tax On Employees	\$	5,409,742
Metropolitan Commuter Transportation Mobility Tax	\$	342,477
Sales Tax Employees (State)	\$	2,433,602
Sales Tax Employees (County)	\$	2,585,702
Sales Tax Employees (MTA)	\$	228,150
Sales Tax Site (State)	\$	8,530,770
Sales Tax Site (County)	\$	16,141,581
Sales Tax Site (MTA)	\$	1,424,257
Admissions Tax (County) - On-Site Sales	\$	3,568,266
Nassau County Hotel Tax	\$	926,699
<b>Total</b>	<b>\$</b>	<b>43,827,840</b>

Notes:

- a) Stabilized annual revenues under given programming assumptions; 2024 operations.
- b) Based on information provided by NYAP in 2018 and 2019.
- c) Fiscal impacts do not include PILOT contributions to the County and school district.