



LOCAL RETURN ON INVESTMENT MODEL

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- Survey conducted November 2009
- Responses from 60 entities
- 67% indicate that they “never” or “sometimes” conduct fiscal analyses
- Methods are mostly user-developed
- 93% responded “very likely” or “likely” to use a VEDP-designed tool



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Local ROI Data Entry Form

Project Name:

Select Locality:
 --Select One--

Enter Salary: \$

NAICS Sector:
 --Select One--

Tax Credits

Enter Real Property:
 % tax credit How many years?

Enter Machinery & Tools:
 % tax credit How many years?

Enter Tangible Personal Property:
 % tax credit How many years?

Local Costs & Incentives

Cost/Incentive 1:

For year 1: \$

For year 2: \$

For year 3: \$

For year 4: \$

For year 5: \$

For year 6: \$

For year 7: \$

For year 8: \$

For year 9: \$

For year 10: \$

Direct Jobs Created

Please enter jobs for the following consecutive years:

For year 1:

For year 2:

For year 3:

For year 4:

For year 5:

Investment

Enter Real Property:

	Building	Land
For year 1: \$	<input type="text"/>	\$ <input type="text"/>
For year 2: \$	<input type="text"/>	\$ <input type="text"/>
For year 3: \$	<input type="text"/>	\$ <input type="text"/>

Cost/Incentive 2:

For year 1: \$

HOW IT WORKS

Inputs

Process

Output

Capital
Investment

- Apply Effective Tax Rates for:
 - Real Property
 - Machinery & Tools
 - Tangible Personal Property

- Real Prop Tax Rev.
- PP Tax Revenue
- M&T Tax Revenue
- Construction Impacts

Employment &
Wages

- Apply Local Employment Multiplier
- Calculate Local Share of Retail Sales
- Predict Local Labor Market Response

- Indirect Employment
- Sales Tax Revenue
- Change Commuting
- Local Employment

Local Costs &
Incentives

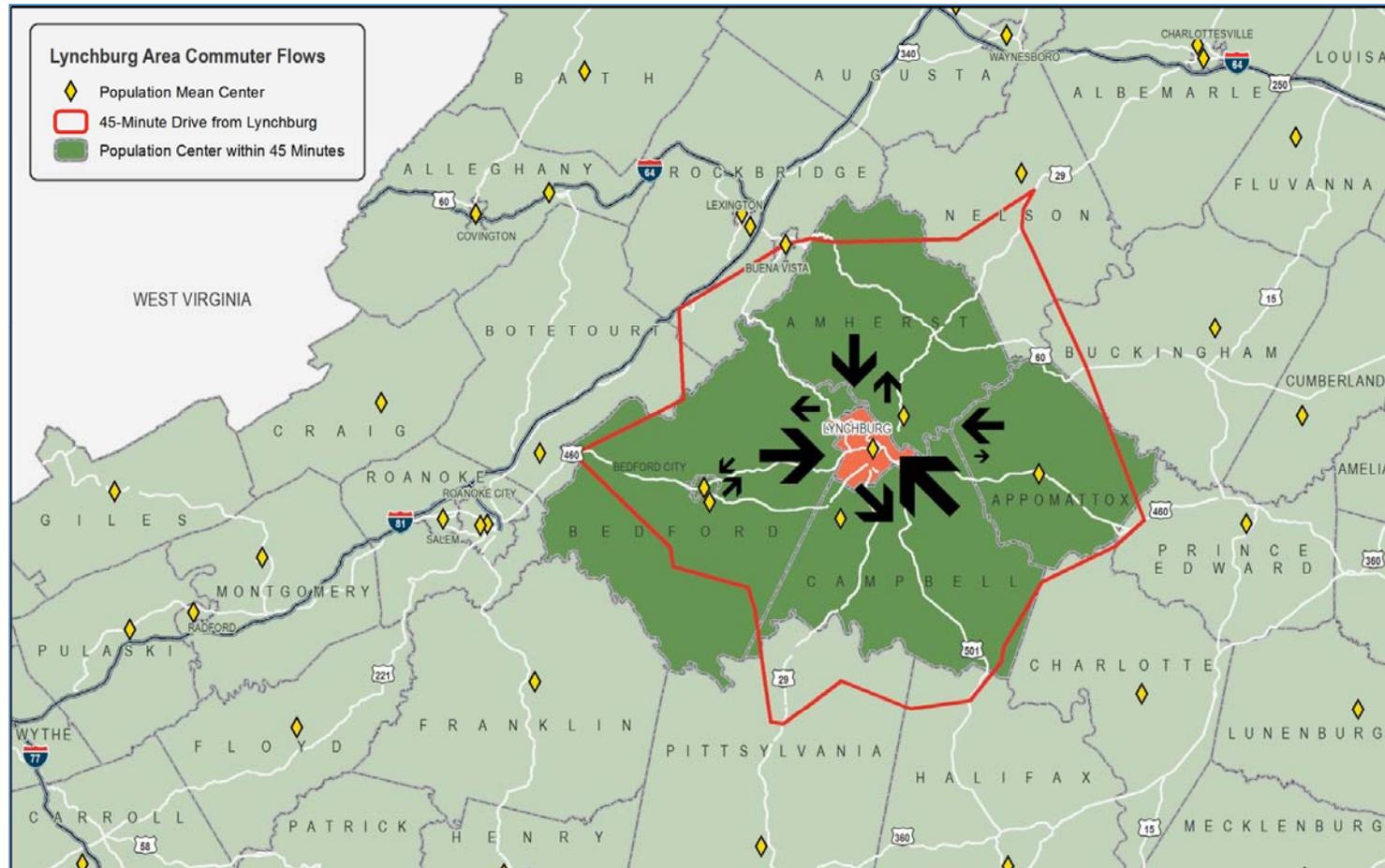
- Incremental Government Costs (optional)
- Calculate Net Present Value

- NPV Benefit
- Break Even Year

- Bureau of Labor Statistics
- Minnesota IMPLAN Group, Inc.
- U.S. Census Bureau
- University of Virginia - Weldon Cooper Center for Public Service
- Virginia Auditor of Public Accounts
- Virginia Employment Commission
- Esri/ArcGIS

- Indirect employment is estimated using employment multipliers from IMPLAN.
- Existing COMPAS models (Iowa, Missouri, North Carolina, etc.) provide a framework.
- The model predicts how new jobs (direct and indirect) will be allocated among the locally employed, locals who commute out and non-residents who commute in.

LABOR MARKET RESPONSE



- Lynchburg incommute rate is 56% (2000 Census).

- Change in share of incommuters for +500 employment shock

Locality	Observed (2000 Census)	Predicted By The Model
Arlington County	79%	79%
Bath County	24%	38%
Colonial Heights	74%	80%

- Local employment = (direct + indirect employment) x (1-predicted incommute rate)

THANK YOU

- Web-based application will be ready in early 2011.
- Questions?