



Utah State Board of Education

Pioneer Technology District EDA – Project Discus

Prepared by Natalie Grange, School Finance Director 8/19/2016

The State Board of Education is one of 8 members of the Taxing Entity Committee (TEC). Jordan School District (the district) represents two voting members, the city represents two voting members, the county council has one member, the county mayor has one member, and the other taxing entities have one combined voted. The other taxing entity members are the South Salt Lake Mosquito Abatement District, Jordan Valley Water Conservancy, Central Utah Water Conservancy, and the Salt Lake County Library.

TEC voting requirements

Utah Code Subsections 17C-1-402(5) and (6):

“(5) A quorum of a taxing entity committee consists of:

(a) if the project area is located within a municipality, five members; or

(b) if the project area is not located within a municipality, four members.

(6) Taxing entity committee approval, consent, or other action requires:

(a) the affirmative vote of a majority of all members present at a taxing entity committee meeting:

(i) at which a quorum is present; and

(ii) considering an action relating to a project area budget for, or approval of a finding of blight within, a project area or proposed project area that contains:

(A) an inactive industrial site;

(B) an inactive airport site; or

(C) a closed military base; or

(b) for any other action not described in Subsection (6)(a)(ii), the affirmative vote of two-thirds of all members present at a taxing entity committee meeting at which a quorum is present.”

The EDA is not on an inactive industrial site, inactive airport site, or closed military base. The EDA is located within a municipality. It appears that a quorum of the TEC is 5 TEC representatives, and motions must be approved by 2/3 of the TEC members where a quorum is present. Motions made by the TEC could be approved by as little as 3 members, assuming three members do not appear (and a quorum of 5 members are present). Motions made by the TEC could be approved by 5, if 7 members are in attendance. Motions made by the TEC could be approved by 6, if 8 members are in attendance.

Why does the State Board have a TEC Vote?

The State Board of Education is one member of the TEC committee because of the Basic School Levy authorized by Utah Code 53A-17a-135. The Basic School Levy and associated revenue target are calculated and set during the annual appropriation process by the State Tax Commission, in consultation with the USBE, the Legislative Fiscal Analyst Office and the Governor's Office of Management and Budget. This levy is the same in every school district across the State. Each school district is required to levy the basic levy in order to qualify for receipt of the state contribution (state tax dollars) towards the cost of the basic program. Each school district is required to report the revenue collected from the basic rate to the USBE annually. This data is used to reconcile the cost of the basic program between the locally generated basic tax dollars and state income tax dollars.

Local school districts have the authority to assess other taxes, in addition to the basic levy. The Voted, Board, Capital, and Debt Levies are used to supplement the basic school program, fund capital projects, repay debt or other authorized purposes. In the case of tax increment financing authorized by the TEC, all levies assessed by the district, including the basic levy, can be redirected to an RDA as part of an approved TEC budget.

Pioneer Technology District EDA

The West Jordan Redevelopment Agency (the Agency) established a new Economic Development Project Area (EDA) on July 27, 2016, known as the Pioneer Technology District. The EDA is made up of 1,650 acres of undeveloped property; however, that area will presumably be reduced to approximately 1,050 acres at the request of Salt Lake County. The area is suitable for commercial and industrial development and is part of West Jordan City. The project area is bounded by Old Bingham Highway to the South and 9000 South to the north. The location of the western border ranges between 7300 and 8000 west, the eastern border location ranges between 6400 and 6600 West. Viable road access exists via the New Bingham Highway and Bacchus Highway.

2016 REVISIONS TO REDEVELOPMENT STATUTES

Senate Bill 151, passed during the 2016 general session of the Utah Legislature, was a significant rewrite of Title 17C and replaced the previous project area types (urban renewal or "URA", economic development or "EDA", and community development or "CDA") with a single project area type known as community reinvestment (CRA). The Pioneer Technology District is an EDA under the code prior to revision in the 2016 session. Since the EDA was adopted through a resolution by the Agency designating the project area and authorizing the preparation of a draft project area plan, this project is grandfathered as an EDA. If the Agency were to begin the process of creating this project area today, it would be created as a CRA. As compared to the current EDA Project Area, a CRA would be different in only two significant ways: (1) tax increment sharing in a CRA would be governed by interlocal agreements with some or all of the taxing entities (rather

than a budget approved by a taxing entity committee) and (2) the Agency would be required to allocate ten percent of the tax increment received by the Agency to address low income housing needs within the city. A vote of the TEC would be required only when the Agency used blight as a factor to designate the CRA. This means that the State Board of Education will not be part of the decision on future CRAs that do not involve blight or eminent domain.

PROJECT DISCUS

The initial phase of Project Discus entails a 550,000 square foot data center that will employ approximately 50 people. The wages for these 50 full-time jobs are represented to be at 125% of the local median wage. Project Discus plans five additional buildings of similar size to be built approximately every two years. There are three planned phases. Each phase represents 2 buildings. At full build out, Project Discus will employ approximately 130 people and involve approximately \$1.5 billion in new capital investment.

Each phase will involve a capital investment (in real and personal property) of approximately \$250 million. A significant amount of the planned capital investment is in taxable and depreciable personal property such as servers and other network infrastructure. The Agency has represented that one third of that taxable personal property will be replaced each year, meaning that the overall taxable value of the Project Discus development will stay relatively constant over time.



Project Discus
232 acres

Project Discus - 232 Acres

2015 Assessed Valuation = \$12,220

2015 JSD Final Approved Tax Rate	% of total	Revenue 2015
Basic Levy 0.001736	25.26%	\$21.21
GO Bond Payments .000854	12.43%	\$10.44
Capital Outlay Equalized 0.000600	8.73%	\$7.33
Capital Local Levy 0.001324	19.27%	\$16.18
Voted Local Levy 0.001600	23.28%	\$19.55
Board Local Levy 0.000758	11.03%	\$9.26
TOTAL		\$83.98

TEC RESOLUTION TERMS

The proposed budget and all projections regarding increment only encompass the 232 acres of Project Discus (see above photo). Future projects on the remaining 1,418 are not included in the estimates below, and must be approved by the TEC. Because this project is grandfathered into the law, prior to the 2016 revisions, all changes to the TEC budget, or the adoption of any further projects must be approved by the TEC.

- All property taxes levied by the school district are impacted by this project.
- The Basic Levy assessed by the State Tax Commission for all school districts, which funds a portion of the Minimum School Program (WPU), is impacted by this project.

The EDA would be required to trigger no later than January 1, 2019. It has been represented that the first building could take up to 14-20 months to build. The trigger date will allow adequate time for the first building to be completed. If project Discus fails to complete their construction before January 1, 2019 the tax increment arrangement is void (contingency of the Jordan District Board).

- Explicit language stating that this TEC arrangement cannot be transferred or provided to any other party shall be included in the TEC resolution (contingency of the Jordan District Board).
- The total EDA term is 20 years. The initial project in the EDA (project Discus) would generate tax increment from the actual trigger date until the end of the life of the EDA. Subsequent projects require approval from the TEC (in the form of a budget amendment) and would only collect increment from the date of approval through the end of the 20-year life of the EDA.
- The base year is 2016 and base taxable value of the entire EDA is \$75,930, the 232 acres of Project Discus is \$12,220.
- The project budget projects an assessed valuation of \$250 million in real property for the first phase (two buildings per phase) and personal property of \$83.7 million in the first phase at the end of the 20-year EDA. If all three phases (6 buildings) are executed, total assessed valuation of real and personal property is estimated to be \$1,072,500,000 at the end of the 20-year period.
- Under the TEC budget resolution received 8/18/2016, 100% of the tax increment on all phases of Project Discus will be remitted to the RDA by the County Treasurer. Through an interlocal agreement, the RDA will make payments to the taxing entities based on the following schedule:

Buildings 1 and 2: The RDA keeps 75% of the tax increment and remits 25% to the taxing entities for the life of the 20-year EDA.

Buildings 3 and 4: The RDA keeps 85% of the tax increment and remits 15% to the taxing entities for the remainder of the 20-year life of the EDA.

Buildings 5 and 6: The RDA keeps 100% of the tax increment for the remainder of the life of the 20-year RDA.

- No more than \$180,000 per year will be spent by the RDA for administrative costs, which represents about 2% of the total increment.
- The initial budget included a cap on the increment collected by the RDA was \$250 million, the final budget does not include a CAP.
- The Project Area currently generates only \$1,021 in property taxes (between all taxing entities) from the locally assessed property, with only \$321 from the Project Discus site. Project Discus is expected to generate \$217,739,311 over the 20-year life of the project. Of that, \$33.85 million in new tax revenue will be returned to the taxing entities and \$183,887 million will be sent to the RDA. See tables below:

Total Increment to taxing entitites	Buildings 1 and 2	75% kept by RDA	25% paid to taxing entities	Associated with Basic Levy
Salt Lake County	\$ 19,225,580	\$ 14,419,185	\$ 4,806,395	\$ 11,838,614
Jordan School District	\$ 46,867,040	\$ 35,150,280	\$ 11,716,760	
West Jordan City	\$ 15,351,820	\$ 11,513,865	\$ 3,837,955	
South Salt Lake Mosquito Abatement	\$ 129,580	\$ 97,185	\$ 32,395	
Jordan Valley Water Conservancy	\$ 2,728,000	\$ 2,046,000	\$ 682,000	
Central Utah Water Conservancy	\$ 2,762,100	\$ 2,071,575	\$ 690,525	
Salt Lake County Library	\$ 4,658,060	\$ 3,493,545	\$ 1,164,515	
	\$ 91,722,180	\$ 68,791,635	\$ 22,930,545	

Total Increment to taxing entitites	Buildings 3 and 4	85% kept by RDA	15% paid to taxing entities	Associated with Basic Levy
Salt Lake County	\$ 15,261,361	\$ 12,972,157	\$ 2,289,204	\$ 9,397,551
Jordan School District	\$ 37,203,290	\$ 31,622,797	\$ 5,580,494	
West Jordan City	\$ 12,186,351	\$ 10,358,398	\$ 1,827,953	
South Salt Lake Mosquito Abatement	\$ 102,861	\$ 87,432	\$ 15,429	
Jordan Valley Water Conservancy	\$ 2,165,500	\$ 1,840,675	\$ 324,825	
Central Utah Water Conservancy	\$ 2,192,569	\$ 1,863,684	\$ 328,885	
Salt Lake County Library	\$ 3,697,591	\$ 3,142,952	\$ 554,639	
	\$ 72,809,523	\$ 61,888,095	\$ 10,921,428	

Total Increment to taxing entitites	Buildings 5 and 6	100% kept by RDA	0 to taxing entities	Associated with Basic Levy
Salt Lake County	\$ 11,152,669	\$ 11,152,669		\$ 6,867,525
Jordan School District	\$ 27,187,350	\$ 27,187,350		
West Jordan City	\$ 8,905,519	\$ 8,905,519		
South Salt Lake Mosquito Abatement	\$ 75,169	\$ 75,169		
Jordan Valley Water Conservancy	\$ 1,582,500	\$ 1,582,500		
Central Utah Water Conservancy	\$ 1,602,281	\$ 1,602,281		
Salt Lake County Library	\$ 2,702,119	\$ 2,702,119		
	\$ 53,207,607	\$ 53,207,607		

TOTAL

Total Increment to taxing entitites	TOTAL	Total Increment kept RDA	Total Increment paid to taxing entities	Associated with Basic Levy
Salt Lake County	\$ 45,639,610	\$ 38,544,011	\$ 7,095,599	\$ 28,103,690
Jordan School District	\$ 111,257,680	\$ 93,960,427	\$ 17,297,254	
West Jordan City	\$ 36,443,690	\$ 30,777,782	\$ 5,665,908	
South Salt Lake Mosquito Abatement	\$ 307,610	\$ 259,786	\$ 47,824	
Jordan Valley Water Conservancy	\$ 6,476,000	\$ 5,469,175	\$ 1,006,825	
Central Utah Water Conservancy	\$ 6,556,950	\$ 5,537,540	\$ 1,019,410	
Salt Lake County Library	\$ 11,057,770	\$ 9,338,616	\$ 1,719,154	
	\$ 217,739,310	\$ 183,887,337	\$ 33,851,973	

% kept by JSD

15.55%

The basic levy was approximately 25.26% of the school district's total tax rates in 2015. If the projected \$111,257,681 in increment is sent to the RDA from the school district over the 20-year life of the EDA, an estimated \$28.1 million of this increment is associated with the basic levy. Over the 20-year life of the EDA, if all projects are completed on the time line reported approximately \$28 million in basic levy revenue is paid to the RDA and not reflected in the Minimum School Program. This is due to the school district receiving rebate payments from the RDA, rather than increment payments from the County to mitigate the effects of House Bill 25 from the 2016 session.

House Bill 25- 2016 Session

House Bill 25 – Property Tax Changes that was passed in the 2016 general session redefined the calculation of property tax growth. Essentially, growth is now calculated in “buckets”. For example, a decrease in the value of centrally assessed property is no longer allowed to offset increases in another bucket, such as locally assessed real property. Also, HB25 removed locally assessed personal property from the new growth calculation, meaning that even a significant amount of new taxable personal property in an area will not bring additional tax revenue to a taxing entity. Instead, that significant increase in personal property will serve to float the certified rate downward by a slight amount. With the change in the calculation of the growth, the significant amount of new taxable personal property associated with Project Discus would no longer be considered “new growth” and the certified rates of the taxing entities would be correspondingly floated down. Thus, total increment generated by the taxing entities would not be recaptured by the school district. The taxing entities have expressed concerns about how this new law will impact the local revenues yielded from RDA agreements. Since the RDA can receive up to the full amount of tax increment generated by incremental increases in property value (both real and personal), the RDA is proposing to receive 100% of the increment payments and pay the taxing entities rebate payments through an interlocal agreement. Further, under the current statutes as amended by HB25, such an arrangement would allow the taxing entities to recognize the full value of Project Discus as new growth when the agency stops receiving tax increment.

How do tax increment payments and rebate payments differ?

Tax increment payments are made by the county treasurer to the taxing entities and the RDA. When payments are received by the school district from the treasurer, they are recorded as tax revenue, based on the tax type for which they were collected. Tax increment revenue associated with the basic levy is considered as part of the calculation of the local district revenue yield from the basic rate, and state tax dollars are adjusted accordingly for the basic school program.

In the case of a rebate payment, 100% of tax increment dollars are paid to the RDA by the county treasurer. Through an interlocal agreement, the RDA pays the taxing entities, including the district, an agreed upon percentage or amount of the increment collected each year. Because payments are made to the district by the RDA and not the county treasurer, GAAP does not require the district to record these payments as taxes.

When the basic levy is set, the assessed valuation of all property involved in tax increment arrangements is adjusted so as to not underestimate local tax collections. Tax increment payments associated with the basic rate are counted as part of local basic revenue. Rebate payments are not recorded by tax type, or as taxes, only as local revenue. Thus, the Utah State Board of Education is unable to determine what portion to count as part of the local basic revenue yield.

Planned Uses of Increment

The project area budget estimates a projected increment total of \$217,739,310 in for Project Discus over the 20-year life. Of this, \$183,887,336 would be retained by the RDA.

Administrative costs by the RDA represent approximately 2% for a total of \$3,600,000 (\$180k *20) over the 20-year life of the project.

The RDA plans to use increment under this proposed budget just for Project Discus—primarily for reimbursing infrastructure costs and offering incentives to Discus. The RDA is also contemplating other activities within the EDA such as developing access roads, reimbursing infrastructure costs, or offering incentives to other businesses. However, since the proposed budget being considered presently only covers the Discus site, any additional expenditure by the RDA within this EDA would require an amendment to the budget, which follows the same process as approving the budget initially and requires approval by the TEC.

Estimated budget data provided by the City shows the following costs:

Estimated costs to construct offsite public infrastructure required for site	
	Costs
Roads	2,400,000
Sewer	2,400,000
Storm Water	1,000,000
Water	1,200,000
Water System Improvements	18,500,000 over 3 years
Total	25,500,000

Project Discus will make site and infrastructure improvements and receive reimbursement from increment. It is assumed the remaining increment of \$154.8 million is for planned incentive payments to Project Discus.

Would the project proceed without tax increment financing?

The RDA has represented that the project would not go forward without tax increment financing. The RDA has stated Project Discus has looked at sites throughout Utah and in other states for this data center development and that Project Discus will not locate in West Jordan without the incentives made available through the proposed budget.

Jobs created:

The RDA estimates that approximately 130 jobs with an average salary at 125% of the median county wage will be created from a fully developed project Discus.

Comparison to Other Similar EDA Projects

In order to provide a comparison to other EDA projects which involved technology based companies and construction of new corporate facilities within the project area, we have compiled selected data for two other EDA Projects, Alpine Highway (Micron) and Alpine Highway West (Adobe). **We were unable to verify this data with Alpine School District or the county treasurer. Data was retrieved from the USBE archive and may not reflect modified TEC budgets past the initial TEC budget.**

EDA Project Comparisons

	Alpine Highway Economic Development Area (Micron)*	Alpine Highway West Economic Development Area (Adobe)	Project Discus (Facebook)
Year	1995	2010	2016
Total Years	12	20	20
# Acres	99.853	38.69	232
Total Increment	\$ 194,900,000	\$ 24,968,646	\$ 217,739,311
% to Taxing Entities	36%	25%	16%
\$ to Taxing Entities	\$ 69,579,300	\$ 6,242,162	\$ 33,851,974
% to RDA	64%	75%	84%
\$ to RDA	\$ 125,320,700	\$ 18,726,485	\$ 183,887,337
TEC Vote	6 yes 1 no	7 yes 1 no	

**The Alpine Highway EDA (Micron) was extended in 2006 through 2028.*

Other potential tax incentives

Governor's Office of Economic Development: GOED has the ability to offer tax rebate incentives to companies. Eligibility criteria include performance metrics pertaining to meeting job creation and wage goals and paying more taxes in the state than an established base year.

Corporations file corporate franchise tax returns, sales tax returns, and wage withholding returns. Corporations that are deemed eligible can receive a percentage rebate on total tax liabilities over a set period of time. For example, a corporation that owed \$20 in corporate franchise tax, \$10 in sales tax, and \$20 in wage withholdings may receive up to a 25% rebate. The rebate reduces the corporations overall liability by \$12.50 that year. GOED places total cap on these rebates over 10-20-year time period. Public education is impacted by these arrangements as corporate franchise and wage withholdings are the "income tax" revenue that funds the state public education system.

No agreements have been approved for Project Discus to date.

West Jordan City:

The city has indicated it will potentially adopt a resolution that would provide a municipal energy tax (MET) rebate to Project Discus. Project Discus would be billed for utilities and water, like all other uses of municipal services. Taxes paid by Project Discus would be remitted to the RDA, for eventual rebate to Project Discus. The City has not approved any agreement with Project Discus, so a resolution is not yet available. The potential terms may likely mirror those of the property tax rebate: 75% of the MET will be rebated for buildings #1 and #2, 85% for #3 and #4, and 100% for #5 and #6.

Sales Tax Rebates:

State statute allows Project Discus to purchase certain types of items and not pay state sales tax. These items can be purchased outside the state, as long as they are delivered to Utah. Construction Materials would not be exempt from sales tax.

Other economic growth considerations

Project Discus has represented that construction on each building takes between 14-20 months. These construction projects could bring 200-500 construction jobs over the 7-8 years of planned construction. Construction jobs, and other support services could likely increase commerce in surrounding cities and towns. Additional sales and hotel taxes, gas and local taxes, and other revenue surrounding accommodations would increase economic development in the area.

What does Project Discus Mean for Public Education?

- The Jordan School District (JSD) needs diversity in their tax base to provide funds to manage student growth and maintain their facilities.
- Residential and student growth is strong in Jordan School District, which places increased demand on the district. A commercial development of this size (i.e. six buildings) could yield \$17 million over 20 years, which are funds the JSD does not currently receive from these 232 acres.

- The tables below represent the impact on the school district and the Basic School Program of this EDA.

Table 1. This table represents the current taxes generated for the school district and the State Basic School Program by the 232 acres of Project Discus. In tax year 2015, a total of \$83.98 was generated on the total assessed valuation on the 232 acres of \$12,220. Of this revenue, \$21.21 was generated from the basic school levy; and \$62.77 from school district levies. Overall, less than one cent of tax revenue per student in the school district is generated by the current value of this property.

TABLE 1.

October 1, 2015 headcount

Jordan School District

52,324

Current Property Taxes on Existing Property			
Tax Rates	Tax Year 2015	Total Taxes on 232 Acres in Project Discus = \$12,220	Tax Revenue Per Student in JSD
0.001736	Basic School Levy	\$ 21.21	\$ 0.0004
0.000854	GO Bond Payments	10.44	0.0002
0.0006	Capital Outlay Equalized	7.33	0.0001
0.001324	Capital Local Levy	16.18	0.0003
0.0016	Voted Local Levy	19.55	0.0004
0.000758	Board Local Levy .001800	9.26	0.0002
0.006872	Total	\$ 83.98	\$ 0.0016

Table 2. This table represents the tax revenues associated with the first year when building 1 is put on the tax rolls and generates revenue. The total real and personal property value is estimated at \$202,500,000 on the 232 acres. Using the same tax rates as 2015, the property would be generating \$1,391,580 in overall taxes. \$351,540 is associated with the basic rate. The property value would be generating approximately \$26.60 per student in the school district. Of the \$1,391,580, the school district would receive \$347,895 in rebate payments from the RDA. The school district could experience revenue growth of \$347,811, an increase 4140% from the \$83.98 collected in the years before the development. The RDA would keep \$1,043,685 from all taxes. Estimated basic levy revenue is \$351,540. None of this revenue would be used to fund the basic school program because it will all be sent to the RDA and then rebated to the school district.

Table 2.

At the End of the First Year of the EDA					
Tax Rates	Tax year 2019 First Year of EDA	Total Taxes on Building 1 in the First Year Taxed - \$202,500,000	25% Kept by JSD	75% Given to RDA	Total Support Per Student in JSD
0.001736	Basic School Levy	\$ 351,540	\$ 87,885	\$ 263,655	\$ 6.72
0.000854	GO Bond Payments	172,935	43,234	129,701	3.31
0.0006	Capital Outlay Equalized	121,500	30,375	91,125	2.32
0.001324	Capital Local Levy	268,110	67,028	201,083	5.12
0.0016	Voted Local Levy	324,000	81,000	243,000	6.19
0.000758	Board Local Levy .001800	153,495	38,374	115,121	2.93
0.006872	Total	\$ 1,391,580	\$ 347,895	\$ 1,043,685	\$ 26.60

Table 3. This table represents the tax revenues in 2028, the year the EDA is set to expire and all taxes return to the taxing entities. These figures represent all 6 buildings being built, on the time line established by the project budget, and achieving the assessed valuations of real and personal property in the TEC budget. An estimated assessed valuation of all 6 buildings and personal property is \$1,072,500,000. In the first year the school district could experience tax revenues of \$7,370,220. Of that total, \$1,861,860 would be included in the state basic levy revenue. The 232 acres at that time (2028) supports \$140.86 per student in the school district.

Table 3.

At the End of the Last Year of the EDA			
Tax Rates	Tax Year 2028 - End of the EDA	Total Taxes on \$1,072,500,000	Total Support Per Student in JSD
0.001736	Basic School Levy	\$ 1,861,860	\$ 35.58
0.000854	GO Bond Payments	915,915	17.50
0.0006	Capital Outlay Equalized	643,500	12.30
0.001324	Capital Local Levy	1,419,990	27.14
0.0016	Voted Local Levy	1,716,000	32.80
0.000758	Board Local Levy .001800	812,955	15.54
0.006872	Total	\$ 7,370,220	\$ 140.86

If all 6 buildings are built at the end of the 20 years, approximately \$1 billion will be added to the tax rolls in JSD, which will enable the JSD to plan and manage future growth.

Table 4.

	Total Projected Tax Increment over 20 years for JSD	Funds Kept by RDA	Funds Kept by JSD
	\$ 111,257,680	\$93,960,427	\$17,297,254
Estimate of Basic Levy Over 20 years of EDA	28,103,690		
Basic Levy Per Year Over 20 year EDA	1,405,184		
Total Projected Basic Levy Revenue for 2016	392,266,800		
% of Basic Levy Per Year that will be Invested by the "State"	0.36%		
Estimated Basic Levy Per Year at End of EDA	1,861,860		

Over the 20-year life of the EDA, it is estimated that \$111,257,680 in additional tax revenue will be generated on the 232 acres of property. Of the \$111.2 million \$93.9 million is kept by the RDA over the life of the project. The school district would receive approximately \$17.3 million over the 20 years. Total increment invested by the JSD is \$93.9 million, which is 51% of the \$183.8 million total increment investment by all taxing entities.

The Basic Levy represents \$28.1 million of the total \$111.2 million over the 20-year period. This \$28.1 million is basic levy rate revenue that will not be part of the Statewide Minimum School Program for 20 years. This averages to approximately \$1,405,184 in basic levy revenue per year associated with those 232 acres in Jordan that will not be contributing towards the statewide basic school program. Presently, the amount being provided to the basic program on these 232 acres is \$21.21. When the EDA expires, the 232 acres is expected to bring in \$1,861,860 in basic levy revenue in 2028 and following years.

If we assume that another development will locate in the same area and build infrastructure and buildings and add personal property equaling over \$1 billion dollars **but not be part of an EDA**, it can then be assumed the basic program will lose \$1.4 million a year over 20 years if this EDA is approved. Data does not exist that can predict whether any other commercial development of this magnitude would locate on the same 232 acres of land without requiring funding assistance for site prep and development from tax increment financing. It is not likely that another such development would occur that is the size of this one without similar arrangements from an EDA. It is highly likely that residential developments could instead locate on this property. Residential developments bring more students to the District to serve, with a lower tax yield per acre.

232 acres of homes will most likely not yield \$202 million dollars of assessed valuations to tax.

Currently, the basic levy revenue is \$392,226,800. The \$1.4 million represents 0.36% a year. It is not possible at this time to predict how much additional state revenue would be needed to fund growth statewide. We do not have student growth projections over the next 20 years, nor can we estimate the overall cost of the basic school program, or the value of the WPU, nor predict statewide-assessed valuations over the next 20 years.

- Impact on other potential projects in the EDA and surrounding areas are also unknown. Projects of similar size in a comparable school district have yielded additional commercial development.
- A data center project of this magnitude could attract other data centers to Utah, which could add significant amounts of real and personal property values, sales tax, and other taxes to the economic base of the State.
- Other potential uses for the land in the EDA are not known at this time.
- Job creation and wages could encourage economic growth, and could bring other related jobs and growth to the area in the form of construction jobs and revenue.
- The JSD is not likely to experience significant student growth due to jobs created by Project Discus.
- If only two buildings are realized approximately \$333 million would be added to the tax rolls in 20 years.
- Project Discus has only committed to two buildings at the present time. When asked how approving only buildings 1-2, or buildings 1-4 would impact the project the company indicated they placed a high value on the options to grow. The tax increment split of 85/15 and then 100 on building 3-6 were meant to incentive Project Discus to continue to expand towards the \$1 billion capital investment in the area.
- Sales, city municipal energy, corporate franchise, and property tax rebates are all potentially part of this package and will impact city, state, and local school district revenues over the 20 years of the project. No analysis is available to determine the cost benefit associated with this investment.
- The TEC budget does not include a cap on increment the RDA can receive. This cap was in initial drafts of the TEC budget at \$250 million and is one of the criteria both the JSD and the USBE require. I am concerned that the city took out the cap from the first draft. A cap is a way to mitigate the impacts of these projects should they be wildly successful, or should there be requests to extend.
- Increment applies to both real and personal property.
- **Is the rebate arrangement better or worse for public education than the traditional increment arrangement?** The Jordan School District will still receive the \$17 million in increment over 20 years in the form of a rebate payment from the RDA. This means that Jordan can record this revenue as unrestricted local funds and not taxes. It provides the

District more flexibility on the uses of the funds and mitigates the effects of HB25, thus the rebate arrangement is better for Jordan than for the state basic program.

Because the increment is not recognized as tax revenue the district will not contribute any of the incremental revenue to the State Basic program on this 232 acres for the next 20 years. Under the traditional increment payment arrangement from the County Treasurer to the District, Jordan districts contribution to the State basic levy could have been approximately \$4.5 million dollars over 20 years, which is about \$225,000 year. The \$225,000 represents 0.06% of the total basic levy revenue of \$392,266,800. Tax increment payments from the County Treasurer to the district are better for the statewide basic program, because the increment associated from the basic levy is recorded as basic levy revenue and included in the Districts contribution to the basic program. However, the impact on the basic program is relatively minor on a year by year basis. The effect statewide would be not be significant as this 232 acres is only generating \$21.21 now.

It should also be noted that there are many other rebate payments in other districts in existing redevelopment agency tax increment agreements all across the state. These rebate payments are allowed by law, and the recognition and recording of revenues as unrestricted local revenue is allowed by GAAP and GASB. The main advantage to this structure for Project Discus is to mitigate the effects of the change in the personal property taxes that will be felt by the change in the growth calculations from HB25.