



ECONOMIC DEVELOPMENT
GROWTH ENGINE
FOR MEMPHIS & SHELBY COUNTY

Community Builder PILOT Project Summary

Company/Applicant:	<u>Southgate Shopping Center</u>
Capital Investment:	<u>\$ 6,802,200</u>
Jobs: (FTE)	<u>92</u>
Annual Average Wage:	<u>\$ 24,960</u>
Recommended PILOT Length: (years)	<u>15</u>
Tax Incentive:	<u>\$ 1,159,291</u>
Local Tax Benefit:	<u>\$ 4,524,365</u>
Benefit/Cost Ratio:	<u>3.90</u>

City of Memphis, Shelby County, TN
 Southgate Shopping Center
 Economic Impact and Benefit/Cost Analysis

Annual Impact of Operations	Retail
Employment, Direct (New, full-time equivalent jobs)	92
Wages & Benefits, Direct	\$ 2,870,400
Employment Multiplier ¹	1.4509
Total Employment	133
Employment, Indirect	41
Shelby County Annual Average Wage ²	\$ 54,899
Wages, Indirect	\$ 2,250,859
Total Wages	\$ 5,121,259
Sales Tax Revenue ³	\$ 57,499
Other Tax Revenue ⁴	\$ 17,595
Residential/Commercial Property Tax Revenue ⁵	\$ 199,180
Total Tax Revenue	\$ 274,274

City of Memphis, Shelby County, TN
Southgate Shopping Center
Economic Impact and Benefit/Cost Analysis

One Time Expansion Impact		
Total Capital Investment	\$	2,025,000
Building - Real Property (renovations)	\$	1,725,000
Economic Impact Multiplier ⁶		1.8157
Economic Impact	\$	3,132,083
Equipment Purchase/Set-up - Personal Property	\$	300,000
Economic Impact Multiplier ⁷		1.7269
Economic Impact	\$	518,070
Total Economic Impact	\$	3,650,153
Sales Tax Revenue ³	\$	18,246
Other Tax Revenue ⁴	\$	5,583
Total Tax Revenue	\$	23,829

Southgate Shopping Center Shelby County Tax Schedule

Shelby County Tax Rate: \$4.11	Real Property - Existing Facility & Renovations			
	Full Taxes	% of taxes paid	Taxes Paid after Abatement	Taxes Abated
Full Value	\$ 3,412,200			
Year 1	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 2	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 3	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 4	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 5	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 6	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 7	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 8	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 9	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 10	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 11	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 12	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 13	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 14	\$ 56,097	25%	\$ 14,024	\$ 42,073
Year 15	\$ 56,097	25%	\$ 14,024	\$ 42,073
Total	\$ 841,455		\$ 210,360	\$ 631,095

**Southgate Shopping Center
City of Memphis Tax Schedule**

City of Memphis Tax Rate: \$3.271481	Real Property - Existing Facility & Renovations			
	Full Taxes	% of taxes paid	Taxes Paid after Abatement	Taxes Abated
Full Value	\$ 3,412,200			
Year 1	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 2	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 3	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 4	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 5	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 6	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 7	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 8	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 9	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 10	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 11	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 12	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 13	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 14	\$ 44,652	25%	\$ 11,163	\$ 33,489
Year 15	\$ 44,652	25%	\$ 11,163	\$ 33,489
Total	\$ 669,780		\$ 167,445	\$ 502,335

Total Real Property Taxes Abated: \$ 1,133,430
 Payments Made in Lieu of Taxes: \$ 377,805

Southgate Shopping Center Shelby County Tax Schedule

Shelby County Tax Rate: \$4.11	Personal Property				
	Full Taxes	Depreciation Rate	% of taxes paid	Taxes Paid after Abatement	Taxes Abated
Value	\$ 300,000				
Year 1	\$ 3,255	0.88	25%	\$ 814	\$ 2,441
Year 2	\$ 2,774	0.75	25%	\$ 694	\$ 2,080
Year 3	\$ 2,330	0.63	25%	\$ 583	\$ 1,747
Year 4	\$ 1,850	0.50	25%	\$ 463	\$ 1,387
Year 5	\$ 1,406	0.38	25%	\$ 352	\$ 1,054
Year 6	\$ 925	0.25	25%	\$ 231	\$ 694
Year 7	\$ 740	0.20	25%	\$ 185	\$ 555
Year 8	\$ 740	0.20	25%	\$ 185	\$ 555
Year 9	\$ 740	0.20	25%	\$ 185	\$ 555
Year 10	\$ 740	0.20	25%	\$ 185	\$ 555
Year 11	\$ 740	0.20	25%	\$ 185	\$ 555
Year 12	\$ 740	0.20	25%	\$ 185	\$ 555
Year 13	\$ 740	0.20	25%	\$ 185	\$ 555
Year 14	\$ 740	0.20	25%	\$ 185	\$ 555
Year 15	\$ 740	0.20	25%	\$ 185	\$ 555
Total	\$ 19,200			\$ 4,802	\$ 14,398

**Southgate Shopping Center
City of Memphis Tax Schedule**

City of Memphis Tax Rate: \$3.271481	Personal Property				
	Full Taxes	Depreciation Rate	% of taxes paid	Taxes Paid after Abatement	Taxes Abated
Value	\$ 300,000				
Year 1	\$ 2,591	0.88	25%	\$ 648	\$ 1,943
Year 2	\$ 2,208	0.75	25%	\$ 552	\$ 1,656
Year 3	\$ 1,855	0.63	25%	\$ 464	\$ 1,391
Year 4	\$ 1,472	0.50	25%	\$ 368	\$ 1,104
Year 5	\$ 1,119	0.38	25%	\$ 280	\$ 839
Year 6	\$ 736	0.25	25%	\$ 184	\$ 552
Year 7	\$ 589	0.20	25%	\$ 147	\$ 442
Year 8	\$ 589	0.20	25%	\$ 147	\$ 442
Year 9	\$ 589	0.20	25%	\$ 147	\$ 442
Year 10	\$ 589	0.20	25%	\$ 147	\$ 442
Year 11	\$ 589	0.20	25%	\$ 147	\$ 442
Year 12	\$ 589	0.20	25%	\$ 147	\$ 442
Year 13	\$ 589	0.20	25%	\$ 147	\$ 442
Year 14	\$ 589	0.20	25%	\$ 147	\$ 442
Year 15	\$ 589	0.20	25%	\$ 147	\$ 442
Total	\$ 15,282			\$ 3,819	\$ 11,463

Total Personal Property Taxes Abated: \$ 25,861
 Payments Made in Lieu of Taxes: \$ 8,621

City of Memphis, Shelby County, Tennessee
 Southgate Shopping Center
 Economic Impact and Benefit/Cost Analysis

Payback Summary

Length of PILOT (years)		15
Total Taxes Forgone	\$	1,159,291
Hard Costs	\$	-
Total Taxes Forgone and Hard Costs	\$	1,159,291
Tax Revenues From Construction	\$	23,829
Tax Revenues From Operations During PILOT Period	\$	4,114,110
Property Tax Revenues Received During PILOT Period	\$	386,426
Total Tax Revenues Received During PILOT Period	\$	4,524,365
Benefit/Cost Ratio		3.90

Projected Costs:
Hard Costs (land, infrastructure, etc.)
 None.

Opportunity Costs
 Local government is requested to forgo for a period of years the opportunity to collect taxes on site improvement, building, and industrial equipment that are a part of the project.

Benefit/Cost Ratio: The sum of tax revenues from construction, operations and property during the PILOT period divided by the total taxes forgone.

**City of Memphis, Shelby County, Tennessee
Southgate Shopping Center**

Estimated Fees	
Application Fee	\$ 1,000
Closing Fees (5% of Total Taxes Forgone) (Maximum of \$300,000) (Less Application Fee)	\$ 56,965
City of Memphis Personal Property Fees for PILOT (5% of Taxes Abated) (Maximum \$50,000)	\$ 573
Shelby County Personal Property Fees for PILOT (5% of Taxes Abated) (Maximum \$50,000)	\$ 720
Total Fees	\$ 59,258