

**Broome County Industrial Development Agency
Cost Benefit Incentive Analysis**

Date: 11.5.19
 Project Name/Address: Canopy Growth USA, LLC
 Project Start Date: 2019

Project Description: This project will establish a large agri-pharma industrial facility to process, manufacture, package and distribute federally legal hemp derived CBD products. The facility will receive bulk hemp from local farm producers and manufacture hemp-derived products in a clean, industrial, licensed, food or pharmaceutical grade environment. Modeled on Canopy Growth's headquarters and Canadian central processing the upgrading and pharma manufacturing facility in Smiths Falls, Ontario is the single largest legal cannabis and hemp derived product manufacturing facility in the world. The Binghamton facility will see the Southern Tier become a leader in the growing, harvesting and manufacturing in the federally legal CBD derived product space. The project will employ 75 people within 3 years with the potential to employ 400 people total.

BENEFIT

Investment: Public/Private/Equity

Building Related Costs	\$ 68,500,000.00	
M&E Costs	\$ 18,360,000.00	
FF&E Costs	\$ 737,000.00	
Professional Fees/ Development Other Costs	\$ 11,793,000.00	
TOTAL INVESTMENT	\$99,390,000.00	<u>\$99,390,000.00</u>

New Mortgages

Jobs	0
New	75
Retained	<u>0.0</u>

TOTAL JOBS 75.0

Term # Years 15 years

TOTAL PAYROLL	\$ 3,455,000.00	\$ 3,455,000.00
PILOT PAYMENTS	\$ 3,624,203.26 (see Pilot Schedule)	\$ 3,624,203.26
TOTAL BENEFIT	\$106,469,203.26	\$106,469,203.26

Cost

Property Tax Estimate

Fair Market Value	\$ 10,623,943.00	upon completion
Equalization Rate	71%	
Taxable Assessment	\$ 7,543,000.00	

Tax Rates

County	10.460739	Annual tax	\$ 78,905.35
Town	1.420145	Annual tax	\$ 10,712.15
School	29.428876	Annual tax	\$ 221,982.01
ANNUAL TAX	41.30976	\$	311,599.51 number based on 1st year

Pilot Schedule

Terms/Years	Tax	% Abatement	*Pilot Payment	Abatement
SEE PILOT SCHEDULE			\$ -	
Total				

* Assume a 2% Tax Increase Per Year

PROPERTY TAX ABATEMENT \$ 1,764,416.97

SALES TAX ABATEMENT \$ 3,200,000.00

MORTGAGE RECORDING TAX

AGENCY FEE \$ 993,900.00

TOTAL COST \$ 5,958,316.97

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NET BENEFIT/COST

\$ 100,510,886.29

Benefit/Cost Ratio

17.87 to 1

Comments/Additional Revenue:

Any Additional Public Benefits:

CANOPY GROWTH PILOT SCHEDULE

<u>YEAR</u>	<u>FULL TAXES</u>	<u>% INCREASE</u>	<u>PILOT PAYMENT</u>	<u>BENEFIT</u>
2020	\$311,599.51	0%	\$191,623.58	\$119,975.93
2021	\$317,831.50	0%	\$191,623.58	\$126,207.92
2022	\$324,188.13	0%	\$191,623.58	\$132,564.55
2023	\$330,671.89	0%	\$191,623.58	\$139,048.31
2024	\$337,285.33	0%	\$191,623.58	\$145,661.75
2025	\$344,031.04	50%	\$251,611.55	\$92,419.49
2026	\$350,911.66	50%	\$251,611.55	\$99,300.11
2027	\$357,929.89	50%	\$251,611.55	\$106,318.35
2028	\$365,088.49	50%	\$251,611.55	\$113,476.94
2029	\$372,390.26	50%	\$251,611.55	\$120,778.71
2030	\$379,838.06	25%	\$281,605.53	\$98,232.54
2031	\$387,434.83	25%	\$281,605.53	\$105,829.30
2032	\$395,183.52	25%	\$281,605.53	\$113,577.99
2033	\$403,087.19	25%	\$281,605.53	\$121,481.66
2034	\$411,148.94	25%	\$281,605.53	\$129,543.41
	\$5,388,620.24		\$3,624,203.26	\$1,764,416.97

Based on an assumed 2% property tax increase per year

Current Assessment \$4,638,700

Final Assessment: \$7,543,000