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Economic & Fiscal Impact of Seneca Seneca Falls and Seneca County

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Prepared for:

Waste Connections

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Fiscal & Economic Impact of Seneca Meadows Landfill

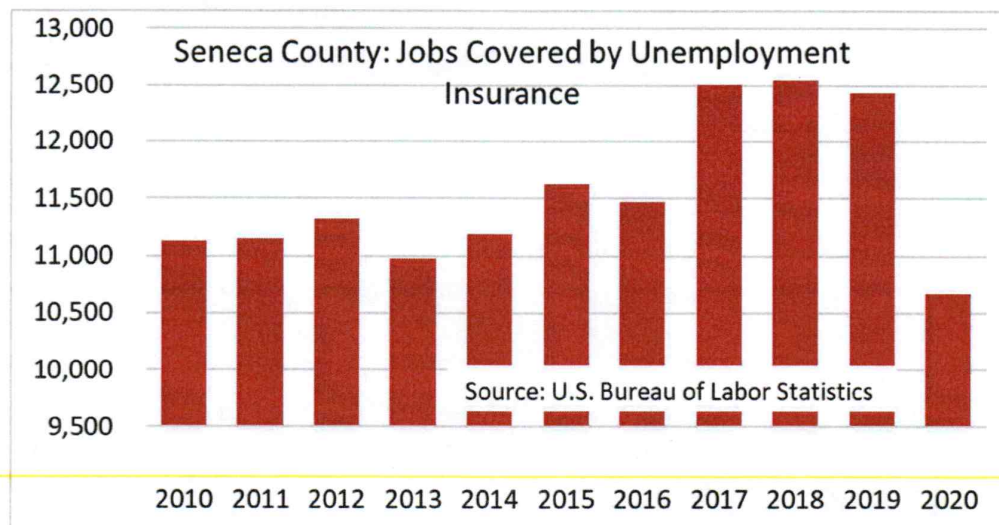
Introduction

The Seneca Meadows solid waste facility was established in 1983. It is a significant user of land and is a major employer.

In 2016, the Center for Governmental Research (CGR) was engaged to assess the role that Seneca Meadows plays in the Seneca County economy. As Waste Connections seeks to extend the facility's permit, CGR was engaged for a second time to revisit the role the landfill plays in the economy and to reassess its fiscal and economic impact.

The Seneca County Economy

After a period of relatively stable employment, the Seneca County economy posted an increase in employment of 9% in 2017 due to the opening of the 1,000 employee del Lago Resort and Casino. The pandemic triggered a sudden reversal as the facility was forced to close temporarily. Job losses from 2019 to 2020 were 1,800, about 13% of the total.



The county is particularly dependent on manufacturing and public sector employment. The manufacturing sector contributed 18% of total jobs and 28% of total payroll in the county in 2020, employing 1,900, led by Goulds Pumps, which employs nearly 1,000.

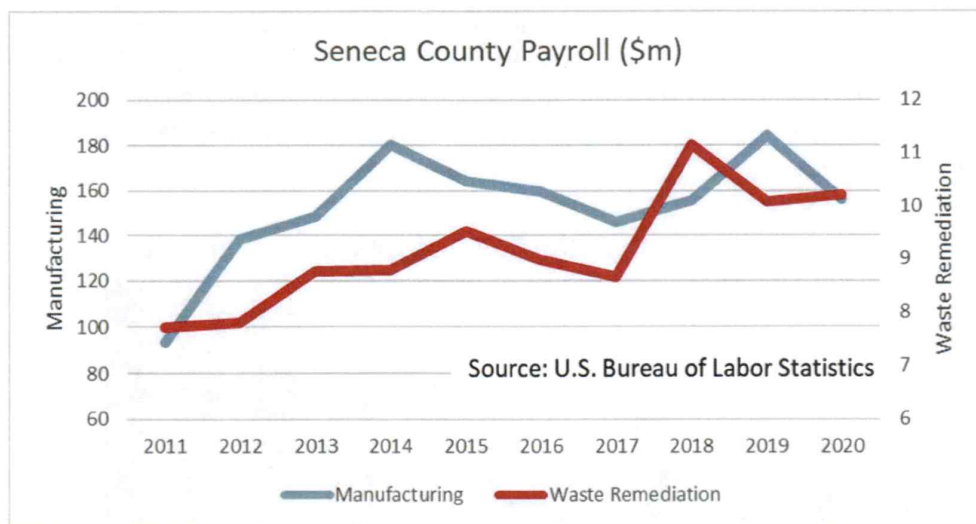
Government is responsible for 27% of total employment, with an average of 2,838 jobs in 2020.

Retail trade, led by Waterloo Premium Outlets, employed about 1,800 in 2020, although many of its workers are part-time and earned an average salary of \$30,000. The Outlet center itself employs nearly 1,000.

In this context, the significance of Seneca Meadows is apparent. It dominates the Waste Management and Remediation sector, which shows total employment of 155 and total payroll of \$10.2 million. Average annual pay in 2020 was \$66,000.

The source of all sector statistics is the NYS Department of Labor, through its relationship with the federal Bureau of Labor Statistics.

Both manufacturing and waste remediation employment buffered the losses triggered by the pandemic.



Although Seneca County has many established firms that are active and expanding, relatively few new firms of size have chosen to relocate to the county within the previous five years. Total establishments in 2020 numbered 765, largely unchanged since 2014.

Seneca Meadows Economic Impact

Based on payroll records provided by Seneca Meadows, CGR calculated the direct and spillover economic impact of the facility. Direct employment and payroll is that which flows directly from the company. Indirect impacts are a result of the firm's \$26.5 million of spending on equipment, materials and supplies in the region. Induced effects are the result of spending by the firm's employees. Indirect and induced effects are combined and reported together as "spillover." CGR has also estimated how these payroll figures will drive an increase in state and county sales tax, plus NYS income tax.

	Direct	Spillover	Total
Employment	68	70	~138
Payroll	\$4.8	\$3.3	\$8.1

Seneca Meadows Fiscal Impact

Financial Support for Local Public Services

The Seneca Meadows landfill makes a clear positive contribution to those individuals employed at the facility. Waste management issues and collateral traffic intermittently affect nearby residents. Community members neither employed by the firm nor living in close proximity benefit through SMI support for local public services and local charities.

Host Community Agreements

As an explicit acknowledgement of the nature of the business activity, Seneca Meadows has entered into host community agreements (HCA) with Seneca Falls and Waterloo. These agreements are large relative to the cost of public services and contribute significantly to town revenue.

The Office of the NYS Comptroller (OSC) reports that the 2020 property tax levy for the Town of Seneca Falls was \$4.8 million. The Seneca Falls HCA totaled \$3.2 million in 2020, nearly two-thirds the magnitude of the tax levy. The Town of Waterloo HCA totaled \$0.6 million in 2020, 56% of the \$1.1 million levy reported by OSC.

Free Solid Waste Disposal

Seneca Meadows also reduces cost for local taxpayers by allowing Seneca Falls and Waterloo to dispose of solid waste at the facility at no charge. When the actual tonnage disposed under this arrangement is valued at Seneca Meadows "gate rates", 2020 savings were about \$190,000 to Seneca Falls residents, \$3,500 to Town of Waterloo residents, and \$275,000 to Village of Waterloo residents.

Property Tax Revenue

The host community agreements are a significant source of revenue for affected towns, but property tax revenue is also substantial. The full value of real property owned by Seneca Meadows and affiliated IESI Corporation in Junius, Waterloo and Seneca Falls totaled \$16.1 million in 2020*.

The annual property tax liability on these properties totaled about half a million dollars. The largest single recipient of property tax revenue from Seneca Meadows was the Waterloo Central School District, at \$254 thousand. See the table below for additional detail.

Taxing Jurisdiction	SMI Tax Payment (\$1000)
Town of Junius	\$3
Town of Seneca Falls	\$112
Town of Waterloo	\$15
Seneca Falls Central School District	\$31
Waterloo Central School District	\$254
Lyons Central School District	\$10
Seneca County	\$71
TOTAL	\$495

Impact of Seneca Meadows Revenue on Local Taxation

To what extent do host community payments and in-kind services reduce property tax rates in affected towns? Assuming that the cost of local public services does not change, the loss of revenue from Seneca Meadows would likely require an increase in current property tax rates.

The tables that follow present the revenue received by local government from Seneca Meadows and estimate the impact on the local tax rate from a loss of these payments.

We estimate that the tax rates in the Town of Seneca Falls would likely increase substantially—the exact impact would depend on how town government responded to the loss in revenue. The Town Board could choose to cut local public services or shift cost (particularly the cost of solid waste disposal) to individual property owners. For the median value home in the Town of Seneca Falls (\$105,900), the annual tax paid would rise 74%, from just over \$1,000 to about \$1,800.

* Assessed values total \$14.7m; calculations are based on full valuation as adjusted by the NYS-determined equalization rates.

As Waterloo receives a smaller host community payment, the impact would be less for Waterloo taxpayers. For the median value home (\$80,700), we estimate that the property tax would rise 58%, from an estimated \$264 to about \$450.

In response to facility closure, the community would hope to offset the loss in tax revenue with additional development. Accordingly, we also present figures for a loss of half of the property tax revenue (instead of all). This assumption mitigates the impact of closure slightly. The tax on median home value rises 71% in Seneca Falls and 57% in Waterloo.

Property tax impact: Seneca Meadows		<i>Town of Seneca Falls</i>	<i>Town of Waterloo</i>
<i>Median Home Value</i>		\$105,900	\$80,700
<i>2020 (with Seneca Meadows)</i>	Tax/ \$1000 FV	\$9.84	\$3.52
	Tax on Median Value Home	\$1,042	\$284
<i>2020 (without SMI host community payments or taxes)</i>	Tax/ \$1000 FV	\$17.13	\$5.55
	Tax on Median Value Home	\$1,814	\$448
	Annual Increase	\$772	\$164
	% Increase	74%	58%
<i>2020 (without SMI host community payments or half of taxes)</i>	Tax/ \$1000 FV	\$16.80	\$5.52
	Tax on Median Value Home	\$1,779	\$446
	Annual Increase	\$737	\$162
	% Increase	71%	57%

Income & Sales Tax

CGR has not estimated corporate franchise taxes paid to the State of New York, but has estimated personal income taxes paid by local employees of Seneca Meadows and those workers who are part of the "spillover" impact employment. Similarly, CGR has estimated sales tax revenue received by NYS and Seneca County combined at about \$288,000. Seneca County towns do not receive any portion of either source of revenue.

	Income and Sales Tax (\$1000)	
	Income Tax (NYS)	Sales Tax (NYS & Seneca County)
Direct	\$0.23	\$0.17
Spillover	\$0.14	\$0.12
Total	\$0.37	\$0.29

We note that the host community agreement focuses the benefit on town taxpayers, particularly the Town of Seneca Falls. The employment impact of Seneca Meadows, while important to the Seneca County economy, does not confer a particular *fiscal*

benefit on Seneca Falls as neither sales nor income tax revenue flow to the Town of Seneca Falls from NYS or Seneca County. The principal source of revenue to the Town is the property tax.

Charitable Contributions & In-Kind Services

During 2020, Seneca Meadow contributed \$263,000 to local charitable causes, plus numerous donations of in-kind services.

Seneca Meadows' Financial Impact on the Town of Seneca Falls Budget

Were the Seneca Meadows landfill to be closed either by owner Waste Connections or through an action of local government, the lost town revenue would be difficult to replace. As noted above, Seneca County's addition of impactful business ventures has been incremental in recent years.

Moreover, from a town budget perspective, an expansion of employment has only an indirect impact on town revenue as towns in Seneca County receive shares of neither the sales nor income taxes.

The principal source of revenue for the towns is the property tax. To replace the fiscal impact of a loss in Seneca Meadows revenue without increasing taxes on existing property owners, a new enterprise would have to bring a very substantial taxable assessed value. With a property tax rate of \$9.84 per \$1,000 of full (equalized) value, a million dollar property pays \$9,841 in tax revenue. **To replace the \$3.2 million received as a host community agreement would require adding property with a taxable assessed value of \$322 million.**

By way of comparison, the full value of the del Lago Resort & Casino is \$101 million and Goulds Pumps is \$5.5 million.

Economic Impact

Total 2020 spending by the firm included \$18.0 million in capital improvements, \$8.5 million in supplier purchases and \$4.8 million in local salaries, a sum of \$31.3 million.

Direct employment was 68. "Spillover" impacts include estimates of spending by Seneca Meadows suppliers and spending on goods and services by its employees. CGR estimates total employment at nearly 140 earning \$8 million in payroll, NYS income tax of \$363,000 and sales tax approaching \$300,000, split between the state and Seneca County.

Both NYS and Seneca County benefit from tax on personal income and taxes on sales of goods and services.

-	Direct	Spillover	Total
Employment	68	70	138
Payroll (\$1000)	\$4,786.2	\$3,269.8	\$8,056.0

Conclusion

Seneca Meadows plays a large role in the Seneca County economy. Spending of \$31.3 million annually fuels on-site and off-site employment of about 138 earning \$8m.

Contributions by the firm to local residents in the form of in property taxes, host community payments and in-kind services totaled \$4.7 million in 2020, including \$3.4 million to the Town of Seneca Falls alone.

Taxes on the median-valued home in Seneca Falls would rise nearly \$800 per year, 74%, in the absence of resources provided by SMI. Tax on the median-valued home in Waterloo would increase 58%.

Replacing the economic impact of SMI would be difficult. From a fiscal element alone, a new taxable asset would have the have an assessed value of \$322 million. The lost jobs would also be difficult to replace with a new firm or firms.

