

# Executive Summary of a 10-Year Economic Impact Analysis of Iberdrola Renewables, LLC

August 3, 2013

## About the Firm

Iberdrola Renewables plans its El Cabo wind energy generation project in Torrance County, New Mexico. The project will be on private and State land under 30 to 45-year lease agreements. The facility generate up to 298 megawatts of electricity which will be delivered to customers who are part of the Western electric grid. The project will begin operations in December, 2015. The project will create up to 200 temporary construction services jobs during 2014 and approximately ten full-time operations jobs during maintenance jobs during the minimum 30 year life of the project (2015-2045). The project developer will invest approximately \$450 million for the project for development, equipment and construction. Payments to local landowners will total nearly \$36 million over the 30-year life of the project.

## Economic and Fiscal Impact During Construction of the Facility

The project's construction will generate \$475 in economic output from this construction activity (the amount of money that the project's construction will pump into the region's economy), support 352 direct and indirect construction jobs, and generate \$14 million in direct and indirect construction salaries for area workers.

The total estimated state, county and City of Estancia revenues to be generated by construction activities is shown below:

### Estimated Total State, County and City Revenues Generated by Construction Activities

	State	County	Estancia	Total
Gross receipts tax collections	\$18,103,539	\$5,095,367	\$1,307,692	\$24,506,599
Estimated development and building permits and fees		\$3,982,918		\$3,982,918
State income taxes	\$3,577,309			\$3,577,309
<b>Total revenues during construction</b>	<b>\$21,680,849</b>	<b>\$9,078,285</b>	<b>\$1,307,692</b>	<b>\$32,066,826</b>

## Economic Impact Over the First Ten Years of Operations

The following are some of the economic impacts that state and community can expect from the firm over the next ten years:

### Economic Impact of the Facility over the Next Ten Years

Total number of direct and indirect jobs to be created	40
Total salaries to be paid to direct and indirect workers	\$17,077,357
Total expected additional gross receipts	\$112,013,490
Total property to be added to local tax rolls over the next ten years	\$128,930,854

## Costs and Benefits the State and Local Taxing Entities over the Next Ten Years

### Total Costs and Benefits for the State and Local Taxing Districts Over Ten Years

The State, City, County, School District, and Special Taxing Districts can expect the following costs and benefits from the firm and direct and indirect employees over the next ten years:

### Costs and Benefits for the State and Local Taxing Districts over the Next Ten Years

<b>Benefits:</b>	
Gross receipts taxes collections	\$8,504,488
Lodgers' tax	\$0
Property tax collections	\$21,916,943
Utility revenues and utility franchise fee collections	\$93,554
Building permits	\$0
Collections of other taxes and user fees from new residents	\$14,235
State corporate and personal income taxes	\$10,896,221
Additional state and federal funding for the school district	\$508,171
<b>Total benefits</b>	<b>\$41,933,612</b>
<b>Costs:</b>	
Costs of providing municipal and county services to new residents	\$35,039
The school district's cost of educating new students	\$483,767
Costs of providing utility services to the firm and new residents	\$76,867
<b>Total costs</b>	<b>\$595,673</b>
<b>Total net benefits for state and local taxing districts over the next ten years</b>	<b>\$41,337,939</b>

## Costs and Benefits for the State and Each Local Taxing District Over Ten Years

The net benefits for the State, City, County, School District, and Special Taxing Districts (the extent to which revenues exceed costs, including incentives) from the new facility will be follows, over the next 10 years:

### Net Benefits for the State and Local Entities Over the Next 10 Years

	Benefits	Costs	Net Benefits
State	\$16,387,452	\$0	\$16,387,452
City	\$3,379,421	\$109,716	\$3,269,705
County	\$12,583,945	\$2,190	\$12,581,755
School District	\$9,582,793	\$483,767	\$9,099,027
Special Taxing Districts	\$0	\$0	\$0
Total	\$41,933,612	\$595,673	\$41,337,939

### Conduct of This Analysis

This analysis was conducted by the New Mexico Economic Development Department using a computer model prepared for the EDD by Impact DataSource, an Austin, Texas economic consulting and research firm.

This analysis uses some Impact DataSource estimates and assumptions, as well as tax rates and other data obtained from state financial and tax data reports and data supplied by the firm.

Using this data, the economic impact from the facility and the costs and benefits for the State, City, County, School District and Special Taxing Districts were calculated by EDD for a 10 year period.

In addition to the direct economic impact of the firm and its employees, spin-off or indirect and induced benefits were also calculated. Indirect jobs and salaries are created in new or existing area firms, such as service companies, that may supply goods and services to the firm. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to workers and their families.

To estimate the indirect and induced economic impact of the facility and its employees on the county, regional economic multipliers were used. Regional economic multipliers for New Mexico are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier.

An employment multiplier was used to estimate the number of indirect and induced jobs created and

supported in the state. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The multipliers show the estimated number of indirect and induced jobs created for every one direct job at the facility and the amount of salaries paid to these workers for every dollar paid to a direct worker at the facility. The multipliers used in this analysis are below:

Employment multiplier	3.0305
Earnings multiplier	1.8357