



September 8, 2016

Sent Via Email: JLARC@leg.wa.gov

Joint Legislative Audit & Review Committee

RE: Data Center Equipment/Sales & Use Review for 9/9/2016

The Grant County Economic Development Council is the economic development agency for the county, and is engaged in business recruitment, expansion, and retention. Historically, we have been involved with the City of Quincy, the Port of Quincy, the City of Moses Lake, and the Port of Moses Lake in attracting data center investment to our county (seven to date). We have the competitive advantage of being the nexus of affordable power, strong fiber infrastructure, affordable land, and a trainable workforce.

We will attach statistical information to support that the data centers in our community have had a significant positive effect on our local economy in terms of taxable sales, increased property tax assessment values, increased property tax revenues, and increased employment with higher disposable incomes. Much of this economic activity is compared during the periods of 2006 to 2013 (up to 2015, if available).

It is important to note that economic impact should be examined in terms of direct, indirect, and induced factors. This impact would extend from the direct influence of a business with new jobs and capital investment, to the expenditures among business-to-business vendors, to the total additional employment with the disposable income spread within the community; and how this diversifies the total tax base. Therefore, we feel the incentive legislation has been the catalyst for a multitude of benefits as was intended.

However, the sporadic nature of the incentives has had a "start-stop" effect, which has been detrimental with lingering negative effects when the incentives expire. You can see in some of the tables the drop or lag, over the time periods when the incentives have expired versus the uptick when an announcement was made during an incentive restoration period.

As a rural community, it is much harder to recover from lagging indicators and economic volatility. Thus, we would highly encourage the consideration of much longer periods with the incentives in place, i.e. years rather than months at a time. It would be expected that corporate decision makers would feel more confident with more "stability" regarding the incentive availability, as they make their investment and site location decisions.

Thank you for your consideration,

A handwritten signature in blue ink, appearing to read "Linda K. Martin".

Linda K. Martin, CEcD, Executive Director

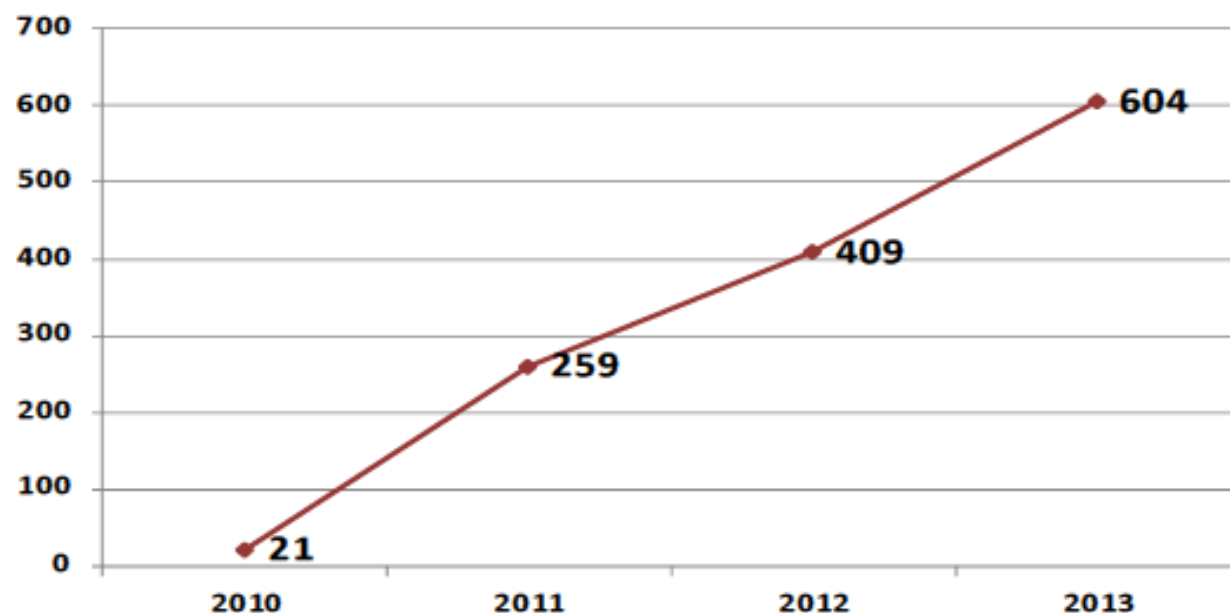
Data Center Statistics

September 8, 2016



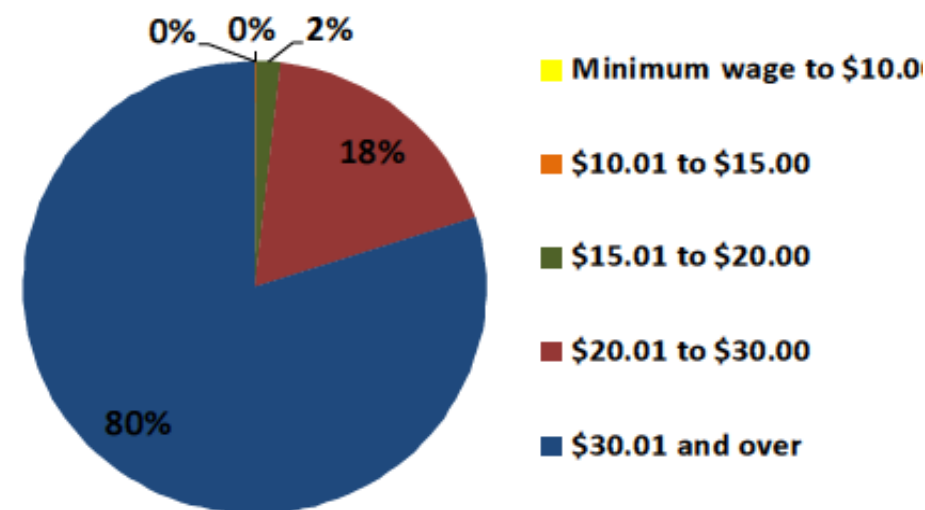
Grant County Data Center Employment*

**Employment Growth 2010 to 2013 at
Tax Incentivized Data Centers**



*Yahoo! Announced an expansion in facilities and employment – October, 2015; Microsoft continues expansion in employment & facilities since 2013

**Employee Wages at Tax Incentivized
Data Centers in 2013**

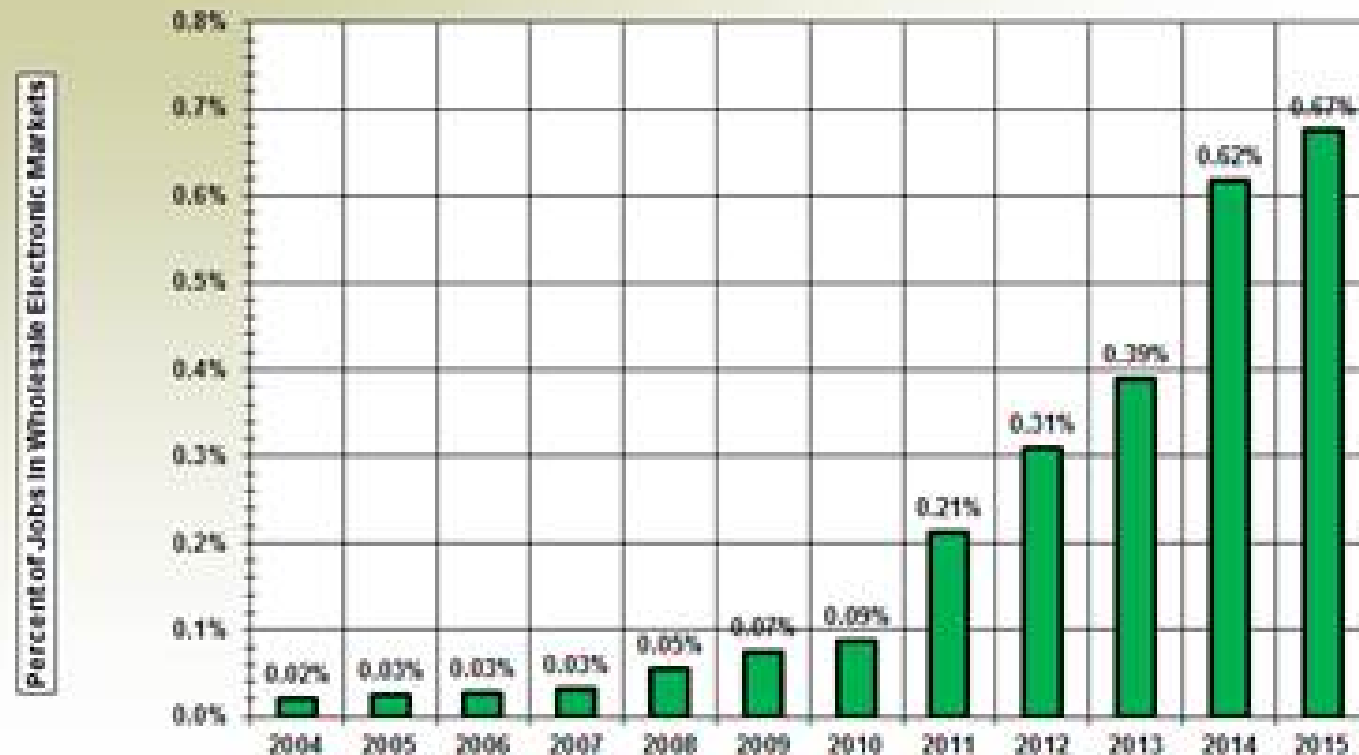


Source: Washington State Department of Revenue Descriptive Statistics for Tax Incentive Programs 2013 Report to the Legislature

GRANT COUNTY: WHOLESALE ELECTRONIC MARKETS (NAICS 425) EMPLOYMENT AS A PERCENTAGE OF TOTAL COVERED EMPLOYMENT FROM 2004-2015

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Wholesale Trade	7	8	9	11	19	26	30	75	114	145	240	263
Total Covered Employment	31,807	31,915	33,564	35,010	35,038	34,753	34,271	35,186	36,715	37,192	38,886	38,987
Percent of Jobs in Wholesale Electronic Markets	0.02%	0.03%	0.03%	0.03%	0.05%	0.07%	0.09%	0.21%	0.31%	0.39%	0.62%	0.67%

GRANT COUNTY: WHOLESALE ELECTRONIC MARKETS (NAICS 425)
EMPLOYMENT AS A PERCENTAGE OF TOTAL COVERED EMPLOYMENT
FROM 2004-2015

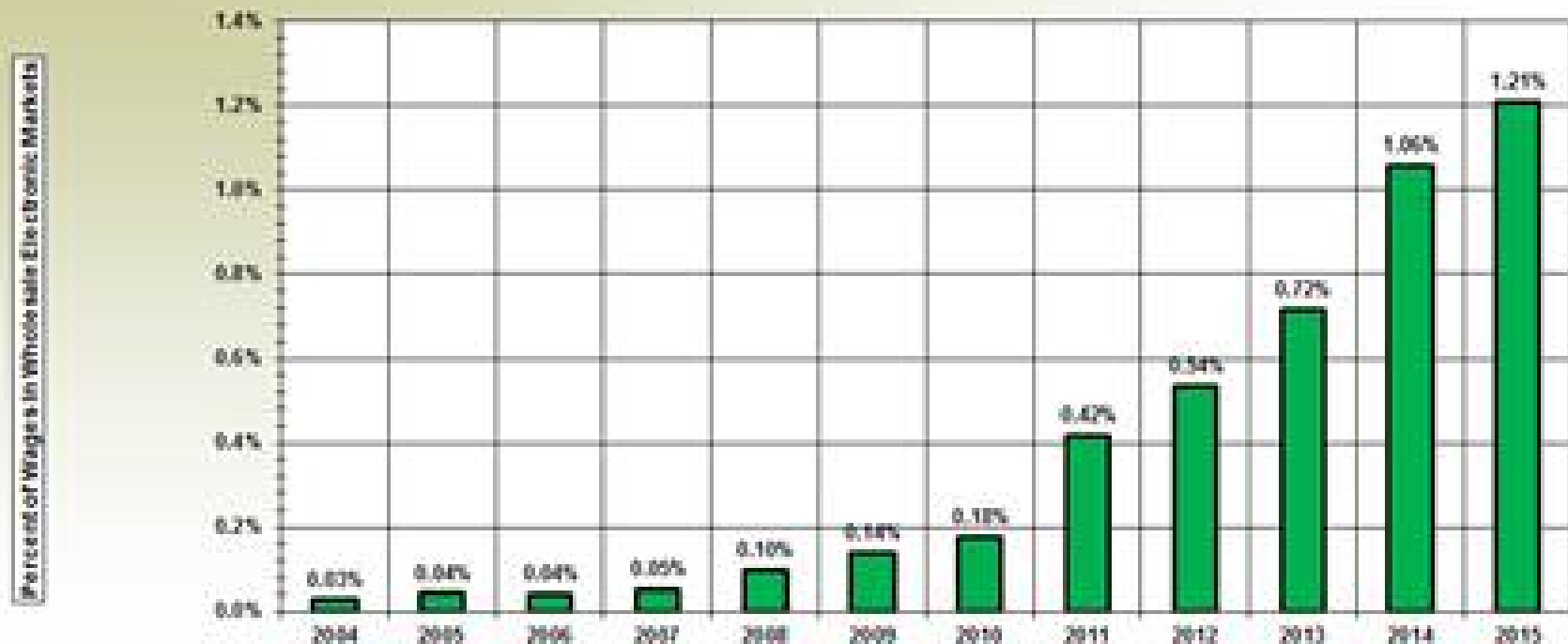


Source: WA Employment Security Dept.

GRANT COUNTY: WHOLESALE ELECTRONIC MARKETS (NAICS 425) WAGES AS A PERCENTAGE OF TOTAL COVERED WAGES FROM 2004-2015

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Wholesale Trade	\$227,997	\$262,525	\$377,162	\$555,645	\$1,081,314	\$1,561,532	\$1,998,145	\$4,543,579	\$6,775,350	\$9,304,323	\$14,768,546	\$17,634,507
Total Covered Wages	\$820,994,179	\$851,314,258	\$942,159,650	\$1,037,447,594	\$1,119,637,602	\$1,123,818,864	\$1,127,479,855	\$1,193,114,808	\$1,265,992,092	\$1,364,062,878	\$1,394,425,013	\$1,457,663,558
Percent of Wages in Wholesale Electronic Markets	0.03%	0.04%	0.04%	0.05%	0.10%	0.14%	0.18%	0.42%	0.54%	0.72%	1.06%	1.21%

GRANT COUNTY: WHOLESALE ELECTRONIC MARKETS (NAICS 425) WAGES AS A PERCENTAGE OF TOTAL COVERED WAGES FROM 2004-2015



Source: WA Employment Security Dept.

Taxable Retail Sales 2005 - 2015

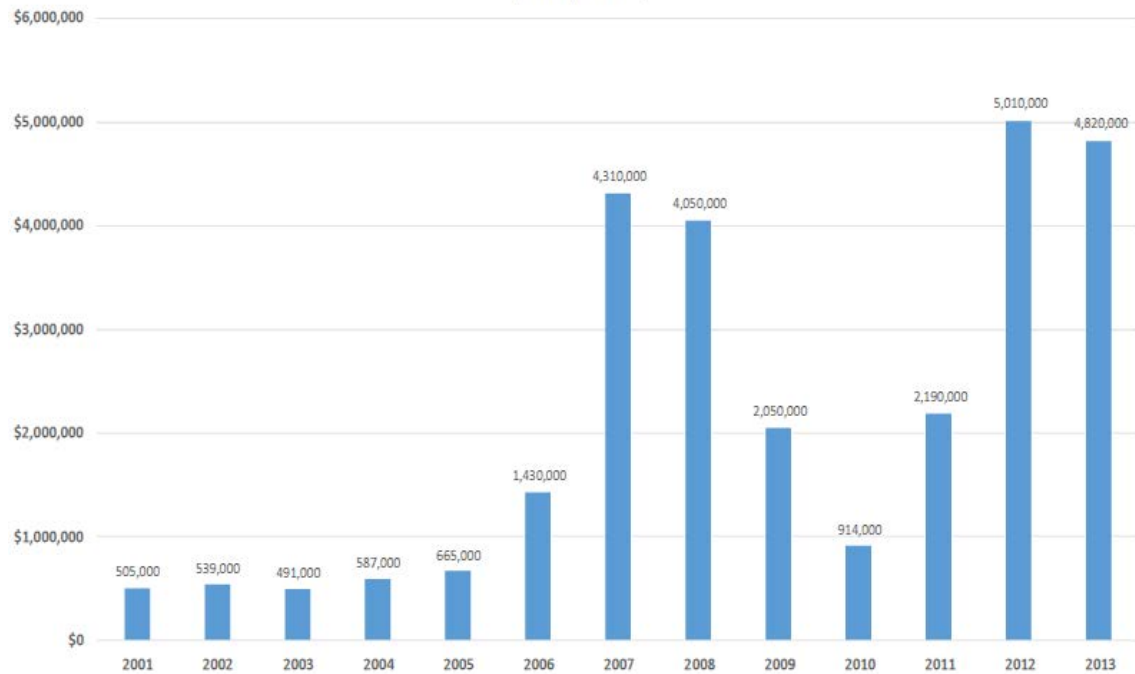
Moses Lake					Quincy				
Year	Tax Type	NAICS	Total Taxable	Units	Year	Tax Type	NAICS	Total Taxable	Units
2015 Annual	Sales	All NAICS	\$643,900,682	7,149	2015 Annual	Sales	All NAICS	\$442,066,803	3,537
2014 Annual	Sales	All NAICS	\$635,155,494	6,773	2014 Annual	Sales	All NAICS	\$489,534,621	3,307
2013 Annual	Sales	All NAICS	\$614,456,537	6,463	2013 Annual	Sales	All NAICS	\$493,604,247	3,138
2012 Annual	Sales	All NAICS	\$552,709,388	6,221	2012 Annual	Sales	All NAICS	\$435,570,642	2,928
2011 Annual	Sales	All NAICS	\$549,684,417	6,047	2011 Annual	Sales	All NAICS	\$372,217,227	2,864
2010 Annual	Sales	All NAICS	\$528,889,279	5,707	2010 Annual	Sales	All NAICS	\$152,572,566	2,654
2009 Annual	Sales	All NAICS	\$568,143,752	5,721	2009 Annual	Sales	All NAICS	\$169,123,042	2,554
2008 Annual	Sales	All NAICS	\$650,196,597	5,316	2008 Annual	Sales	All NAICS	\$406,441,194	2,350
2007 Annual	Sales	All NAICS	\$599,998,530	4,091	2007 Annual	Sales	All NAICS	\$476,326,776	1,819
2006 Annual	Sales	All NAICS	\$497,853,261	3,812	2006 Annual	Sales	All NAICS	\$190,135,729	1,553
2005 Annual	Sales	All NAICS	\$439,470,148	3,622	2005 Annual	Sales	All NAICS	\$69,928,482	1,476

Source: WA Department of Revenue

“Do they benefit the area?” - YES

City of Quincy Sales & Property Tax Revenues

City of Quincy Sales Tax Revenue
(Annually in Dollars)



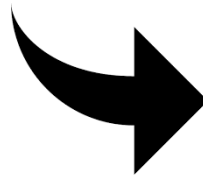
Source: City of Quincy

City of Quincy Property Tax Revenue
(Annually in Dollars)



2006- 2013 Grant County Property Tax Statistics

2006 Property Tax Statistics (before data center investment)			
Top Companies 2006	Assessed Value	Tax Paid	% of tax
JR Simplot	\$51,612,385	\$707,091	1.1%
Lamb Weston	\$42,840,855	\$690,047	1.0%
Inflation Systems	\$50,343,735	\$566,939	0.9%
Chemi-Con Materials	\$38,072,695	\$521,851	0.8%
EKA Chemicals	\$28,661,160	\$380,496	0.6%
Basic American Foods	\$24,184,160	\$331,037	0.5%
Columbia Colstor	\$20,882,130	\$276,548	0.4%
Solar Grade Silicon	\$20,107,815	\$275,612	0.4%
Advanced Silicon	\$18,411,340	\$252,359	0.4%
National Frozen Foods	\$17,861,035	\$244,816	0.4%
Totals for top ten	\$312,977,310	\$4,246,801	6.4%



2013 Property Tax Statistics (after data center investment)			
Top Companies 2013	Assessed Value	Tax Paid	% of tax
REC Solar Grade Silicon	\$701,882,390	\$10,135,889	8.9%
*Microsoft	\$465,239,690	\$5,425,205	4.8%
*Yahoo	\$200,200,400	\$2,341,132	2.0%
*Quincy Data Center/Intuit	\$190,000,000	\$2,221,846	2.0%
*Dell Marketing	\$100,000,000	\$1,169,428	1.0%
SGL Automotive Carbon Fibers	\$61,362,500	\$867,383	0.8%
Pacific Coast Canola	\$60,697,885	\$840,451	0.7%
JR Simplot	\$52,934,080	\$782,997	0.7%
Conagra Foods Lamb Weston	\$44,343,260	\$511,540	0.5%
*Intergate Quincy	\$41,500,000	\$483,996	0.4%
Totals for top ten	\$1,876,660,205	\$23,980,570	21.73%

Cost Effective Property

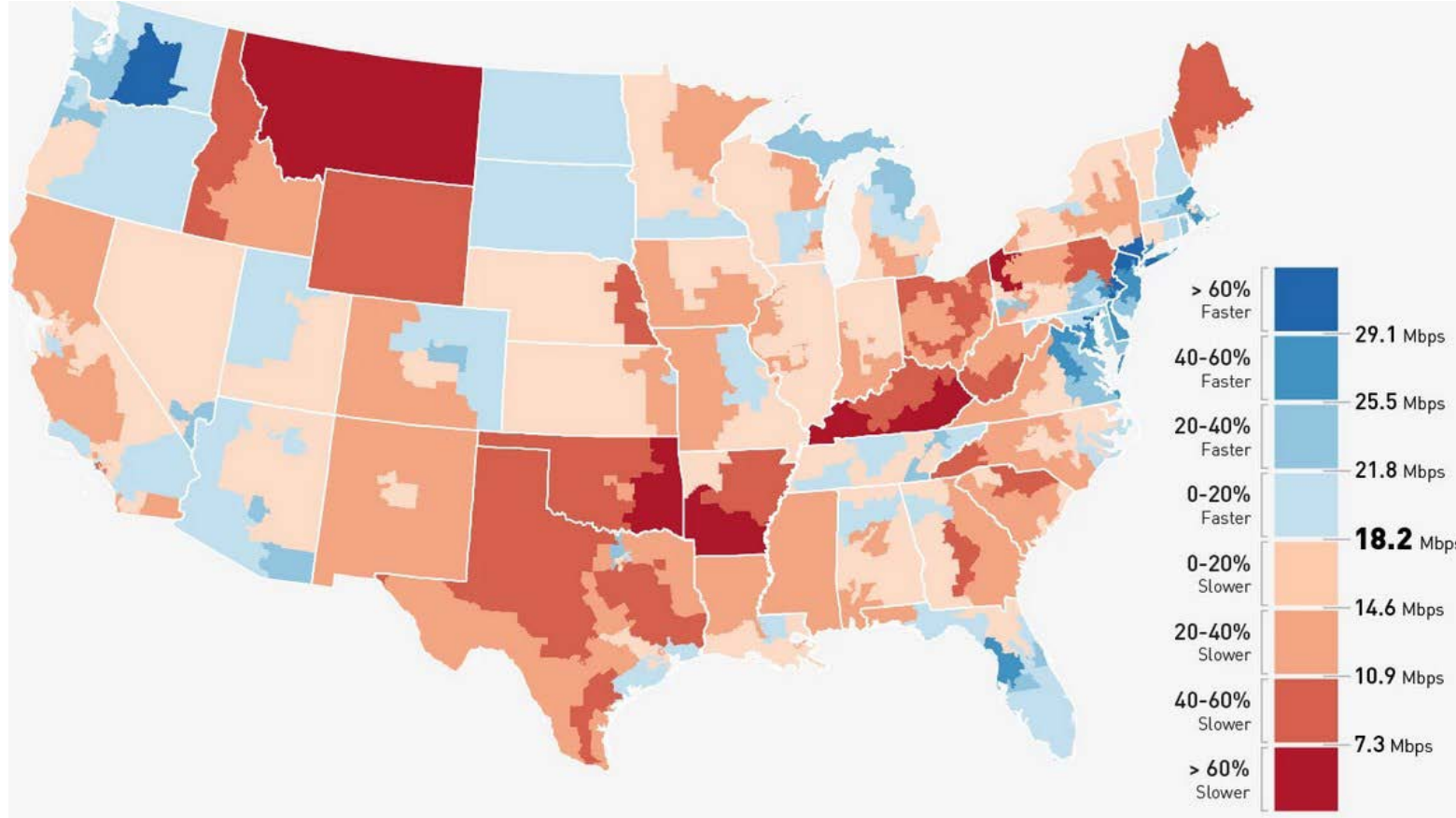
Quincy has been an attractive site for Data Centers in part because of the extensive acreage available.



Microsoft	275 acres
Dell	82.5 acres
Vantage	68 acres
Yahoo!	66 acres
Intuit	63 acres
Sabey	38.5 acres

(Server Farm in Moses Lake)

Diverse Fiber Optic Internet in US, WA, with Grant County Providers



Central Washington has the fastest fiber optic network in the nation

Source: Washington Post Article, January 9, 2014

Six companies provide independent fiber optic capacity in Quincy:

- Electric Lightwave
- Frontier
- Grant County PUD
- NoaNet
- Zayo

Four additional companies have lease agreements to provide additional capacity and service:

- Centurylink
- Level 3
- Noel Communications
- Verizon



Thank you!

Linda K. Martin, CEcD, Executive Director

www.grantedc.com

