



**Pratt Industries**  
**Economic Development Impact**

Under the proposed 51 jobs, Pratt Industries will have a major positive economic impact on the economy in Tangipahoa Parish, driving jobs, income, and tax revenue.

The impacts from Pratt Industries that follow can be categorized into 1) Job and 2) Tax.

**1) Job Impact**

Analysis shows significant job impact in the Tangipahoa Parish driven by Pratt Industries' operations under proposed employment levels – **96 total jobs, with annual labor income over \$5.4M per year, and will contribute over \$7.8M annually to Tangipahoa Parish's GDP.**

| <i>Impact Type</i> <sup>1</sup> | <b>Employment</b> | <b>Labor Income</b> <sup>2</sup> | <b>Contribution to GDP (Value Add)</b> <sup>3</sup> |
|---------------------------------|-------------------|----------------------------------|---|
| <i>Direct</i>                   | 51                | \$3,666,303                      | \$6,713,778   |
| <i>Indirect</i>                 | 27                | \$1,185,393                      | \$2,10,275  |
| <i>Induced</i>                  | 18                | \$550,999                        | \$1,133,918   |
| <b>Total Effect</b>             | <b>96</b>         | <b>\$5,402,695</b>               | <b>\$7,847,696</b>                                  |

Source: Implan

**2) Tax Impact<sup>4</sup>**

In addition to the substantial job impact as a result of Pratt Industries' proposed investment, the company will have a notable impact on tax revenue in Tangipahoa Parish.

| <i>Tax Type</i> | <b>Total Annual Local Tax Contribution</b> |
|-----------------|--|
| <i>Direct</i>   | \$50,453                                   |
| <i>Indirect</i> | \$89,533                                   |
| <i>induced</i>  | \$56,388                                   |
| <b>Total</b>    | <b>\$196,374</b>                           |

Source: Implan

<sup>1</sup> The **indirect effect** is the impact of local industries buying goods and services from other local industries. For example, an office purchasing copy paper. The **induced effect** is the result of money that is recirculated through the household spending patterns causing further local economic activity, for example, a worker buying groceries at a grocery store.

<sup>2</sup> Labor income includes **wages and salaries, all benefits** (e.g., health, retirement) and **payroll taxes** (both sides of social security, unemployment insurance taxes, etc.). The figure direct labor income includes the \$2.9 million in total payroll plus estimated benefits.

<sup>3</sup> Value added consists of compensation to employees, taxes on production and imports (sales and property) less subsidies, and other property income. **It is a measure of the contribution to GDP.**

<sup>4</sup> The tax impacts do not take into account specific tax rates and incentives and are not industry specific. Rather, figures are calculated based off of total tax receipts in Louisiana and divided amongst industries. For example in most cases a manufacturing facility would contribute more in property taxes compared to a bank, but in this scenario they would be the same based on linear relations.

# TANGIPAHOA PARISH

## ITEP IMPACT SUMMARY FOR CITY GOVERNMENT AFFECTED PROPERTY TAXES 10 YEARS TAX ABATEMENT AT 80% EXEMPTION

Project Name: Pratt / GMel  
 Ward: 6H  
 Location: 1301 Pride Dr, Hammond

DATED: 12/28/2020

Buildings / Real Property Improv. Costs: **\$2,500,000**      30-Yr Life  
 Plant Machinery & Equipment Costs: **\$4,749,581**      15-Yr Life  
 Total Investment Amount: **\$7,249,581**

Average Annual Inventory Estimate<sup>3</sup>: **\$475,000**  
 Relocated Equipment<sup>4</sup>: **\$2,744,977**  
 Land Value<sup>5</sup>: **\$276,300**

| 15-Yr Depreciation Rate <sup>1</sup>                 |                           |                        | 0.94                          | 0.93                          | 0.91                          | 0.86                          | 0.79                          | 0.74                          | 0.68                          | 0.61                          | 0.56                          | 0.51                           |                              |
|--|---------------------------|------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------|------------------------------|
| 30-Yr Depreciation Rate <sup>1</sup>                 |                           |                        | 0.97                          | 1.00                          | 1.01                          | 1.01                          | 0.98                          | 0.97                          | 0.95                          | 0.93                          | 0.94                          | 0.93                           |                              |
| Depreciated Value (15 Yr Property)                   |                           |                        | 4,464,606                     | 4,417,110                     | 4,322,119                     | 4,084,640                     | 3,752,169                     | 3,514,690                     | 3,229,715                     | 2,897,244                     | 2,659,765                     | 2,422,286                      |                              |
| Depreciated Value (30-Yr Property)                   |                           |                        | 2,425,000                     | 2,500,000                     | 2,525,000                     | 2,525,000                     | 2,450,000                     | 2,425,000                     | 2,375,000                     | 2,325,000                     | 2,350,000                     | 2,325,000                      |                              |
| Total Assessed Value of ITEP Eligible Property (15%) |                           |                        | 1,033,441                     | 1,037,567                     | 1,027,068                     | 991,446                       | 930,325                       | 890,953                       | 840,707                       | 783,337                       | 751,465                       | 712,093                        |                              |
| Total Assessed Value of Inventory (15%)              |                           |                        | 71,250                        | 71,250                        | 71,250                        | 71,250                        | 71,250                        | 71,250                        | 71,250                        | 71,250                        | 71,250                        | 71,250                         |                              |
| Total Assessed Value of Relocated Equipment (15%)    |                           |                        | 123,524                       | 123,524                       | 123,524                       | 123,524                       | 123,524                       | 123,524                       | 123,524                       | 123,524                       | 123,524                       | 123,524                        |                              |
| City Government                                      | Millage Rate <sup>2</sup> | Converted Millage Rate | YEAR 1 EXEMPT AMOUNT (80%)    | YEAR 2 EXEMPT AMOUNT (80%)    | YEAR 3 EXEMPT AMOUNT (80%)    | YEAR 4 EXEMPT AMOUNT (80%)    | YEAR 5 EXEMPT AMOUNT (80%)    | YEAR 6 EXEMPT AMOUNT (80%)    | YEAR 7 EXEMPT AMOUNT (80%)    | YEAR 8 EXEMPT AMOUNT (80%)    | YEAR 9 EXEMPT AMOUNT (80%)    | YEAR 10 EXEMPT AMOUNT (80%)    | TOTAL EXEMPTION AMOUNT (80%) |
| General Alimony / General Fund                       | 9.04                      | 0.00904                | \$7,474                       | \$7,504                       | \$7,428                       | \$7,170                       | \$6,728                       | \$6,443                       | \$6,080                       | \$5,665                       | \$5,435                       | \$5,150                        | \$65,076                     |
| Fire / Police  | 10.00                     | 0.01000                | \$8,268                       | \$8,301                       | \$8,217                       | \$7,932                       | \$7,443                       | \$7,128                       | \$6,726                       | \$6,267                       | \$6,012                       | \$5,697                        | \$71,987                     |
| Public Works   | 2.00                      | 0.00200                | \$1,654                       | \$1,660                       | \$1,643                       | \$1,586                       | \$1,489                       | \$1,426                       | \$1,345                       | \$1,253                       | \$1,202                       | \$1,139                        | \$14,397                     |
| <b>TOTAL</b>   | <b>21.04</b>              | <b>0.02104</b>         | <b>\$17,395</b>               | <b>\$17,464</b>               | <b>\$17,288</b>               | <b>\$16,688</b>               | <b>\$15,659</b>               | <b>\$14,997</b>               | <b>\$14,151</b>               | <b>\$13,185</b>               | <b>\$12,649</b>               | <b>\$11,986</b>                | <b>\$151,461</b>             |
| City Government                                      | Millage Rate <sup>2</sup> | Converted Millage Rate | YEAR 1 COLLECTED AMOUNT (20%) | YEAR 2 COLLECTED AMOUNT (20%) | YEAR 3 COLLECTED AMOUNT (20%) | YEAR 4 COLLECTED AMOUNT (20%) | YEAR 5 COLLECTED AMOUNT (20%) | YEAR 6 COLLECTED AMOUNT (20%) | YEAR 7 COLLECTED AMOUNT (20%) | YEAR 8 COLLECTED AMOUNT (20%) | YEAR 9 COLLECTED AMOUNT (20%) | YEAR 10 COLLECTED AMOUNT (20%) | TOTAL COLLECTED AMOUNT (20%) |
| General Alimony / General Fund                       | 9.04                      | 0.00904                | \$3,629                       | \$3,637                       | \$3,618                       | \$3,553                       | \$3,443                       | \$3,372                       | \$3,281                       | \$3,177                       | \$3,119                       | \$3,048                        | \$33,877                     |
| Fire / Police  | 10.00                     | 0.01000                | \$4,015                       | \$4,023                       | \$4,002                       | \$3,931                       | \$3,808                       | \$3,730                       | \$3,629                       | \$3,514                       | \$3,451                       | \$3,372                        | \$37,474                     |
| Public Works   | 2.00                      | 0.00200                | \$803                         | \$805                         | \$800                         | \$786                         | \$762                         | \$746                         | \$726                         | \$703                         | \$690                         | \$674                          | \$7,495                      |
| <b>TOTAL</b>   | <b>21.04</b>              | <b>0.02104</b>         | <b>\$8,447</b>                | <b>\$8,464</b>                | <b>\$8,420</b>                | <b>\$8,270</b>                | <b>\$8,013</b>                | <b>\$7,847</b>                | <b>\$7,636</b>                | <b>\$7,394</b>                | <b>\$7,260</b>                | <b>\$7,095</b>                 | <b>\$78,846</b>              |

SOURCE: Tangipahoa Parish Assessor's Office

**NOTES:**

1. Depreciation is based upon the current 2020 Table 2503.D provided by the Louisiana Tax Commission.
2. Used known millage rates as of the date above and subject to change in the future.
3. Inventory is excluded from exemption under ITEP and is therefore included in the annual City Government "Collected Amounts".
4. Equipment relocated from New Orleans to Hammond with an average age of 20 years.
5. Land is also excluded from exemption under ITEP. However the land value was not included in this analysis, as property taxes would be collected on the land regardless of the Pratt / GMel project.  
 The City of Hammond currently receives roughly \$580 in annual property tax dollars for the four parcels of land at 1301 Pride Dr.