

King George County, Virginia

Economic Development Revenue Analysis



September 5, 2023

Background



- Davenport & Company LLC (“Davenport”) serves as Financial Advisor to King George County (the “County”) and the King George County Service Authority (the “Authority”) in the following ways, amongst others:
 - Reports to the County Board of Supervisors and Authority Board of Directors, and County Administrator and General Manager, respectively;
 - Complements County Staff with annual Budgetary Planning, Capital Planning, and Multi-year Financial Planning; and,
 - Interacts with the National Credit Rating Agencies on behalf of the County.

- Davenport is routinely engaged by the County to assist in the review of potential Economic Development Projects and to help analyze the risks/rewards of potential Economic Development Projects/Initiatives.

- Davenport was asked by the County to independently review the projected revenues associated with a Economic Development Project proposed by Amazon.

- The analysis herein outlines Davenport’s estimated revenue impacts related to Real Estate and Personal Property Taxes under three scenarios. *Note: All results are preliminary, and subject to change.*

General Assumptions



A. Scenarios Analyzed:

- 1) 1 Data Center.
- 2) 3 Data Centers.
- 3) 6 Data Centers.

B. Buildout Timing: For purposes of this revenue estimate, it is assumed that the first data center is complete in calendar year 2026 and the County begins collecting revenue in fiscal year 2027. Scenarios 2 and 3 assume additional data center buildings (as noted above) are added at the rate of one per year.

C. Tax Rates: This analysis assumes the following tax rates are held constant for the entire projection period:

- 1) **Real Estate Tax Rate:** 68¢ per \$100 Assessed Value.
- 2) **Personal Property Tax Rate:** \$1.25 per \$100 Assessed Value. (Note: Personal property in the form of network and server equipment is assumed to depreciate at the current depreciation schedule).

Summary Revenue Impact



- The following cash flows represent estimated revenues received via Real Estate and Personal Property taxes only.

Scenario 1: 1 Data Center Building		Scenario 2: 3 Data Center Buildings		Scenario 3: 6 Data Center Buildings	
FY	Gross Real Estate and Personal Property Taxes	FY	Gross Real Estate and Personal Property Taxes	FY	Gross Real Estate and Personal Property Taxes
Totals	\$ 35,689,169	Totals	\$ 99,991,798	Totals	\$ 183,154,600
2024	-	2024	-	2024	-
2025	-	2025	-	2025	-
2026	-	2026	-	2026	-
2027	3,038,085	2027	3,038,085	2027	3,038,085
2028	3,682,610	2028	6,720,695	2028	6,720,695
2029	3,783,768	2029	10,504,464	2029	10,504,464
2030	2,844,892	2030	10,311,271	2030	13,349,356
2031	2,182,920	2031	8,811,581	2031	15,532,276
2032	1,784,146	2032	6,811,959	2032	17,316,422
2033	2,142,925	2033	6,109,992	2033	16,421,263
2034	2,343,613	2034	6,270,685	2034	15,082,265
2035	2,455,430	2035	6,941,968	2035	13,753,927
2036	1,953,560	2036	6,752,603	2036	12,862,595
2037	1,574,190	2037	5,983,180	2037	12,253,864
2038	1,378,570	2038	4,906,319	2038	11,848,288
2039	1,868,570	2039	4,821,329	2039	11,573,932
2040	2,236,070	2040	5,483,209	2040	11,466,389
2041	2,419,820	2041	6,524,459	2041	11,430,778

DAVENPORT & COMPANY Note: All estimates are preliminary, subject to change. Actual results may vary substantially from these estimates.

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Version 01.01.23 GB | AS | KL