

**COST/BENEFIT ANALYSIS**

(As required by Section 869-A3 of New York General Municipal Law)

Project Applicant: **Air Products and Chemicals, Inc.**

**PROJECT #4001-23-03**

Project Types and Evaluation Criteria:

Below is a list of various project types and the criteria by which projects will be evaluated by the Agency. The Agency, in its discretion, shall evaluate each project based on the totality of applicable factors, taking into account the total economic impact, and no one factor may be determinative. In any case where a project may be categorized by more than one type listed below, the evaluative criteria for each applicable project type should be applied to the applicable component of the project.

1) Manufacturing/Warehousing/Distribution Project

- a. For Manufacturing/Warehousing/Distribution Projects, the Agency should consider the following criteria, as applicable:
  - i. The information provided in the Cost Benefit Analysis;
  - ii. The capital investment being made by the applicant;
  - iii. The impact, if any, from local labor construction for the project;
  - iv. Wage rates (above median wage for the area);
  - v. Regional wealth creation (percent of sales or customers from outside the area);
  - vi. In region purchases (percentage of overall purchases for project);
  - vii. Research and development;
  - viii. Investments in energy efficiency;
  - ix. Land use factors; and
  - x. Retention/flight risk of applicant.

**Project Description:**

Air Products & Chemicals, Inc. proposes the construction and operation of a green hydrogen production facility on an approximately 88.5-acre parcel located on Pontoon Bridge Road in Massena. The facility is designed to produce up to 35 MT/day carbon free Green Hydrogen using renewable hydropower and electrolysis of water.

The facility will consist of an electrolyzer building, a compressor building, a water treatment building, a control building, a terminal building and an electrical substation with associated parking areas, access roads, emergency generators and pads, all necessary utilities and stormwater basin, security fencing and any other required improvements as well as the acquisition and installation therein and thereon of related fixtures, machinery, equipment and other tangible personal property.

The Green Hydrogen produced from the project is planned to be utilized as carbon free fuel for transportation sector, particularly heavy-duty vehicles as well as to decarbonize other hard. to electrify applications. The project will assist the State of New York achieve its ambitious Climate targets. Project also includes green Hydrogen liquefaction, storage, and distribution.

The project investment is approximately \$425 million and the proposed job creation is 90 FTE.

**\*\*\*FOR AGENCY USE ONLY\*\*\***

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**Estimated COST of Agency Assistance**

**ESTIMATED EXEMPTIONS:**

**1. Sales and Use Tax Exemption**

|                                           |                        |                            |
|-------------------------------------------|------------------------|----------------------------|
| a. Amount of Project Cost Subject to Tax: |                        | <u>\$ 118,054,000</u>      |
|                                           | Sales and Use Tax Rate | <u>8%</u>                  |
| <b>b. Estimated Exemption:</b>            |                        | <u><b>\$ 9,444,320</b></u> |

**2. Mortgage Recording Tax Exemption**

|                                  |                             |                    |
|----------------------------------|-----------------------------|--------------------|
| a. Projected Amount of Mortgage: |                             | <u>N/A</u>         |
|                                  | Mortgage Recording Tax Rate | <u>0.75%</u>       |
| <b>b. Estimated Exemption:</b>   |                             | <u><b>\$ 0</b></u> |

**3. Real Property Tax Exemption**

|                                           |                              |                            |
|-------------------------------------------|------------------------------|----------------------------|
|                                           | Property Location            | Town of Massena            |
| a. Investment in Real Property            | Total Project Cost           | <u>\$ 425,000,000</u>      |
| b. Pre-project Assessment                 | a new tax ID will be created | <u>55,100</u>              |
| c. Projected Post-project Assessment      |                              | <u>29,000,000</u>          |
| d. Equalization Rate (for reference only) |                              | <u>92%</u>                 |
| e. Increase in Assessed Value of Property |                              | <u>29,000,000</u>          |
| f. Total Applicable Tax Rates per \$1,000 |                              | <u>32.79</u>               |
| g. Twenty Year Total Taxes                |                              | <u>19,017,159</u>          |
| h. PILOT Payments with Proposed PILOT     |                              | <u>9,984,009</u>           |
| <b>i. Net Exemption Amount</b>            | <b>(g – h)</b>               | <u><b>\$ 9,033,150</b></u> |

**4. Interest Exemption [Bond Only]**

|                                     |                                |            |
|-------------------------------------|--------------------------------|------------|
| a. Total Estimated Interest Expense | (Assuming Taxable interest)    | <u>N/A</u> |
| b. Total Estimated Interest Expense | (Assuming Tax Exempt Interest) | <u></u>    |
| c. Interest Exemption               | (a – b)                        | <u>\$0</u> |

**TOTAL ESTIMATED EXEMPTIONS**

**\$ 18,477,470**

**Comments:** Amount of project cost subject to sales tax was determined by totaling construction material, site work, furniture and fixtures, non-exempt machinery and equipment, construction labor and engineering costs assumed to be subject to sales tax without IDA involvement. Projected post-project assessment is based on consent resolutions provided by affected local taxing jurisdictions through SLC IDA Uniform Tax Exemption Policy PILOT deviation process. Proposed PILOT has 20-year term based on fixed \$29,000,000 and abatement schedule starting at 95% and decreasing in 5% increments each year of the PILOT.

## Estimated BENEFIT of Agency Assistance

### EMPLOYMENT

Do not include construction jobs relating to the Project.

### COMPARISON:

- Full Time: Permanent employee who works 30 or more hours each week, and does so on a regularly-scheduled basis.
- Part Time Temporary/Seasonal: Any employee who works fewer than 30 hours each week, and does so on an occasional, temporary or as-needed basis.

- A:** Insert the number of full time and part time jobs that currently exist within your company at the time of application.
- B:** Indicate the average annual wage for each job type listed in A (full time, part time, or other).
- C:** Indicate the average annual Benefit for each job type listed in A (full time, part time, or other).
- D:** Insert the number of jobs to be created during year 1 of the project for each job type (full time, part time, or other).
- E:** Insert the number of jobs to be created during year 2 of the project for each job type (full time, part time, or other).
- F:** Insert the number of jobs to be created during year 3 of the project for each job type (full time, part time, or other).
- G:** The total number of jobs to be created for each job type (full time, part time, or other) will automatically calculate.

| Jobs                   | (A)          | (B)                  | (C)                         | (D)                           | (E)                           | (F)                           | (G)                    |
|------------------------|--------------|----------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------|
|                        | Current Jobs | Average Annual Wage  | Average Annual Benefit Cost | Number of Jobs Created Year 1 | Number of Jobs Created Year 2 | Number of Jobs Created Year 3 | Total New Jobs Created |
| <b>Full Time</b>       |              |                      |                             |                               |                               |                               |                        |
| Management             |              | \$ [REDACTED]        | \$ [REDACTED]               | 4                             |                               |                               | 4                      |
| Professional           |              | \$ [REDACTED]        | \$ [REDACTED]               | 4                             | 4                             | 6                             | 14                     |
| Administrative         |              | \$ [REDACTED]        | \$ [REDACTED]               | 1                             |                               |                               | 1                      |
| Production             |              | \$ [REDACTED]        | \$ [REDACTED]               | 13                            |                               |                               | 13                     |
| Drivers                |              | \$ [REDACTED]        | \$ [REDACTED]               | 32                            | 10                            | 4                             | 46                     |
| Other:                 |              | \$ [REDACTED]        | \$ [REDACTED]               | 6                             | 1                             | 5                             | 12                     |
| <b>Total</b>           | <b>0</b>     | <b>\$ [REDACTED]</b> | <b>\$ [REDACTED]</b>        | <b>60</b>                     | <b>15</b>                     | <b>15</b>                     | <b>90</b>              |
| <b>Part Time</b>       |              |                      |                             |                               |                               |                               |                        |
| Management             |              | \$                   | \$                          |                               |                               |                               |                        |
| Professional           |              | \$                   | \$                          |                               |                               |                               |                        |
| Administrative         |              | \$                   | \$                          |                               |                               |                               |                        |
| Production             |              | \$                   | \$                          |                               |                               |                               |                        |
| Independent Contractor |              | \$                   | \$                          |                               |                               |                               |                        |
| Other:                 |              | \$                   | \$                          |                               |                               |                               |                        |
| <b>Total</b>           |              | <b>\$</b>            | <b>\$</b>                   |                               |                               |                               |                        |

### ESTIMATED OTHER BENEFITS:

|                                     |                                             |                                                                                                                                                                                                                            |
|-------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/>            | <b>Sales Tax Revenue (New Product)</b>      | This project will result in the manufacturing or selling of a new product, and the estimated amount of annual sales taxes that will be generated on retail sales of the new project is \$ .                                |
| <input type="checkbox"/>            | <b>Sales Tax Revenue (Existing Product)</b> | This project will result in increased production or sales of an existing product, and the estimated amount of annual sales tax that will be generated on the retail sales of the increased production is \$ .              |
| <input checked="" type="checkbox"/> | <b>Real Property Taxes</b>                  | The amount of annual real property taxes that will be payable on the project at the end of the PILOT Agreement is <b>\$950,858 (using \$29,000,000 value from PILOT. This does not include the base value of the land.</b> |
| <input checked="" type="checkbox"/> | <b>Construction Jobs</b>                    | This project will help generate approximately 350 construction jobs.                                                                                                                                                       |

|                                     |                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| <input checked="" type="checkbox"/> | <b>Community and Regional Benefit</b> | <p><b><i>Air Products and Chemicals, Inc. is an American international corporation headquartered in Allentown, Pennsylvania. Air Products, a world-leading industrial gases company in operation for over 80 years, provides essential industrial gases, related equipment, and applications expertise to customers around the world. Focused on energy, environmental, and emerging markets, the Company has two growth pillars driven by sustainability. Air Products' core industrial gases business serves customers in dozens of industries, including refining, chemicals, metals, electronics, manufacturing, medical, and food. The Company also develops, engineers, builds, owns, and operates some of the world's largest industrial gas and carbon-capture projects, supplying world-scale clean hydrogen for global transportation, industrial markets, and the broader energy transition.</i></b></p> <p><b><i>Air Products is also a world leader in several growth markets including hydrogen, helium, and liquefied natural gas process technology and equipment, and provides turbomachinery, membrane systems, and cryogenic containers globally. In fiscal year 2022, Air Products had sales of \$12.7 billion and assets of \$27.2 billion while operating over 750 facilities in over 50 countries.</i></b></p> <p><b><i>The project directly supports the following sections of the St. Lawrence County Comprehensive Economic Development Strategy ("CEDS") adopted by the County and IDA in 2022:</i></b></p> <p><u><a href="#">Goals &amp; Objectives</a></u></p> <p><b>Goal #1: Identify, retain, and expand employers and startups within the County by prioritizing activities that assist in ensuring viability through more profitable operations.</b></p> <p><u><a href="#">Objectives:</a></u></p> <ul style="list-style-type: none"> <li>• Support "primary" industries, i.e., enterprises that sell significant percentages of their products and services to customers largely located outside the County. This may include government and not-for-profit enterprises – such as the universities and State correctional institutions – whose revenues largely come from out-of-County sources.</li> <li>• Utilize the County's skilled workers to convert its natural resource materials into value-added products for sale, in addition to exporting the raw materials elsewhere for processing.</li> </ul> <p><b>Goal #3: Promote outside investment and bring new firms to the County by focusing resources on markets that can be reached effectively.</b></p> <p><u><a href="#">Objectives:</a></u></p> <ul style="list-style-type: none"> <li>• Seek out new firms in primary industries, i.e., their products and services will be primarily sold to customers largely located outside the County, or those which will provide products or services that support primary (tradable sector) enterprises located in the County.</li> <li>• Leveraging the County's assets, pursue firms which will add to or complement the key sectors of the County economy.</li> <li>• Attract firms which add value to the County's existing physical resources and/or capitalize on the existing workforce in the County.</li> <li>• Attract firms providing products and services that give County residents a locally produced or delivered option.</li> </ul> |
|-------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Goal #4: Initiate a systemic economic development research program that will develop, on an ongoing basis, new ideas to be converted into future development initiatives and actions.**

Objectives:

- Research new industries, companies, or development resources to support the key sectors of the County economy.
- Explore the natural resource potential of the County as a means for expanded economic activity and future growth, as well as proper protections to sustain those resources.
- Work with development and industry partners to capitalize on low-cost and renewable energy assets of the County.
- Explore creation of new development incentives and programs to assist existing, expanding, and evolving industries.
- Partner with local universities to maximize both their potential as economic development engines and the research and development capabilities they offer to business entities in the County.

***Additionally, the project supports the Regional Vision of the North Country Regional Economic Development Council includes creating “the greenest energy economy in the State.”***

***The project will assist the State of New York achieve its ambitious Climate targets as the project also includes green Hydrogen liquefaction, storage, distribution, and hydrogen refueling stations in the State of New York. The Project will help the state of New York avoid >6 million tonnes of CO2 over the lifetime of the project. The following, taken from NYSERDA’s website ([Hydrogen - NYSERDA](#)) specifically summarizes the potential role of green hydrogen in reaching the State’s goals:***

New York State’s [Climate Leadership and Community Protection Act \(Climate Act\)](#) enacts the most aggressive climate targets in the United States: 40 percent greenhouse gas (GHG) reductions below 1990 levels by 2030, a carbon free electricity system by 2040, and an 85 percent reduction in GHG below 1990 levels by 2050. Under the Climate Act, the State must also support a just transition and ensure that at least 35 percent of the benefits of clean energy investments go to disadvantaged communities with a goal of 40 percent.

As New York transitions to a clean energy economy, we are seeking to understand and explore all resources that may be available as part of the State’s comprehensive decarbonization strategy, including assessing the role of green hydrogen. Supporting innovation and studying all technologies will enable us to remain on the cutting edge of evolving solutions that will complement our existing decarbonization efforts in achieving the State’s ambitious Climate Act goals.