

Niagara County Industrial Development Agency

Project Summary Sheet –

HSBC Technology & Services (USA) Inc. – 07-04

Applicant: HSBC Technology & Services (USA) Inc.

Project Location: Lockport Road
Town of Cambria, NY

Assistance: Standard PILOT (Industrial)
Sales tax exemptions

Description: HSBC Technology & Services (USA) Inc. is a fully owned subsidiary of HSBC Investments (North America) Inc. and an indirect subsidiary of HSBC North America Holdings Incorporated. HSBC Technology & Services (USA) Inc. is a Delaware Corporation with corporate offices currently located Mt. Prospect, Illinois providing information and data processing operations for HSBC Bank, USA.

HSBC Bank, USA has realized substantial growth over the past several years through expansions and acquisitions, placing an increased demand for information and data processing and storage services. To meet this need, HSBC Technology & Services (USA) Inc. has expanded it's Amherst location and is now considering a new facility to be located on Lockport Road in the Town of Cambria, New York.

This proposal calls for the construction of a 275,000 square foot, State Of The Art processing facility at a cost of approximately \$70 million and the first year acquisition and installation of \$35 million of Information Technology equipment. Each year there after there will be annual investments of \$55 million in computer and technology equipment. Total capital investments over the 15 year period will be approximately \$936 million with the creation of 56 direct jobs, 350 construction jobs (2 years) and 125 new indirect (support) jobs.

The company is seeking Agency approval to construct and operate the facility, acquire and install new equipment, a 15 year (industrial) PILOT for the project facility and to issue sales tax exemptions for the purchase and installation of the project, Based on the proposed 15 year capital investment strategy of HSBC Technology & Services (USA) Inc. the company would like the inclusion of annual sales tax exempt certificates as a part of the Inducement. The annual issuance of the sales tax letter would be based on the proposed equipment acquisitions for the year as submitted to the Agency.

This project will have both direct (HSBC) benefits as well and secondary impacts from needed support businesses in technology development and transfer, equipment installation and maintenance, software development and technical support

Project Costs:	Land acquisition, utilities and site work	\$ 5,930,000
	New building	66,440,000
	Machinery & equipment (initial)	35,000,000
	Project Related Costs	<u>4,600,000</u>
	Sub total	\$111,970,000
	Annual IT equipment investment	
	\$55,500,000 x 15 years	<u>832,500,000</u>
	Total Project cost	\$944,470,000

Employment:	Current: 0	Skills: technicians, processing, electricians New
	(est.) 56	Est. annual payroll \$4,300,000
	Indirect & support jobs 125	Est. annual payroll \$5,800,000
	Construction jobs (2 yrs) 350	Est. 2 year payroll \$11,700,000

Project Impact:	Community benefit:	
	Increased property taxes (15 years)	\$14,500,000
	HSBC annual payrolls direct (15 years)	64,500,000
	indirect (15 years)	87,000,000
	Construction payroll (2 years)	\$11,700,000
	Total Community Benefits	\$177,700,000
	Company benefits:	
	Real property tax savings (15 years)	\$21,800,000
	Sales tax exemption (Phase 1)	6,700,000
	Sales tax exemptions (Phase 2 – 15)	<u>61,000,000</u>
	Total Company benefits	\$89,500,000

Staff Recommendations:

- Project is consistent with Agency policy and IDA legislation.
- Agency Counsel has reviewed and approved this request.
- Project creates construction and new high paying technology jobs.
- Project will serve as a catalyst for attracting technology support businesses.