



**MRB**  
Group

# CENTRAL HUDSON GAS & ELECTRIC: Economic and Fiscal Impact

*People. Power. Possibilities.*

**Central Hudson**

A FORTIS COMPANY



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# Executive Summary

Central Hudson Gas & Electric (“Central Hudson” or “Company”) is a utility company providing natural gas and electricity services to areas throughout the Hudson Valley (its “Service Area”). In 2015, Central Hudson engaged the Center for Governmental Research (CGR) to conduct an economic and fiscal impact assessment of Central Hudson’s operations on its Service Area. Central Hudson has engaged MRB Group to update the 2015 CGR report to the present day.

In terms of economic impacts, MRB Group assessed the direct and indirect changes to jobs, wages, and economic activity associated with Central Hudson’s operations and capital expenditures in its Service Area. The fiscal impacts considered in the following analysis include property, income, sales, and other tax revenue associated with the operations and capital expenditures of Central Hudson.

Central Hudson’s impact on the local economy is primarily driven by the Company’s direct employees and the payroll associated with those jobs. The other significant impact of Central Hudson’s operations is associated with the annual capital expenditures of the Company. Together the operations and capital expenditures of Central Hudson account for a direct economic impact of 1,839 jobs, yielding \$276 million in wages, and \$2.0 billion in economic activity. This direct economic impact generates a number of spillover, or indirect, economic impacts associated with employee spending and business-to-business purchases. In total, the annual economic impact of Central Hudson is 5,325 jobs, \$457 million in wages, and \$2.6 billion in annual economic activity.

	Direct	Indirect	Total
<b>Economic Impact of Central Hudson Gas &amp; Electric</b>			
Jobs	1,839	3,485	5,325
Wages	\$276,138,932	\$180,529,058	\$456,667,991
Economic Activity	\$1,991,627,652	\$558,814,883	\$2,550,442,535

Central Hudson’s fiscal impact on the region includes various sources of tax revenue generated for the affected taxing jurisdictions. The largest fiscal impact of Central Hudson’s operations is property tax revenue. In 2023, the Company paid \$59.5 million in property tax that was distributed to the cities, villages, towns, counties, and school districts located in the Company’s Service Area. Additionally, income tax associated with the direct and indirect employment is estimated at \$19.8 million. Other taxes including utility service taxes, capital base taxes, and highway use taxes paid by the Company was \$4.9 million in 2023. Central Hudson generated state and county sales tax revenue through both sales taxes paid on capital projects, and by local spending of the direct and indirect employees, which we estimate at \$8.8 million and \$7.4 million, respectively. In total, we estimate the annual fiscal impact of Central Hudson to be \$100 million.



\*Includes Utility Services, Capital Base, and Highway Use Taxes.



# Introduction

Central Hudson Gas and Electric is a utility company providing natural gas and electricity services to areas throughout the Hudson Valley. In 2015, Central Hudson engaged the Center for Governmental Research to conduct an economic and fiscal impact assessment of Central Hudson's operations on its Service Area. Central Hudson has engaged MRB Group to update the 2015 CGR report to the present day.

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## Market Area

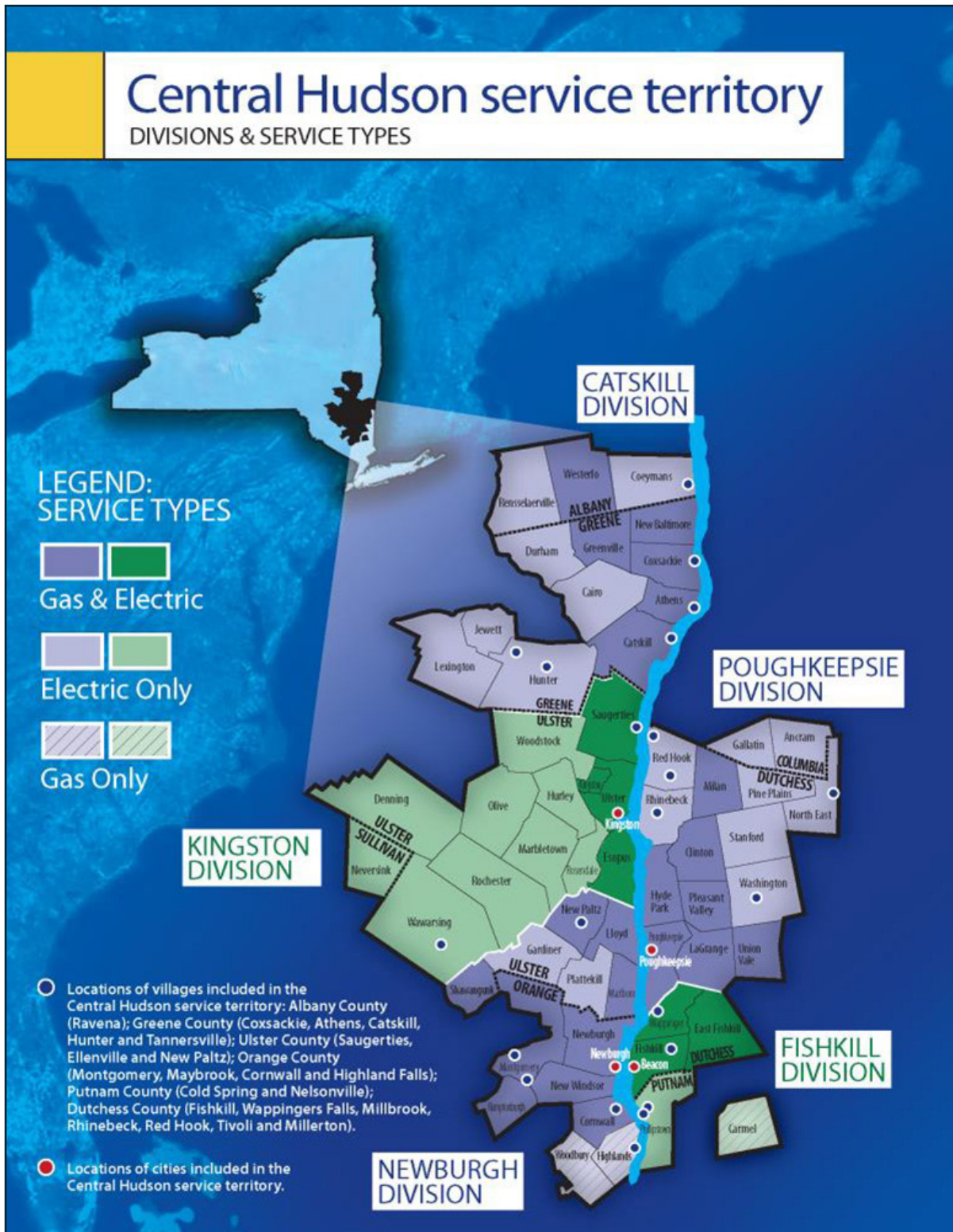
The map on the following page displays Central Hudson's Service Area, which reaches eight counties in the Mid-Hudson Region including: Albany, Columbia, Dutchess, Greene, Orange, Putnam, Sullivan, and Ulster Counties. The impacts reported in this analysis pertain to these eight counties.

## Data Note

The following analysis compiles data provided by Central Hudson Gas & Electric, including employment, wages, and taxes paid by the Company from 2020 – 2023. In addition to data provided by the Company, MRB Group utilized other data sources including Esri Business Analyst Online and the New York State Department of Taxation and Finance. The economic impact models are calculated using an industry-leading software, Lightcast.



# Service Map



# Economic Impact Analysis

Central Hudson produces economic impacts on the Service Area in several ways. Economic impacts include the effects on jobs, wages and economic activity associated with the Company's capital expenditures. Economic impacts also include the annual impacts associated with Central Hudson's employees.

## Methodology

Both the capital expenditure and employment-based economic impacts have "Direct" and "Indirect" components.

	Capital Expenditures Includes:	Employment Impacts Includes:
Direct	Jobs, wages, and economic activity that occur as a result of the Company's capital expenditures.	Jobs, wages, and economic activity created from the operations of the Company.
Indirect	Jobs, wages, and economic activity caused by the Direct impacts, and result from business-to-business purchases (e.g. a contractor buying a piece of equipment from a vendor) and from employees spending a portion of their wages locally.	Jobs, wages, and economic activity caused by the Direct impact, such as business-to-business purchases and employees of such businesses spending a portion of their wages locally.

To estimate the Direct and Indirect impacts, MRB Group employs the Lightcast economic modeling system. We use data from Central Hudson and publicly available sources as inputs to the Lightcast modeling system.

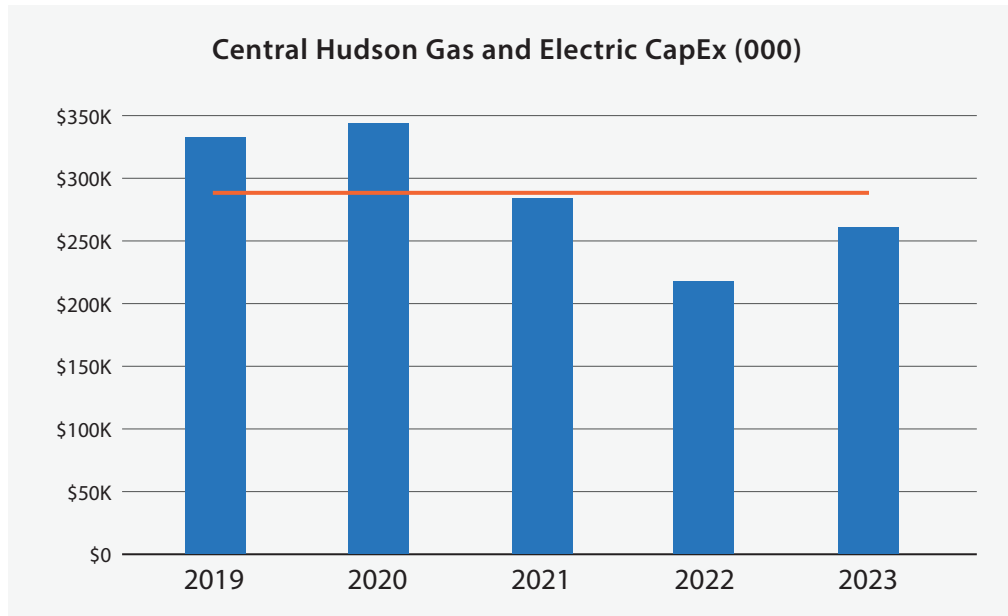
## Capital Expenditures

The graph below displays Central Hudson's capital expenditures by year (blue) and the five-year average capital expenditures (orange). Operating in a capital-intensive sector, Central Hudson's annual capital expenditures can vary significantly year-over-year across various infrastructure projects. As such, we use the five-year average capital expenditure of \$287 million to calculate the economic impacts of a 'typical' year.<sup>1</sup>

This \$287 million in annual capital expenditures results in 697 direct jobs and \$110 million in direct wages. Coupled with the associated indirect impacts, the total economic impacts of the Company's capital expenditures are 1,208 jobs, \$144 million in wages, and \$387 million in economic activity.

<sup>1</sup>Capital expenditure figures are expressed in 2023 dollars using Producer Price Index: Final Construction Demand St. Louis FRED: <https://fred.stlouisfed.org/series/PPIDCS>

# Economic Impact Analysis



## Employment Impacts

The primary economic impact of the Company is driven by Central Hudson's employment in the Service Area. In 2023, Central Hudson employed 1,142 people with aggregate payroll of \$166 million. The direct impacts of the Company's employment lead to indirect impacts driven by business-to-business purchases and employees spending a portion of their wages locally. As shown in the table to the right, the Company's employment and payroll yield indirect impacts of an additional 2,975 jobs, earning \$147 million in wages, and \$459 million in economic activity. Combining the direct and indirect impacts, the total economic impact of 4,117 jobs, \$313 million in wages, and \$2.2 billion in economic activity.

### Economic Impact of Employment

	Direct	Indirect	Total
<b>Jobs</b>	1,142	2,975	4,117
<b>Wages</b>	\$166,051,919	\$146,973,864	\$313,025,784
<b>Economic Activity</b>	\$1,705,068,360	\$458,455,915	\$2,163,524,275

## Combined Annual Economic Impacts

The table to the right displays the total annual economic impact of Central Hudson including both the impacts of the Company's capital expenditures and operations. As shown, this totals 5,325 jobs earning \$457 million, with economic activity of \$2.6 billion.

### Combined Economic Impact

	Direct	Indirect	Total
<b>Jobs</b>	1,839	3,485	5,325
<b>Wages</b>	\$276,138,932	\$180,529,058	\$456,667,991
<b>Economic Activity</b>	\$1,991,627,652	\$558,814,883	\$2,550,442,535

Source: Lightcast; Central Hudson



# Fiscal Impact Analysis

Central Hudson has a significant fiscal impact to the Service Area, generating tax revenue each year for the counties, cities, towns, villages, and school districts in the Service Area. Below are descriptions of the sources of tax revenue including property, income, sales, and other taxes.

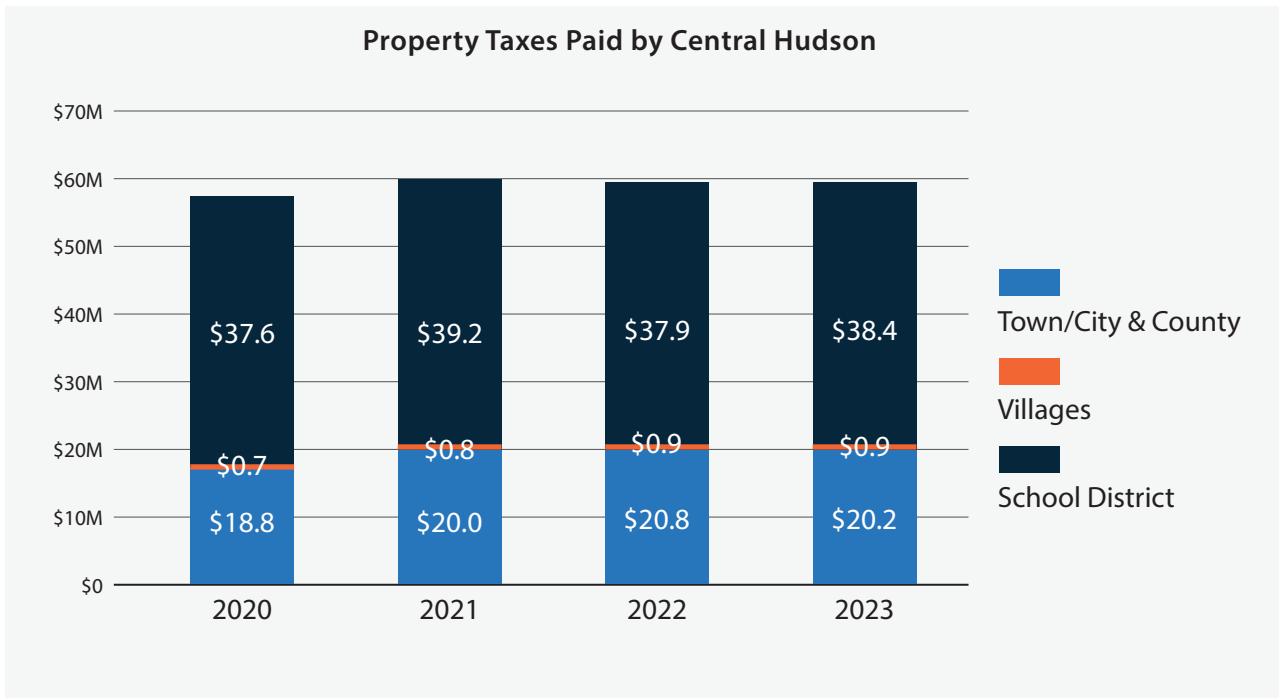
## Property Taxes

The table below displays the property taxes paid by Central Hudson from 2020 – 2023.

Each year, Central Hudson paid approximately \$60 million in property taxes, which is distributed to the affiliated taxing jurisdictions as shown below.



Central Hudson hosted Wappingers Falls students to showcase their storyboards about how weather and climate impact our energy system



Source: Central Hudson



# Fiscal Impact Analysis

## Income Tax

We use an assumed effective income tax rate to estimate the amount of income taxes generated by direct and indirect jobs associated with Central Hudson. As estimated previously in the report, the economic activity of Central Hudson accounts for 5,325 jobs earning \$457 million. Those wages generate a total of \$19.8 million in income tax revenue for the State.

## Sales Tax

Central Hudson generates sales tax revenue for state and local jurisdictions in several ways. The Company pays sales tax on materials used in their substantial capital projects, which we estimate at \$8.8 million. The second source of sales tax revenue is associated with the portion of the direct and indirect wages paid that is spent and subject to the sales tax, generating a further \$7.4 million. We therefore estimate total sales tax revenues at \$16.2 million.

## Other Taxes

Central Hudson reports additional taxes paid by the Company as shown on the right, including utility service, capital base, and highway use taxes. In 2023, these taxes total \$4.9 million.

### Income Tax Generated

Source	\$ Millions
Direct	\$13.5
Indirect	\$6.3
<b>Total</b>	<b>\$19.8</b>

### Sales Tax Revenue

Source	\$ Millions
Capital Projects	\$8.8
Employee Spending	\$7.4
<b>Total</b>	<b>\$16.2</b>

### Other Taxes Paid

Source	\$ Millions
Utility Services Tax	\$2.1
Capital Base Tax	\$2.8
Highway Use Tax	\$0.03
<b>Total</b>	<b>\$4.9</b>

Source: Central Hudson; MRB Group

# Community Investment

## Economic Development

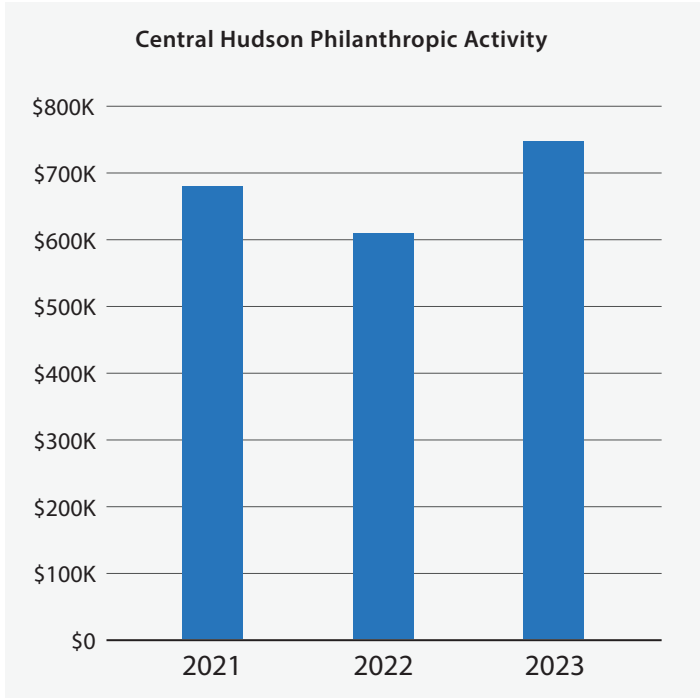
Central Hudson offers a suite of economic development programs focused on supporting and expanding the manufacturing sector in the Hudson Valley, creating and supporting well-paying jobs. Over the last three years, Central Hudson has invested \$950,000 in a variety of economic development programs including support for expansion and retention of local manufacturing, building revitalization initiatives, and the development of shovel ready sites.

## Philanthropic Activity

Over the last three years, Central Hudson and its employees have made significant investments in the community and philanthropic activity totaling \$2.0 million. In 2023 alone, the Company and its employees invested \$748,942 into the community.

Community investments include:

- Arts and Culture
- Biodiversity
- Education
- Environmental Community Support
- Health and Wellness
- Safety
- Small Business Support
- Social Development





# Community Investment



Central Hudson employees helped to set up a farm stand, organize produce and dairy items and distribute food for neighbors. Food was also transported to food access organizations and community refrigerators in Beacon.



Central Hudson partnered with United Way to repair, paint and landscape Family of Woodstock Family House, an emergency shelter for homeless youth ages 12-17.



In 2024, more than 100,000 diapers were distributed to nonprofit agencies for parents in need in Dutchess and Orange counties.

“Central Hudson’s commitment to our community is truly inspiring. Their generous financial contribution and countless volunteer hours have a profound impact on the lives of so many. Their support allows us to provide vital services that address poverty, homelessness, hunger, and other critical needs. We are incredibly grateful for their partnership.”

**Jeannie Montano President & CEO of United Way Dutchess-Orange Region**