

LFUCG Occupational License Tax Forecast FY 2019 & 2020

Michael Clark, Ph.D.

Associate Professor of Economics

Associate Director, Center for Business & Economic Research

Gatton College of Business & Economics

University of Kentucky



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Occupational License Taxes

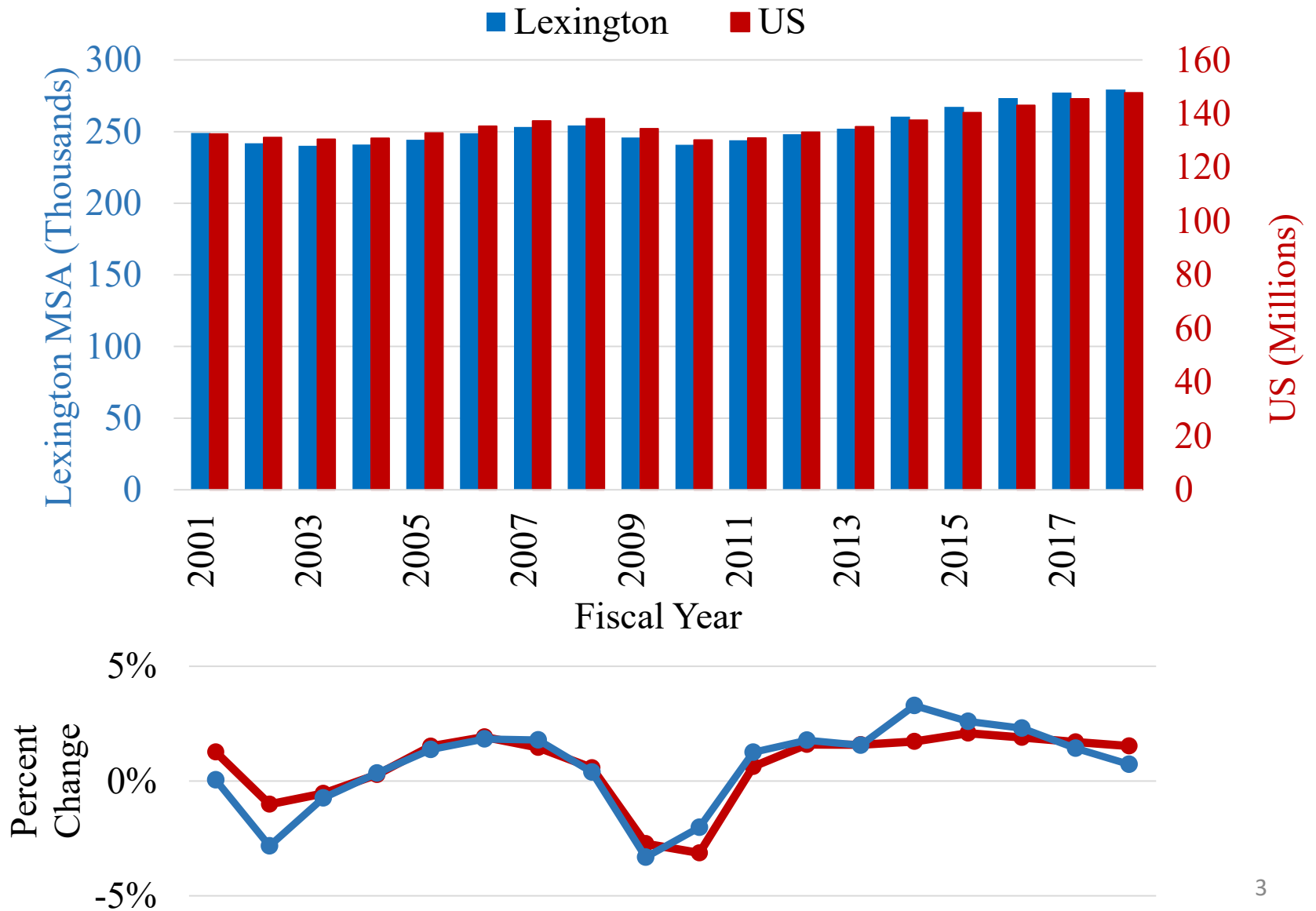
Payroll

- 2.25% of wages, salaries, and other forms of compensation
- Forecast Process
 - National Economic Forecasts from IMF, CBO, CBER
 - Correlations between **national employment and wages** and Lexington's employment and wages
 - Examine patterns in revenues over time

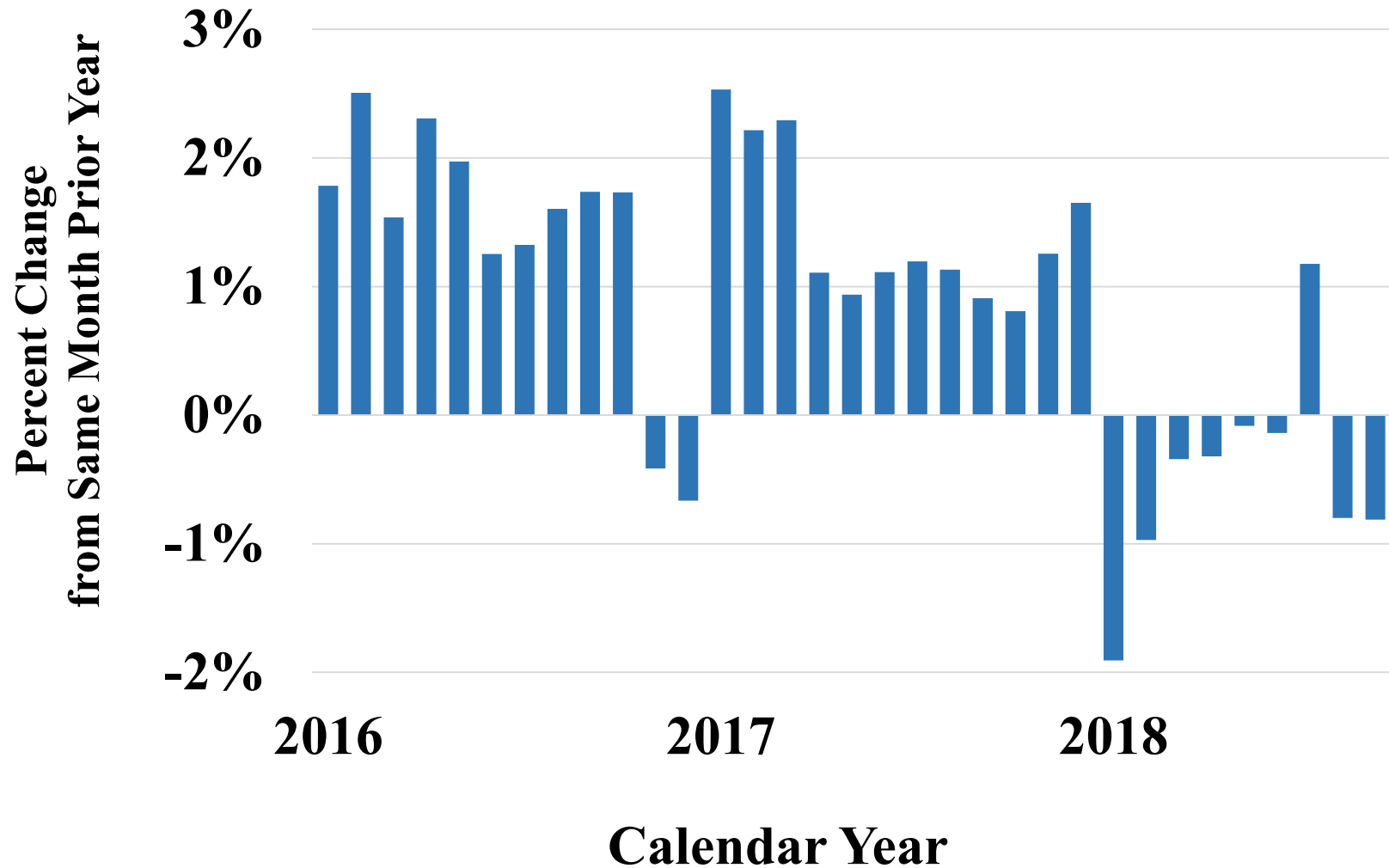
Net Profits

- 2.25% of net profits of business activity
- Forecast Process
 - National Economic Forecasts from IMF, CBO, CBER
 - Correlations between **national GDP** and Lexington's GDP
 - Examine patterns in revenues over time
- High degree of volatility from year-to-year

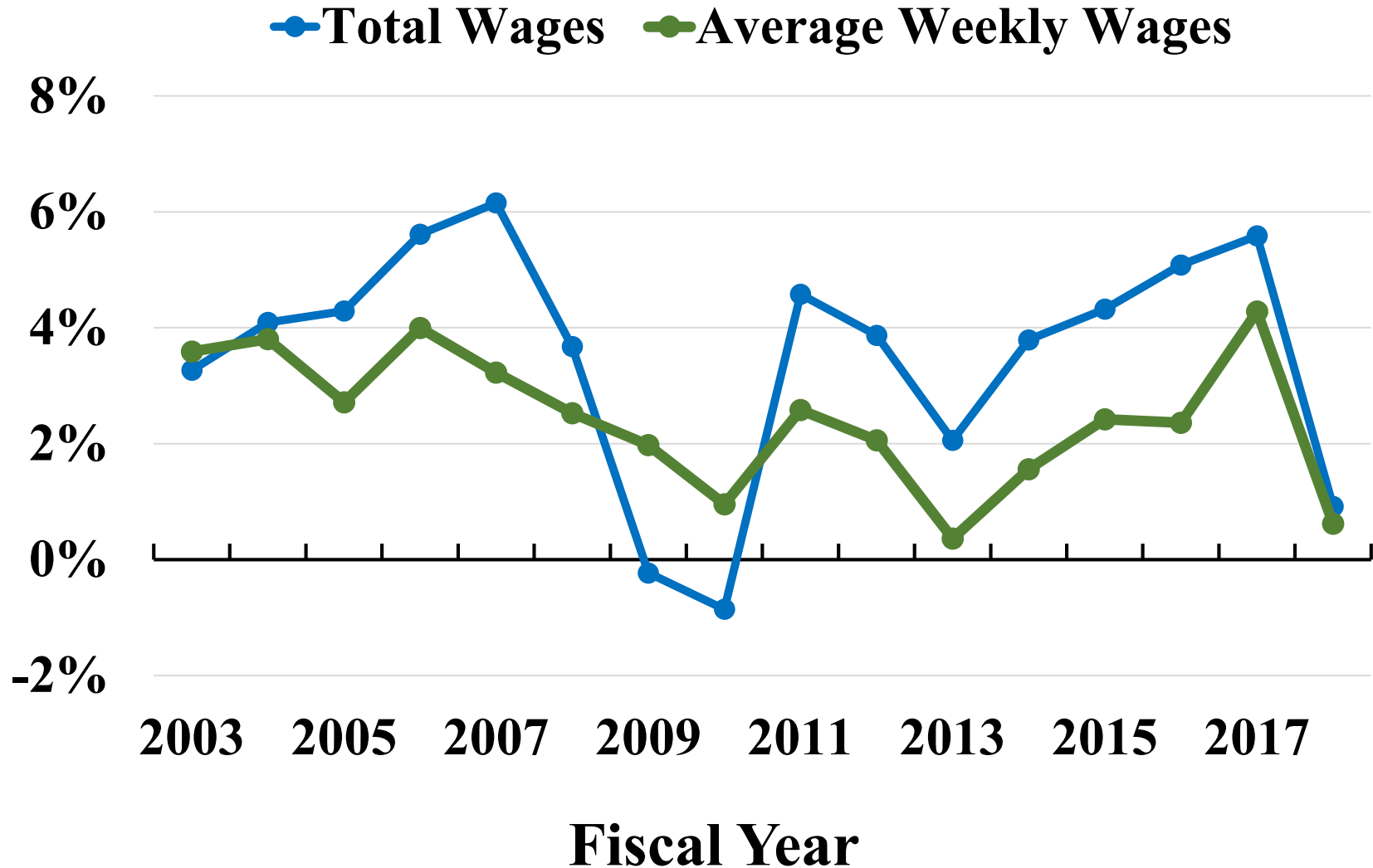
Lexington MSA Employment



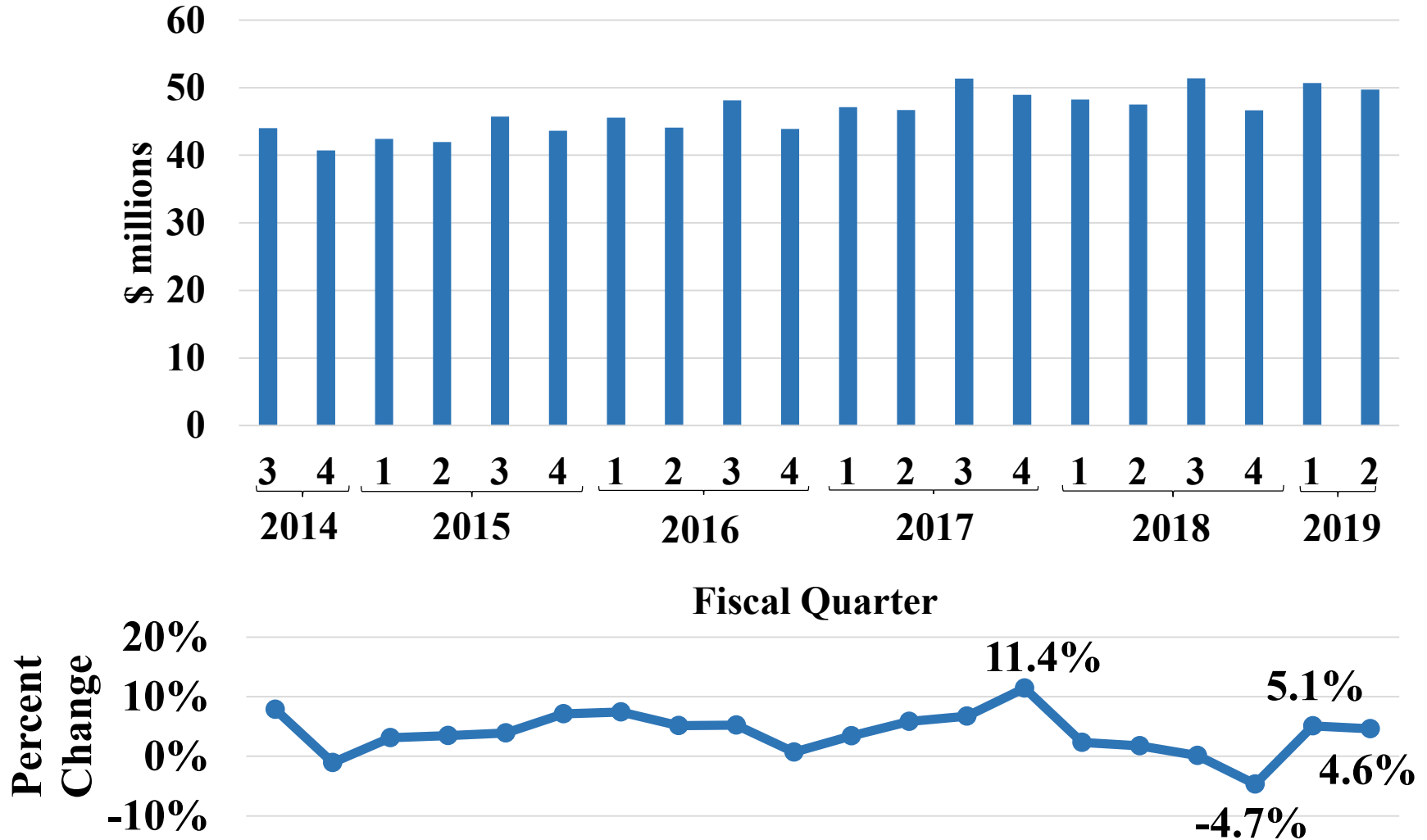
Lexington Employment



Lexington Wages

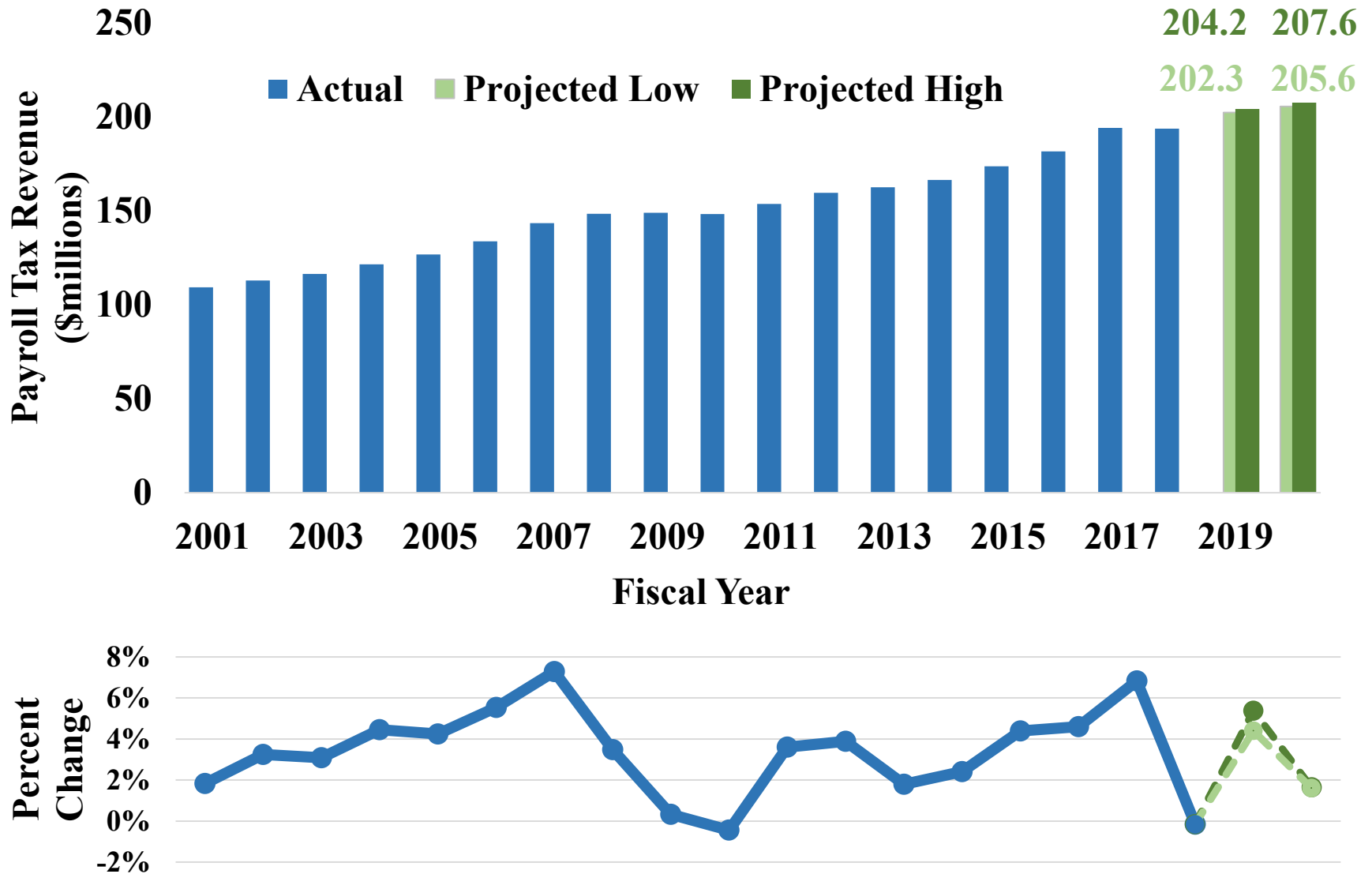


Lexington Payroll Tax Revenue Quarterly



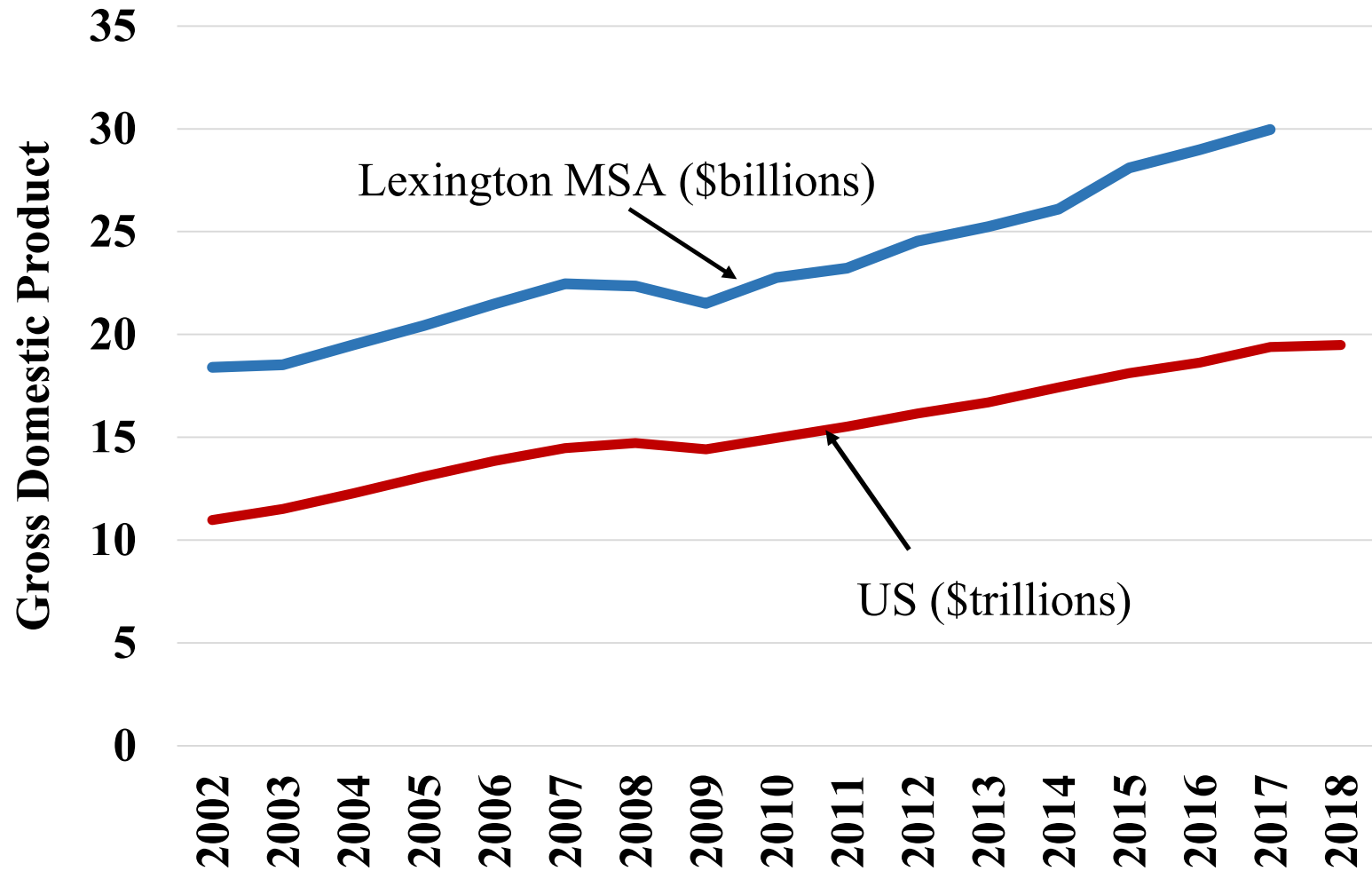
Note: Figures do not reflect accrual adjustments.

Lexington Payroll Tax Revenue Projections

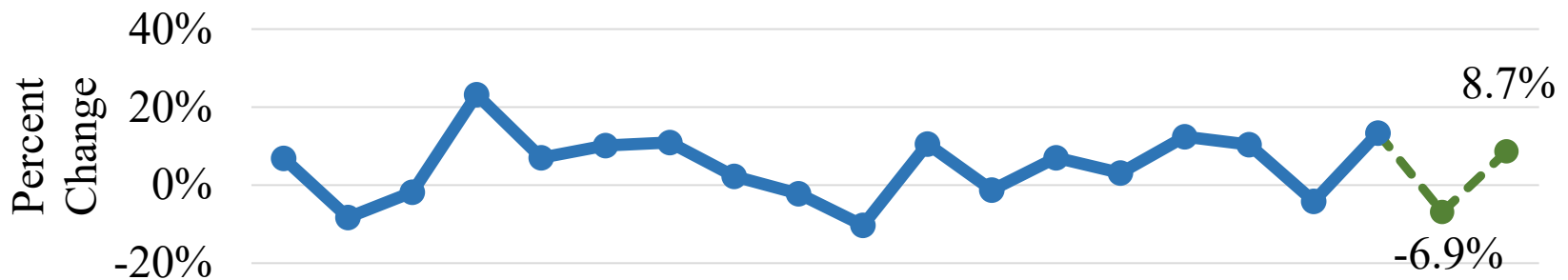
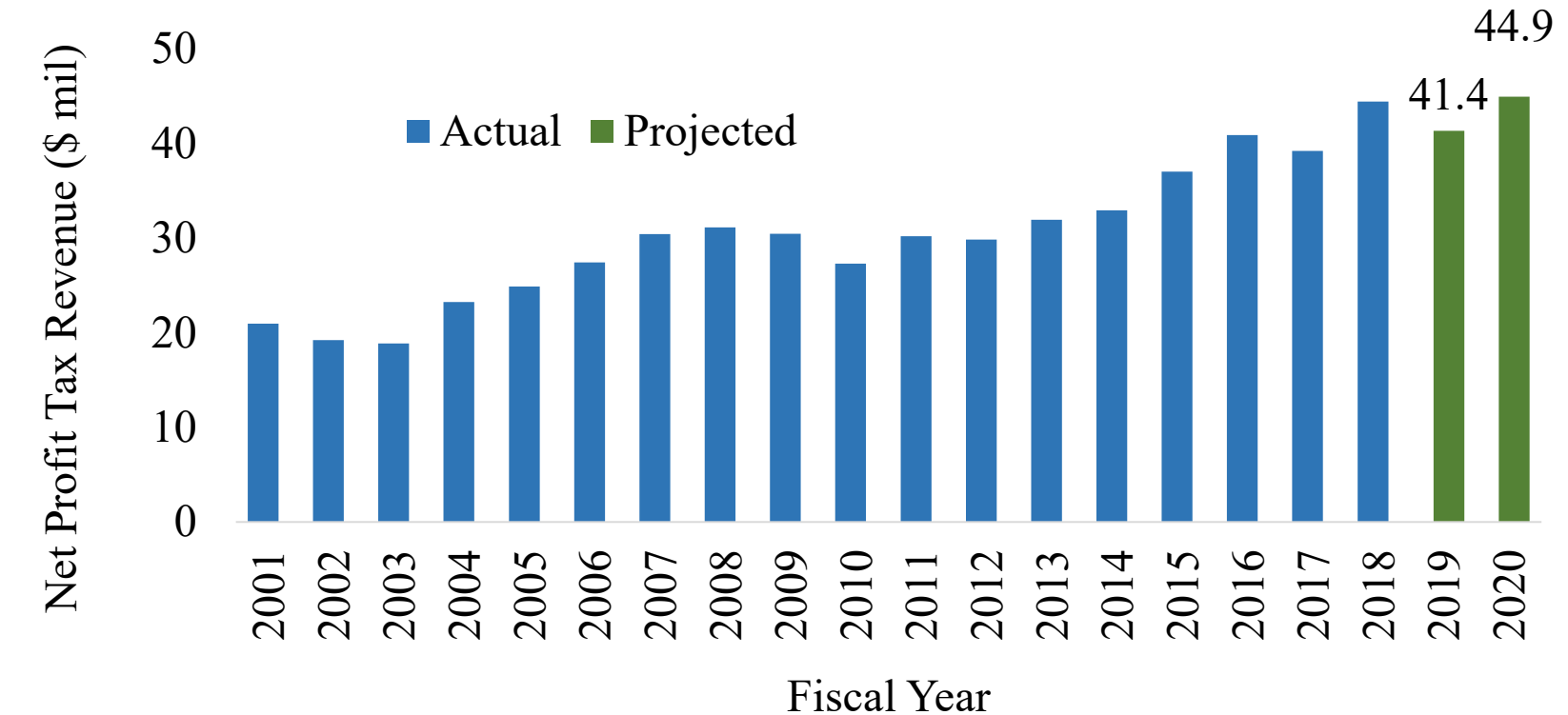


Note: Figures do not reflect accrual adjustments.

Gross Domestic Product



Lexington Net Profit Tax Revenue Projections



Note: Figures do not reflect accrual adjustments.

Forecast of Occupational License Taxes

Payroll Tax			Net Profits Tax	
Fiscal Year	\$ millions	Percent Change	\$ millions	Percent Change
2018 actual*	193.8	-0.2%	44.4	13.3%
2019 projected	202.3 to 204.2	4.4% to 5.4%	41.4	-6.9%
2020 projected	205.6 to 207.6	1.6%	44.9	8.7%

*Not adjusted for accruals.