




TO: Mayor Jim Gray
Lexington Fayette Urban County Council

FROM:  _____
Gina Greathouse
Senior Vice President, Economic Development, Commerce Lexington Inc.

DATE: October 26, 2012

RE: Kentucky Business Investment program
KD Analytical Consulting, Inc.

KD Analytical Consulting, Inc. has submitted an application and received preliminary approval from the Kentucky Economic Development Finance Authority to participate in the Kentucky Business Investment (KBI) program. KD Analytical's decision to expand their CBRNE first responder support services in Lexington will create wealth and provide additional job opportunities for the citizens of Lexington and the surrounding area.

The company plans to create 15 new jobs with an average wage of approximately \$52,000 per year plus benefits. KD Analytical plans to invest over \$1,000,000 in new equipment, building improvements, start-up costs, and lease costs for a 10-year period.

With the KBI program, the state and local government enter into a ten-year agreement with an approved company under which the business can recover up to 100% of its start-up costs and 50% of the annual rent costs through Kentucky corporate income tax credits and a wage assessment fee of up to 4%. Although the company may not actually use the full KBI benefit, we demonstrate in the chart below the maximum amount that the company could recover through the local 1% wage assessment.

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The maximum potential fiscal impact of this project is summarized in the following table.

New	Total	Total	KY portion	LFUCG portion	LFUCG
F-T	Total	Wage	of Wage	of Wage	Projected
Jobs	Payroll	Assessment (4%)	Assessment (3%)	Assessment (1%)	Collections(1.25%)
11	\$572,000.00	\$22,880.00	\$17,160.00	\$5,720.00	\$7,150.00
12	\$624,000.00	\$24,960.00	\$18,720.00	\$6,240.00	\$7,800.00
12	\$624,000.00	\$24,960.00	\$18,720.00	\$6,240.00	\$7,800.00
13	\$676,000.00	\$27,040.00	\$20,280.00	\$6,760.00	\$8,450.00
13	\$676,000.00	\$27,040.00	\$20,280.00	\$6,760.00	\$8,450.00
14	\$728,000.00	\$29,120.00	\$21,840.00	\$7,280.00	\$9,100.00
14	\$728,000.00	\$29,120.00	\$21,840.00	\$7,280.00	\$9,100.00
15	\$780,000.00	\$31,200.00	\$23,400.00	\$7,800.00	\$9,750.00
15	\$780,000.00	\$31,200.00	\$23,400.00	\$7,800.00	\$9,750.00
15	\$780,000.00	\$31,200.00	\$23,400.00	<u>\$7,800.00</u>	<u>\$9,750.00</u>
	\$6,968,000.00	\$278,720.00	\$209,040.00	\$69,680.00	\$87,100.00

This is an excellent project for our community and I strongly recommend approval of the 10 year local 1% wage assessment benefit through KBI.

Cc: Kevin Atkins, LFUCG

Economic Impact Statement for the Bluegrass Alliance Region

Created at

Research sponsored by



March 5, 2012

contact: Paul Coomes (502.852.4841) or Barry Kornstein (502.852.4866), University of Louisville

paul.coomes@louisville.edu bjkorn01@louisville.edu

Project Name: **KD Analytical Consulting, Inc.**

Major product or service: **CBRNE First Responder Support**

Proposed Site: **Fayette County, KY**
Fayette County

Direct Impact

Estimated Annual Net New Impact

Jobs (full-time equivalents)	15
Average annual earnings per job (assumed)	\$52,000
Total payroll, excluding benefits	\$780,000
Average value of merchants inventory	\$0
Average value of goods in storage, public warehouses	\$0
New taxable real estate (buildings, improvements, enhanced land value)	\$0
New manufacturing machinery	\$0
New taxable tangible property (non-mfg equipment)	\$0
New motor vehicles	\$0
City/County occupational tax revenues	\$17,550
City/County property tax revenues	\$0
County Public School System occupational tax revenues	\$2,340
County Public School System property tax revenues	\$0
Kentucky State property tax revenues	\$0

Local Economic Multipliers for this Project

Indirect Effects (intra-industry spending)

Employment	1.49
Compensation	1.31

Induced Effects (household spending)

Employment	1.26
Compensation	1.21

Total Effects (Indirect + Induced)

Employment	1.88
Compensation	1.59

Indirect (Intra-Industry) Employment and Payroll Impacts

Jobs in 8 County Bluegrass Alliance Region		7	
Bourbon County, KY	0	Jessamine County, KY	0
Clark County, KY	0	Madison County, KY	0
Fayette County, KY	5	Scott County, KY	1
Franklin County, KY	0	Woodford County, KY	0

Payroll in 8 County Bluegrass Alliance Region

\$241,427

Bourbon County, KY	\$4,338	Jessamine County, KY	\$8,722
Clark County, KY	\$9,273	Madison County, KY	\$10,397
Fayette County, KY	\$165,180	Scott County, KY	\$28,373
Franklin County, KY	\$8,165	Woodford County, KY	\$6,979

Induced (Household) Employment and Payroll Impacts

Jobs in 8 County Bluegrass Alliance Region		6	
Bourbon County, KY	0	Jessamine County, KY	0
Clark County, KY	0	Madison County, KY	0
Fayette County, KY	4	Scott County, KY	0

Franklin County, KY

0

Woodford County, KY

0

Payroll in 8 County Bluegrass Alliance Region		\$215,636	
Bourbon County, KY	\$5,048	Jessamine County, KY	\$13,699
Clark County, KY	\$8,443	Madison County, KY	\$11,681
Fayette County, KY	\$156,397	Scott County, KY	\$8,918
Franklin County, KY	\$4,064	Woodford County, KY	\$7,387

Total (Direct + Indirect + Induced) Employment and Payroll Impacts

Jobs in 8 County Bluegrass Alliance Region		28	
Bourbon County, KY	0	Jessamine County, KY	1
Clark County, KY	1	Madison County, KY	1
Fayette County, KY	24	Scott County, KY	1
Franklin County, KY	0	Woodford County, KY	0

Payroll in 8 County Bluegrass Alliance Region		\$1,237,064	
Bourbon County, KY	\$9,386	Jessamine County, KY	\$22,421
Clark County, KY	\$17,716	Madison County, KY	\$22,078
Fayette County, KY	\$1,101,576	Scott County, KY	\$37,291
Franklin County, KY	\$12,230	Woodford County, KY	\$14,366

City/County Occupational Tax Revenues

Bourbon County, KY	\$181	Jessamine County, KY	\$479
Clark County, KY	\$497	Madison County, KY	\$610
Fayette County, KY	\$24,785	Scott County, KY	\$629
Franklin County, KY	\$256	Woodford County, KY	\$338

County Public School System Occupational Tax Revenues

Fayette County, KY	\$3,305	Scott County, KY	\$186
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Kentucky State Tax Revenues

Kentucky State Individual Income Tax Revenues	\$48,221
Kentucky State Sales Tax Revenues	\$47,732

Summary of Tax Revenues

City/County Governments	\$27,776
County Public School Systems	\$3,491
Kentucky State Government	\$95,953

Additional tax revenues and other collections are likely, but are not as easy to measure. These include the County-wide net profits tax, the County-wide insurance premium tax, Kentucky corporate income and license taxes, Kentucky motor vehicle usage and gasoline taxes.

No attempt is made to estimate any public costs associated with the the proposed economic development.

Calculations assume property listed is "new". The average annual taxable value of tangible personal property is assumed to be 1/3 of the purchase price.

Estimated impacts do not take account of, and are not reduced by, any tax incentives for the direct or indirect jobs added.