




TO: Mayor Jim Gray  
Lexington Fayette Urban County Council

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

DATE: November 4, 2011

RE: Kentucky Business Investment program  
CMSText, LLC

CMSText, LLC has submitted an application and received preliminary approval from the Kentucky Economic Development Finance Authority to participate in the Kentucky Business Investment (KBI) program. CMSText's decision to remain and grow in our community and expand its operations in Lexington will create wealth and provide additional job opportunities for the citizens of Lexington and the surrounding area.

The company plans to create 135 new jobs with an average wage of approximately \$40,000 per year plus benefits. CMSText plans to invest \$4,400,000 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.

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

New		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%)
135	\$5,459,511.00	\$218,380.44	\$163,785.33	\$54,595.11	\$68,243.89
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135	\$5,459,511.00	\$218,380.44	\$163,785.33	\$54,595.11	\$68,243.89
	\$54,595,110.00	\$2,183,804.40	\$1,637,853.30	\$545,951.10	\$682,438.88

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

**UNIVERSITY OF  
LOUISVILLE**

**COLLEGE OF BUSINESS**

October 3, 2011

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

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Project Name: **CMSText, LLC**

Major product or service: **Mobile Marketing Firm**

Proposed Site: **Fayette County, KY**

**Fayette County**

## Direct Impact

Jobs (full-time equivalents)	135
Average annual earnings per job (assumed)	\$39,603
Total payroll, excluding benefits	\$5,346,440
Average value of merchants inventory	\$0
Average value of goods in storage, public warehouses	\$0
New taxable real estate (buildings, improvements, enhanced land value)	\$225,000
New manufacturing machinery	\$0
New taxable tangible property (non-mfg equipment)	\$381,300
New motor vehicles	\$0

## Estimated Annual Net New Impact

City/County occupational tax revenues	\$120,295
City/County property tax revenues	\$1,054
County Public School System occupational tax revenues	\$16,039
County Public School System property tax revenues	\$2,025
Kentucky State property tax revenues	\$851

## Local Economic Multipliers for this Project

Indirect Effects (intra-industry spending)		Induced Effects (household spending)	
Employment	1.47	Employment	1.23
Compensation	1.36	Compensation	1.21

## Total Effects (Indirect + Induced)

Employment	1.81
Compensation	1.64

## Indirect (Intra-Industry) Employment and Payroll Impacts

Jobs in 8 County Bluegrass Alliance Region		63	
Bourbon County, KY	1	Jessamine County, KY	3
Clark County, KY	3	Madison County, KY	4
Fayette County, KY	41	Scott County, KY	6
Franklin County, KY	3	Woodford County, KY	2
Payroll in 8 County Bluegrass Alliance Region		\$1,909,722	
Bourbon County, KY	\$34,312	Jessamine County, KY	\$68,990
Clark County, KY	\$73,350	Madison County, KY	\$82,245
Fayette County, KY	\$1,306,593	Scott County, KY	\$224,435
Franklin County, KY	\$64,590	Woodford County, KY	\$55,206

## Induced (Household) Employment and Payroll Impacts

Jobs in 8 County Bluegrass Alliance Region		45	
Bourbon County, KY	1	Jessamine County, KY	3
Clark County, KY	2	Madison County, KY	3
Fayette County, KY	32	Scott County, KY	2
Franklin County, KY	1	Woodford County, KY	2

Payroll in 8 County Bluegrass Alliance Region		\$1,505,830	
Bourbon County, KY	\$35,836	Jessamine County, KY	\$96,034
Clark County, KY	\$60,003	Madison County, KY	\$82,925
Fayette County, KY	\$1,084,926	Scott County, KY	\$64,398
Franklin County, KY	\$29,617	Woodford County, KY	\$52,091

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

Jobs in 8 County Bluegrass Alliance Region		244	
Bourbon County, KY	2	Jessamine County, KY	6
Clark County, KY	5	Madison County, KY	7
Fayette County, KY	208	Scott County, KY	7
Franklin County, KY	4	Woodford County, KY	4

Payroll in 8 County Bluegrass Alliance Region		\$8,761,992	
Bourbon County, KY	\$70,148	Jessamine County, KY	\$165,024
Clark County, KY	\$133,352	Madison County, KY	\$165,171
Fayette County, KY	\$7,737,959	Scott County, KY	\$288,833
Franklin County, KY	\$94,207	Woodford County, KY	\$107,297

**City/County Occupational Tax Revenues**

Bourbon County, KY	\$1,350	Jessamine County, KY	\$3,526
Clark County, KY	\$3,740	Madison County, KY	\$4,566
Fayette County, KY	\$174,104	Scott County, KY	\$4,875
Franklin County, KY	\$1,975	Woodford County, KY	\$2,521

**County Public School System Occupational Tax Revenues**

Fayette County, KY	\$23,214	Scott County, KY	\$1,444
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**Kentucky State Tax Revenues**

Kentucky State Individual Income Tax Revenues	\$341,544
Kentucky State Sales Tax Revenues	\$338,081

**Summary of Tax Revenues**

City/County Governments	\$197,711
County Public School Systems	\$26,683
Kentucky State Government	\$680,476

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.