




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  
Shatterbox, LLC

Shatterbox, 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. Shatterbox's decision to invest in our community and establish a new media and design firm 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 \$60,000 per year plus benefits. Shatterbox plans to invest \$926,000 in new equipment, building improvements, start-up costs, and lease costs for 10 years.

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	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%)
10	\$600,000.00	\$24,000.00	\$18,000.00	\$6,000.00	\$7,500.00
12	\$720,000.00	\$28,800.00	\$21,600.00	\$7,200.00	\$9,000.00
12	\$720,000.00	\$28,800.00	\$21,600.00	\$7,200.00	\$9,000.00
12	\$720,000.00	\$28,800.00	\$21,600.00	\$7,200.00	\$9,000.00
15	\$900,000.00	\$36,000.00	\$27,000.00	\$9,000.00	\$11,250.00
15	\$900,000.00	\$36,000.00	\$27,000.00	\$9,000.00	\$11,250.00
15	\$900,000.00	\$36,000.00	\$27,000.00	\$9,000.00	\$11,250.00
15	\$900,000.00	\$36,000.00	\$27,000.00	\$9,000.00	\$11,250.00
15	\$900,000.00	\$36,000.00	\$27,000.00	\$9,000.00	\$11,250.00
15	\$900,000.00	\$36,000.00	\$27,000.00	\$9,000.00	\$11,250.00
	\$8,160,000.00	\$326,400.00	\$244,800.00	\$81,600.00	\$102,000.00

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 [Redacted]

Research sponsored by



July 7, 2011  
 Contact: Paul Coomes (502.852.4841) or Barry Kornstein (502.852.4866), University of Louisville  
 paul.coomes@louisville.edu bjkorn01@louisville.edu

Project Name: **Shatterbox**  
 Major product or service: **Branding and design firm**  
 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)	\$60,008
Total payroll, excluding benefits	\$900,120
Average value of merchants inventory	\$0
Average value of goods in storage, public warehouses	\$0
New taxable real estate (buildings, improvements, enhanced land value)	\$50,000
New manufacturing machinery	\$0
New taxable tangible property (non-mfg equipment)	\$36,000
New motor vehicles	\$0
City/County occupational tax revenues	\$20,253
City/County property tax revenues	\$203
County Public School System occupational tax revenues	\$2,700
County Public School System property tax revenues	\$362
Kentucky State property tax revenues	\$116

Local Economic Multipliers for this Project

Indirect Effects (intra-industry spending)		Induced Effects (household spending)	
Employment	1.46	Employment	1.20
Compensation	1.57	Compensation	1.22
<b>Total Effects (Indirect + Induced)</b>			
Employment	1.76		
Compensation	1.91		

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 \$509,181

		\$509,181	
Bourbon County, KY	\$9,149	Jessamine County, KY	\$18,395
Clark County, KY	\$19,557	Madison County, KY	\$21,929
Fayette County, KY	\$348,371	Scott County, KY	\$59,840
Franklin County, KY	\$17,221	Woodford County, KY	\$14,719

Induced (Household) Employment and Payroll Impacts

Jobs in 8 County Bluegrass Alliance Region			
		4	
Bourbon County, KY	0	Jessamine County, KY	0
Clark County, KY	0	Madison County, KY	0
Fayette County, KY	3	Scott County, KY	0
Franklin County, KY	0	Woodford County, KY	0

Payroll in 8 County Bluegrass Alliance Region		\$308,029	
Bourbon County, KY	\$7,766	Jessamine County, KY	\$19,920
Clark County, KY	\$13,056	Madison County, KY	\$17,978
Fayette County, KY	\$216,527	Scott County, KY	\$14,763
Franklin County, KY	\$6,984	Woodford County, KY	\$11,034

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

Jobs in 8 County Bluegrass Alliance Region		26	
Bourbon County, KY	0	Jessamine County, KY	1
Clark County, KY	1	Madison County, KY	1
Fayette County, KY	23	Scott County, KY	1
Franklin County, KY	0	Woodford County, KY	0

Payroll in 8 County Bluegrass Alliance Region		\$1,717,330	
Bourbon County, KY	\$16,915	Jessamine County, KY	\$38,315
Clark County, KY	\$32,613	Madison County, KY	\$39,907
Fayette County, KY	\$1,465,018	Scott County, KY	\$74,603
Franklin County, KY	\$24,205	Woodford County, KY	\$25,754

**City/County Occupational Tax Revenues**

Bourbon County, KY	\$326	Jessamine County, KY	\$819
Clark County, KY	\$915	Madison County, KY	\$1,103
Fayette County, KY	\$32,963	Scott County, KY	\$1,259
Franklin County, KY	\$507	Woodford County, KY	\$605

**County Public School System Occupational Tax Revenues**

Fayette County, KY	\$4,395	Scott County, KY	\$373
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**Kentucky State Tax Revenues**

Kentucky State Individual Income Tax Revenues	\$66,942
Kentucky State Sales Tax Revenues	\$66,263

**Summary of Tax Revenues**

City/County Governments	\$38,700
County Public School Systems	\$5,130
Kentucky State Government	\$133,321

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 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.