



TO: Mayor Jim Gray
Lexington Fayette Urban County Council

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

DATE: February 14, 2012

RE: Kentucky Business Investment program
A Great American Brand, LLC; dba A&W Restaurants, Inc.

A Great American Brand, LLC; dba A&W Restaurants, 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. A&W Restaurants' decision to locate and establish their global headquarters in Lexington will create wealth and provide additional job opportunities for the citizens of Lexington and the surrounding area.

The company plans to create 30 new jobs with an average wage of approximately \$72,800 per year plus benefits. A&W Restaurants plans to invest nearly \$2,000,000 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.

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%)
18	\$1,350,000.00	\$54,000.00	\$40,500.00	\$13,500.00	\$16,875.00
25	\$1,875,000.00	\$75,000.00	\$56,250.00	\$18,750.00	\$23,437.50
30	\$2,100,000.00	\$84,000.00	\$63,000.00	\$21,000.00	\$26,250.00
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30	\$2,100,000.00	\$84,000.00	\$63,000.00	\$21,000.00	\$26,250.00
	\$20,025,000.00	\$801,000.00	\$600,750.00	\$200,250.00	\$250,312.50

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