




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
GE Lighting LLC – Lexington Lamp Plant

GE Lighting LLC – Lexington Lamp Plant has submitted an application and received preliminary approval from the Kentucky Economic Development Finance Authority to participate in the Kentucky Business Investment (KBI) program. GE Lighting'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 36 new jobs with an average wage of approximately \$35,000 per year plus benefits. GE Lighting plans to invest \$7,250,000 in equipment, building improvements and start-up costs.

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.

GE Lighting LLC – Lexington Lamp Plant

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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%)
36	\$1,217,700.00	\$48,708.00	\$36,531.00	\$12,177.00	\$15,221.25
36	\$1,248,143.00	\$49,925.72	\$37,444.29	\$12,481.43	\$15,601.79
36	\$1,279,346.00	\$51,173.84	\$38,380.38	\$12,793.46	\$15,991.83
36	\$1,311,330.00	\$52,453.20	\$39,339.90	\$13,113.30	\$16,391.63
36	\$1,344,113.00	\$53,764.52	\$40,323.39	\$13,441.13	\$16,801.41
36	\$1,377,716.00	\$55,108.64	\$41,331.48	\$13,777.16	\$17,221.45
36	\$1,412,159.00	\$56,486.36	\$42,364.77	\$14,121.59	\$17,651.99
36	\$1,447,463.00	\$57,898.52	\$43,423.89	\$14,474.63	\$18,093.29
36	\$1,483,649.00	\$59,345.96	\$44,509.47	\$14,836.49	\$18,545.61
36	\$1,520,740.00	\$60,829.60	\$45,622.20	<u>\$15,207.40</u>	<u>\$19,009.25</u>
	\$13,642,359.00	\$545,694.36	\$409,270.77	\$136,423.59	\$170,529.49

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

August 18, 2011

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

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Project Name: **GE Lighting**

Major product or service: **Energy Efficient Flood Lamps**

Proposed Site: **Fayette County, KY**

Fayette County

Direct Impact

Estimated Annual Net New Impact

Jobs (full-time equivalents)	36
Average annual earnings per job (assumed)	\$34,320
Total payroll, excluding benefits	\$1,235,520
Average value of merchants inventory	\$0
Average value of goods in storage, public warehouses	\$0
New taxable real estate (buildings, improvements, enhanced land value)	\$560,000
New manufacturing machinery	\$5,410,000
New taxable tangible property (non-mfg equipment)	\$1,280,000
New motor vehicles	\$0
City/County occupational tax revenues	\$27,799
City/County property tax revenues	\$2,833
County Public School System occupational tax revenues	\$3,707
County Public School System property tax revenues	\$5,639
Kentucky State property tax revenues	\$6,672

Local Economic Multipliers for this Project

Indirect Effects (intra-industry spending)		Induced Effects (household spending)	
Employment	1.50	Employment	1.51
Compensation	1.25	Compensation	1.24
Total Effects (Indirect + Induced)			
Employment		2.27	
Compensation		1.54	

Indirect (Intra-Industry) Employment and Payroll Impacts

Jobs in 8 County Bluegrass Alliance Region		18	
Bourbon County, KY	0	Jessamine County, KY	1
Clark County, KY	1	Madison County, KY	1
Fayette County, KY	12	Scott County, KY	2
Franklin County, KY	1	Woodford County, KY	1

Payroll in 8 County Bluegrass Alliance Region		\$305,244	
Bourbon County, KY	\$5,484	Jessamine County, KY	\$11,027
Clark County, KY	\$11,724	Madison County, KY	\$13,146
Fayette County, KY	\$208,842	Scott County, KY	\$35,873
Franklin County, KY	\$10,324	Woodford County, KY	\$8,824

Induced (Household) Employment and Payroll Impacts

Jobs in 8 County Bluegrass Alliance Region		28	
Bourbon County, KY	1	Jessamine County, KY	2
Clark County, KY	1	Madison County, KY	2
Fayette County, KY	19	Scott County, KY	1
Franklin County, KY	1	Woodford County, KY	1

Payroll in 8 County Bluegrass Alliance Region		\$362,773	
Bourbon County, KY	\$8,293	Jessamine County, KY	\$22,921
Clark County, KY	\$13,844	Madison County, KY	\$19,185
Payette County, KY	\$265,593	Scott County, KY	\$14,272
Franklin County, KY	\$6,412	Woodford County, KY	\$12,254

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

Jobs in 8 County Bluegrass Alliance Region		82	
Bourbon County, KY	1	Jessamine County, KY	3
Clark County, KY	2	Madison County, KY	3
Payette County, KY	67	Scott County, KY	3
Franklin County, KY	1	Woodford County, KY	2

Payroll in 8 County Bluegrass Alliance Region		\$1,903,537	
Bourbon County, KY	\$13,777	Jessamine County, KY	\$33,948
Clark County, KY	\$25,568	Madison County, KY	\$32,331
Payette County, KY	\$1,709,954	Scott County, KY	\$50,145
Franklin County, KY	\$16,736	Woodford County, KY	\$21,078

City/County Occupational Tax Revenues

Bourbon County, KY	\$265	Jessamine County, KY	\$725
Clark County, KY	\$717	Madison County, KY	\$894
Payette County, KY	\$38,474	Scott County, KY	\$846
Franklin County, KY	\$351	Woodford County, KY	\$495

County Public School System Occupational Tax Revenues

Payette County, KY	\$5,130	Scott County, KY	\$251
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Kentucky State Tax Revenues

Kentucky State Individual Income Tax Revenues	\$74,200
Kentucky State Sales Tax Revenues	\$73,448

Summary of Tax Revenues

City/County Governments	\$45,601
County Public School Systems	\$11,020
Kentucky State Government	\$154,320

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.