



TO: Mayor Jim Gray
Lexington Fayette Urban County Council

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

DATE: January 11, 2013

RE: Kentucky Business Investment program
Webasto Roof Systems, Inc.

Webasto Roof Systems, 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. Webasto's decision to expand their sunroof and roof systems manufacturing facility in Lexington will create wealth and provide additional job opportunities for the citizens of Lexington and the surrounding area.

The company plans to create 65 new jobs with an average wage of approximately \$35,000 per year plus benefits. Webasto plans to invest over \$10,000,000 in new equipment, building improvements, and start-up 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%)
65	\$2,274,037.00	\$90,961.48	\$68,221.11	\$22,740.37	\$28,425.46
65	\$2,319,518.00	\$92,780.72	\$69,585.54	\$23,195.18	\$28,993.98
65	\$2,365,908.00	\$94,636.32	\$70,977.24	\$23,659.08	\$29,573.85
65	\$2,413,226.00	\$96,529.04	\$72,396.78	\$24,132.26	\$30,165.33
65	\$2,461,491.00	\$98,459.64	\$73,844.73	\$24,614.91	\$30,768.64
65	\$2,510,721.00	\$100,428.84	\$75,321.63	\$25,107.21	\$31,384.01
65	\$2,560,935.00	\$102,437.40	\$76,828.05	\$25,609.35	\$32,011.69
65	\$2,612,154.00	\$104,486.16	\$78,364.62	\$26,121.54	\$32,651.93
65	\$2,664,397.00	\$106,575.88	\$79,931.91	\$26,643.97	\$33,304.96
65	\$2,717,685.00	\$108,707.40	\$81,530.55	<u>\$27,176.85</u>	<u>\$33,971.06</u>
	\$24,900,072.00	\$996,002.88	\$747,002.16	\$249,000.72	\$311,250.90

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 25, 2012

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

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Project Name: **Webasto Roof Systems, Inc.**

Major product or service: **Sunroom systems manufacturing**

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

Direct Impact

Estimated Annual Net New Impact

Jobs (full-time equivalents)	65
Average annual earnings per job (assumed)	\$35,000
Total payroll, excluding benefits	\$2,275,000
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	\$9,379,426
New taxable tangible property (non-mfg equipment)	\$130,000
New motor vehicles	\$0
City/County occupational tax revenues	\$51,188
City/County property tax revenues	\$83
County Public School System occupational tax revenues	\$6,825
County Public School System property tax revenues	\$235
Kentucky State property tax revenues	\$7,230

Local Economic Multipliers for this Project

Indirect Effects (intra-industry spending)

Induced Effects (household spending)

Employment	1.60	Employment	1.32
Compensation	1.40	Compensation	1.16

Total Effects (Indirect + Induced)

Employment	2.11
Compensation	1.63

Indirect (Intra-Industry) Employment and Payroll Impacts

Jobs in 8 County Bluegrass Alliance Region		39	
Bourbon County, KY	1	Jessamine County, KY	2
Clark County, KY	2	Madison County, KY	3
Fayette County, KY	26	Scott County, KY	3
Franklin County, KY	2	Woodford County, KY	1
Payroll in 8 County Bluegrass Alliance Region		\$913,963	
Bourbon County, KY	\$16,421	Jessamine County, KY	\$33,018
Clark County, KY	\$35,104	Madison County, KY	\$39,361
Fayette County, KY	\$625,315	Scott County, KY	\$107,411
Franklin County, KY	\$30,912	Woodford County, KY	\$26,421

Induced (Household) Employment and Payroll Impacts

Jobs in 8 County Bluegrass Alliance Region		33	
Bourbon County, KY	1	Jessamine County, KY	2
Clark County, KY	1	Madison County, KY	2
Fayette County, KY	23	Scott County, KY	1

Payroll in 8 County Bluegrass Alliance Region		\$517,233	
Bourbon County, KY	\$12,484	Jessamine County, KY	\$33,097
Clark County, KY	\$20,924	Madison County, KY	\$28,890
Fayette County, KY	\$370,493	Scott County, KY	\$22,757
Franklin County, KY	\$10,544	Woodford County, KY	\$18,044

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

Jobs in 8 County Bluegrass Alliance Region		137	
Bourbon County, KY	2	Jessamine County, KY	4
Clark County, KY	3	Madison County, KY	5
Fayette County, KY	113	Scott County, KY	5
Franklin County, KY	3	Woodford County, KY	3

Payroll in 8 County Bluegrass Alliance Region		\$3,706,196	
Bourbon County, KY	\$28,905	Jessamine County, KY	\$66,114
Clark County, KY	\$56,028	Madison County, KY	\$68,252
Fayette County, KY	\$3,270,808	Scott County, KY	\$130,168
Franklin County, KY	\$41,456	Woodford County, KY	\$44,465

City/County Occupational Tax Revenues

Bourbon County, KY	\$556	Jessamine County, KY	\$1,413
Clark County, KY	\$1,571	Madison County, KY	\$1,887
Fayette County, KY	\$73,593	Scott County, KY	\$2,197
Franklin County, KY	\$869	Woodford County, KY	\$1,045

County Public School System Occupational Tax Revenues

Fayette County, KY	\$9,812	Scott County, KY	\$651
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Kentucky State Tax Revenues

Kentucky State Individual Income Tax Revenues	\$144,468
Kentucky State Sales Tax Revenues	\$143,003

Summary of Tax Revenues

City/County Governments	\$83,213
County Public School Systems	\$10,698
Kentucky State Government	\$294,701

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.