




TO: Mayor Jim Gray  
Lexington Fayette Urban County Council

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

DATE: October 26, 2012

RE: Kentucky Business Investment program  
PremierTox 2.0 Inc.

PremierTox 2.0 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. PremierTox's decision to expand their drug screening and confirmation laboratory in Lexington will create wealth and provide additional job opportunities for the citizens of Lexington and the surrounding area.

The company plans to create 25 new jobs with an average wage of approximately \$42,000 per year plus benefits. PremierTox plans to invest \$250,000 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.

PremierTox 2.0 Inc.

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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%)
25	\$1,175,000.00	\$47,000.00	\$35,250.00	\$11,750.00	\$14,687.50
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	\$11,750,000.00	\$470,000.00	\$352,500.00	\$117,500.00	\$146,875.00

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

Research sponsored by

**UNIVERSITY OF  
LOUISVILLE**

**COLLEGE OF BUSINESS**

September 5, 2012

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

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Project Name: **PremierTox**

Major product or service: **Drug screening and confirmations**

Proposed Site: **Fayette County, KY**

**Fayette County**

## Direct Impact

Jobs (full-time equivalents)	25
Average annual earnings per job (assumed)	\$42,500
Total payroll, excluding benefits	\$1,062,500
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	\$200,000
New taxable tangible property (non-mfg equipment)	\$0
New motor vehicles	\$0
City/County occupational tax revenues	\$23,906
City/County property tax revenues	\$0
County Public School System occupational tax revenues	\$3,188
County Public School System property tax revenues	\$0
Kentucky State property tax revenues	\$150

## Estimated Annual Net New Impact

## Local Economic Multipliers for this Project

Indirect Effects (intra-industry spending)		Induced Effects (household spending)	
Employment	1.43	Employment	1.25
Compensation	1.27	Compensation	1.18
Total Effects (Indirect + Induced)			
Employment	1.79		
Compensation	1.50		

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

Jobs in 8 County Bluegrass Alliance Region		11	
Bourbon County, KY	0	Jessamine County, KY	1
Clark County, KY	1	Madison County, KY	1
Fayette County, KY	7	Scott County, KY	1
Franklin County, KY	0	Woodford County, KY	0

Payroll in 8 County Bluegrass Alliance Region		\$291,702	
Bourbon County, KY	\$5,241	Jessamine County, KY	\$10,538
Clark County, KY	\$11,204	Madison County, KY	\$12,563
Fayette County, KY	\$199,577	Scott County, KY	\$34,282
Franklin County, KY	\$9,866	Woodford County, KY	\$8,433

## Induced (Household) Employment and Payroll Impacts

Jobs in 8 County Bluegrass Alliance Region		9	
Bourbon County, KY	0	Jessamine County, KY	1
Clark County, KY	0	Madison County, KY	1
Fayette County, KY	6	Scott County, KY	0

Franklin County, KY

0

Woodford County, KY

0

Payroll in 8 County Bluegrass Alliance Region		\$238,044	
Bourbon County, KY	\$5,501	Jessamine County, KY	\$15,077
Clark County, KY	\$9,191	Madison County, KY	\$12,727
Fayette County, KY	\$173,540	Scott County, KY	\$9,582
Franklin County, KY	\$4,334	Woodford County, KY	\$8,092

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

Jobs in 8 County Bluegrass Alliance Region		45	
Bourbon County, KY	0	Jessamine County, KY	1
Clark County, KY	1	Madison County, KY	1
Fayette County, KY	38	Scott County, KY	1
Franklin County, KY	1	Woodford County, KY	1

Payroll in 8 County Bluegrass Alliance Region		\$1,592,246	
Bourbon County, KY	\$10,742	Jessamine County, KY	\$25,615
Clark County, KY	\$20,395	Madison County, KY	\$25,290
Fayette County, KY	\$1,435,616	Scott County, KY	\$43,863
Franklin County, KY	\$14,200	Woodford County, KY	\$16,525

**City/County Occupational Tax Revenues**

Bourbon County, KY	\$207	Jessamine County, KY	\$547
Clark County, KY	\$572	Madison County, KY	\$699
Fayette County, KY	\$32,301	Scott County, KY	\$740
Franklin County, KY	\$298	Woodford County, KY	\$388

**County Public School System Occupational Tax Revenues**

Fayette County, KY	\$4,307	Scott County, KY	\$219
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**Kentucky State Tax Revenues**

Kentucky State Individual Income Tax Revenues	\$62,066
Kentucky State Sales Tax Revenues	\$61,437

**Summary of Tax Revenues**

City/County Governments	\$35,753
County Public School Systems	\$4,526
Kentucky State Government	\$123,653

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.