

TO: Mayor Jim Gray

Lexington Fayétte Urban County Council

FROM: Gina Greathouse

Seniqr Vice Presid condmic Development, Commerce Lexington Inc.

DATE: May 31, 2013

RE: Kentucky Business Investment program

Tiffany and Company Jewelers, Inc.

opportunities for the citizens of Lexington and the surrounding area. jewelry manufacturing operations in Lexington will create wealth and provide additional job Kentucky Business Investment (KBI) program. approval from the Kentucky Economic Development Finance Authority to participate in the Tiffany and Company Jewelers, Inc. has submitted an application and received preliminary Tiffany and Company's decision to expand its

and new equipment. year plus benefits. Tiffany and Company plans to invest \$2,000,000 in building improvements The company plans to create 75 new jobs with an average wage of approximately \$40,000 per

the chart below the maximum amount that the company could recover through the local 1% up to 4%. Although the company may not actually use the full KBI benefit, we demonstrate in equipment costs through Kentucky corporate income tax credits and a wage assessment fee of approved company under which the business can recover up to 100% of its start-up and wage assessment. With the KBI program, the state and local government enter into a ten-year agreement with an

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The maximum potential fiscal impact of this project is summarized in the following table.

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	75	75	75	75	75	75	75	75	75	75		Jobs	F-T	New
\$29,000,000.00	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00	\$2,900,000.00		Payroll	Total	
\$1,160,000.00	\$116,000.00	\$116,000.00	\$116,000.00	\$116,000.00	\$116,000.00	\$116,000.00	\$116,000.00	\$116,000.00	\$116,000.00	\$116,000.00		Assessment (4%)	Wage	Total
\$870,000.00	\$87,000.00	\$87,000.00	\$87,000.00	\$87,000.00	\$87,000.00	\$87,000.00	\$87,000.00	\$87,000.00	\$87,000.00	\$87,000.00		Assessment (3%)	of Wage	KY portion
\$290,000.00	\$29,000.00	\$29,000.00	\$29,000.00	\$29,000.00	\$29,000.00	\$29,000.00	\$29,000.00	\$29,000.00	\$29,000.00	\$29,000.00	(1%)	Assessment	of Wage	LFUCG portion
\$362,500.00	<u>\$36,250.00</u>	\$36,250.00	\$36,250.00	\$36,250.00	\$36,250.00	\$36,250.00	\$36,250.00	\$36,250.00	\$36,250.00	\$36,250.00		Collections(1.25%)	Projected	LFUCG

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