

Lexington Economic Outlook and Occupational License Tax Forecast FY 2020 & 2021

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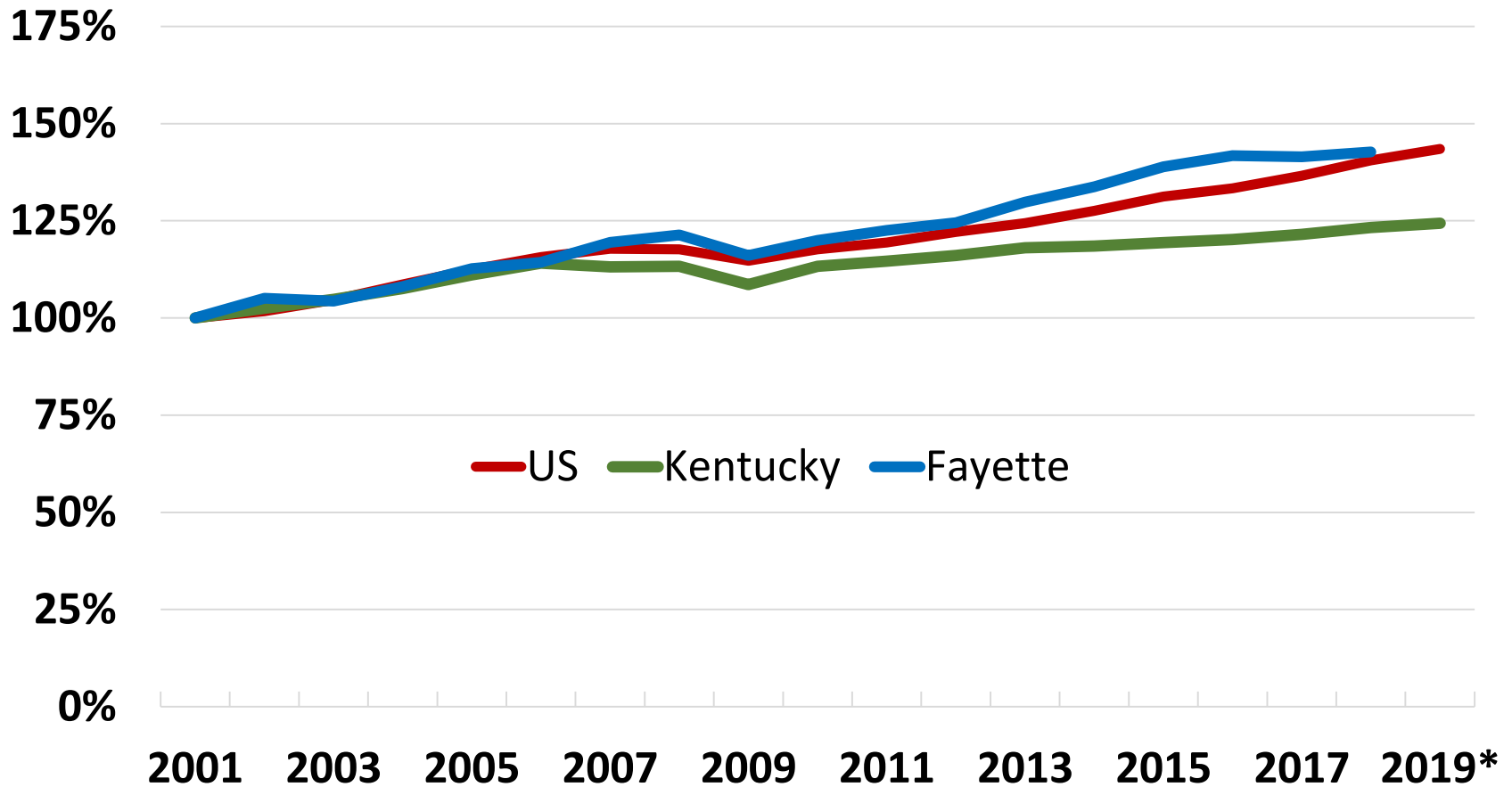
January 28, 2020

Overview

1. **Economic Trends for US, Kentucky, and Lexington**
2. **Lexington Employment and Wages**
3. **Forecast of Occupational License Tax**
 - **Payroll:** 2.25% of wages, salaries, and other forms of compensation
 - **Net Profits:** 2.25% of net profits of business activity

Annual Gross Domestic Product (GDP)

GDP Indexed to 2001 Levels

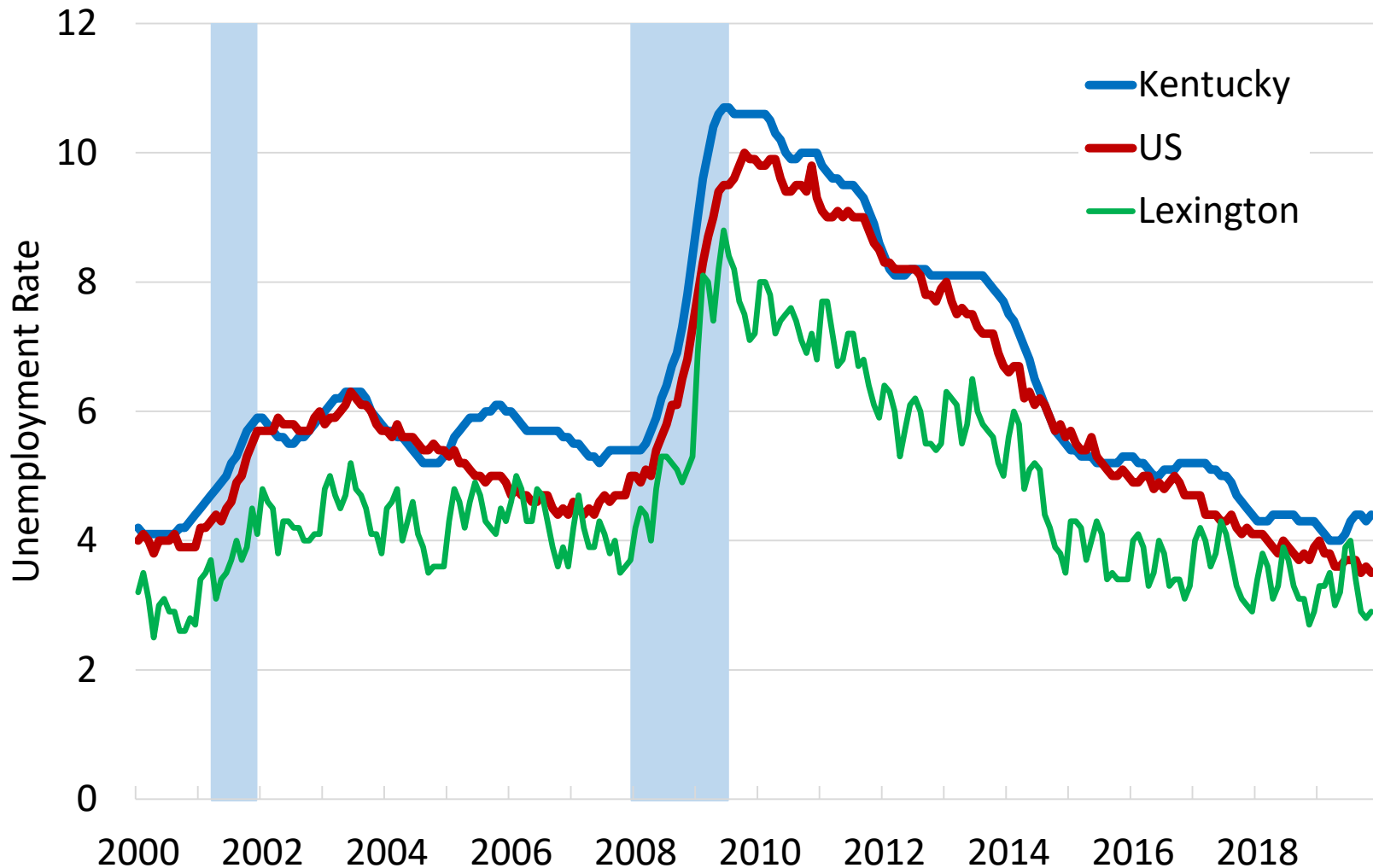


Source: US Bureau of Economic Analysis.

*Represents the most recent data available for 2019.

Unemployment Rates

US, Kentucky, & Lexington



Source: U.S. Bureau of Labor Statistics. Local Area Unemployment Statistics.

Additional Data on Employment and Wages

Unemployment Insurance Data

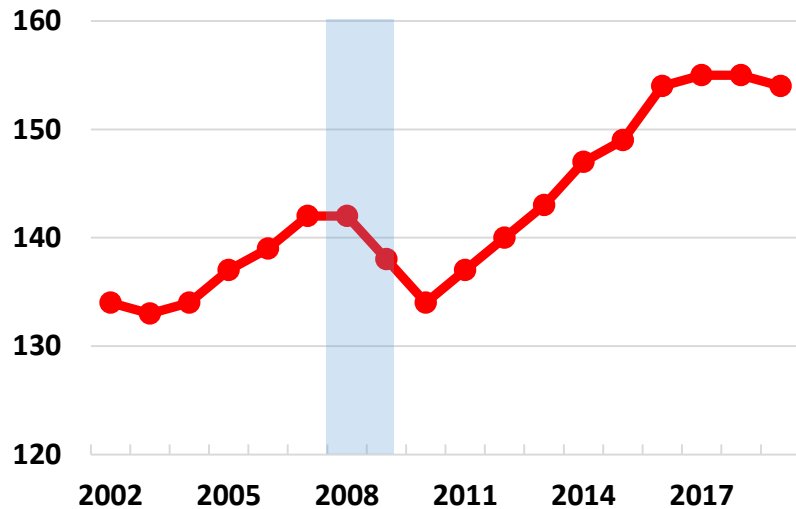
- Excludes self-employed & farm workers
- Excludes severance pay
- Released with a 6 month lag
- Specific to Lexington
- By Industry

Lexington Payroll Tax

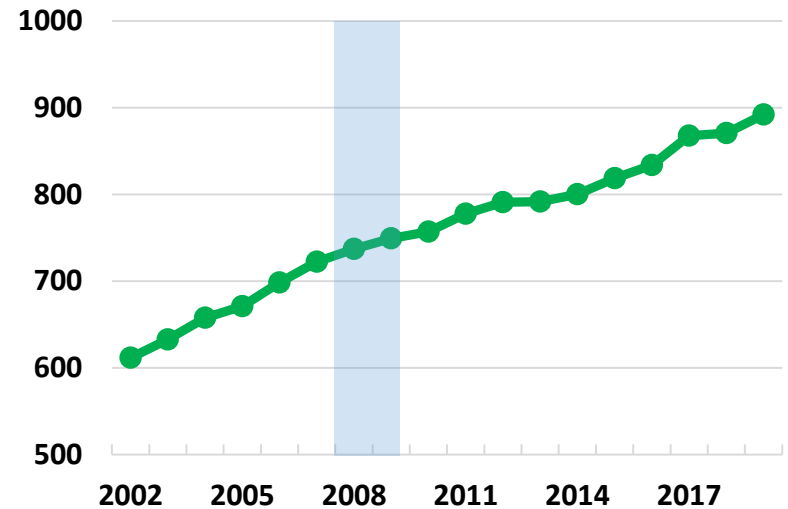
- Total tax collections
- Specific to Lexington
- Includes self-employed
- Includes severance pay

Lexington FY 2002 to 2019

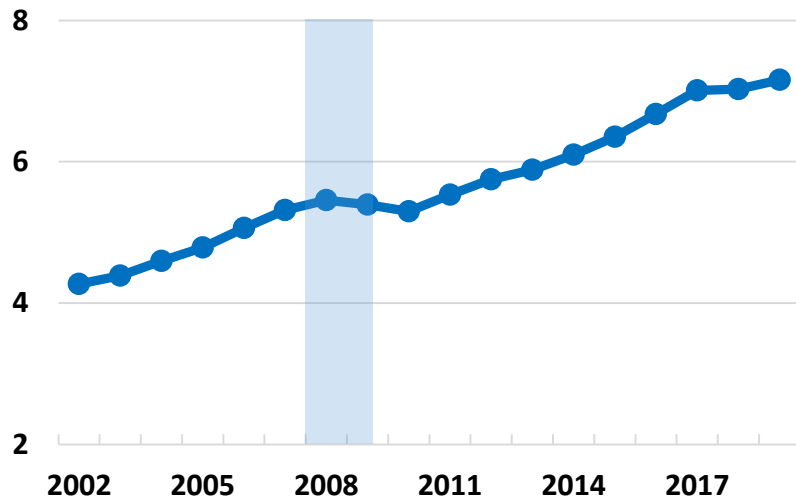
Employment (thousands)



Average Weekly Wages (\$)



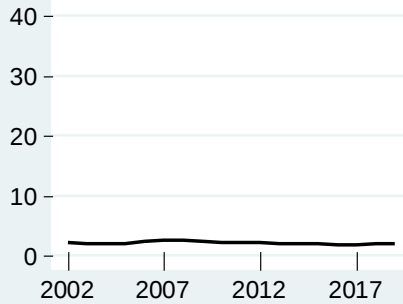
Total Wages (\$billions)



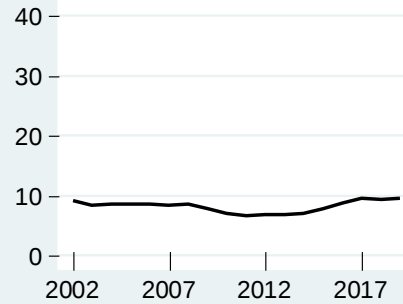
Lexington Employment (000s)

FY2002-FY2019

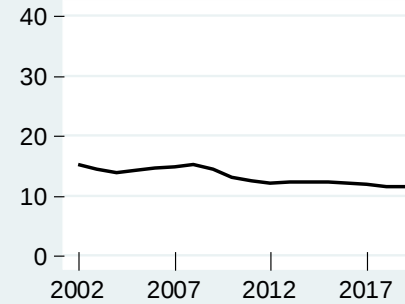
Natural Resources



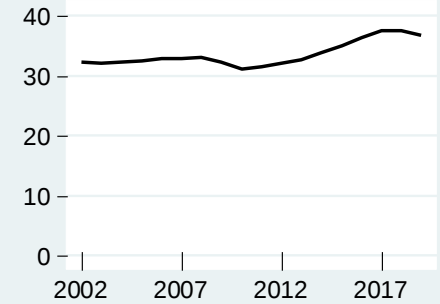
Construction



Manufacturing



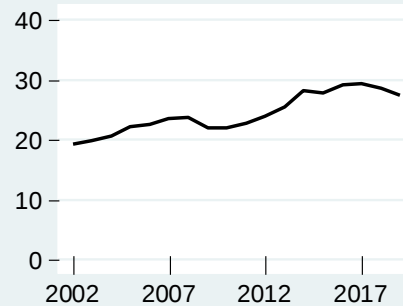
Trade, Transportation, Utilities



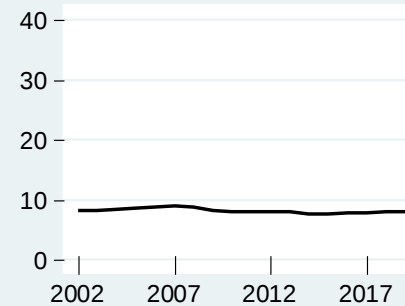
Information



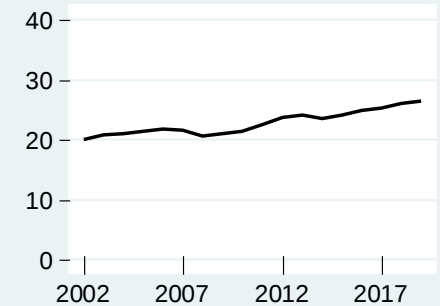
Professional



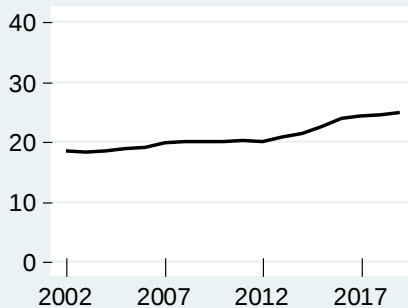
Financial



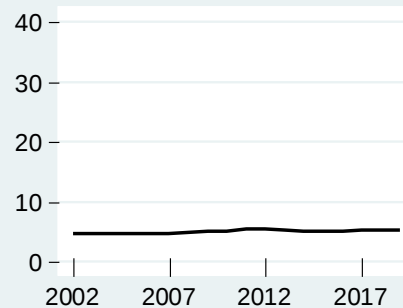
Education & Health Services



Leisure & Accomodations



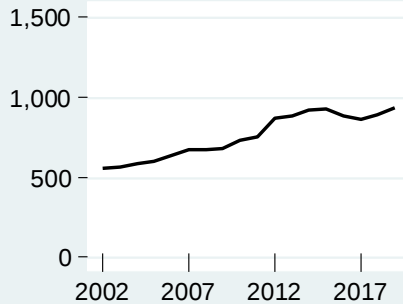
Other



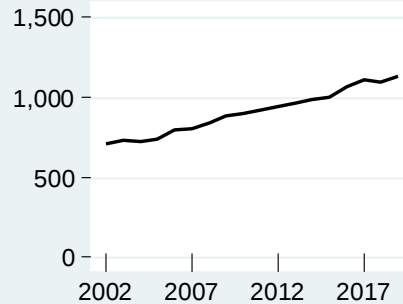
Lexington Average Weekly Wages

FY2002-FY2019

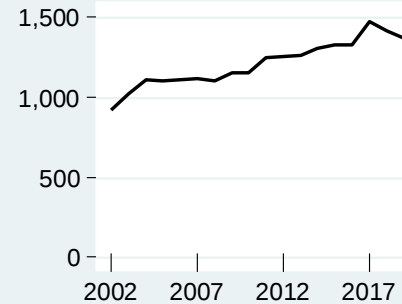
Natural Resources



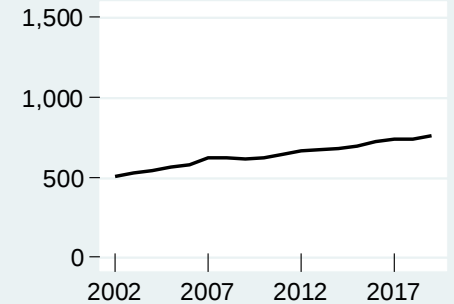
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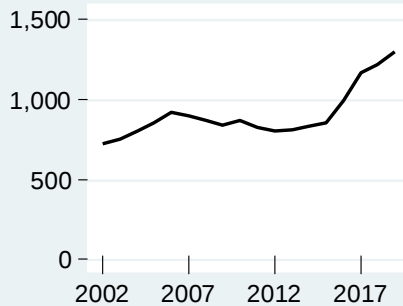
Manufacturing



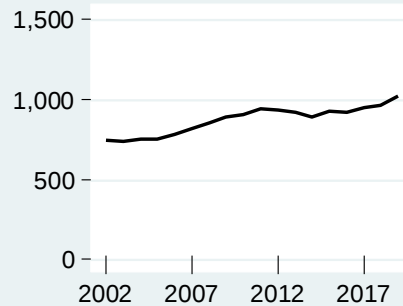
Trade, Transportation, Utilities



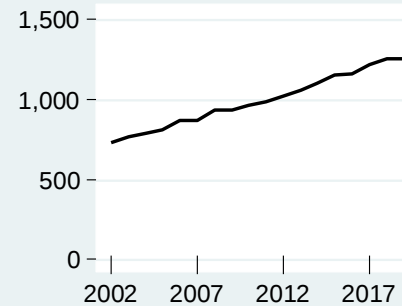
Information



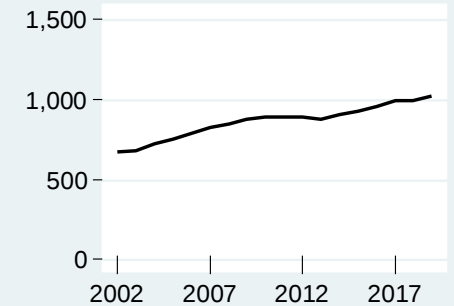
Professional



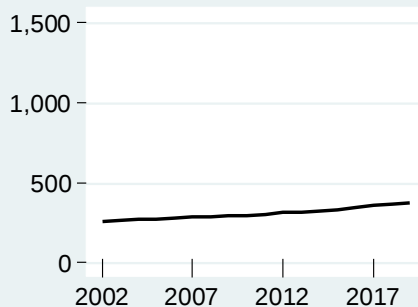
Financial



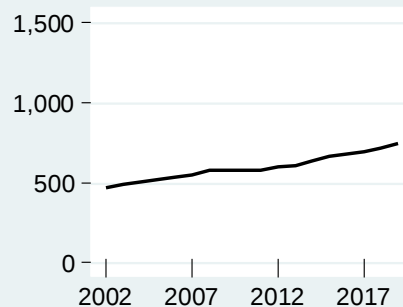
Education & Health Services



Leisure & Accomodations



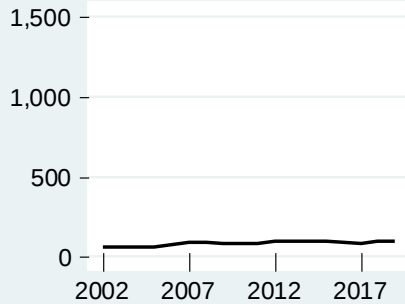
Other



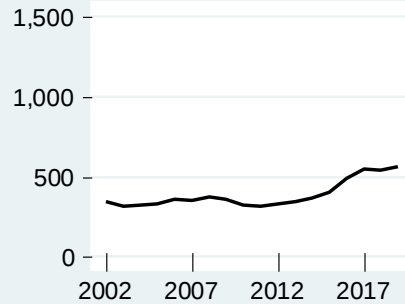
Lexington Total Wages (millions)

FY2002-FY2019

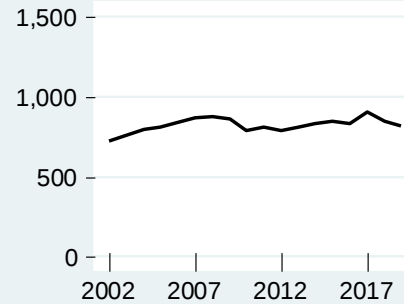
Natural Resources



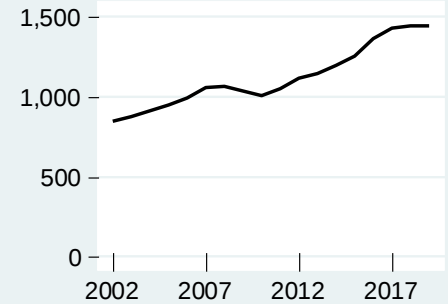
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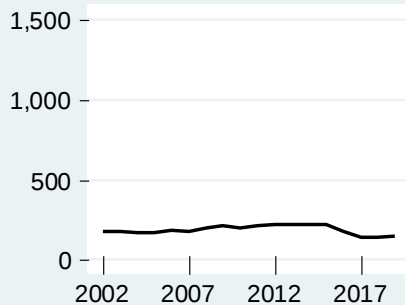
Manufacturing



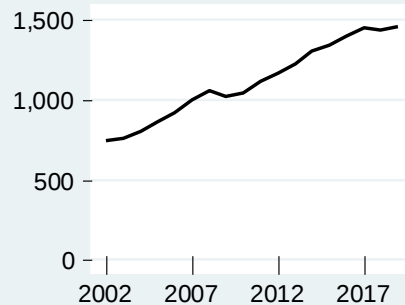
Trade, Transportation, Utilities



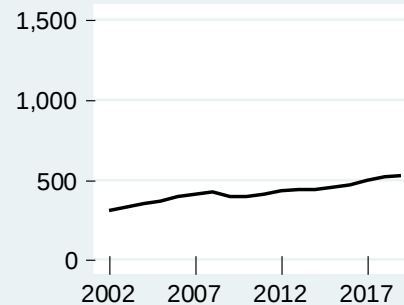
Information



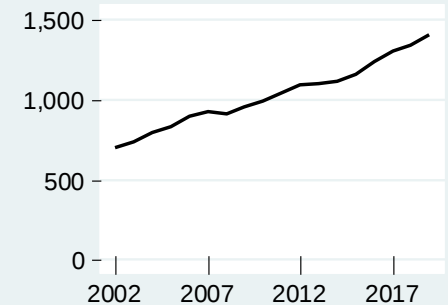
Professional



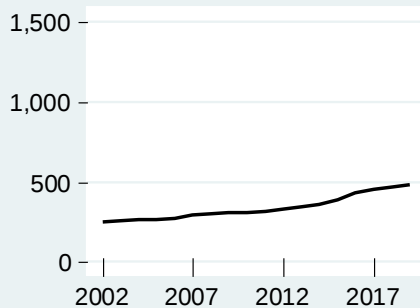
Financial



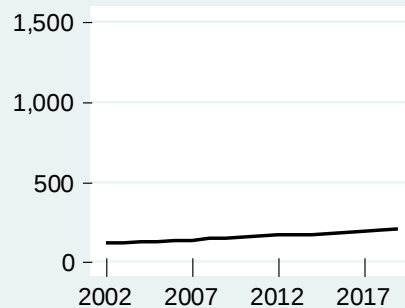
Education & Health Services



Leisure & Accomodations

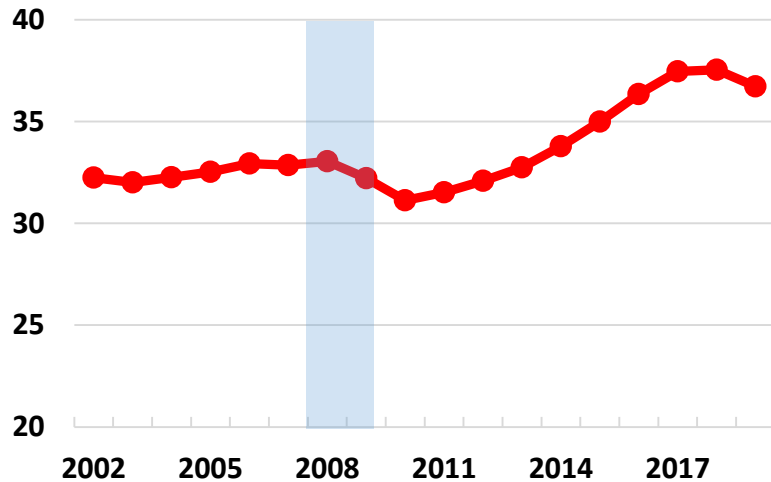


Other

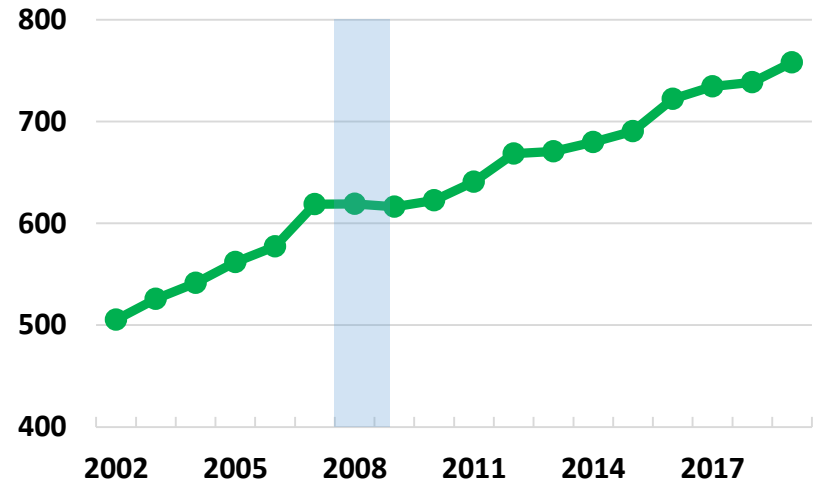


Trade, Transportation, Utilities

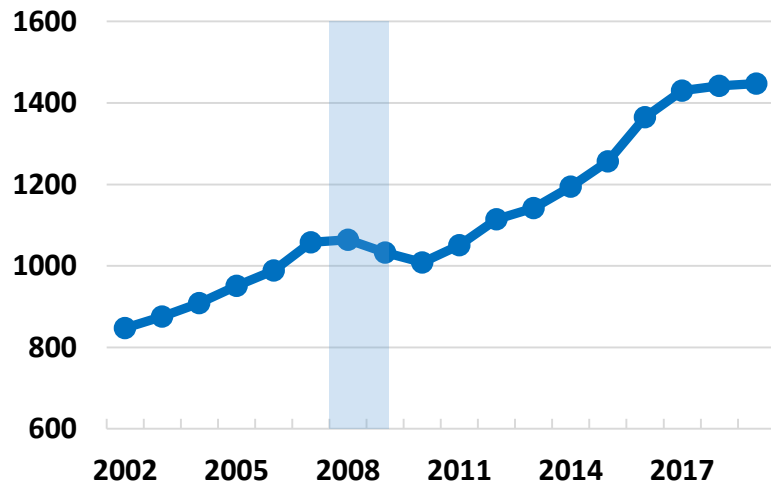
Employment (thousands)



Average Weekly Wages (\$)

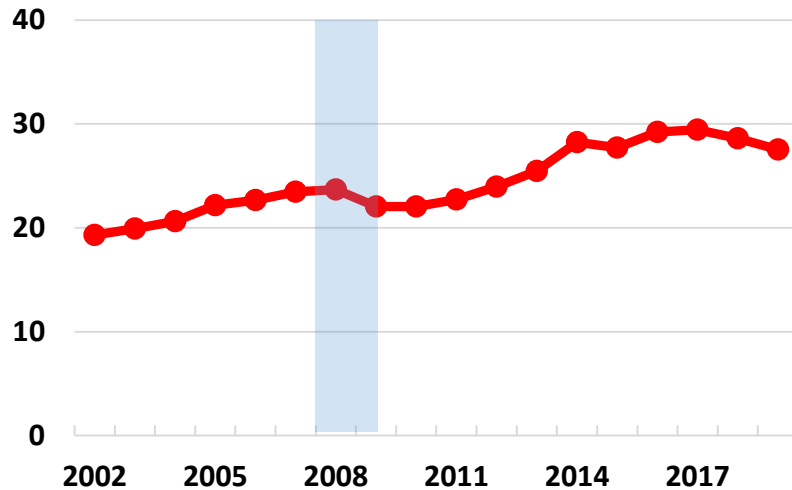


Total Wages (\$billions)

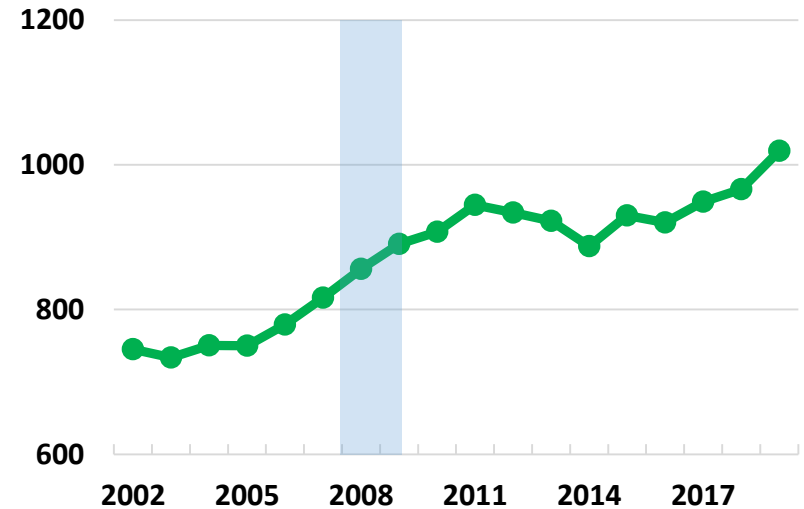


Professional & Business Services

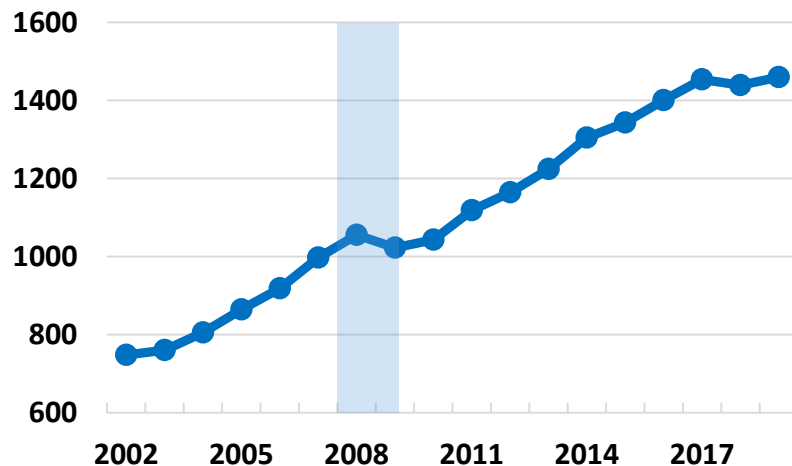
Employment (thousands)



Average Weekly Wages (\$)

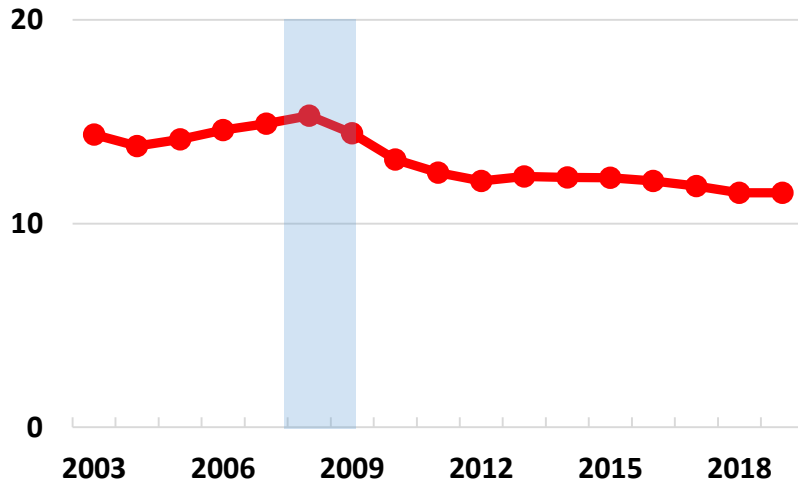


Total Wages (\$billions)

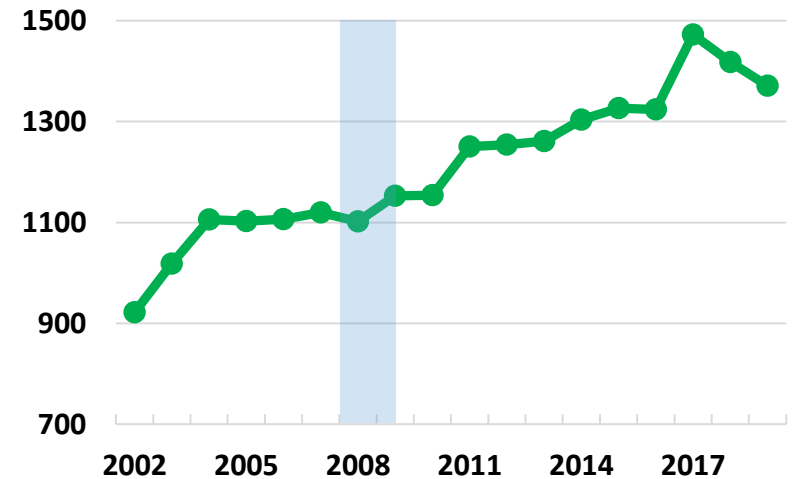


Manufacturing

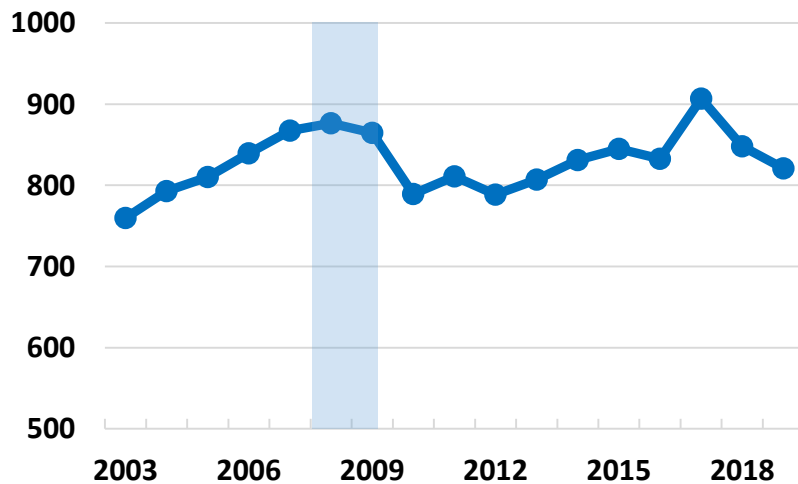
Employment (thousands)



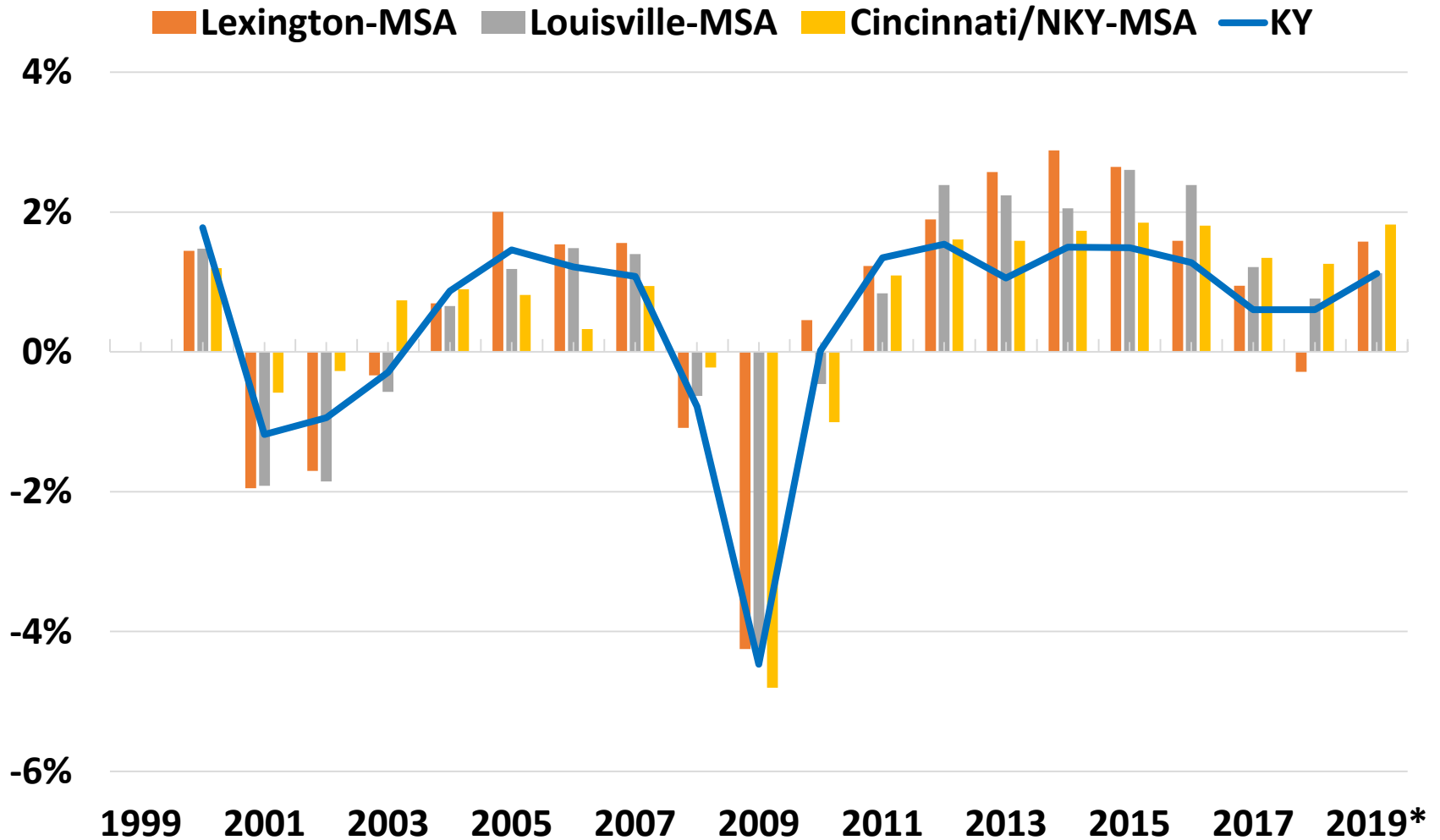
Average Weekly Wages (\$)



Total Wages (\$millions)



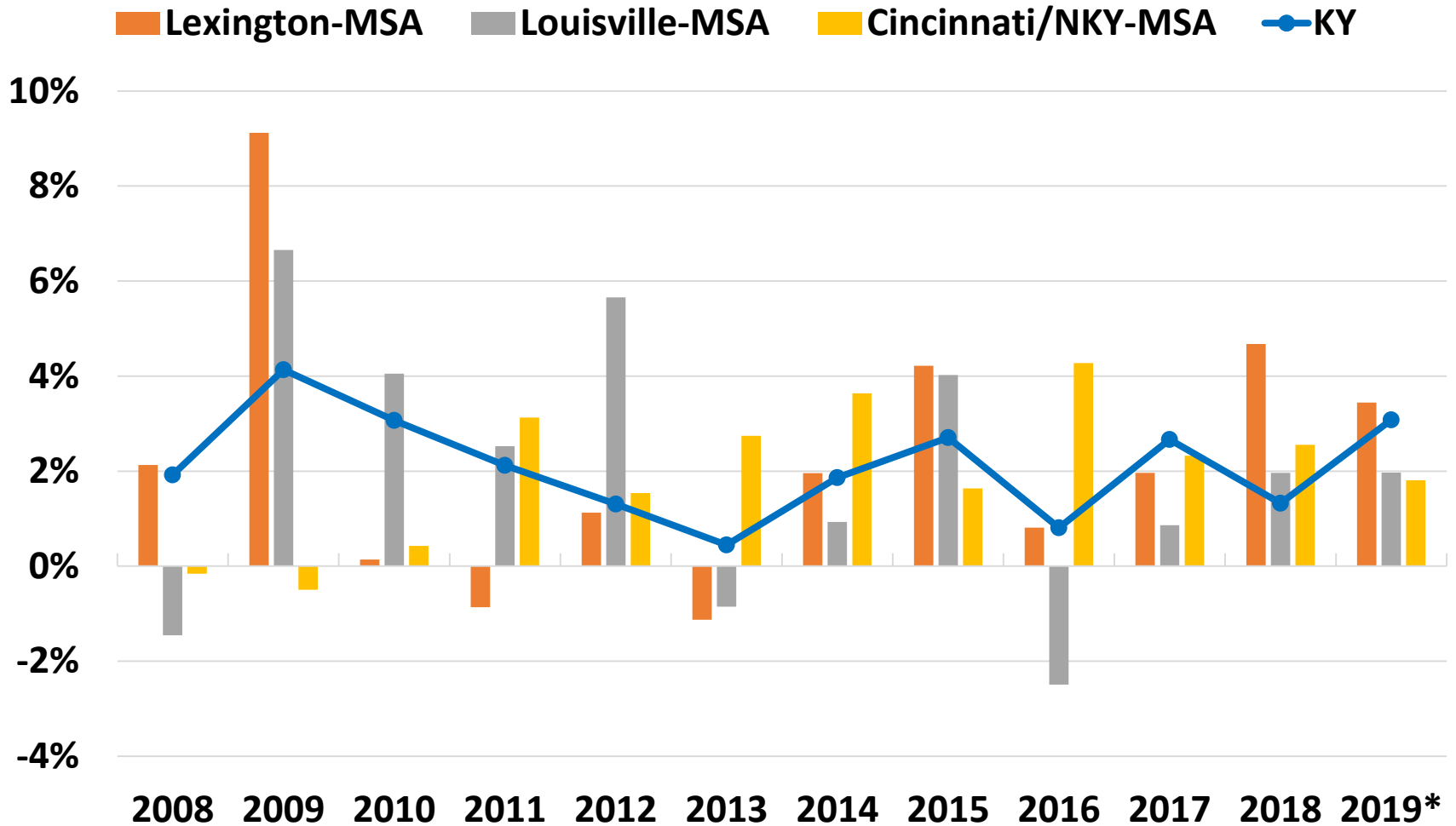
Employment Growth: Kentucky and Major MSAs



*Preliminary, does not include December figures.

Source: U.S. Bureau of Labor Statistics. Current Employment Statistics.

Hourly Earnings: Lexington-MSA



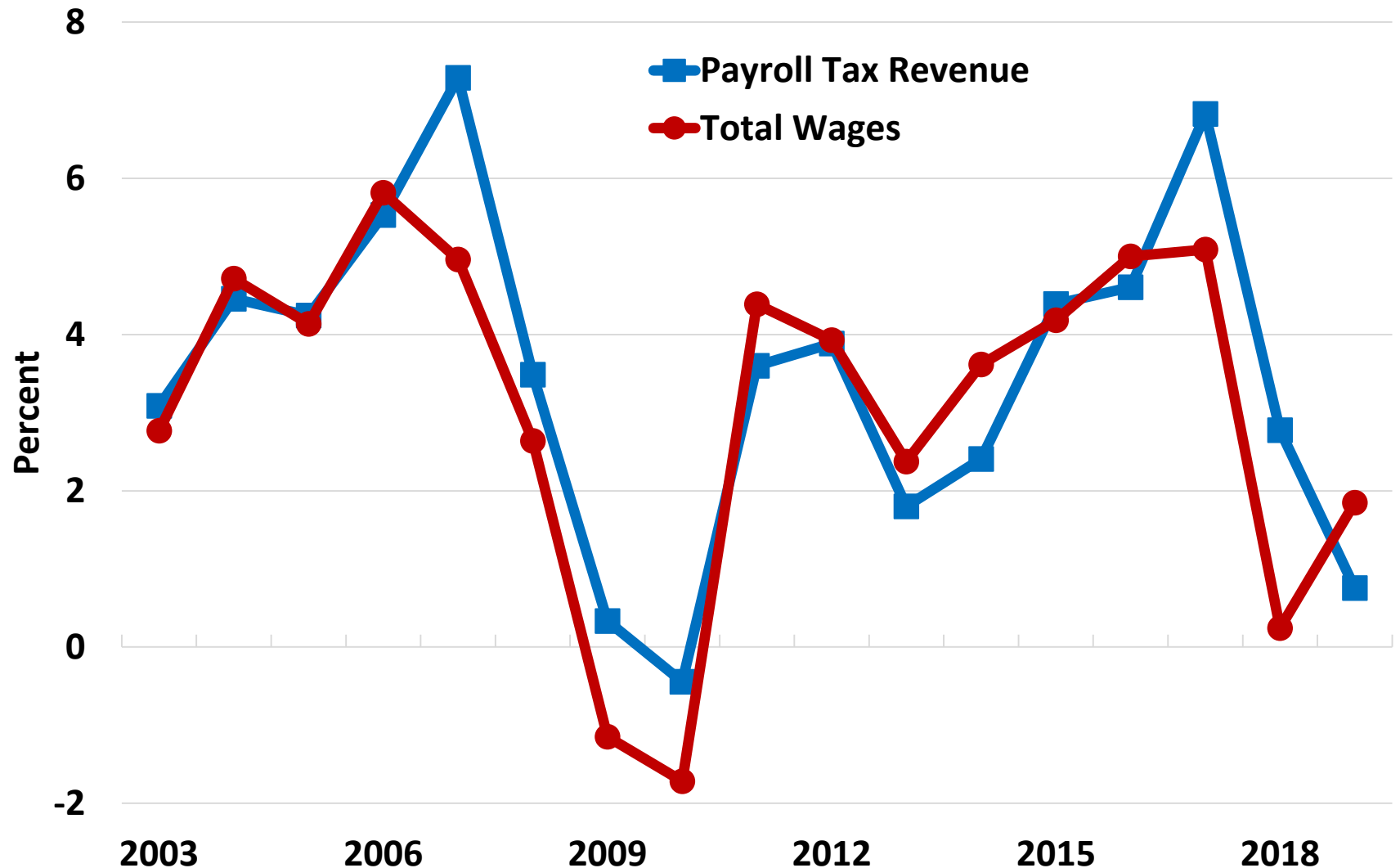
*Preliminary.

Source: U.S. Bureau of Labor Statistics. Current Employment Statistics.

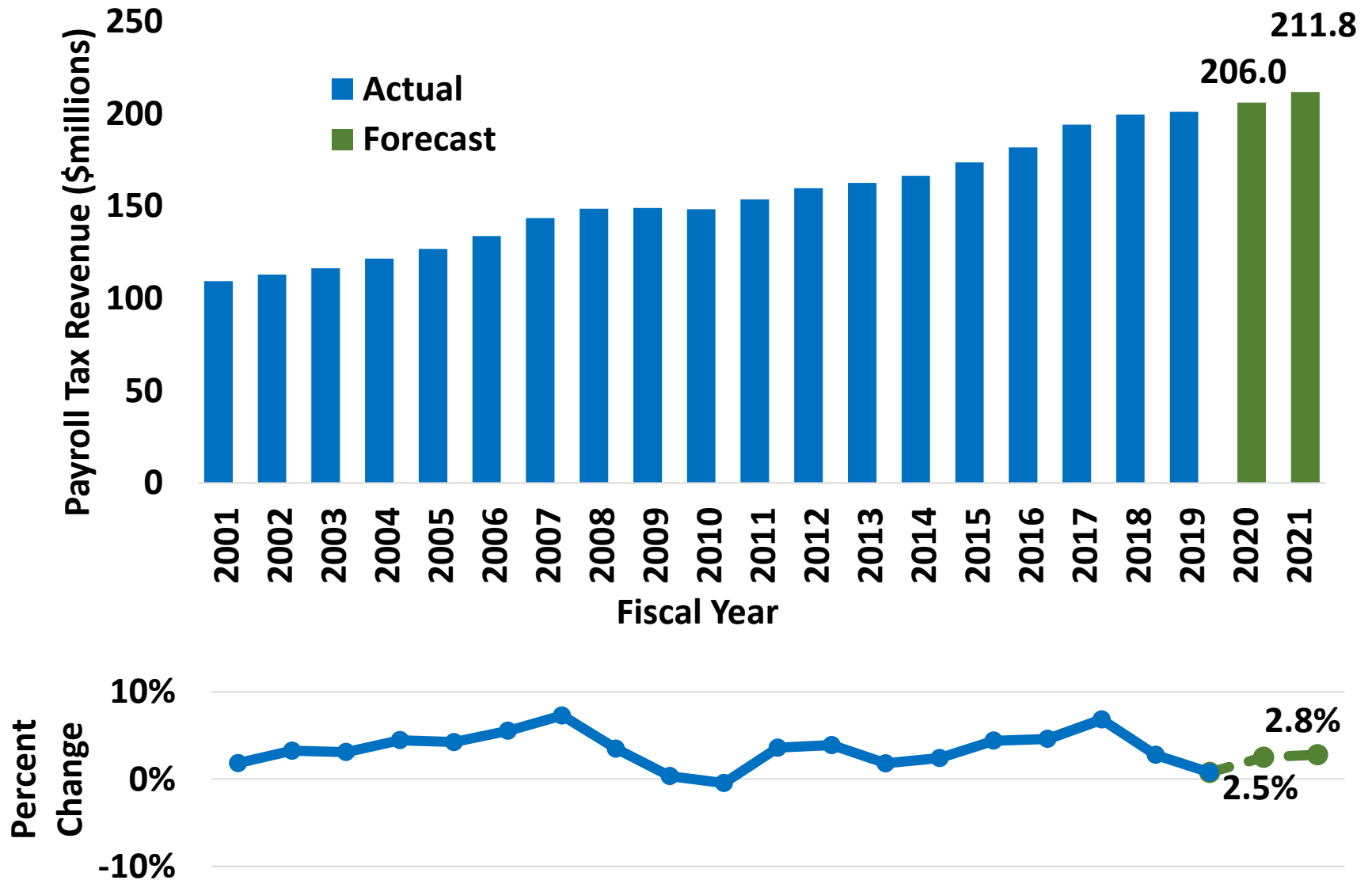
Lexington Economic Forecast

Fiscal Year	Employment	Total Wages
2020	0.7%	2.9%
2021	0.6%	2.6%

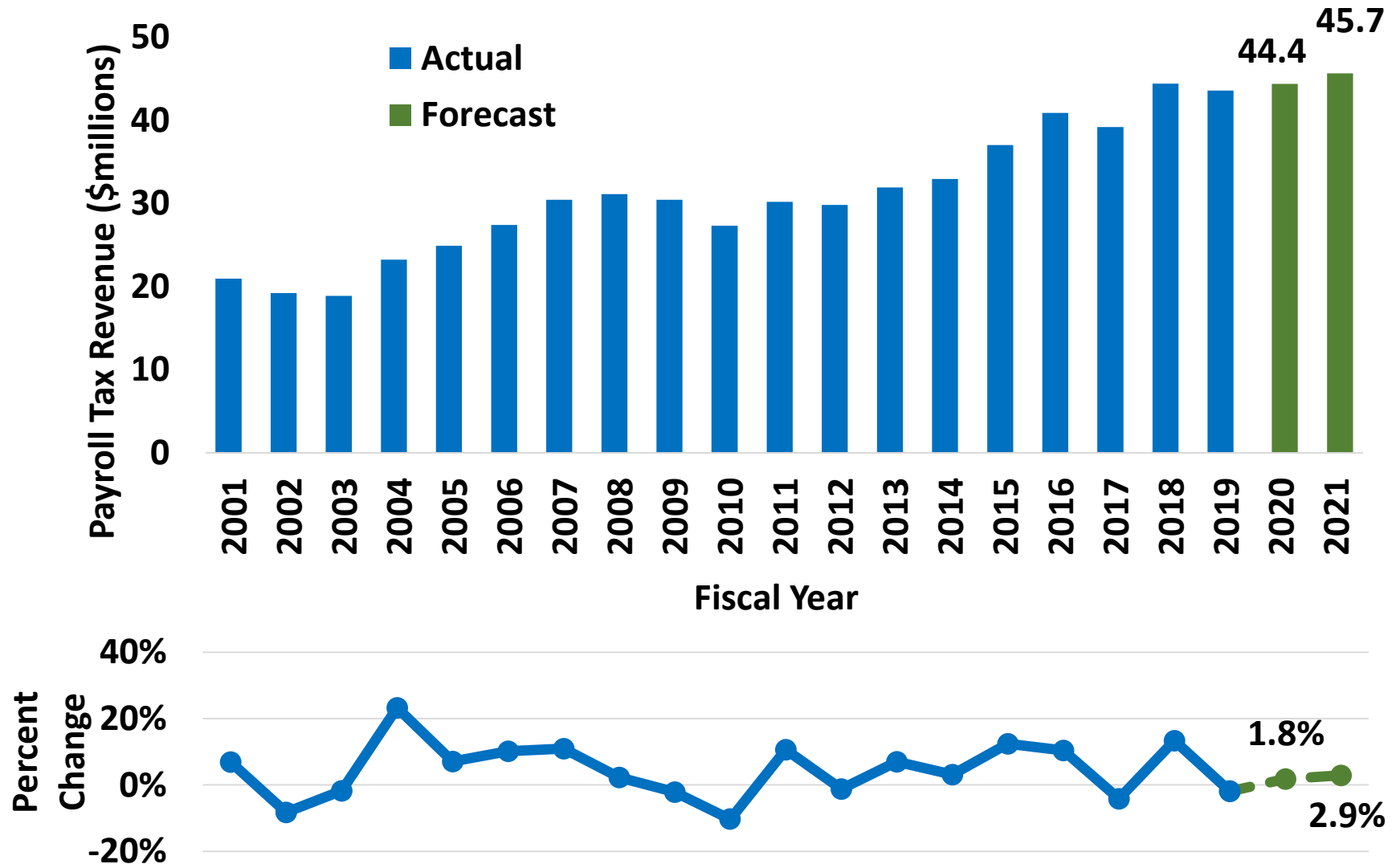
Percent Change Payroll Tax & Total Wages



Lexington Payroll Tax Revenue Projections



Lexington Net Profit Tax Revenue Projections



Forecast of Occupational License Taxes

Payroll Tax			Net Profits Tax	
Fiscal Year	\$ millions	Percent Change	\$ millions	Percent Change
2019 actual	201.0	0.8%	43.6	-1.9%
2020 projected	206.0	2.5%	44.4	1.8%
2021 projected	211.8	2.8%	45.7	2.9%

Forecast of Occupational License Taxes

Sources of Uncertainty:

- **Slow economic growth globally**
- **Uncertainty over trade policy**
- **Contraction in national manufacturing**
- **Recent employment growth in Lexington MSA**



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