

Lexington Economic Outlook & Occupational License Tax Forecast FY 2021 & 2022

LFUCG Budget, Finance, and Economic Development Committee

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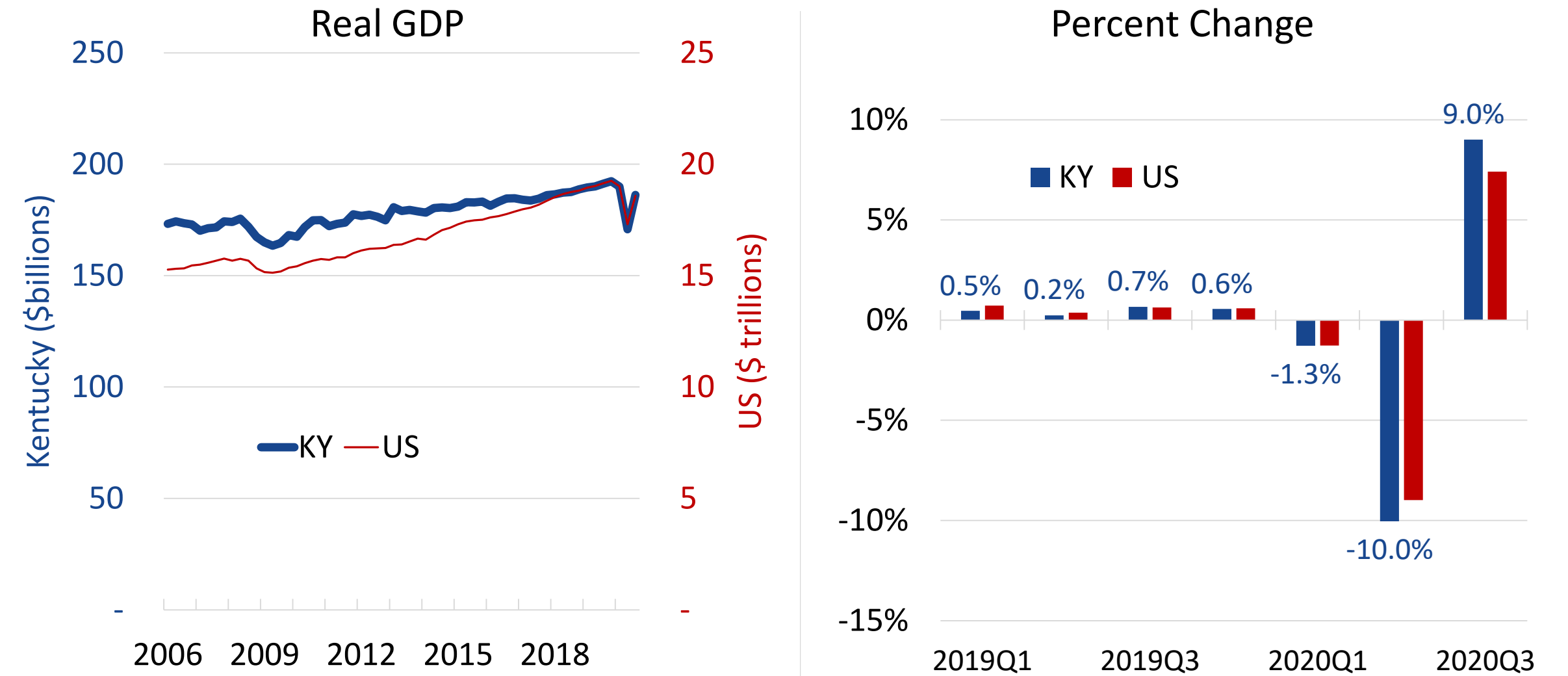
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Overview

- Economic trends for US, Kentucky, and Lexington
- How have Lexington's major industries been affected?
- How is the recovery progressing?
- What does this mean for occupational license tax revenue?

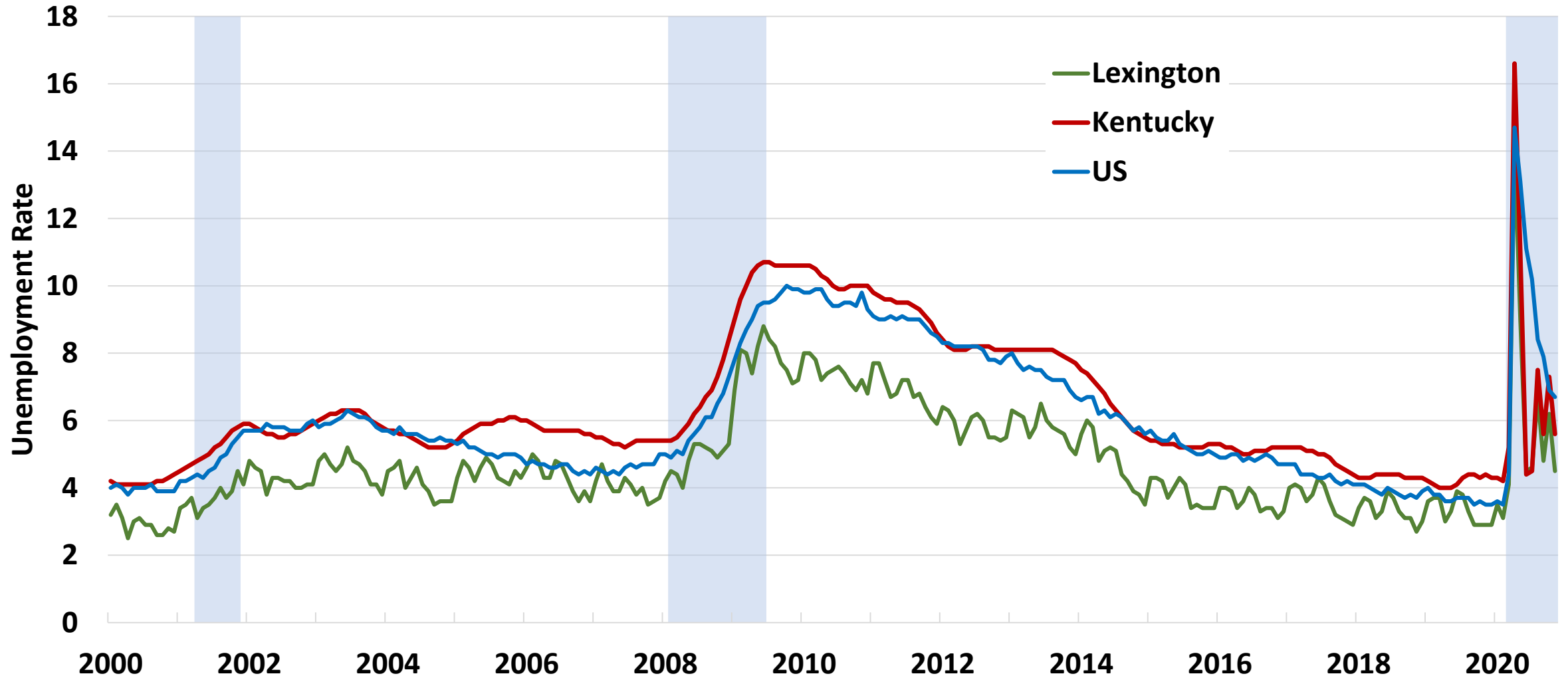
Real Gross Domestic Product, Percent Change Kentucky & U.S.



Source: US Bureau of Economic Analysis.

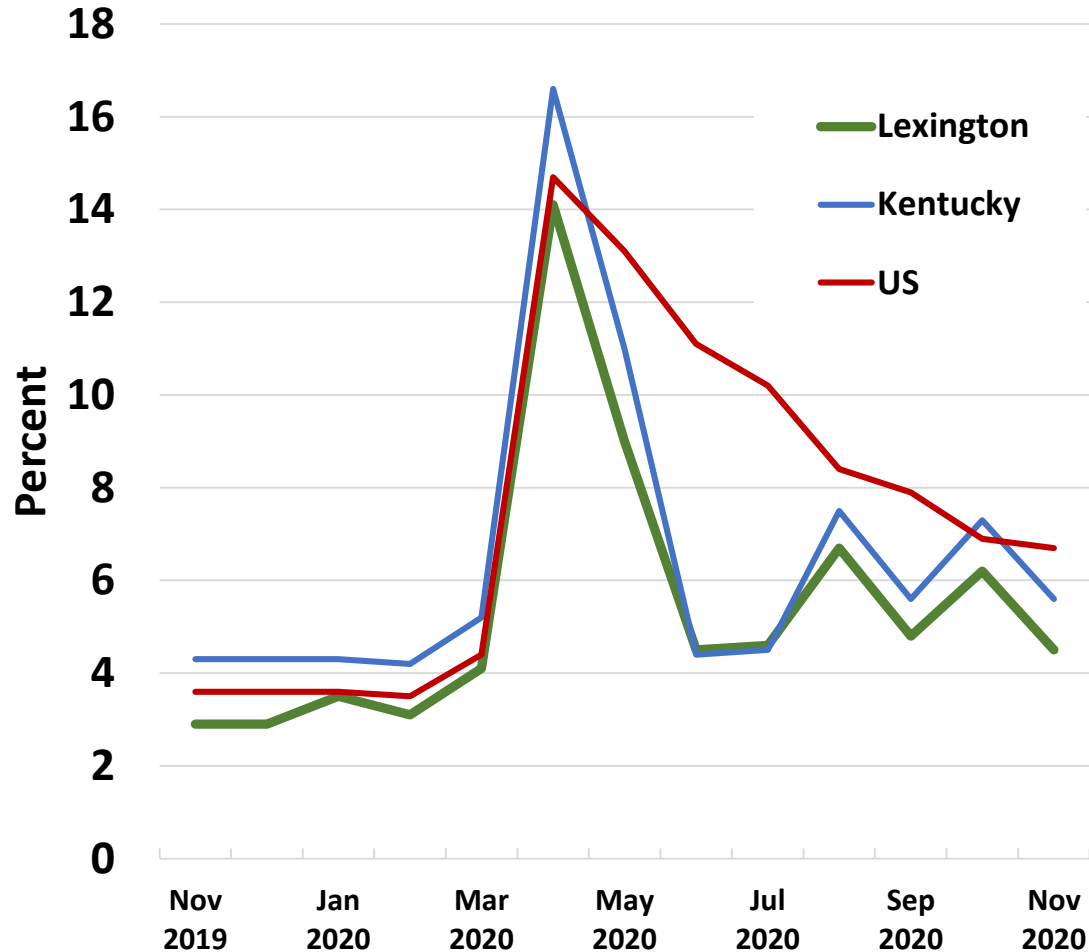
Unemployment Rates

Lexington, Kentucky, & U.S.

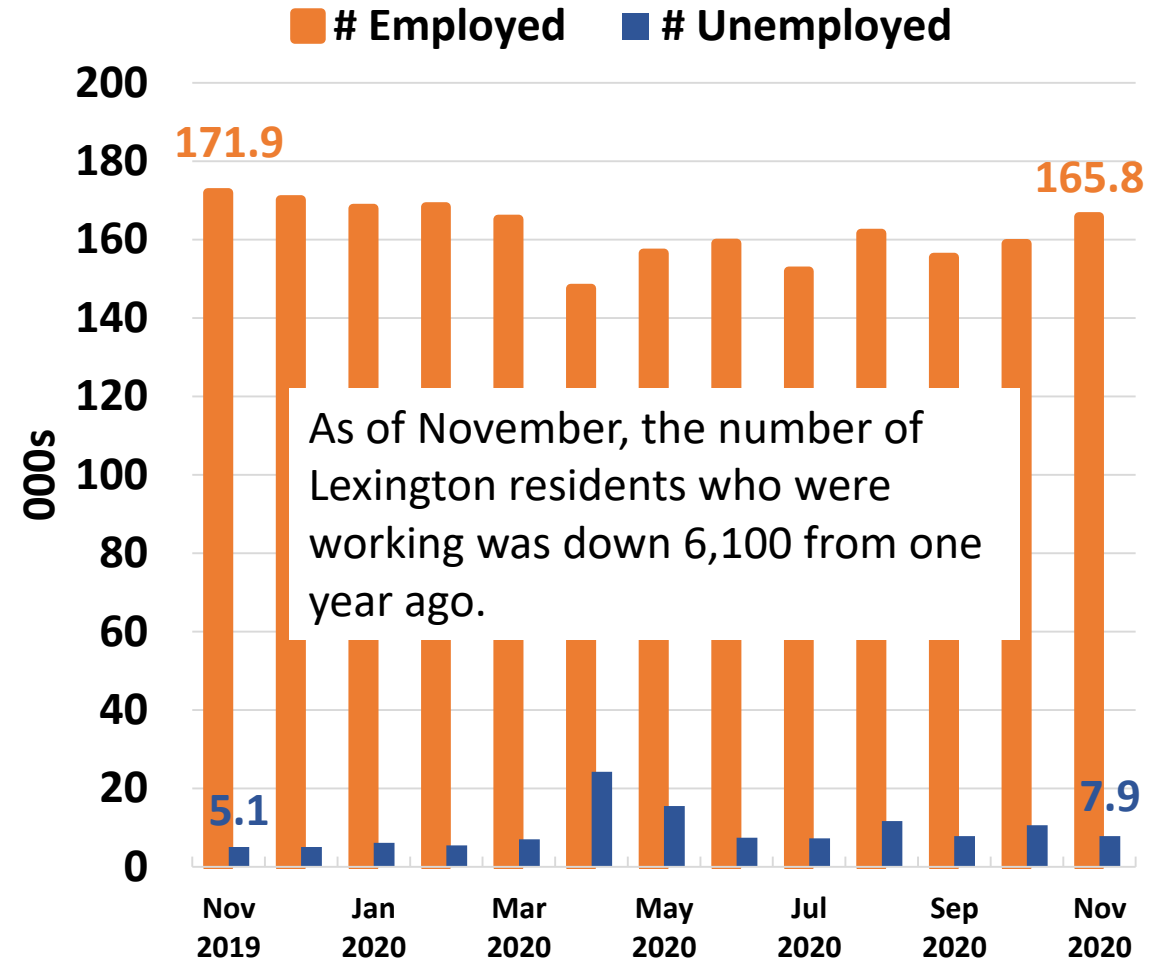


Unemployment Rates, Employment, & Unemployment

Unemployment Rate

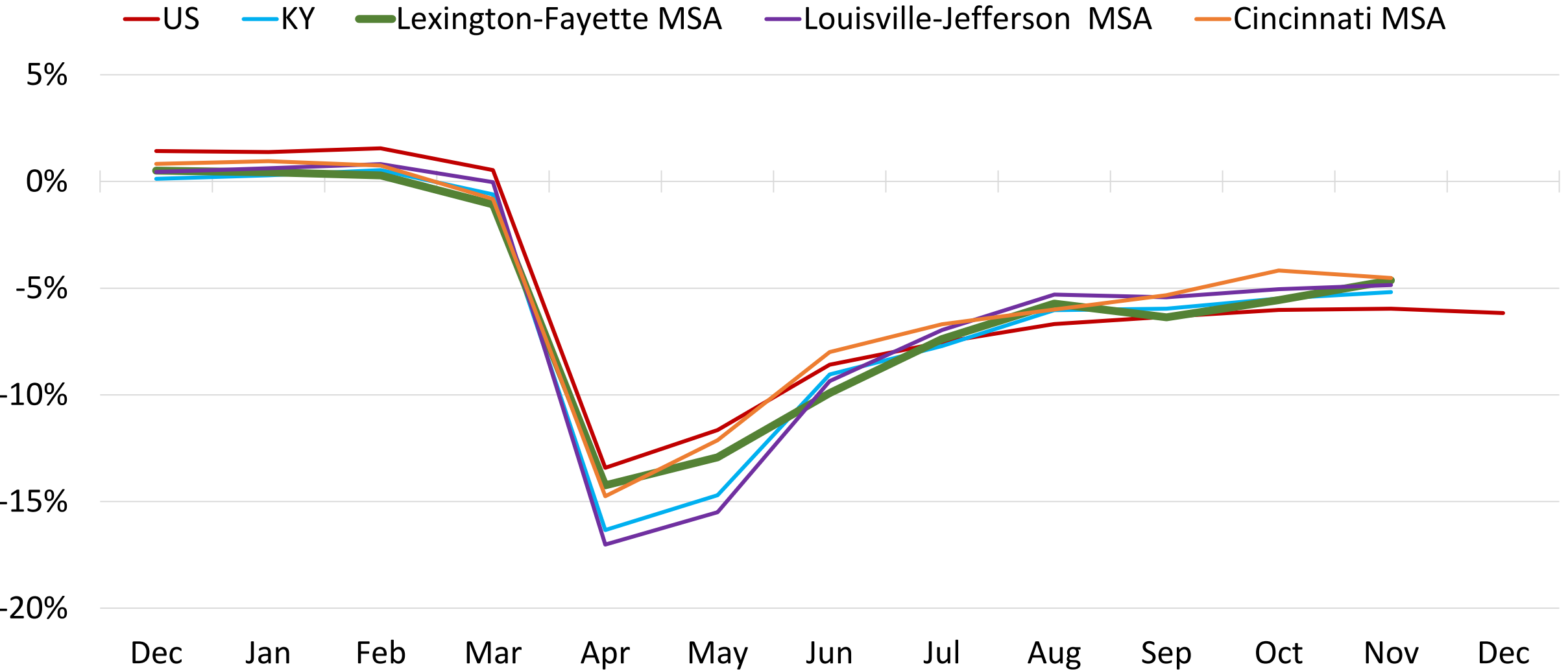


Lexington



Total Nonfarm Employment

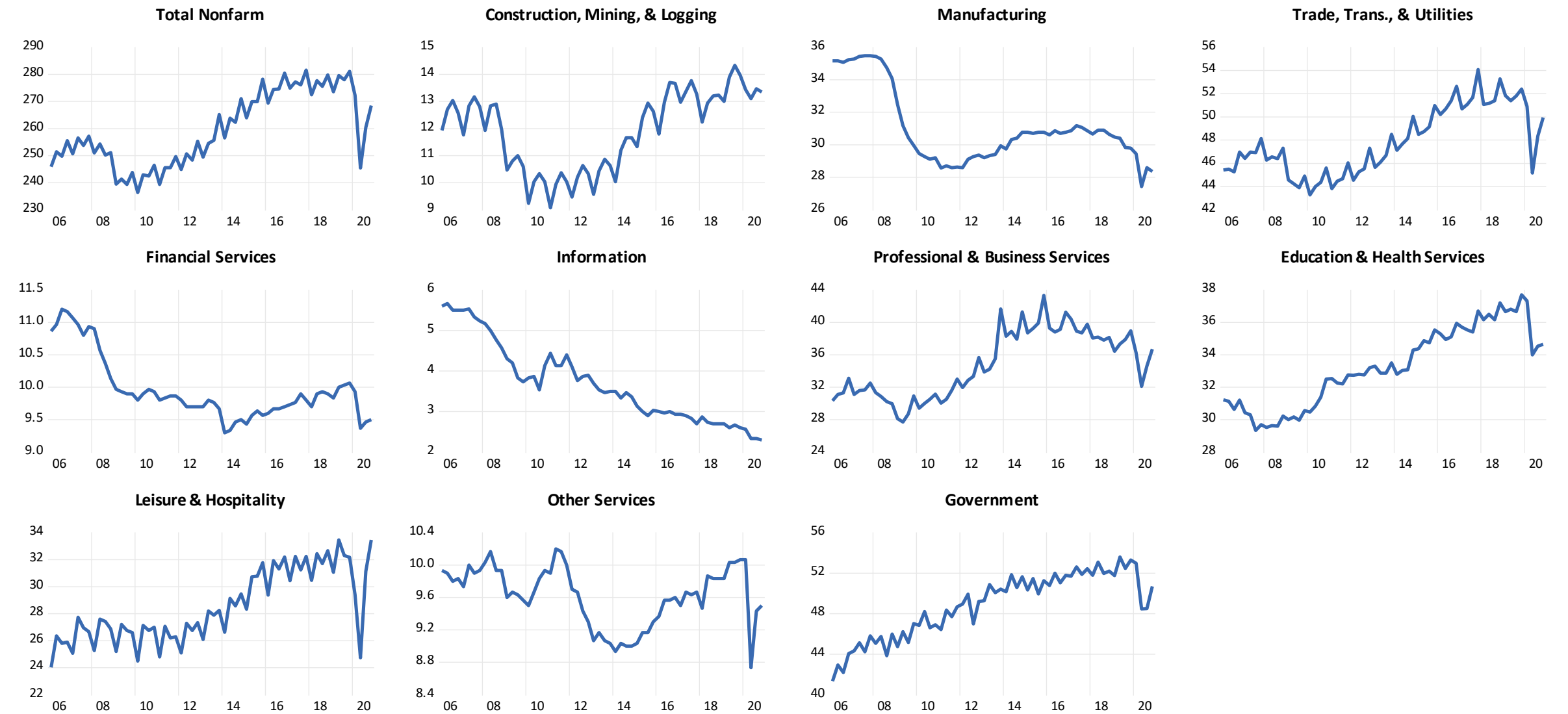
Percent Change from same Month Last Year



Source: US Bureau of Labor Statistics. Current Employment Statistics.

Lexington - Fayette MSA Employment (000s)

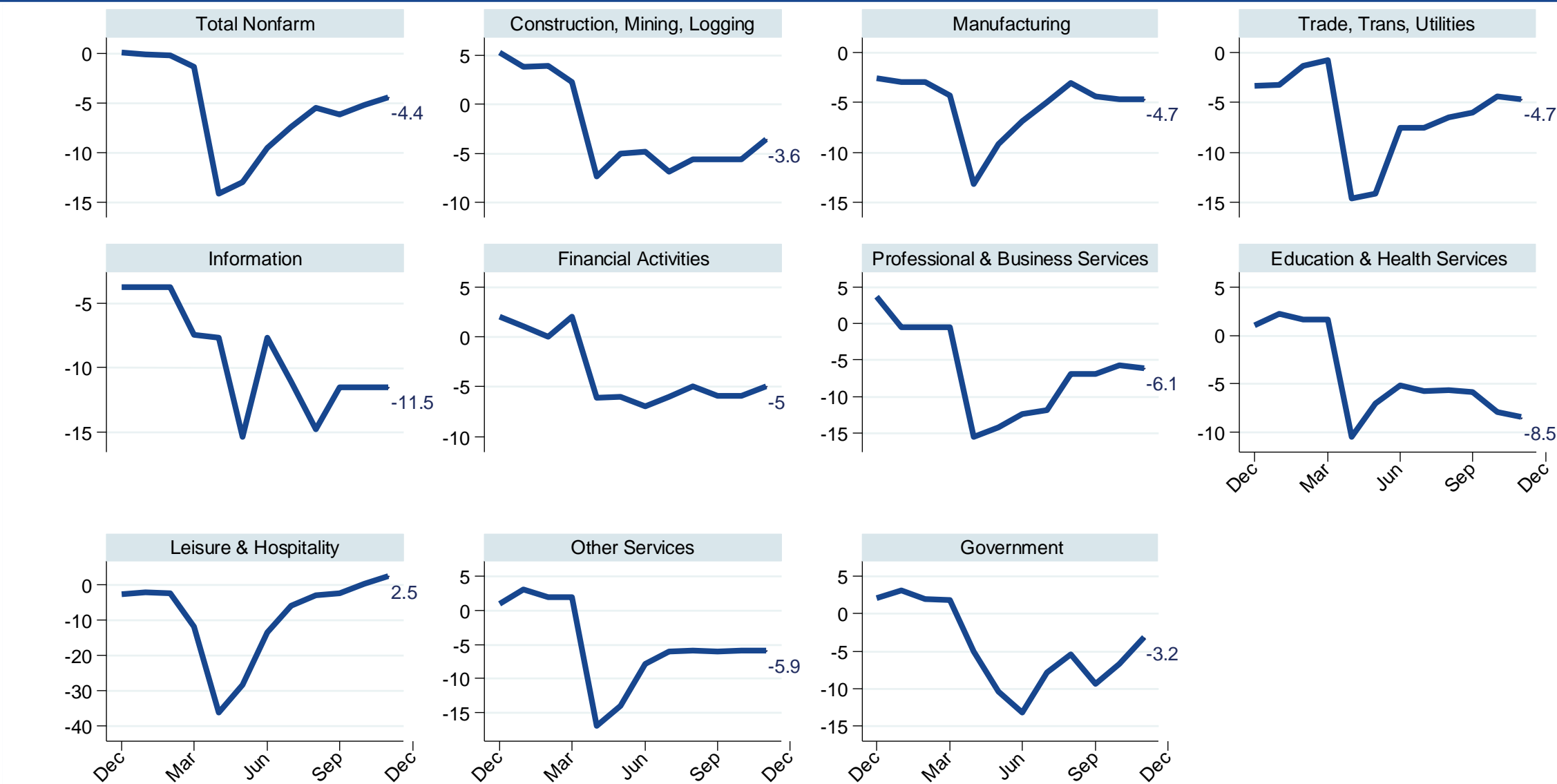
Quarterly



Source: US Bureau of Labor Statistics. Current Employment Statistics.

Lexington-Fayette MSA Employment

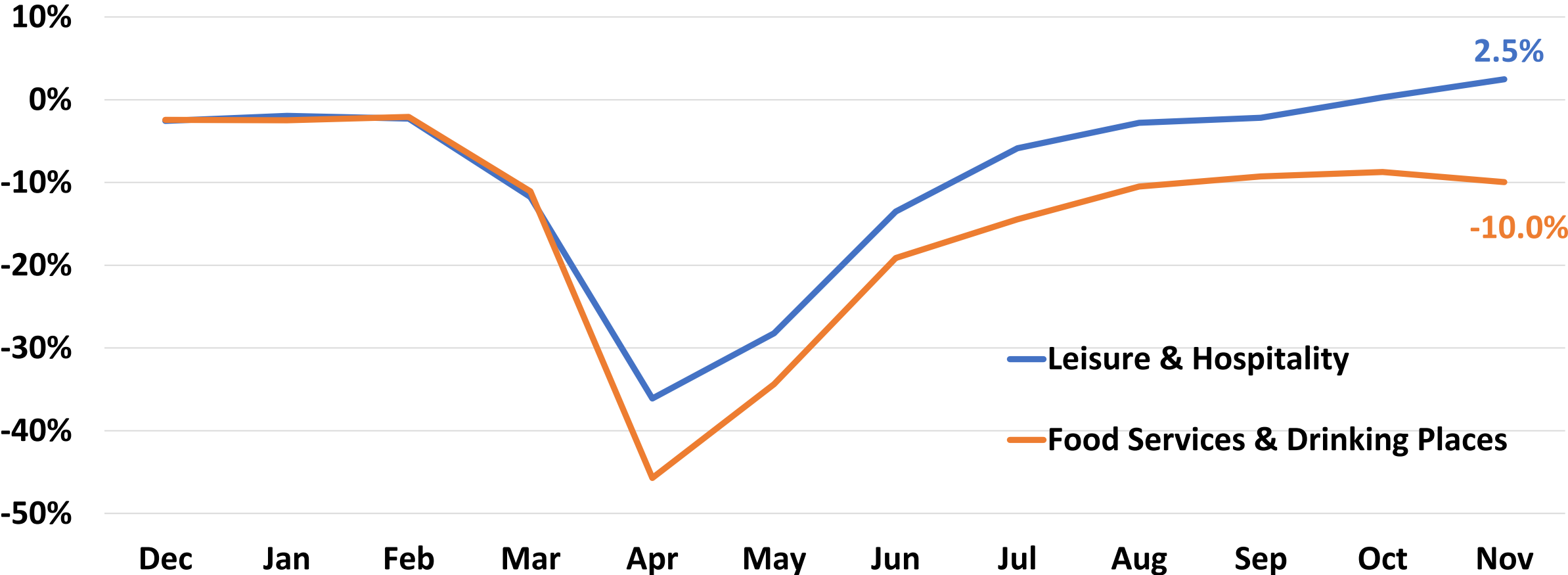
Percent Change from Same Month Prior Year



Source: US Bureau of Labor Statistics. Current Employment Statistics.

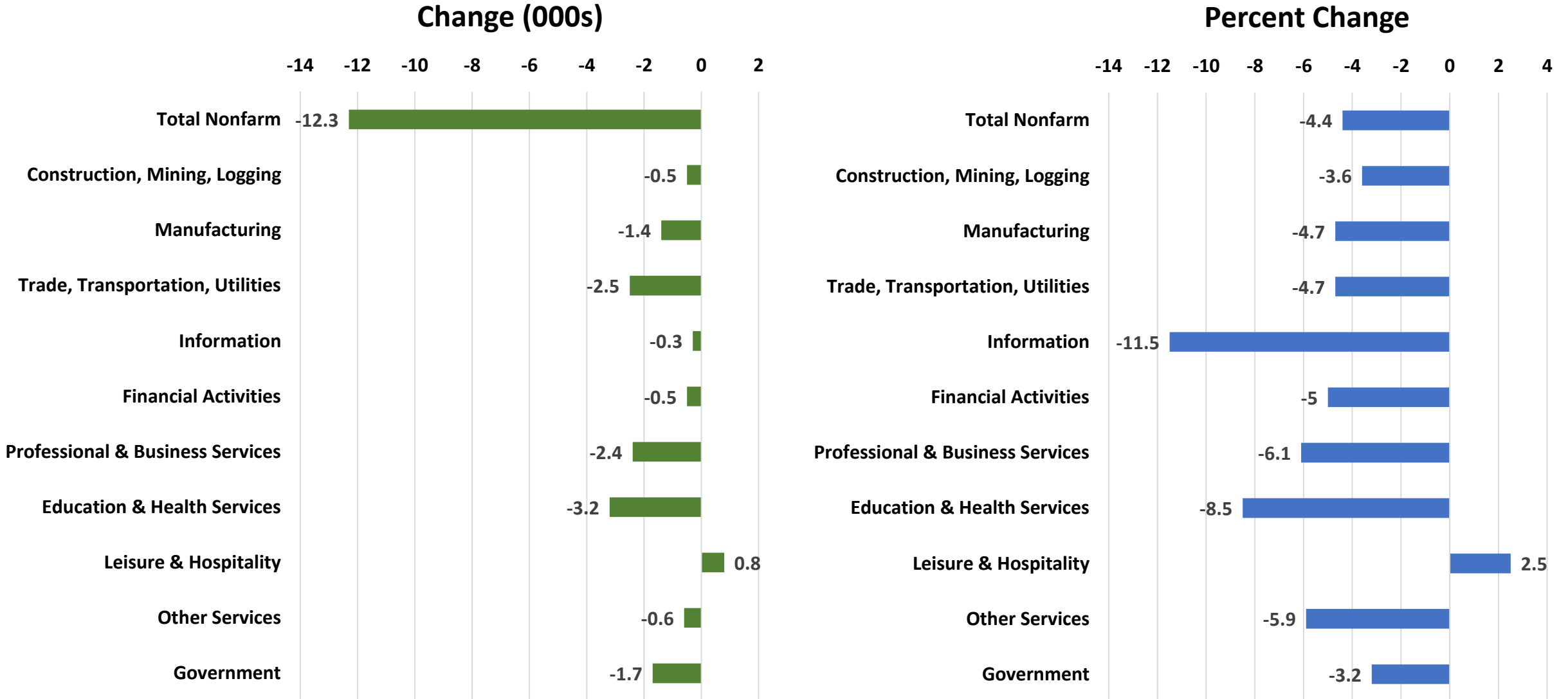
Lexington-Fayette MSA Employment

Percent Change from Same Month Prior Year



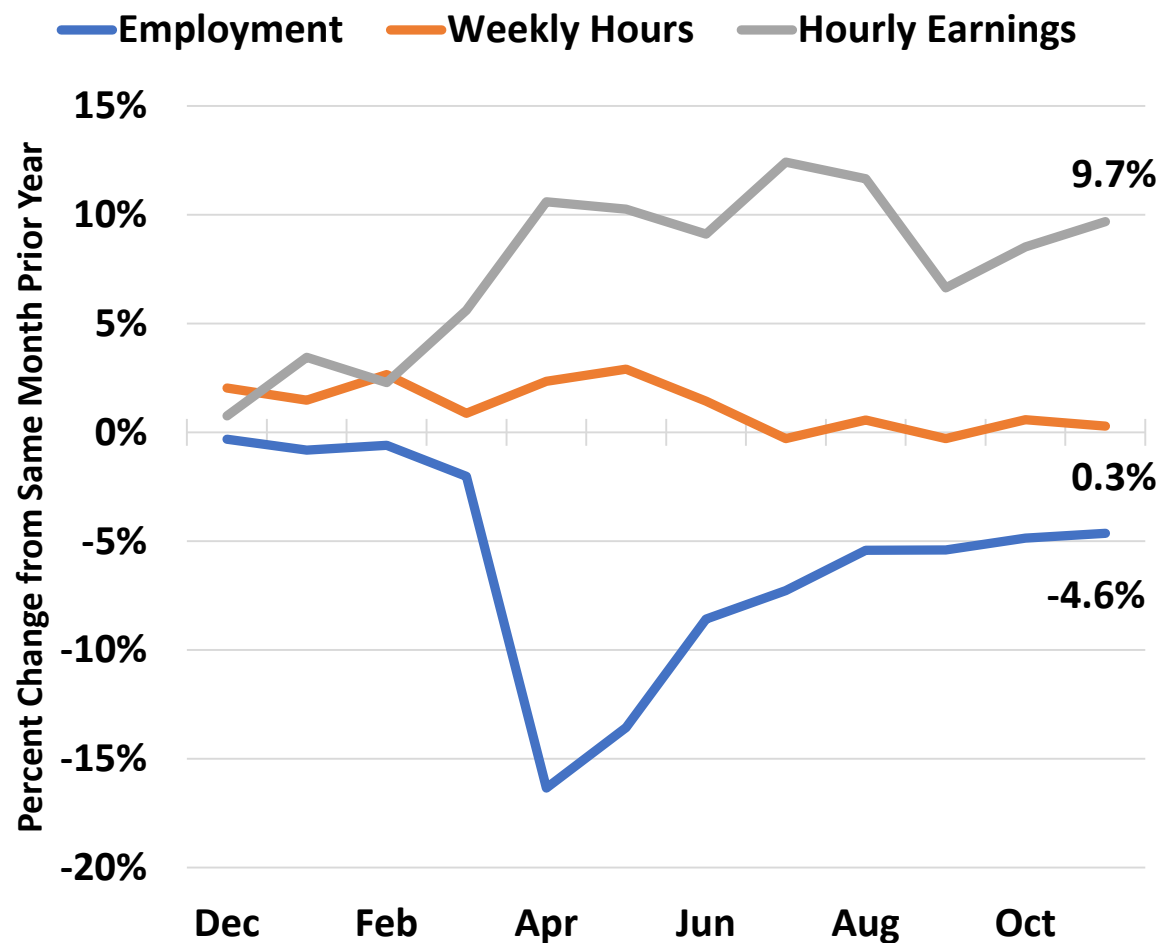
Lexington-Fayette County MSA Employment Change

November 2019 to November 2020



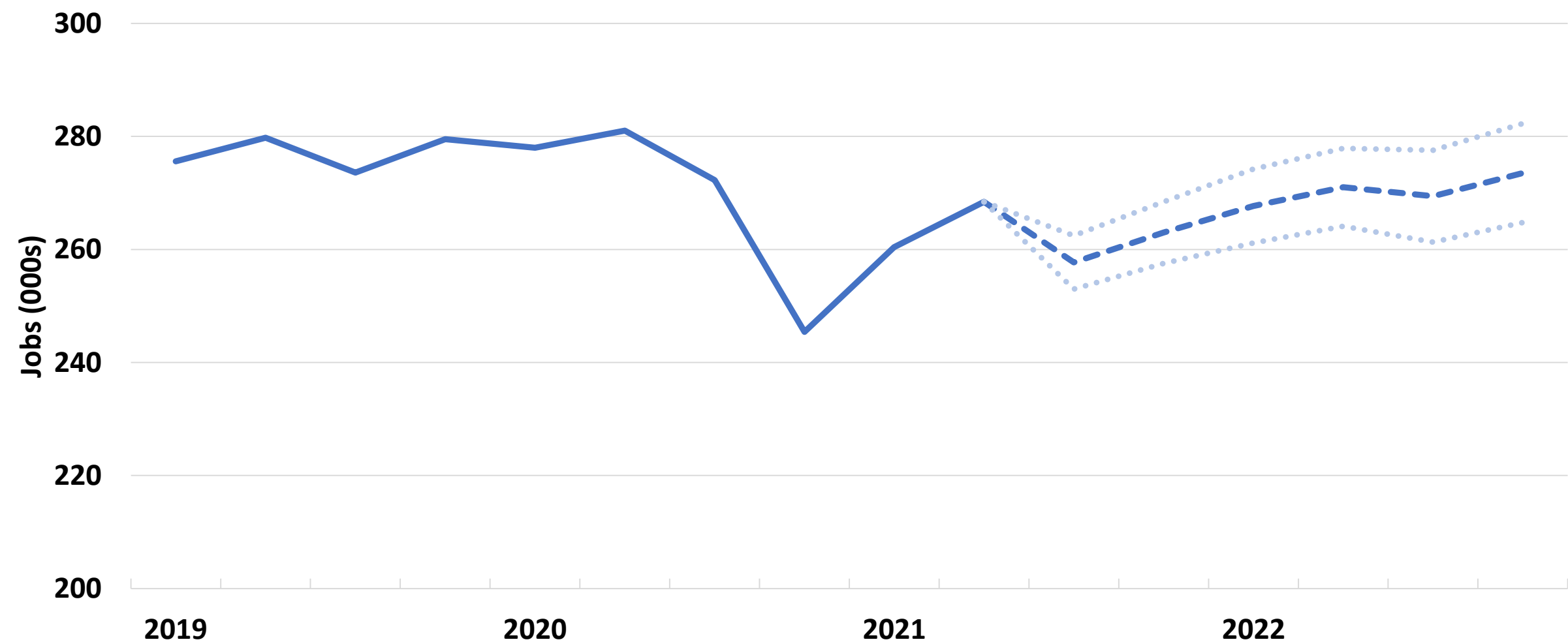
Lexington-Fayette County MSA

Private Employment

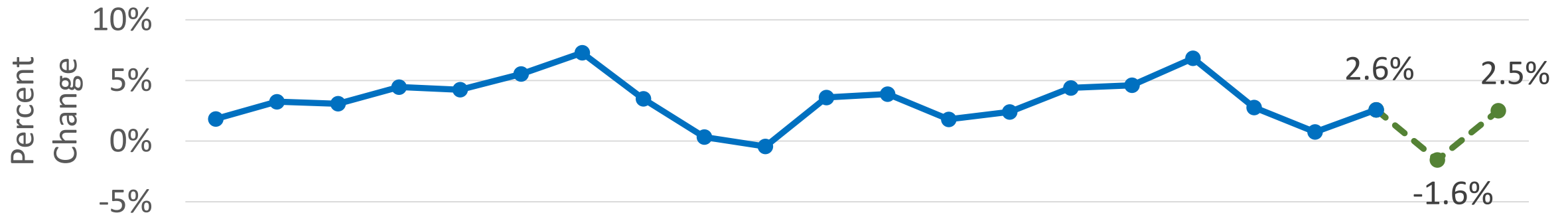
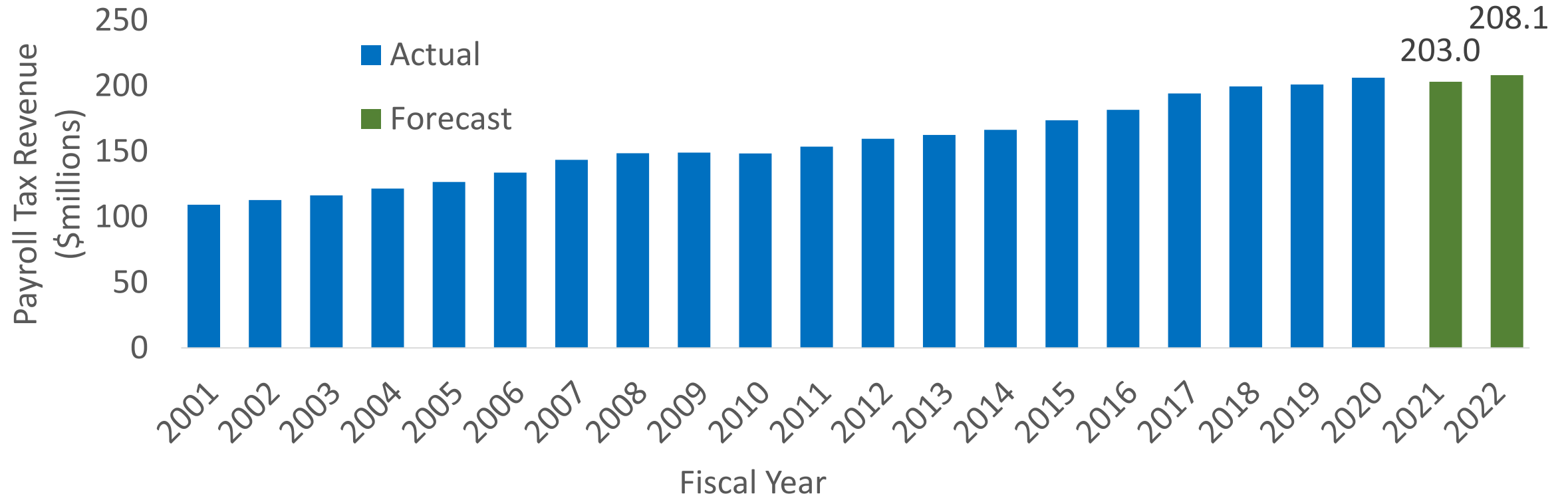


- Private employment down
- Little change in average hours for those working
- Private hourly earnings up
- Hourly earnings “increase” might be largely due to jobs losses being concentrated among lower wage workers.

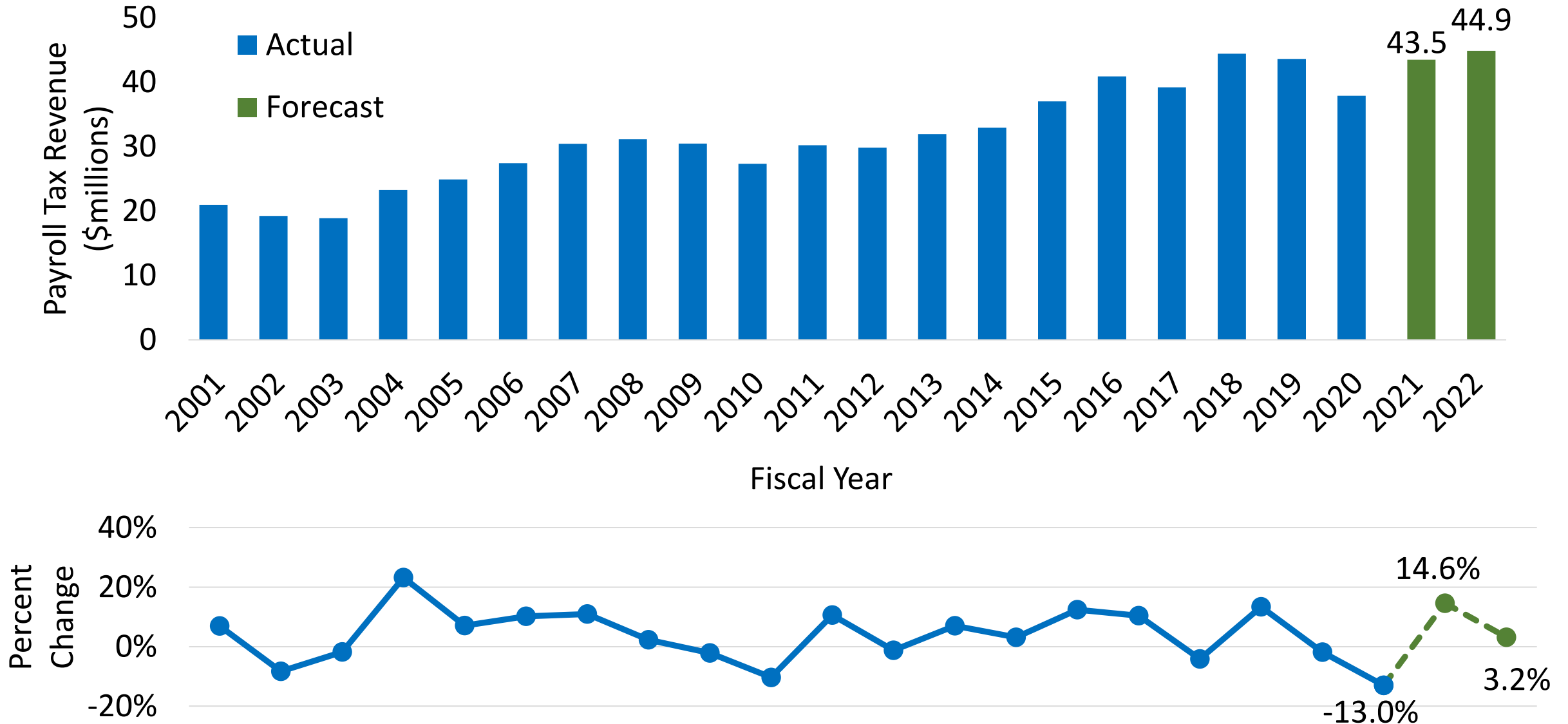
Lexington MSA Employment Forecast



Lexington Payroll Tax Revenue Projections



Lexington Net Profit Tax Revenue Projections



Forecast of Occupational License Taxes

Fiscal Year	Payroll Tax		Net Profits Tax	
	\$ millions	Percent Change	\$ millions	Percent Change
2020 actual	206.2	2.6%	37.9	-13.0%
2021 projected	203.0	-1.6%	43.5	14.6%
2022 projected	208.1	2.5%	44.9	3.2%

Recovery

Speed of recovery determined by

- vaccine distribution,
- reopening of schools & daycares,
- return of consumer confidence

Degree of uncertain remains high

- Economic conditions are still changing rapidly
- These days forecasts have a short shelf life



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