



**FINANCE AND ADMINISTRATION CABINET
LEGAL SERVICES FOR
DEPARTMENT OF REVENUE**

P.O. Box 423
Frankfort, Kentucky 40602-0423
Phone: (502) 564-9581

Andy Beshear
GOVERNOR

Holly M. Johnson
SECRETARY

Thomas B. Miller
COMMISSIONER

Barbara Dickens
GENERAL COUNSEL

June 22, 2026

O-26-52R

VIA ELECTRONIC MAIL ONLY - PLEASE CONFIRM RECEIPT

Paul Oliva
The Lexington Times
editor@lexingtonky.news

RE: YOUR OPEN RECORDS REQUEST TO THE KENTUCKY DEPARTMENT OF REVENUE

Dear Mr. Oliva,

The Department of Revenue (the "Department") is in receipt of your Open Records Request, dated and received on Friday, June 12, 2026. Specifically, you requested the following:

Pursuant to the Kentucky Open Records Act, KRS 61.870–61.884, I request copies of the following records concerning the Red Mile Project tax increment financing agreement (KEDFA, KRS 154.30 Commonwealth Participation Program; developer Lexington Trots Breeders Association, LLC; Fayette County). The Cabinet for Economic Development, in its June 12, 2026 response to a related request, referred me to your office for these records, and its production shows that annual increment requests are transmitted to the Department's TIF team (most recently the "Red Mile and Midland Increment requests 2025," transmitted by the Cabinet on May 28, 2026).

- 1. The Department's verification letters, calculations, and release determinations for each annual incremental-revenue request for the Red Mile Project, calendar years 2015 through 2025 — including the amounts requested, the amounts approved or released, and any adjustments (the Cabinet's production shows the Department adjusted the 2020 and 2021 requests).*
- 2. Records sufficient to show the cumulative incremental revenues released to the project to date against the approved incentive cap.*
- 3. Any Department analysis, determination, or correspondence concerning the treatment*

of historical horse racing / "Instant Racing" receipts or wagering-related payroll (e.g., KRM Wagering, LLC withholding) in the increment calculations for this project — including any reassessment after historical horse racing's legal status changed in 2020–2021, and any consideration of the agreement's alternate incentive cap.

I am a member of the news media (The Lexington Times). Electronic delivery (PDF/CSV) to this address is preferred. If any portion is withheld, please cite the specific exemption under KRS 61.878 and release the remainder per KRS 61.878(4). If fees will exceed \$10, please advise before incurring them. Note that I am requesting existing records — the verification letters and release records your office generates in the ordinary course — not the compilation of new data.

Thank you. I look forward to your response within the timeframe provided by KRS 61.880(1).

RESPONSE: The Department is complying with your request. Due to the broad nature of your request, however, spanning more than ten (10) years, the Department needs additional time to search for responsive records from 2015-2019. The Department will provide a final response as to those records no later than July 15, 2026. For the date range of 2020 – the present, responsive records are attached.

Please be advised that some of the documents have been redacted or withheld, as they are exempt from disclosure pursuant to KRS 131.190(1), which is incorporated into the Open Records Act by KRS 61.878(1)(k) and (l). Specifically, we have redacted individual taxpayer identification numbers and any actual taxpayer return document.

Moreover, some documents may have been withheld due to the document's preliminary nature and the lack of a final action by the agency, pursuant to KRS 61.878(1)(i).

Finally, the Department also believes that further records you seek may be under the custody and control of the Cabinet for Economic Development, who is the Custodian of Record pursuant to KRS 61.870(5). Pursuant KRS 61.872(4), the Department is providing their contact information below.

Legal Department
Attn: Open Records Requests
Kentucky Cabinet for Economic Development
500 Mero Street, 5th Floor
Frankfort, KY 40601
CEDOpenRecords@ky.gov

Should you wish to appeal this response, you may do so by filing a complaint with the Attorney General's Office, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601 pursuant to KRS 61.880(2), or by filing an original action in Franklin Circuit Court under KRS 61.882. If you first appeal to the Attorney General, but are dissatisfied with the Attorney General's decision, you may further appeal to Circuit Court, pursuant to KRS 61.880(5).

Should you have any further questions or concerns, please do not hesitate to contact me.

Sincerely,

/s/ B. Leigh Powers

Boyce Leigh Powers, Esq.
Office of Legal Services for Revenue
Finance and Administration Cabinet
286 Mill Creek Park, Bldg. 11, Suite 130
Frankfort, Kentucky 40601
Phone: (502) 564-1322
Facsimile (502) 564-4044
Leigh.Powers@ky.gov

EXHIBIT E

RED MILE LEXINGTON MIXED-USE REDEVELOPMENT TAX INCREMENT FINANCING PROJECT

Request for Disbursement

This Exhibit must be submitted by April 30th of each year to make a Request for Disbursement of the Increment for the preceding calendar year. Provided that the Minimum Capital Investment is confirmed by the Authority as set forth in Section 4.7 of the Agreement, and the Project has activated in accordance with Section 4.2 of the Agreement, and the Agency has incurred Approved Public Infrastructure Costs that have been verified by the Authority pursuant to Section 3.3 of the Agreement, and the Agency has otherwise complied with the terms of the Agreement, the Cabinet for Economic Development will forward this request for disbursement to the Department of Revenue for further processing. Please note any available increments will be held in escrow pending certification that the \$20,000,000 Minimal Capital Investment threshold has been reached. The failure to achieve the Minimal Capital Investment threshold by the Activation Date will result in the forfeiture of all accrued Increment(s) to the Commonwealth.

For Business Taxpayers: This exhibit must be **accompanied by the Tax Increment Financing Business Questionnaire for any business that operates within the footprint during the calendar year**. Failure to provide the questionnaire for any businesses operating within the footprint will cause the Increment to be calculated without regard to the tax receipts from the noncompliant business.

	Withholding	Property	Sales	Grand Total
New Revenues received for calendar year	\$370,369.87	\$72,469.45	\$116,589.84	\$559,429.16
Less Old Revenues	35,158.97	18,730.50	101,018.97	154,908.44
Equals Tax receipts available for Increment	335,210.90	53,738.95	15,570.87	404,520.72
Multiplied by [80] %	[80]%	[80]%	[80]%	[80]%
Requested increment disbursement	\$268,168.72	\$42,991.16	\$12,456.70	\$ 323,616.58

Grand Total Increment Disbursement Request: 323,616.58

By signing this exhibit, the undersigned agrees that he or she has the proper authority to act on behalf of the Lexington Fayette Urban County Government Finance Department with regard to the Tax Incentive Agreement for the Red Mile Lexington Mixed-Use Redevelopment Tax Increment Financing Project.

LEXINGTON FAYETTE URBAN COUNTY
GOVERNMENT FINANCE DEPARTMENT

Erin Hensley
[Signature of Individual]

Erin Hensley
[Printed Name]

MAY 4, 2021
[Date]

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 4060



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

Andy Beshear
GOVERNOR

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Holly M. Johnson
SECRETARY

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

January 31, 2022

Via First Class Mail

Linda Gorton, Mayor
Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507

Re: Red Mile Tax Increment Financing – Preliminary 2020 Increment Calculation

Dear Mayor Gorton:

This letter is in response to the request from the Lexington-Fayette Urban County Government for Tax Increment Financing (“TIF”) amounts arising from the Red Mile Mixed-Use Redevelopment TIF Project for calendar year 2020 (the “Request”).

The Department of Revenue (the “Department”) has reviewed the Request. The Department was unable to verify the increment amount of \$323,616.58 that was requested. The following is the Department’s preliminary calculation of the 2020 increment broken down by tax:

Property Tax

2020 New Revenues (Real Property Tax)	\$ 55,474.43
Minus Old Revenues (CPI adjusted)	<u>12,546.29</u>
Receipts Available for Increment	\$ 42,928.14
80% Adjustment	<u>.80</u>
2020 Increment	\$ 34,342.51

Individual Income Tax – Withholding

2020 New Revenues	\$ 354,134.68
Minus Old Revenues (CPI adjusted)	<u>88,172.57</u>
Receipts Available for Increment	\$ 265,962.11
80% Adjustment	<u>.80</u>
2020 Increment	\$ 212,769.69

Sales Tax

2020 New Revenues	\$ 107,980.00
Minus Old Revenues (CPI adjusted)	<u>113,999.63</u>
Receipts Available for Increment	\$ -6,019.63
80% Adjustment	<u>.80</u>
2020 Increment	\$ -4,815.70

Combined Increment Calculation

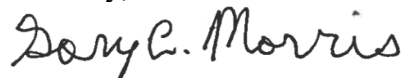
Property Tax	\$ 34,342.51
Individual Income Tax – Withholding	\$ 212,769.69
Sales Tax	<u>\$ -4,815.70</u>
Net Increment Due	\$ 242,296.50

The Sales Tax calculation resulted in a negative increment of (\$-4,815.70) which was offset against the Individual Income Tax – Withholding increment. Therefore, the Department’s preliminary increment calculation for 2020 is **\$242,296.50**.

If you agree with the Department’s preliminary increment calculation, please let us know as soon as possible in writing so we can issue a final increment letter and checks for Property Tax and Individual Income Tax – Withholding.

Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502)564-0424

cc: Richard Dobson
Tim Bennett
Jessica Johnston
Christy Kinney
Tom Crawford
Katie Smith
Jennifer Stosberg



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

Andy Beshear
GOVERNOR

Holly M. Johnson
SECRETARY

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

March 7, 2022

Via First Class Mail

Linda Gorton, Mayor
Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507

Re: Red Mile Tax Increment Financing – Final 2020 Increment Calculation

Dear Mayor Gorton:

This letter is in response to the request from the Lexington-Fayette Urban County Government for Tax Increment Financing (“TIF”) amounts arising from the Red Mile Mixed-Use Redevelopment TIF Project for calendar year 2020 (the “Request”).

The Department of Revenue (the “Department”) has reviewed the Request. The Department was unable to verify the increment amount of \$323,616.58 that was requested. The following is the Department’s final calculation of the 2020 increment broken down by tax:

Property Tax

2020 New Revenues (Real Property Tax)	\$ 55,474.43
Minus Old Revenues (CPI adjusted)	<u>12,546.29</u>
Receipts Available for Increment	\$ 42,928.14
80% Adjustment	<u>.80</u>
2020 Increment	\$ 34,342.51

Individual Income Tax – Withholding

2020 New Revenues	\$ 354,134.68
Minus Old Revenues (CPI adjusted)	<u>88,172.57</u>
Receipts Available for Increment	\$ 265,962.11
80% Adjustment	<u>.80</u>
2020 Increment	\$ 212,769.69

Sales Tax

2020 New Revenues	\$ 107,980.00
Minus Old Revenues (CPI adjusted)	<u>113,999.63</u>
Receipts Available for Increment	\$ -6,019.63
80% Adjustment	<u>.80</u>
2020 Increment	\$ -4,815.70

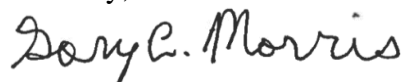
Combined Increment Calculation

Property Tax	\$ 34,342.51
Individual Income Tax – Withholding	\$ 212,769.69
Sales Tax	<u>\$ -4,815.70</u>
Net Increment Due	\$ 242,296.50

The Sales Tax calculation resulted in a negative increment of (\$-4,815.70) which was offset against the Individual Income Tax – Withholding increment. Therefore, the Department's final increment calculation for 2020 is **\$242,296.50**.

Two checks totaling **\$242,296.50** will be issued and sent to your office. Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502)564-0424

cc: Richard Dobson
Tim Bennett
Jessica Johnston
Christy Kinney
Tom Crawford
Katie Smith
Jennifer Stosberg

MAYOR LINDA GORTON



LEXINGTON

ERIN HENSLEY
COMMISSIONER
FINANCE

March 3, 2022

Mr. Gary C. Morris
Department of Revenue
Office of Tax Policy & Regulation
501 High Street, Station 1
Frankfort, KY 40601

Dear Mr. Morris,

Lexington-Fayette Urban County Government has received and reviewed the preliminary increment calculation for Red Mile TIF tax year 2020 as provided by the Department of Revenue on January 31, 2022. We are in agreement with your calculations, as restated below:

Property Tax 2020	\$ 34,342.52
Withholding Tax 2020	\$ 212,769.69
Sales Tax 2020	\$ -4,815.70
Combined Increment	\$ 242,296.50

Please consider this our official concurrence. We look forward to receiving the final increment letter and issuance of checks. If you have any questions, please contact me by email at ehensley@lexingtonky.gov.

Sincerely,



Erin Hensley
Finance Commissioner



EXHIBIT E

RED MILE LEXINGTON MIXED-USE REDEVELOPMENT TAX INCREMENT FINANCING PROJECT

Request for Disbursement

This Exhibit must be submitted by April 30th of each year to make a Request for Disbursement of the Increment for the preceding calendar year. Provided that the Minimum Capital Investment is confirmed by the Authority as set forth in Section 4.7 of the Agreement, and the Project has activated in accordance with Section 4.2 of the Agreement, and the Agency has incurred Approved Public Infrastructure Costs that have been verified by the Authority pursuant to Section 3.3 of the Agreement, and the Agency has otherwise complied with the terms of the Agreement, the Cabinet for Economic Development will forward this request for disbursement to the Department of Revenue for further processing. Please note any available increments will be held in escrow pending certification that the \$20,000,000 Minimal Capital Investment threshold has been reached. The failure to achieve the Minimal Capital Investment threshold by the Activation Date will result in the forfeiture of all accrued Increment(s) to the Commonwealth.

For Business Taxpayers: This exhibit must be **accompanied by the Tax Increment Financing Business Questionnaire for any business that operates within the footprint during the calendar year.** Failure to provide the questionnaire for any businesses operating within the footprint will cause the Increment to be calculated without regard to the tax receipts from the noncompliant business.

	Withholding	Property	Sales	Grand Total
New Revenues received for calendar year	437,520.33	56,873.52	175,476.95	669,870.80
Less Old Revenues	94,376.75	13,429.10	122,021.10	229,826.95
Equals Tax receipts available for Increment	343,143.58	43,444.42	53,455.85	440,043.85
Multiplied by [80] %	[80]%	[80]%	[80]%	[80]%
Requested increment disbursement	\$274,514.87	\$34,755.54	\$42,764.68	\$ 352,035.08

Grand Total Increment Disbursement Request: \$352,035.08

By signing this exhibit, the undersigned agrees that he or she has the proper authority to act on behalf of the Lexington-Fayette Urban County Government Finance Department with regard to the Tax Incentive Agreement for the Red Mile Lexington Mixed-Use Redevelopment Tax Increment Financing Project.

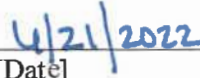
LEXINGTON FAYETTE URBAN COUNTY
GOVERNMENT FINANCE DEPARTMENT



[Signature of Individual]



[Printed Name]



[Date]

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

Andy Beshear
GOVERNOR

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Holly M. Johnson
SECRETARY

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

October 27, 2022

VIA U.S. POST, FIRST CLASS MAIL

Erin Hensley, President
Lexington-Fayette Urban County Government
Department of Finance
200 East Main Street
Lexington, KY 40507

Re: Red Mile Tax Increment Financing Project – 2021 Preliminary Increment Calculation

Dear Ms. Hensley:

This letter is in response to the Lexington-Fayette Urban County Government’s request for Tax Increment Financing (“TIF”) amounts arising from the Red Mile Mixed-Used Redevelopment TIF Project for the 2021 calendar year (the “Request”).

The Department of Revenue (the “Department”) has reviewed the Request. The Department was unable to verify the increment amount of \$352,035.08 that was requested. The following is the Department’s preliminary calculation of the 2021 increment broken down by tax:

Property Tax

2021 New Revenues (Real Property Tax)	\$	53,308.96
Minus Old Revenues (CPI adjusted)	-	13,135.97
Receipts Available for Increment	\$	40,172.99
80% Adjustment		.80
2021 Increment	\$	32,138.39

Individual Income Tax – Withholding

2021 New Revenues	\$ 438,398.55
Minus Old Revenues (CPI adjusted)	<u>- 92,316.68</u>
Receipts Available for Increment	\$ 346,081.87
80% Adjustment	<u>.80</u>
2021 Increment	\$ 276,865.49

Sales Tax

2021 New Revenues	\$ 175,392.24
Minus Old Revenues (CPI adjusted)	<u>- 119,357.61</u>
Receipts Available for Increment	\$ 56,034.63
80% Adjustment	<u>.80</u>
2021 Increment	\$ 44,827.70

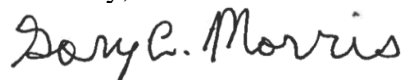
Combined Increment Calculation

Property Tax	\$ 32,138.39
Individual Income Tax – Withholding	\$ 276,865.49
Sales Tax	<u>\$ 44,827.70</u>
Net Increment Due	\$ 353,831.58

If you agree with the Department’s preliminary increment calculation, please let us know as soon as possible in writing so we can issue a final increment letter and checks for Individual Income Tax – Withholding, Sales Tax, and Property Tax.

Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502)564-0424

cc: Richard Dobson
Tim Bennett
Barbra Quackenboss
Christy Kinney
Tom Crawford
Melissa Klink
Katie Smith
B. Leigh Powers



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

Andy Beshear
GOVERNOR

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Holly M. Johnson
SECRETARY

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

November 9, 2022

VIA U.S. POST, FIRST CLASS MAIL

Erin Hensley, President
Lexington-Fayette Urban County Government
Department of Finance
200 East Main Street
Lexington, KY 40507

Re: Red Mile Tax Increment Financing Project – 2021 Final Increment Calculation

Dear Ms. Hensley:

This letter is in response to the Lexington-Fayette Urban County Government’s request for Tax Increment Financing (“TIF”) amounts arising from the Red Mile Mixed-Used Redevelopment TIF Project for the 2021 calendar year (the “Request”).

The Department of Revenue (the “Department”) has reviewed the Request. The Department was unable to verify the increment amount of \$352,035.08 that was requested. The following is the Department’s final calculation of the 2021 increment broken down by tax:

Property Tax

2021 New Revenues (Real Property Tax)	\$	53,308.96
Minus Old Revenues (CPI adjusted)	-	13,135.97
Receipts Available for Increment	\$	40,172.99
80% Adjustment		<u>.80</u>
2021 Increment	\$	32,138.39

Individual Income Tax – Withholding

2021 New Revenues	\$ 438,398.55
Minus Old Revenues (CPI adjusted)	<u>- 92,316.68</u>
Receipts Available for Increment	\$ 346,081.87
80% Adjustment	<u>.80</u>
2021 Increment	\$ 276,865.49

Sales Tax

2021 New Revenues	\$ 175,392.24
Minus Old Revenues (CPI adjusted)	<u>- 119,357.61</u>
Receipts Available for Increment	\$ 56,034.63
80% Adjustment	<u>.80</u>
2021 Increment	\$ 44,827.70

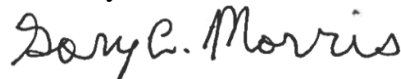
Combined Increment Calculation

Property Tax	\$ 32,138.39
Individual Income Tax – Withholding	\$ 276,865.49
Sales Tax	<u>\$ 44,827.70</u>
Net Increment Due	\$ 353,831.58

Based on the above, the Department's final calculation for 2021 is **\$353,831.58**. Three checks totaling **\$353,831.58** will be issued and sent to your office.

Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502)564-0424

cc: Richard Dobson
Tim Bennett
Barbra Quackenboss
Christy Kinney
Tom Crawford
Melissa Klink
Katie Smith
B. Leigh Powers

MAYOR LINDA GORTON



LEXINGTON

ERIN HENSLEY
COMMISSIONER
FINANCE

November 1, 2022

Mr. Gary C. Morris
Department of Revenue
Office of Tax Policy & Regulation
501 High Street, Station 1
Frankfort, KY 40601

Dear Mr. Morris,

Lexington-Fayette Urban County Government has received and reviewed the preliminary increment calculation for Red Mile TIF provided by the Department of Revenue on October 27, 2022. We are in agreeance with your calculations, as restated below:

Property Tax 2021	\$ 32,138.39
Withholding Tax 2021	\$ 276,865.49
Sales Tax 2021	\$ 44,827.70
Combined Increment	\$ 353,831.58

Please consider this our official concurrence. We look forward to receiving the final increment letter and issuance of checks. If you have any questions, please contact me by email at ehensley@lexingtonky.gov.

Sincerely,

Erin Hensley
Finance Commissioner



EXHIBIT E

RED MILE LEXINGTON MIXED-USE REDEVELOPMENT TAX INCREMENT FINANCING PROJECT

Request for Disbursement

This Exhibit must be submitted by April 30th of each year to make a Request for Disbursement of the Increment for the preceding calendar year. Provided that the Minimum Capital Investment is confirmed by the Authority as set forth in Section 4.7 of the Agreement, and the Project has activated in accordance with Section 4.2 of the Agreement, and the Agency has incurred Approved Public Infrastructure Costs that have been verified by the Authority pursuant to Section 3.3 of the Agreement, and the Agency has otherwise complied with the terms of the Agreement, the Cabinet for Economic Development will forward this request for disbursement to the Department of Revenue for further processing. Please note any available increments will be held in escrow pending certification that the \$20,000,000 Minimal Capital Investment threshold has been reached. The failure to achieve the Minimal Capital Investment threshold by the Activation Date will result in the forfeiture of all accrued Increment(s) to the Commonwealth.

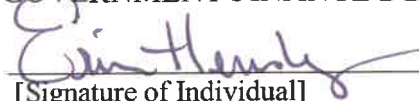
For Business Taxpayers: This exhibit must be **accompanied by the Tax Increment Financing Business Questionnaire for any business that operates within the footprint during the calendar year**. Failure to provide the questionnaire for any businesses operating within the footprint will cause the Increment to be calculated without regard to the tax receipts from the noncompliant business.

	Withholding	Property	Sales	Grand Total
New Revenues received for calendar year	522,957.81	62,365.77	281,504.62	866,828.20
Less Old Revenues	99,702.01	14,186.85	128,906.22	242,795.08
Equals Tax receipts available for Increment	423,255.80	48,178.93	152,598.40	624,033.12
Multiplied by [80] %	[80]%	[80]%	[80]%	[80]%
Requested increment disbursement	\$338,604.64	\$38,543.14	\$122,078.72	\$499,226.50

Grand Total Increment Disbursement Request: \$499,226.50

By signing this exhibit, the undersigned agrees that he or she has the proper authority to act on behalf of the Lexington-Fayette Urban County Government Finance Department with regard to the Tax Incentive Agreement for the Red Mile Lexington Mixed-Use Redevelopment Tax Increment Financing Project.

LEXINGTON FAYETTE URBAN COUNTY
GOVERNMENT FINANCE DEPARTMENT


[Signature of Individual]

ERIN HENSLEY
[Printed Name]

MAY 25, 2023
[Date]

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

Andy Beshear
GOVERNOR

Holly M. Johnson
SECRETARY

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

May 8, 2024

VIA U.S. POST, FIRST CLASS MAIL

Erin Hensley, Commissioner
Lexington-Fayette Urban County Government
Department of Finance
200 East Main Street
Lexington, KY 40507

Re: Red Mile Tax Increment Financing Project – 2022 Preliminary Increment Calculation

Dear Ms. Hensley:

This letter is in response to the Lexington-Fayette Urban County Government’s request for Tax Increment Financing (“TIF”) amounts arising from the Red Mile Mixed-Used Redevelopment TIF Project for the 2022 calendar year (the “Request”).

The Department of Revenue (the “Department”) has reviewed the Request. The Department was unable to verify the increment amount of \$499,226.50 that was requested. The following is the Department’s preliminary calculation of the 2022 increment broken down by tax:

Property Tax

2022 New Revenues (Real Property Tax)	\$ 51,574.22
Minus Old Revenues (CPI adjusted)	<u>- 14,186.84</u>
Receipts Available for Increment	\$ 37,387.38
80% Adjustment	<u>.80</u>
2022 Increment	\$ 29,909.91

Individual Income Tax – Withholding

2022 New Revenues	\$ 510,843.70
Minus Old Revenues (CPI adjusted)	<u>- 99,702.02</u>
Receipts Available for Increment	\$ 411,141.68
80% Adjustment	<u>.80</u>
2022 Increment	\$ 328,913.35

Sales Tax

2022 New Revenues	\$ 221,037.55
Minus Old Revenues (CPI adjusted)	<u>- 128,906.22</u>
Receipts Available for Increment	\$ 92,131.33
80% Adjustment	<u>.80</u>
2022 Increment	\$ 73,705.07

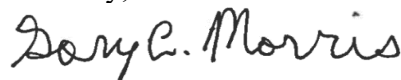
Combined Increment Calculation

Property Tax	\$ 29,909.91
Individual Income Tax – Withholding	\$ 328,913.35
Sales Tax	<u>\$ 73,705.07</u>
Net Increment Due	\$ 432,528.33

If you agree with the Department’s preliminary increment calculation, please let us know as soon as possible in writing so we can issue a final increment letter and checks for Individual Income Tax – Withholding, Sales Tax, and Property Tax.

Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502)564-0424

cc: Richard Dobson
Lowell Manning
Barbara Quackenboss
Christy Kinney
David Gordon
Katie Smith
B. Leigh Powers



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

Andy Beshear
GOVERNOR

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Holly M. Johnson
SECRETARY

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

May 17, 2024

VIA U.S. POST, FIRST CLASS MAIL

Erin Hensley, Commissioner
Lexington-Fayette Urban County Government
Department of Finance
200 East Main Street
Lexington, KY 40507

Re: Red Mile Tax Increment Financing Project – 2022 Final Increment Calculation

Dear Ms. Hensley:

This letter is in response to the Lexington-Fayette Urban County Government’s request for Tax Increment Financing (“TIF”) amounts arising from the Red Mile Mixed-Used Redevelopment TIF Project for the 2022 calendar year (the “Request”).

The Department of Revenue (the “Department”) has reviewed the Request. The Department was unable to verify the increment amount of \$499,226.50 that was requested. The following is the Department’s final calculation of the 2022 increment broken down by tax:

Property Tax

2022 New Revenues (Real Property Tax)	\$ 51,574.22
Minus Old Revenues (CPI adjusted)	- 14,186.84
Receipts Available for Increment	\$ 37,387.38
80% Adjustment	<u>.80</u>
2022 Increment	\$ 29,909.91

Individual Income Tax – Withholding

2022 New Revenues	\$ 510,843.70
Minus Old Revenues (CPI adjusted)	<u>- 99,702.02</u>
Receipts Available for Increment	\$ 411,141.68
80% Adjustment	<u>.80</u>
2022 Increment	\$ 328,913.35

Sales Tax

2022 New Revenues	\$ 221,037.55
Minus Old Revenues (CPI adjusted)	<u>- 128,906.22</u>
Receipts Available for Increment	\$ 92,131.33
80% Adjustment	<u>.80</u>
2022 Increment	\$ 73,705.07

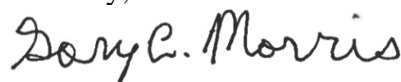
Combined Increment Calculation

Property Tax	\$ 29,909.91
Individual Income Tax – Withholding	\$ 328,913.35
Sales Tax	<u>\$ 73,705.07</u>
Net Increment Due	\$ 432,528.33

Based on the above, the Department’s final calculation for 2022 is **\$432,528.33**. One check will be issued for the Property Tax increment, and two EFT payments will be processed for the Individual Income Tax – Withholding and Sales Tax increments.

Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502)564-0424

cc: Richard Dobson
Lowell Manning
Barbara Quackenboss
Christy Kinney
David Gordon
Katie Smith
B. Leigh Powers

MAYOR LINDA GORTON



LEXINGTON

ERIN HENSLEY
COMMISSIONER
FINANCE

May 14, 2024

Mr. Gary C. Morris
Department of Revenue
Office of Tax Policy & Regulation
501 High Street, Station 1
Frankfort, KY 40601

Dear Mr. Morris,

Lexington-Fayette Urban County Government has received and reviewed the preliminary increment calculation for Red Mile TIF provided by the Department of Revenue on May 8, 2024. We are in agreement with your calculations, as restated below:

Property Tax 2022	\$ 29,909.91
Withholding Tax 2022	\$ 328,913.35
Sales Tax 2022	\$ 73,705.07
Combined Increment	\$ 432,528.33

Please consider this our official concurrence. We look forward to receiving the final increment letter and issuance of checks. If you have any questions, please contact me by email at ehensley@lexingtonky.gov.

Sincerely,



Erin Hensley
Finance Commissioner





**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

Andy Beshear
GOVERNOR

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Holly M. Johnson
SECRETARY

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

May 8, 2024

VIA U.S. POST, FIRST CLASS MAIL

Erin Hensley, Commissioner
Lexington-Fayette Urban County Government
Department of Finance
200 East Main Street
Lexington, KY 40507

Re: Red Mile Tax Increment Financing Project – 2022 Preliminary Increment Calculation

Dear Ms. Hensley:

This letter is in response to the Lexington-Fayette Urban County Government’s request for Tax Increment Financing (“TIF”) amounts arising from the Red Mile Mixed-Used Redevelopment TIF Project for the 2022 calendar year (the “Request”).

The Department of Revenue (the “Department”) has reviewed the Request. The Department was unable to verify the increment amount of \$499,226.50 that was requested. The following is the Department’s preliminary calculation of the 2022 increment broken down by tax:

Property Tax

2022 New Revenues (Real Property Tax)	\$ 51,574.22
Minus Old Revenues (CPI adjusted)	<u>- 14,186.84</u>
Receipts Available for Increment	\$ 37,387.38
80% Adjustment	<u>.80</u>
2022 Increment	\$ 29,909.91

Individual Income Tax – Withholding

2022 New Revenues	\$ 510,843.70
Minus Old Revenues (CPI adjusted)	<u>- 99,702.02</u>
Receipts Available for Increment	\$ 411,141.68
80% Adjustment	<u>.80</u>
2022 Increment	\$ 328,913.35

Sales Tax

2022 New Revenues	\$ 221,037.55
Minus Old Revenues (CPI adjusted)	<u>- 128,906.22</u>
Receipts Available for Increment	\$ 92,131.33
80% Adjustment	<u>.80</u>
2022 Increment	\$ 73,705.07

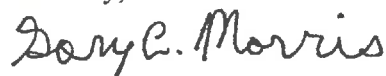
Combined Increment Calculation

Property Tax	\$ 29,909.91
Individual Income Tax – Withholding	\$ 328,913.35
Sales Tax	<u>\$ 73,705.07</u>
Net Increment Due	\$ 432,528.33

If you agree with the Department’s preliminary increment calculation, please let us know as soon as possible in writing so we can issue a final increment letter and checks for Individual Income Tax – Withholding, Sales Tax, and Property Tax.

Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502)564-0424

cc: Richard Dobson
Lowell Manning
Barbara Quackenboss
Christy Kinney
David Gordon
Katie Smith
B. Leigh Powers

EXHIBIT E

RED MILE LEXINGTON MIXED-USE REDEVELOPMENT TAX INCREMENT FINANCING PROJECT

Request for Disbursement

This Exhibit must be submitted by April 30th of each year to make a Request for Disbursement of the Increment for the preceding calendar year. Provided that the Minimum Capital Investment is confirmed by the Authority as set forth in Section 4.7 of the Agreement, and the Project has activated in accordance with Section 4.2 of the Agreement, and the Agency has incurred Approved Public Infrastructure Costs that have been verified by the Authority pursuant to Section 3.3 of the Agreement, and the Agency has otherwise complied with the terms of the Agreement, the Cabinet for Economic Development will forward this request for disbursement to the Department of Revenue for further processing. Please note any available increments will be held in escrow pending certification that the \$20,000,000 Minimal Capital Investment threshold has been reached. The failure to achieve the Minimal Capital Investment threshold by the Activation Date will result in the forfeiture of all accrued Increment(s) to the Commonwealth.

For Business Taxpayers: This exhibit must be **accompanied by the Tax Increment Financing Business Questionnaire for any business that operates within the footprint during the calendar year**. Failure to provide the questionnaire for any businesses operating within the footprint will cause the Increment to be calculated without regard to the tax receipts from the noncompliant business.

	Withholding	Property	Sales	Grand Total
New Revenues received for calendar year	498,105.23	53,768.28	349,374.73	901,248.24
Less Old Revenues	103,789.80	14,768.50	134,191.38	252,749.68
Equals Tax receipts available for Increment	394,315.43	38,999.78	215,183.36	648,498.56
Multiplied by [80] %	[80]%	[80]%	[80]%	[80]%
Requested increment disbursement	\$315,452.34	\$31,199.82	\$172,146.68	\$518,798.85

Grand Total Increment Disbursement Request: \$518,798.85

By signing this exhibit, the undersigned agrees that he or she has the proper authority to act on behalf of the Lexington-Fayette Urban County Government Finance Department with regard to the Tax Incentive Agreement for the Red Mile Lexington Mixed-Use Redevelopment Tax Increment Financing Project.

LEXINGTON FAYETTE URBAN COUNTY
GOVERNMENT FINANCE DEPARTMENT

Sally Hamilton

[Signature of Individual]

Sally Hamilton

[Printed Name]

9/26/24

[Date]

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

Andy Beshear
GOVERNOR

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Holly M. Johnson
SECRETARY

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

December 23, 2024

VIA U.S. POST, FIRST CLASS MAIL

Erin Hensley, Commissioner
Lexington-Fayette Urban County Government
Department of Finance
200 East Main Street
Lexington, KY 40507

Re: Red Mile Tax Increment Financing Project - 2023 Preliminary Increment Calculation

Dear Ms. Hensley:

This letter is in response to the Lexington-Fayette Urban County Government’s request for Tax Increment Financing (“TIF”) amounts arising from the Red Mile Mixed-Use Redevelopment TIF Project for the 2023 calendar year (the “Request”).

The Department of Revenue (the “Department”) has reviewed the Request. The Department was unable to verify the increment amount of \$518,798.85 that was requested. The following is the Department’s preliminary calculation of the 2023 increment broken down by tax:

Property Tax

2023 New Revenues (Real Property Tax)	\$ 52,214.05
Minus Old Revenues (CPI adjusted)	- 14,768.50
Receipts Available for Increment	\$ 37,445.55
80% Adjustment	<u>.80</u>
2023 Increment	\$ 29,956.44

Please note that 2023’s HB 360 amended KRS 154.30-010 to adjust the definition of “New Revenues” to include a modified new revenues income tax calculation for projects approved prior to January 1, 2023. The modified calculation is determined by multiplying the income tax new revenues by the “modifier”. The “modifier” is calculated by dividing the 5% income tax rate of 2022 by the income tax rate of the increment year being calculated.

Modifier Calculation

2022 Individual Income Tax Rate	.05
Divide 2023 Individual Income Tax Rate	÷ <u>.045</u>
2023 Modifier	1.11111111

Individual Income Tax – Withholding

2023 New Revenues	\$ 497,132.05
Multiply 2023 Modifier	<u>1.11111111</u>
2023 Modified New Revenues	\$ 552,368.94
Minus Old Revenues (CPI adjusted)	<u>- 103,789.80</u>
Receipts Available for Increment	\$ 448,579.14
80% Adjustment	<u>.80</u>
2023 Increment	\$ 358,863.32

Sales Tax

2023 New Revenues	\$ 287,264.48
Minus Old Revenues (CPI adjusted)	<u>- 134,191.37</u>
Receipts Available for Increment	\$ 153,073.11
80% Adjustment	<u>.80</u>
2023 Increment	\$ 122,458.49

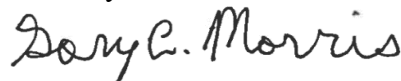
Combined Increment Calculation

Property Tax	\$ 29,956.44
Individual Income Tax – Withholding	\$ 358,863.32
Sales Tax	<u>\$ 122,458.49</u>
Net Increment Due	\$ 511,278.25

If you agree with the Department’s preliminary increment calculation, please let us know as soon as possible in writing so we can issue a final increment letter and payments for Individual Income Tax – Withholding, Sales Tax, and Property Tax.

Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502) 564-0424

cc: Richard Dobson
Lowell Manning
Barbara Quackenboss
Christy Kinney
David Gordon
Katie Smith
B. Leigh Powers



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

Andy Beshear
GOVERNOR

Holly M. Johnson
SECRETARY

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

February 5, 2025

VIA U.S. POST, FIRST CLASS MAIL

Erin Hensley, Commissioner
Lexington-Fayette Urban County Government
Department of Finance
200 East Main Street
Lexington, KY 40507

Re: Red Mile Tax Increment Financing Project - 2023 Final Increment Calculation

Dear Ms. Hensley:

This letter is in response to the Lexington-Fayette Urban County Government’s request for Tax Increment Financing (“TIF”) amounts arising from the Red Mile Mixed-Use Redevelopment TIF Project for the 2023 calendar year (the “Request”).

The Department of Revenue (“DOR”) has reviewed the Request. DOR was unable to verify the increment amount of \$518,798.85 that was requested. The following is DOR’s final calculation of the 2023 increment broken down by tax:

Property Tax

2023 New Revenues (Real Property Tax)	\$	52,214.05
Minus Old Revenues (CPI adjusted)	-	<u>14,768.50</u>
Receipts Available for Increment	\$	37,445.55
80% Adjustment		<u>.80</u>
2023 Increment	\$	29,956.44

Please note that 2023’s HB 360 amended KRS 154.30-010 to adjust the definition of “New Revenues” to include a modified new revenues income tax calculation for projects approved prior to January 1, 2023. The modified calculation is determined by multiplying the income tax new revenues by the “modifier”. The “modifier” is calculated by dividing the 5% income tax rate of 2022 by the income tax rate of the increment year being calculated.

Modifier Calculation

2022 Individual Income Tax Rate	.05
Divide 2023 Individual Income Tax Rate	÷ .045
2023 Modifier	<u>1.111111111</u>

Individual Income Tax – Withholding

2023 New Revenues	\$ 497,132.05
Multiply 2023 Modifier	<u>1.111111111</u>
2023 Modified New Revenues	\$ 552,368.94
Minus Old Revenues (CPI adjusted)	<u>- 103,789.80</u>
Receipts Available for Increment	\$ 448,579.14
80% Adjustment	<u>.80</u>
2023 Increment	\$ 358,863.32

Sales Tax

2023 New Revenues	\$ 287,264.48
Minus Old Revenues (CPI adjusted)	<u>- 134,191.37</u>
Receipts Available for Increment	\$ 153,073.11
80% Adjustment	<u>.80</u>
2023 Increment	\$ 122,458.49

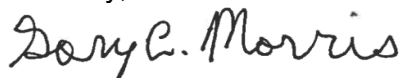
Combined Increment Calculation

Property Tax	\$ 29,956.44
Individual Income Tax – Withholding	\$ 358,863.32
Sales Tax	<u>\$ 122,458.49</u>
Net Increment Due	\$ 511,278.25

Based on the above, DOR's final calculation for 2023 is **\$511,278.25**. One check will be issued for the Property Tax increment, and two EFT payments will be processed for the Individual Income Tax – Withholding and Sales Tax increments.

Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502) 564-0424

cc: Richard Dobson
Lowell Manning
Barbara Quackenboss
Christy Kinney
David Gordon
Katie Smith
B. Leigh Powers

MAYOR LINDA GORTON



LEXINGTON

ERIN HENSLEY
COMMISSIONER
FINANCE

January 30, 2024

Mr. Gary C. Morris
Department of Revenue
Office of Tax Policy & Regulation
501 High Street, Station 1
Frankfort, KY 40601

Dear Mr. Morris,

Lexington Fayette Urban County Government has received and reviewed the preliminary increment calculation for Red Mile Signature TIF project 2023 provided by the Department of Revenue on December 23, 2024. We are in agreeance with your calculations, as restated below:

Property Tax 2023	\$ 29,956.44
Withholding Tax 2023	\$ 358,863.32
Sales Tax 2023	\$ 122,458.49
Combined Increment	\$ 511,278.25

Please consider this our official concurrence. We look forward to receiving the final increment letter and issuance of checks. If you have any questions, please contact me by email at ehensley@lexingtonky.gov.

Sincerely,

Erin Hensley
Finance Commissioner



EXHIBIT E

RED MILE LEXINGTON MIXED-USE REDEVELOPMENT TAX INCREMENT FINANCING PROJECT

Request for Disbursement

This Exhibit must be submitted by April 30th of each year to make a Request for Disbursement of the Increment for the preceding calendar year. Provided that the Minimum Capital Investment is confirmed by the Authority as set forth in Section 4.7 of the Agreement, and the Project has activated in accordance with Section 4.2 of the Agreement, and the Agency has incurred Approved Public Infrastructure Costs that have been verified by the Authority pursuant to Section 3.3 of the Agreement, and the Agency has otherwise complied with the terms of the Agreement, the Cabinet for Economic Development will forward this request for disbursement to the Department of Revenue for further processing. Please note any available increments will be held in escrow pending certification that the \$20,000,000 Minimal Capital Investment threshold has been reached. The failure to achieve the Minimal Capital Investment threshold by the Activation Date will result in the forfeiture of all accrued Increment(s) to the Commonwealth.

For Business Taxpayers: This exhibit must be **accompanied by the Tax Increment Financing Business Questionnaire for any business that operates within the footprint during the calendar year**. Failure to provide the questionnaire for any businesses operating within the footprint will cause the Increment to be calculated without regard to the tax receipts from the noncompliant business.

	Withholding	Property	Sales	Grand Total
New Revenues received for calendar year	\$490,941.40	\$ 48,755.75	\$397,259.03	\$ 936,956.18
Less Old Revenues	\$106,799.70	\$ 15,196.79	\$138,082.92	\$ 260,079.41
Equals Tax receipts available for Increment	\$384,141.70	\$ 33,558.96	\$259,176.11	\$ 676,876.77
Multiplied by [80] %	[80]%	[80]%	[80]%	[80]%
Requested increment disbursement	\$307,313.36	\$ 26,847.17	\$207,340.89	\$ 541,501.41

Grand Total Increment Disbursement Request: \$541,501.41

By signing this exhibit, the undersigned agrees that he or she has the proper authority to act on behalf of the Lexington-Fayette Urban County Government Finance Department with regard to the Tax Incentive Agreement for the Red Mile Lexington Mixed-Use Redevelopment Tax Increment Financing Project.

LEXINGTON FAYETTE URBAN COUNTY
GOVERNMENT FINANCE DEPARTMENT



[Signature of Individual]

ERIN HENSLEY

[Printed Name]

6/12/2025

[Date]

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

Andy Beshear
GOVERNOR

Holly M. Johnson
SECRETARY

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

October 29, 2025

VIA U.S. POST, FIRST CLASS MAIL

Erin Hensley, Commissioner
Lexington-Fayette Urban County Government
Department of Finance
200 East Main Street
Lexington, KY 40507

Re: Red Mile Tax Increment Financing Project - 2024 Preliminary Increment Calculation

Dear Ms. Hensley:

This letter is in response to the Lexington-Fayette Urban County Government’s request for Tax Increment Financing (“TIF”) amounts arising from the Red Mile Mixed-Use Redevelopment TIF Project for the 2024 calendar year (the “Request”).

The Department of Revenue (“DOR”) has reviewed the Request. DOR was unable to verify the increment amount of \$541,501.41 that was requested. The following is DOR’s preliminary calculation of the 2024 increment broken down by tax:

Property Tax

2024 New Revenues (Real Property Tax)	\$	48,932.32
Minus Old Revenues (CPI adjusted)	-	<u>15,196.79</u>
Receipts Available for Increment	\$	33,735.53
80% Adjustment		<u>.80</u>
2024 Increment	\$	26,988.42

Please note, KRS 154.30-010(24) defines “New Revenues” to include a modified new revenues income tax calculation for projects approved prior to January 1, 2023. The modified calculation is determined by multiplying the income tax new revenues by the “modifier”. The “modifier” is calculated by dividing the 5% income tax rate of calendar year 2022 by the income tax rate of the increment year being calculated.

Modifier Calculation

2022 Individual Income Tax Rate	.05
Divide 2024 Individual Income Tax Rate	<u>.04</u>
2024 Modifier	1.25

Individual Income Tax – Withholding

2024 New Revenues	\$ 485,797.70
Multiply 2023 Modifier	<u>1.25</u>
2024 Modified New Revenues	\$ 607,247.13
Minus Old Revenues (CPI adjusted)	<u>- 106,799.70</u>
Receipts Available for Increment	\$ 500,447.43
80% Adjustment	<u>.80</u>
2024 Increment	\$ 400,357.94

Sales Tax

2024 New Revenues	\$ 383,193.64
Minus Old Revenues (CPI adjusted)	<u>- 138,082.92</u>
Receipts Available for Increment	\$ 245,110.72
80% Adjustment	<u>.80</u>
2024 Increment	\$ 196,088.57

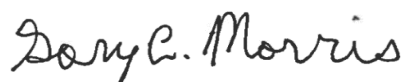
Combined Increment Calculation

Property Tax	\$ 26,988.42
Individual Income Tax – Withholding	\$ 400,357.94
Sales Tax	<u>\$ 196,088.57</u>
Net Increment Due	\$ 623,434.93

If you agree with DOR's preliminary increment calculation, please let us know as soon as possible in writing so we can issue a final increment letter and payments for Individual Income Tax – Withholding, Sales Tax, and Property Tax.

Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502) 564-0424

cc: Richard Dobson
Lowell Manning
Barbara Quackenboss
Christy Kinney
David Gordon
B. Leigh Powers



**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

Andy Beshear
GOVERNOR

Holly M. Johnson
SECRETARY

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

December 10, 2025

VIA U.S. POST, FIRST CLASS MAIL

Erin Hensley, Commissioner
Lexington-Fayette Urban County Government
Department of Finance
200 East Main Street
Lexington, KY 40507

Re: Red Mile Tax Increment Financing Project - 2024 Final Increment Calculation

Dear Ms. Hensley:

This letter is in response to the Lexington-Fayette Urban County Government’s request for Tax Increment Financing (“TIF”) amounts arising from the Red Mile Mixed-Use Redevelopment TIF Project for the 2024 calendar year (the “Request”).

The Department of Revenue (“DOR”) has reviewed the Request. DOR was unable to verify the increment amount of \$541,501.41 that was requested. The following is DOR’s final calculation of the 2024 increment broken down by tax:

Property Tax

2024 New Revenues (Real Property Tax)	\$	48,932.32
Minus Old Revenues (CPI adjusted)	-	15,196.79
Receipts Available for Increment	\$	33,735.53
80% Adjustment		.80
2024 Increment	\$	26,988.42

Please note, KRS 154.30-010(24) defines “New Revenues” to include a modified new revenues income tax calculation for projects approved prior to January 1, 2023. The modified calculation is determined by multiplying the income tax new revenues by the “modifier”. The “modifier” is calculated by dividing the 5% income tax rate of calendar year 2022 by the income tax rate of the increment year being calculated.

Modifier Calculation

2022 Individual Income Tax Rate	.05
Divide 2024 Individual Income Tax Rate	<u>.04</u>
2024 Modifier	1.25

Individual Income Tax – Withholding

2024 New Revenues	\$ 485,797.70
Multiply 2023 Modifier	<u>1.25</u>
2024 Modified New Revenues	\$ 607,247.13
Minus Old Revenues (CPI adjusted)	<u>- 106,799.70</u>
Receipts Available for Increment	\$ 500,447.43
80% Adjustment	<u>.80</u>
2024 Increment	\$ 400,357.94

Sales Tax

2024 New Revenues	\$ 383,193.64
Minus Old Revenues (CPI adjusted)	<u>- 138,082.92</u>
Receipts Available for Increment	\$ 245,110.72
80% Adjustment	<u>.80</u>
2024 Increment	\$ 196,088.57

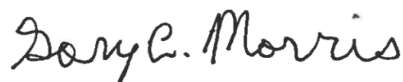
Combined Increment Calculation

Property Tax	\$ 26,988.42
Individual Income Tax – Withholding	\$ 400,357.94
Sales Tax	<u>\$ 196,088.57</u>
Net Increment Due	\$ 623,434.93

Based on the above, DOR's final calculation for 2024 is **\$623,434.93**. One check will be issued for the Property Tax increment, and two EFT payments will be processed for the Individual Income Tax- Withholding and Sales Tax increments.

Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502) 564-0424

cc: Richard Dobson
Lowell Manning
Barbara Quackenboss
Christy Kinney
David Gordon
B. Leigh Powers
Kylee Palmer

December 1, 2025

Mr. Gary C. Morris
Department of Revenue
Office of Tax Policy & Regulation
501 High Street, Station 1
Frankfort, KY 40601

Dear Mr. Morris,

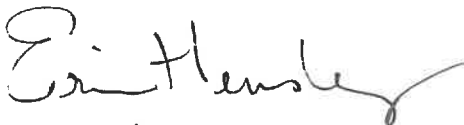
Lexington Fayette Urban County Government has received and reviewed the preliminary increment calculation for Red Mile Tax Increment Financing Project- 2024 Preliminary Increment Calculation provided by the Department of Revenue on October 29, 2025. We are in agreeance with your calculations, as restated below:

Combined Increment Calculation

Property Tax	\$ 26,988.42
Individual Income Tax – Withholding	\$ 400,357.94
Sales Tax	<u>\$ 196,088.57</u>
Net Increment Due	\$ 623,434.93

Please consider this our official concurrence. We look forward to receiving the final increment letter and issuance of checks. If you have any questions, please contact me by email at ehensley@lexingtonky.gov.

Sincerely,



Erin Hensley
Finance Commissioner





Andy Beshear
GOVERNOR

**FINANCE AND ADMINISTRATION CABINET
DEPARTMENT OF REVENUE
OFFICE OF TAX POLICY AND REGULATION**

501 High Street, Station 1
Frankfort, Kentucky 40601
Phone: (502) 564-3226
Fax: (502) 564-9565

Holly M. Johnson
SECRETARY

Thomas B. Miller
COMMISSIONER

Gary Morris
EXECUTIVE DIRECTOR

October 29, 2025

VIA U.S. POST, FIRST CLASS MAIL

Erin Hensley, Commissioner
Lexington-Fayette Urban County Government
Department of Finance
200 East Main Street
Lexington, KY 40507

Re: Red Mile Tax Increment Financing Project - 2024 Preliminary Increment Calculation

Dear Ms. Hensley:

This letter is in response to the Lexington-Fayette Urban County Government's request for Tax Increment Financing ("TIF") amounts arising from the Red Mile Mixed-Use Redevelopment TIF Project for the 2024 calendar year (the "Request").

The Department of Revenue ("DOR") has reviewed the Request. DOR was unable to verify the increment amount of \$541,501.41 that was requested. The following is DOR's preliminary calculation of the 2024 increment broken down by tax:

Property Tax

2024 New Revenues (Real Property Tax)	\$	48,932.32
Minus Old Revenues (CPI adjusted)	-	15,196.79
Receipts Available for Increment	\$	33,735.53
80% Adjustment		.80
2024 Increment	\$	26,988.42

Please note, KRS 154.30-010(24) defines "New Revenues" to include a modified new revenues income tax calculation for projects approved prior to January 1, 2023. The modified calculation is determined by multiplying the income tax new revenues by the "modifier". The "modifier" is calculated by dividing the 5% income tax rate of calendar year 2022 by the income tax rate of the increment year being calculated.

Modifier Calculation

2022 Individual Income Tax Rate	.05
Divide 2024 Individual Income Tax Rate	÷ .04
2024 Modifier	<u>1.25</u>

Individual Income Tax – Withholding

2024 New Revenues	\$ 485,797.70
Multiply 2023 Modifier	<u>1.25</u>
2024 Modified New Revenues	\$ 607,247.13
Minus Old Revenues (CPI adjusted)	- <u>106,799.70</u>
Receipts Available for Increment	\$ 500,447.43
80% Adjustment	<u>.80</u>
2024 Increment	\$ 400,357.94

Sales Tax

2024 New Revenues	\$ 383,193.64
Minus Old Revenues (CPI adjusted)	- <u>138,082.92</u>
Receipts Available for Increment	\$ 245,110.72
80% Adjustment	<u>.80</u>
2024 Increment	\$ 196,088.57

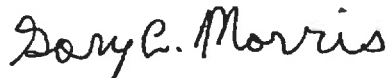
Combined Increment Calculation

Property Tax	\$ 26,988.42
Individual Income Tax – Withholding	\$ 400,357.94
Sales Tax	<u>\$ 196,088.57</u>
Net Increment Due	\$ 623,434.93

If you agree with DOR’s preliminary increment calculation, please let us know as soon as possible in writing so we can issue a final increment letter and payments for Individual Income Tax – Withholding, Sales Tax, and Property Tax.

Please let me know if you have any questions.

Sincerely,



Gary C. Morris, Executive Director
Office of Tax Policy & Regulation
(502) 564-0424

cc: Richard Dobson
Lowell Manning
Barbara Quackenboss
Christy Kinney
David Gordon
B. Leigh Powers

EXHIBIT E

RED MILE LEXINGTON MIXED-USE REDEVELOPMENT TAX INCREMENT FINANCING PROJECT

Request for Disbursement

This Exhibit must be submitted by April 30th of each year to make a Request for Disbursement of the Increment for the preceding calendar year. Provided that the Minimum Capital Investment is confirmed by the Authority as set forth in Section 4.7 of the Agreement, and the Project has activated in accordance with Section 4.2 of the Agreement, and the Agency has incurred Approved Public Infrastructure Costs that have been verified by the Authority pursuant to Section 3.3 of the Agreement, and the Agency has otherwise complied with the terms of the Agreement, the Cabinet for Economic Development will forward this request for disbursement to the Department of Revenue for further processing. Please note any available increments will be held in escrow pending certification that the \$20,000,000 Minimal Capital Investment threshold has been reached. The failure to achieve the Minimal Capital Investment threshold by the Activation Date will result in the forfeiture of all accrued Increment(s) to the Commonwealth.

For Business Taxpayers: This exhibit must be **accompanied by the Tax Increment Financing Business Questionnaire for any business that operates within the footprint during the calendar year**. Failure to provide the questionnaire for any businesses operating within the footprint will cause the Increment to be calculated without regard to the tax receipts from the noncompliant business.

	Withholding	Property	Sales	Grand Total
New Revenues received for calendar year	\$674,254.30	\$ 61,263.44	\$454,369.58	\$ 1,189,887.32
Less Old Revenues	\$109,576.49	\$ 15,591,.91	\$141,673.08	\$ 266,841.47
Equals Tax receipts available for Increment	\$564,677.81	\$ 45,671.53	\$312,696.50	\$ 923,045.84
Multiplied by [80] %	[80]%	[80]%	[80]%	[80]%
Requested increment disbursement	\$451,742.25	\$ 36,537.22	\$250,157.20	\$ 738,436.67

Grand Total Increment Disbursement Request: \$738,436.67

By signing this exhibit, the undersigned agrees that he or she has the proper authority to act on behalf of the Lexington-Fayette Urban County Government Finance Department with regard to the Tax Incentive Agreement for the Red Mile Lexington Mixed-Use Redevelopment Tax Increment Financing Project.

LEXINGTON FAYETTE URBAN COUNTY
GOVERNMENT FINANCE DEPARTMENT

Erin Hensley
[Signature of Individual]

Erin Hensley
[Printed Name]

May 20, 2026
[Date]

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601