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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

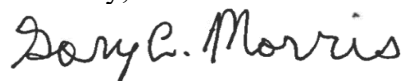
Property Tax	\$ 34,342.51
Individual Income Tax – Withholding	\$ 212,769.69
Sales Tax	<u>\$ -4,815.70</u>
Net Increment Due	\$ 242,296.50

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
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cc: Richard Dobson
Tim Bennett
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Christy Kinney
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