

Morris, Gary C (DOR)

From: Dobson, Richard (DOR)
Sent: Friday, December 02, 2016 5:05 PM
To: Morris, Gary C (DOR); Gordon, David (DOR)
Subject: RE: TIF support

Sensitivity: Confidential

Gary,
See my earlier message from 10/18 on this issue prior to detail being provided. In addition, we had identified KRM Wagering in our earlier calculations which had no taxable sales reported. I can refine the information below as needed. In summary, none of the information provided is relative to the calculation of the sales tax increment.

Thanks,
Richard

None of the sales tax paid on construction materials for the project relate to the sales tax increment calculation. By statute and grant agreement (see 1.11 and 1.13 of Grant Agreement and KRS 154.30.010(28(e)) the sales tax increment relates to sales tax under KRS 139.200 made within the footprint. In calculating the old revenues we are determining the amount of sales tax reported and remitted by retailers within the footprint for sales they made within the footprint. We calculate the new revenues on the same basis.

Trying to track amounts of tax based on purchases by entities within the footprint from sellers regardless of location is completely outside the increment scope. In addition, it would be impossible to track down such sales for old revenues or new revenues. Furthermore, as Ricky alluded to in a prior email, KRS 139.515 addresses qualifying construction material purchases for TIF construction that may qualify for a sales tax refund. Again, these calculations and refund claims are separate and distinct from the annual increment process.

From: Morris, Gary C (DOR)
Sent: Friday, December 02, 2016 9:56 AM
To: Dobson, Richard (DOR) <Richard.Dobson@ky.gov>; Gordon, David (DOR) <David.Gordon@ky.gov>
Subject: FW: TIF support
Importance: High
Sensitivity: Confidential

Just following up – This is one of 3 e-mails I sent last month on additional info. sent to us by Red Mile. WH says they're going to adjust their refund. Below are the WH comments. What sayeth you?

"the new information provided allowed us to adjust the Red Mile increment amount to a refund amount of \$102,906.48. We included KRM Wagering Company, Inc. which moved into the TIF in Sept of 2015. We also added the contractors that worked within the TIF zone, WG&T Builders, Inc and DW Wilburn, Inc. We did not include the withholding on the gambling winnings as it is not defined as new revenue within the grant agreement : Section 1.1 of the Grant Agreement defines new revenues as including only income taxes paid by any employee of an area business in the form of withholding tax and attributable to work or services performed in the footprint. The base year does not include any withholding for gambling winnings as well."

Thanks!

Gary C. Morris, Executive Advisor
Finance and Administration Cabinet
Department of Revenue
Office of the Commissioner
501 High Street
Frankfort KY 40601-2103
Telephone: 502-564-0424
Fax: 502-564-3875

As part of the Finance and Administration Cabinet the mission of the Kentucky Department of Revenue is to administer tax laws, collect revenue, and provide services in a fair, courteous, and efficient manner for the benefit of the Commonwealth and its citizens.

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From: Morris, Gary C (DOR)
Sent: Wednesday, November 09, 2016 10:44 AM
To: Dobson, Richard (DOR) <Richard.Dobson@ky.gov>; Gordon, David (DOR) <David.Gordon@ky.gov>; Washing, Steven (DOR) <Steven.Washing@ky.gov>; Stosberg, Jennifer <jennifer.stosberg@ky.gov>
Cc: Harrison, Jane (DOR) <jane.harrison@ky.gov>
Subject: FW: TIF support
Importance: High
Sensitivity: Confidential

2nd of 3 e-mails

Gary C. Morris, Executive Advisor
Finance and Administration Cabinet
Department of Revenue

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From: Wesley Holbrook [mailto:wholbrook@lexingtonky.gov]
Sent: Monday, October 31, 2016 4:19 PM
To: Morris, Gary C (DOR) <Gary.Morris@ky.gov>
Subject: RE: TIF support

Part 2.

From: Wesley Holbrook
Sent: Monday, October 31, 2016 4:16 PM
To: 'Morris, Gary C (DOR)'
Subject: RE: TIF support

Gary,

Attached is part 1 which is our response. Documentation is to follow in other parts.

Wes

From: Morris, Gary C (DOR) [mailto:Gary.Morris@ky.gov]
Sent: Monday, October 31, 2016 8:18 AM
To: Wesley Holbrook
Subject: RE: TIF support

I understand. Today is fine. Thanks!

----- Original message -----

From: Wesley Holbrook

Date: 10/28/2016 7:02 PM (GMT-05:00)

To: "Morris, Gary C (DOR)"

Subject: FW: TIF support

Gary, I got a mailer demon that this email did not go through. I will send the attachment in multiple parts on Monday.

From: Wesley Holbrook

Sent: Friday, October 28, 2016 4:53 PM

To: 'Morris, Gary C (DOR)'

Cc: 'Shannon Cobb'; William O'Mara

Subject: FW: TIF support

Hi Gary,

I will be sending a formal response to be postmarked on 10/31, but I wanted to provide the back-up support we will be sending in soft copy as well. I believe we have identified one source of the disparity as being sales/use tax paid by other entities for work that was done in the TIF footprint, but that may not have had an address within the TIF. Those entities are KRM Wagering, DW Wilburn, and WG&T.

We also believe that the withholdings for those entities is not included in the state's withholding calculation for work that was done in the TIF Footprint. Their state tax ID numbers are included in the attachment.

Additionally, in working with the developer, we have identified withholdings from winnings in the Red Mile TIF in the amount of \$19,609.00 for LTBA and \$17,991 for KRM Wagering, which would increase our original calculation for withholdings by \$37,600.

The attachment details the various information and contains an index on Page 1.

The developer has invoices that show sales/use tax paid for work done in the TIF footprint and materials bought for use in the TIF footprint. Would you prefer to receive those in hard copy or soft copy?

Thank you,

Wes

Wesley Holbrook

Administrative Officer, Senior
Department of Finance
office: 859-258-3304
wholbrook@lexingtonky.gov

From: scobbredmle@gmail.com [<mailto:scobbredmle@gmail.com>] **On Behalf Of** Shannon Cobb

Sent: Thursday, October 27, 2016 6:10 PM

To: Wesley Holbrook

Subject: TIF support

Wes - See if the attached is what you believe we need.

Thanks,
Shannon

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Shannon M. Cobb
Chief Financial Officer
Lexington Trots Breeders Assn., LLC
d/b/a The Red Mile
1200 Red Mile Road
Lexington, KY 40504
(859) 255-0752, x. 223

