



February 14, 2019

Gary Morris
Executive Adviser
Office of the Commissioner
Finance & Administration Cabinet
Department of Revenue
501 High Street
Frankfort, KY 40601

Dear Mr. Morris:

In response to your letter dated January 16, 2019 regarding the Red Mile TIF Agreement, the Lexington-Fayette Urban County Government has reviewed information we have for Sales and Use Tax internally and with the developer. Though our old and new revenues for withholding taxes and property taxes were different, we believe the state's information is accurate. The Lexington-Fayette Urban County Government agrees with those figures.

The supporting detail for our original amount of Sales and Use Tax is shown in the enclosure. The letter from the state referenced vendor receipts that are not within the project footprint. However, the enclosure details the entities to which the taxes are attributed and do not include Bayou Bluegrass Catering. A new calculation is provided below that uses the state's baseline, but the tax receipts amount for 2017 the developer believe to be correct based on the attached documentation.

Tax receipts for calendar yr.	\$213,559.63
Less: Old revenues	108,062.54
Tax receipts available for increment	105,497.09
Multiplied by 80%	80%
Calculated Increment	\$84,397.67

Enclosed is a summary of taxes paid that details amounts by entity, when they were paid, and to whom.

Based on the documentation, we believe the Red Mile TIF increment for 2017 is \$289,020.30, broken down as follows:



Property Tax	\$33,049.10
Sales and Use Tax	\$84,397.62
Withholding Tax	\$171,573.53
Total Increment	\$289,020.30

Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,



Wesley Holbrook
Lexington-Fayette Urban County Government
Department of Finance
200 East Main Street
Lexington, KY 40507

