

# *Paducah Downtown Riverfront Redevelopment Mixed-Use TIF*

Projected Feasibility, Tax Increment, and Net Fiscal  
Impact Analysis

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Commissioned by:  
Kentucky Cabinet for Economic Development

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## *I. Executive Summary*

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On August 29, 2019, the Kentucky Economic Development Finance Authority (KEDFA) granted preliminary approval for a 20-year mixed-use redevelopment tax increment financing (TIF) project in Paducah, Kentucky, called the Paducah Downtown Riverfront Redevelopment Project.

For this project, the City of Paducah, along with a private real-estate developer, plans to redevelop 315 acres of Paducah’s downtown riverfront to attract new tourism, recreation, and economic development opportunities. The TIF District includes approximately 200 acres of city-owned lands underwater to support water dependent uses and shoreline improvements, and approximately 115 acres of upland mixed-use redevelopment and public infrastructure investment.

The project is expected to include a hotel, restaurants, retail stores, residential units, manufacturing/processing space, and public assembly space.

### **PURPOSE OF REPORT**

Following preliminary approval of TIF projects, Kentucky statute requires that KEDFA engage the services of an outside consultant to determine project feasibility, estimate the projected tax increment of the project, and estimate the net fiscal impact of the proposed development on state taxes.

The Kentucky Cabinet for Economic Development (CED) commissioned a team of consultants from Anderson Economic Group (AEG) and SB Friedman Development Advisers (SB Friedman) to perform this study. The following report summarizes the results of our analysis.

### **OVERVIEW OF APPROACH**

This report presents the results of three separate analyses: a feasibility analysis, tax increment analysis, and net fiscal impact analysis. We describe important details about our approach below.

**Feasibility analysis.** We determined whether it is realistic to expect that each component of the development (hotel, retail space, etc.) will be justified by market demand and produced by a third-party developer on the proposed development schedule.

To inform our findings regarding feasibility, we performed a market assessment of each component of the development for the Paducah Market. We relied on information on rents, supply, and occupancy of real estate in the market area from sources such as STR and CoStar.

A summary of our market assessment can be found in “Appendix B. Market Assessment” on page B-1. For detailed results from our feasibility analysis, see “Project Feasibility” on page 14.

**Tax increment analysis.** We estimated the projected tax productivity of the Paducah Downtown Riverfront Redevelopment site for the 20-year period of the TIF (2020 to 2039) for a baseline scenario and a scenario in which the proposed development occurs. Tax productivity is the amount of taxes collected from property and business activity (sales, earnings, etc.) occurring at the site. The increment is the difference between these two scenarios. We developed these estimates for property tax, income tax, and sales tax at the state and local level.

For more details on our tax increment analysis, see “Tax Increment in the Paducah Downtown Riverfront Redevelopment TIF District” on page 25.

**Net fiscal impact analysis.** We estimated the net change in state tax revenues that would occur if the development occurs, relative to a counterfactual scenario where no further development occurs within the district.

Importantly, we take into account substitution, which is the extent to which activity associated with the district that would generate tax revenue in the state would have occurred or would have been replaced by some other activity in the absence of the development. We also estimated indirect or multiplier effects, which include the spending, employment, and earnings that occur at businesses throughout the state due to direct spending or employment at the Paducah Downtown Riverfront Redevelopment site.

We considered the following components and their potential impacts:

- Construction of the development and public infrastructure at the site.
- Operations of businesses that could locate at the site, including employment of Kentucky residents and spending at other Kentucky businesses.
- Residents who move to Kentucky due to the availability of new housing from the residential development.
- Increased visitorship and spending at Kentucky businesses as a result of new development in downtown Paducah and infrastructure improvements along the riverfront.

We first estimated the net economic impact of these activities in Kentucky, including the impact on sales, earnings, and employment by industry. We then used these impacts to estimate the net fiscal impact on state tax revenues. We estimated the fiscal impact on state property taxes, state individual income taxes, sales tax, and corporate income taxes.

For more information on economic and fiscal impacts, see “Net Economic Impact of the Paducah Downtown Riverfront Redevelopment” on page 29 and “Net Fiscal Impact of the Paducah Downtown Riverfront Redevelopment” on page 37.

For a more detailed description of the methodology and assumptions used in all of the analyses presented in this report, see “Appendix A. Data and Methodology” on page A-1.

## **COVID-19 CONSIDERATIONS**

This analysis was prepared prior to the COVID-19 pandemic and does not consider the impacts of COVID-19 on the real estate market or consumer behaviors. We expect that consumer attitudes, behaviors, and purchasing habits are changing and many of these new habits could continue post-pandemic. The market feasibility and economic and fiscal impact of each component could be materially altered by the uncertain short- and long-term effects of the pandemic.

## **OVERVIEW OF FINDINGS**

Using the information available to us and the methodology described above, we concluded the following:

- 1. The feasibility of the Paducah Downtown Riverfront Redevelopment, as outlined in the application, cannot be determined due to a lack of sufficient information on certain project components.*

Following our initial review of the project application and a kickoff meeting with the applicant in Paducah, we submitted a data request for further information on the proposed project. That request asked for an updated description of the proposed project, a site plan, market studies, and other information relevant to our review. The applicant’s response included information for a subset of the program outlined in the application, shown in Table 1 on page 4. In particular, the applicant provided information for only the City Block development, the light manufacturing, and public assembly components.

We concluded that there is insufficient information provided to make any determination of market feasibility for the other components included in the application. Therefore, we evaluated the market feasibility and fiscal impact for only those components for which we received supplementary data from the applicant.

Executive Summary

TABLE 1. Paducah Downtown Riverfront Redevelopment, Proposed versus Evaluated Components

Land Use	Evaluated by Consultant Team		Other Proposed Developments	
	Unit	Description	Unit	Description
<b>REAL ESTATE</b>				
<b>Hotel</b>	<b>Keys</b>		<b>Keys</b>	
Hotel	84	Limited service hotel for up to 84 rooms in the City Block development. <sup>[1]</sup>	47	Boutique hotel on upper stories of existing historic buildings throughout downtown.
<b>Residential</b>	<b>Units</b>		<b>Units</b>	
Residential	44	Two, 3-story, mixed-use commercial and residential buildings in the City Block development.	160	In fill housing in downtown, including on the former Kresge site on Broadway between 3rd and 4th Streets, and a 3-acre vacant lot at Jefferson and North 2nd Street. Additional residential units in upper stories of existing buildings downtown.
<b>Retail/Restaurant/Entertainment</b>	<b>SF</b>		<b>SF</b>	
Retail/Restaurant/Entertainment	32,500	Retail and restaurant space on the ground floor of the mixed-use commercial residential building in the City Block development; Rooftop restaurant space at Hotel A.	78,000	Retail and restaurant space in Hotel B, in Residential B, and in vacant storefront spaces in downtown.
<b>Public Assembly</b>	<b>SF</b>			
Public Assembly (Showroom)	12,000	Renovation of existing waterfront space into meeting venue or museum-type space		
Public Assembly (Columbia Theater)	30,000	Renovation of vacant downtown theater into 3 smaller-scale theater spaces.		
<b>Light Manufacturing</b>	<b>SF</b>			
GenCanna	130,000	Fit out existing industrial building for hemp production company.		
<b>RIVERFRONT PUBLIC INFRASTRUCTURE IMPROVEMENTS</b>				
Transient Dock Landing and Pedestrian Corridor		Improvements to the transient dock landing area and pedestrian corridor along the riverfront. <sup>[2]</sup>		
Excursion Pier		Construction of pier for easier cruise boat embarking and disembarking.		

Source: Data from the City of Paducah and Weyland Ventures, Summarized by SB Friedman.

[1] The application stated up to 100 hotel rooms. Additional provided information had a revised figure of 84 rooms.

[2] The transient dock was completed in 2017.

2. *A subset of the proposed Paducah Downtown Riverfront Redevelopment project, specifically, the City Block development, with hotel, resident, and retail components, appears market feasible as proposed. However, the project is unlikely to be completed as envisioned without granting of state and local increment tax revenues.*

We generally accept the proposed downtown riverfront redevelopment project program as feasible. Specifically, the City Block development could be market feasible as the plans are further developed. However, due to site constraints and other extraordinary costs, it is unlikely that the project would be financially feasible without the granting of state and local incremental tax revenues.

3. *The projected tax increment in Kentucky for the Paducah Downtown Riverfront Redevelopment TIF District would total \$32.2 million over 20 years.*

We estimated the baseline tax productivity of the site, or the amount of annual taxes generated in the TIF District, prior to any new development associated with the project. The projected tax increment is the difference between the baseline tax values and the tax revenues generated by the project. We calculated baseline tax estimates and projected the tax increment for three taxes: property tax, individual income tax, and sales tax.

We found that taxes collected on site in the Paducah Downtown Riverfront Redevelopment would be \$138,000 higher than baseline in the first year of the TIF, and \$2.1 million higher than baseline in year 20. See Table 2 below for a breakdown of the total tax increment on the site by tax.

**TABLE 2. Total State Tax Increment of Paducah Redevelopment, 2020 to 2039 (millions)**

	Property Tax	Individual Income Tax	Sales Tax	Total
Baseline	\$0.7	\$6.9	\$12.3	\$20.0
Projected	\$1.3	\$11.7	\$39.2	\$52.3
<b>Projected Increment</b>	<b>\$0.6</b>	<b>\$4.8</b>	<b>\$26.8</b>	<b>\$32.2</b>

*Source: SB Friedman analysis, using a range of sources  
Note: Figures may not sum to totals due to rounding.*

For more details about our methods, see “Tax Increment in the Paducah Downtown Riverfront Redevelopment TIF District” on page 25.

4. The net fiscal impact of the Paducah Downtown Riverfront Redevelopment TIF District on state tax revenue would total \$2.76 million over 20 years.

Although the total direct increment of the project is \$32.2 million as discussed in finding 3, not all of this tax revenue associated with the project would necessarily be “new” to the Commonwealth over the next 20 years. In fact, some of the increment’s tax revenue would likely be generated even if the TIF was not designated. The amount of revenue generated above and beyond what would have been generated in the absence of the TIF is the “net new” revenue to the Commonwealth.

We show our estimates of the net fiscal impact (net new tax revenue) to the Commonwealth for construction and operations associated with the TIF over 20 years in Table 3 below.

**TABLE 3. Total Net Fiscal Impact of the Paducah Redevelopment, 2020 to 2039 (millions)**

	Sales Tax	Individual Income Tax	Corporate Income Tax	Property Tax	Total
Construction	\$0.16	\$0.19	\$0.01	n/a	\$0.37
Hotel	\$0.22	\$0.07	\$0.00	\$0.04	\$0.34
Retail	\$0.82	\$0.11	\$0.02	\$0.07	\$1.03
Residential	\$0.00	\$0.02	\$0.00	\$0.00	\$0.04
Tourism	\$0.05	\$0.31	n/a	n/a	\$0.37
Public Assembly	n/a	\$0.02	n/a	n/a	\$0.02
Light Manufacturing	\$0.36	\$0.20	\$0.00	\$0.00	\$0.57
<b>TOTAL</b>	<b>\$1.63</b>	<b>\$0.95</b>	<b>\$0.04</b>	<b>\$0.12</b>	<b>\$2.76</b>

Source: AEG analysis, using a range of sources. See “Fiscal Impact Analysis” on page A-8 for details. Note: Figures may not sum to total due to rounding. Many values that appear to be zero are non-zero values that fall below the rounding threshold.

For a breakdown of revenue by year and more details, see “Net Fiscal Impact of the Paducah Downtown Riverfront Redevelopment” on page 37 and corresponding exhibits in “Appendix C. Exhibits” on page C-1.

**ABOUT THE AUTHORS**

*Anderson Economic Group*

Anderson Economic Group, LLC is a boutique research and consulting firm, with offices in East Lansing, Michigan, and Chicago, Illinois. The experts at AEG specialize in strategy, business valuation, public policy, and market analyses. They have conducted nationally-recognized economic and fiscal impact studies for private, public, and non-profit clients across the United States. They

have provided cutting-edge research and analysis on the impacts of economic incentives in states across the U.S., including Kentucky.

AEG's most significant contributions to this report are the net economic and fiscal impact analyses.

*SB Friedman Development Advisors*

SB Friedman Development Advisors assists in the planning and implementation of complex real estate development projects. Founded in 1990, the firm works closely with its clients to evaluate development potential and financial and business impacts; project market and financial feasibility; identify innovative public-private development solutions; and prepare implementable development strategies. Based in Chicago, SB Friedman works nationally with a high concentration of projects throughout the Midwest.

SB Friedman's most significant contributions to this report are the market feasibility and tax increment analyses.

For more information, please see "Appendix D. About the Authors" on page D-1.

## *II. Kentucky State Tax Increment Financing Districts*

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In this section, we provide background information on the use of tax increment financing districts in the Commonwealth of Kentucky. We first describe the requirements and implementation of TIFs for mixed-use redevelopment in blighted urban redevelopment areas, and then the statute that outlines the requirements for a study to be performed by an outside consultant. That statute and discussions with the Kentucky Cabinet for Economic Development, Kentucky Office of the State Budget Director, and the Finance and Administration Cabinet determine the methods and content of this study.

### **MIXED-USE TIFS IN KENTUCKY**

There are several different types of TIF programs that involve state participation in Kentucky. For the Paducah Downtown Riverfront Redevelopment, the Finance Department of the City of Paducah, Kentucky, is applying through the TIF program for mixed-use redevelopment in blighted urban areas.

In order to qualify for a mixed-use redevelopment in blighted urban areas TIF, a project must meet the following criteria:<sup>1</sup>

- Represent new economic activity in the Commonwealth (meaning it would not occur without the TIF)
- Result in a net positive impact in the Commonwealth
- Include pedestrian amenities and public space
- Entail capital investment of \$20 million to \$200 million
- Include at least two of the following uses at 20% or more of the total square footage or capital investment: retail, residential, office, restaurant, or hospitality<sup>2</sup>
- Any retail establishment may not exceed 20,000 square feet
- The project must be located in an area that meets the definition of a blighted area

The applicant can use TIF funds to recover all of the approved public infrastructure costs and costs related to land preparation, demolition, and clearance. State funds available for recovery of those funds include up to 80% of the incremental state tax revenues collected within the district from the following five taxes:

- Real property ad valorem tax
- Individual income taxes/withholding tax

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1. Much of the list presented here is taken from “Just the Facts: Tax Increment Financing (TIF),” a publication of the Kentucky Cabinet for Economic Development from May 2019.

2. A development with three uses may also qualify if one of the uses comprises between 20% and 80% of the total square footage or capital investment.

- Corporate income tax
- Limited liability entity tax
- Sales tax

TIFs established for mixed-use redevelopment in blighted urban areas can have a term of up to 20 years.

## **REQUIREMENTS FOR INDEPENDENT STUDY**

For all applicants for mixed-use TIF projects that receive preliminary approval, KEDFA is required to engage the services of a qualified independent consultant to perform several analyses and prepare a report. In brief, the consultant is required to include the following details and analyses in the report:<sup>3</sup>

- Estimated approved public infrastructure costs and costs associated with land preparation, demolition, and clearance.
- Feasibility of the project, taking into account project scope and location.
- State and local tax revenues that will be generated by the project over a 20-year period, starting with the activation date, compared to the amount that would be generated in a baseline scenario without the project. This “net fiscal impact” is explicitly required to take into account displaced activity lost to the Commonwealth as a result of the project or economic activity that would have taken place at other establishments within the Commonwealth.
- State and local tax revenues generated at the site relative to the baseline revenues that would have been generated at the site in the absence of the project.
- Determine whether the project would occur if not for the designation of the development area and the granting of incremental revenues by the Commonwealth and other taxing districts.

The methodology and relevant assumptions should be agreed upon with the Office of State Budget Director and the Finance and Administration Cabinet, and with the CED. The Office of State Budget Director and the Finance and Administration Cabinet certify to KEDFA whether there is a projected net positive economic impact expected incremental state tax revenues from the project on the basis of the independent consultant’s report.

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3. For the full text of the law outlining the requirements for this report in detail, see Exhibit C-10 on page C-17. Some details that are not applicable to this particular project or that are highly technical have been left out here for brevity.

### *III. The Paducah Downtown Riverfront Redevelopment*

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In August 2019, the City of Paducah received preliminary approval for the Paducah Downtown Riverfront Redevelopment Tax Increment Financing District. In this section, we outline important details from that application, and other details about the project.

#### **PROJECT SITE**

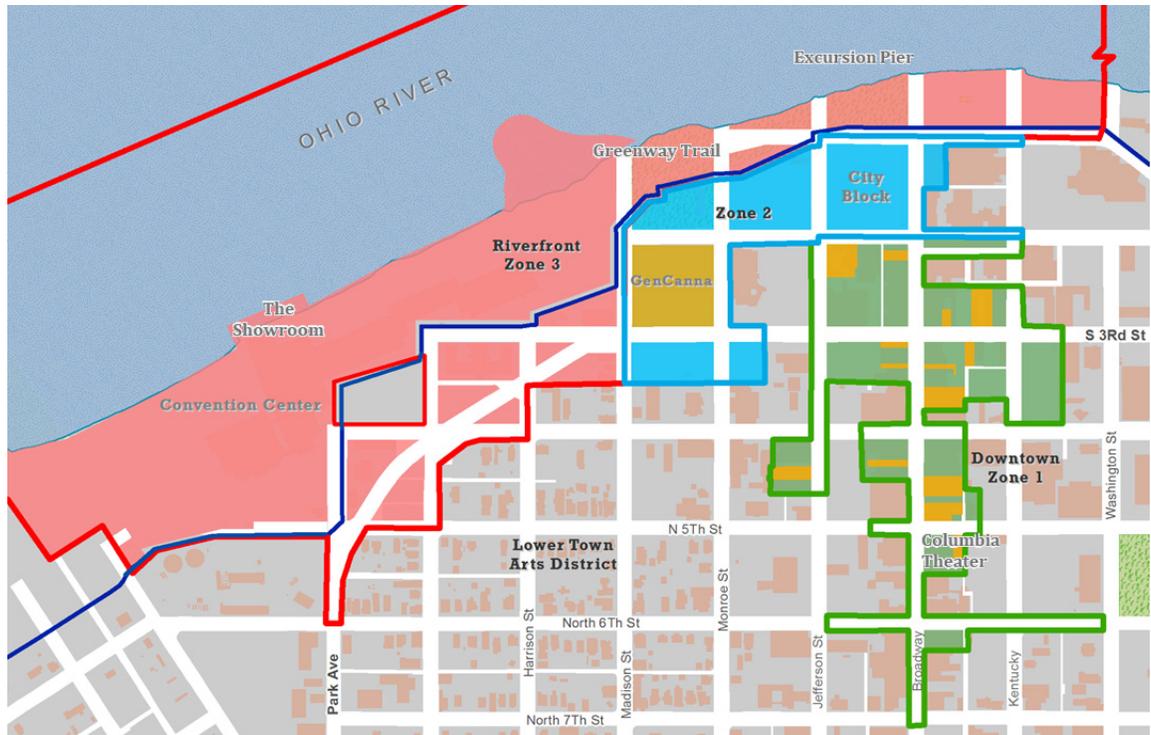
The City of Paducah, along with a private developer, plans to redevelop 315 acres of Paducah's downtown riverfront to attract new tourism, recreation, and economic development opportunities. The TIF District includes approximately 200 acres of city-owned lands underwater to support water dependent uses and shoreline improvements, and approximately 115 acres of upland mixed-use redevelopment and public infrastructure investment.

The redevelopment would improve connectivity between downtown Paducah and the Convention Center along the riverfront. The proposed development, as outlined in the application, includes:

- 100-room limited service hotel (80,000 square feet);
- 47 boutique hotel rooms (28,215 square feet);
- 204 residential units (266,540 square feet);
- 77,653 square feet of restaurant/entertainment space;
- 130,000 square feet of manufacturing space;
- 42,540 square feet of public building;
- Public infrastructure improvements; and
- Surface lot parking.

The total estimated cost of the project is approximately \$156.3 million, excluding financing. The total public infrastructure cost of the project is approximately \$56.4 million.

MAP 1. Paducah Redevelopment Proposed TIF District and Project Components



Source: City of Paducah

## PROJECT COMPONENTS

Following our initial review of the project application and supplementary data received from the applicant, we determined that there was insufficient information to evaluate the market feasibility and fiscal impact of the full project, as outlined in the application.

The applicant provided sufficient information for only the City Block development, the light manufacturing, and the public assembly components. We evaluated the market feasibility and fiscal impact for only these components of the proposed project, which are shown in Table 4 on page 12.

**TABLE 4. Paducah Downtown Riverfront Redevelopment Project Program**

Land Use	Unit	Description	Total
<b>REAL ESTATE</b>			
Hotel	Keys	84-room hotel	84
Retail	SF	Potential tenants include restaurant, bar, cafe, art space, commercial, etc.	32,500
Residential	Units	Two, 3-story, mixed-use, commercial and residential buildings.	44
Public Assembly (Showroom)	SF	Renovation of existing waterfront space into potential meeting venue or museum-type space.	5,000
Public Assembly (Columbia Theater)	Seats	Renovation of vacant downtown theater into 3 smaller-scale theater spaces.	486
Light Manufacturing (GenCanna)	SF	Fit out of existing industrial building for hemp production company.	130,000
<b>RIVERFRONT PUBLIC INFRASTRUCTURE IMPROVEMENTS</b>			
Transient Dock Landing and Pedestrian Corridor		Improvements to the transient dock landing area and pedestrian corridor along the riverfront. <sup>[1]</sup>	
Excursion Pier		Construction of pier for easier cruise boat embarking and disembarking.	

Source: Source: Data from the City of Paducah and Weyland Ventures, Summarized by SB Friedman.  
 [1] The transient dock was completed in 2017.

**CONSTRUCTION TIMELINE**

Construction of City Block, which includes the hotel, retail, and residential components, will be completed in two phases. The first phase includes the hotel and associated commercial space. Construction is expected to begin in the Fall of 2020 with completion in the Spring of 2022. The second phase includes the mixed-use residential and commercial buildings. Construction is expected to begin in the Spring of 2023 with completion in the Fall of 2024.

Renovation of the Columbia Theatre is currently underway and is expected to be complete in 2024. The scope and timing of The Showroom is unclear.

GenCanna did not provide a construction timeline for the light manufacturing component. However, for this analysis, we assume occupancy of the space beginning in 2025.

The riverfront public infrastructure improvements are expected to be complete in 2022.

**TABLE 5. Projected Phasing of Paducah Redevelopment (Units Added)**

Use	Unit	2022	2023	2024	2025
Hotel	Keys	84	-	-	-
Retail	SF	14,500	-	18,000	-
Residential	Units	-	-	44	-
Public Assembly (The Showroom)	SF	-	-	-	5,000
Public Assembly (Columbia Theater)	Seats	-	-	486	-
Light Manufacturing	SF	-	-	-	130,000

*Source: Data from the City of Paducah and Weyland Ventures, Summarized by SB Friedman.*

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## IV. Project Feasibility

We evaluated the market feasibility of a subset of the proposed development program, shown in Table 6 below. We focused our review on the market feasibility of the hotel, retail space, residential space, light manufacturing building, and the Columbia Theatre, respectively.

**TABLE 6. Projected Development Program**

Use	Units
Hotel	84 keys
Retail	32,500 sq ft
Residential	44 units
Light Manufacturing	130,000 sq ft
Public Assembly (Columbia Theatre)	486 seats

*Source: Data from the City of Paducah and Weyland Ventures, Summarized by SB Friedman.*

The applicant did not provide sufficient information for the other proposed components, including additional hotel rooms, additional residential units, additional retail/restaurant/entertainment space, and additional public assembly space. Therefore, we were not able to make any determination on market feasibility for these components.

### HOTEL

The developer is proposing a new, 84-key, 4 1/2 story hotel within the City Block development. The proposed level of service for the hotel has not been specified.

There are currently two hotels in downtown Paducah, totaling 133 hotel rooms. These hotels account for approximately 7% of all hotel rooms in the city. Of the 22 existing hotels, seven have been built or renovated since 2015, including the Holiday Inn Paducah Riverfront, a 123-key hotel completed in 2017. The Holiday Inn Paducah Riverfront received a state Tourism Development Act (TDA) incentive.

An overview of the hotel supply in Paducah is show in Table 7 on page 15.

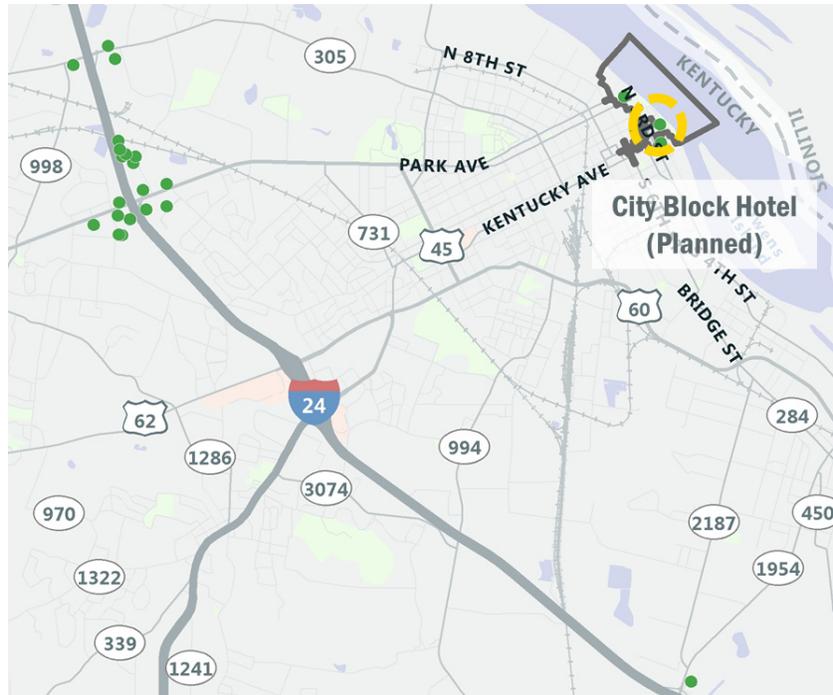
**TABLE 7. Paducah Hotel Inventory**

<b>Hotel Cluster</b>	<b>Total Hotels</b>	<b>Total Rooms</b>	<b>Newest Product</b>	<b>Number Built Since 2015<sup>[1]</sup></b>
City Block Hotel (Planned)		84		
Downtown Paducah	2	133	2017	1
South	1	47	1998	0
Cairo Road	3	177	2016	1
Coleman Crossing	7	640	2018	2
Hinkleville Road	9	797	2013	3
<b>Total (Existing Hotels)</b>	<b>22</b>	<b>1,794</b>	<b>--</b>	<b>7</b>

*Source: Data from the City of Paducah and Weyland Ventures, Summarized by SB Friedman.  
[1] Built or renovated since 2015.*

The 84 rooms proposed in the project would represent a 63% increase over the current supply of hotel rooms in downtown Paducah. Despite the significant number of rooms available in Paducah, the proposed hotel’s location and the other elements of the project could offer distinct market advantages.

MAP 2. Paducah Hotel Clusters and Proposed Hotel Location

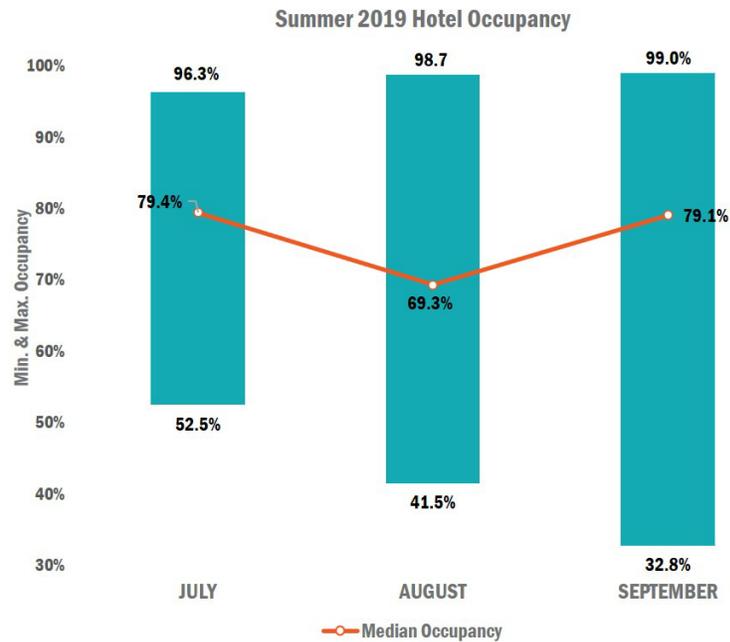


Source: SB Friedman geographic analysis using data from the City of Paducah; Esri; Smith Travel Research.

The Paducah Convention and Visitors Bureau provided analytics on ten hotels in Paducah for the months July-September 2019, Paducah's peak tourist season. The average occupancy rate for this time period was 74.3%, and the Average Daily Rate (ADR) was \$106. The occupancy and ADR show a large range depending on the day of the week and the events occurring in the city.

During Quilt Week, mid-September 2019, ADR was more than \$140 for four consecutive nights and the occupancy rate was more than 97% for three of those nights. The median Revenue per Available Room (RevPAR) was \$139, a nearly \$60 increase from the median RevPAR for July-September of the same year.

**FIGURE 1. Paducah Hotel Occupancy by Month (July-September 2019)**



*Source: SB Friedman analysis using base data from Paducah CVB; Smith Travel Research.*

The RevPAR for the ten hotels for which the CVB provided data vary throughout the summer, but, at peak times, RevPAR is relatively strong. The proposed hotel could have a locational advantage due to its adjacency to the riverfront and downtown and its inclusion of the proposed mixed-use development component of the project.

Given limited downtown product, relatively high occupancy rate, and strong RevPAR during Paducah’s peak season, a new downtown hotel could be feasible.

**RETAIL**

The developer is proposing approximately 32,500 square feet of retail space in the City Block development, including 14,500 square feet of retail space in the hotel and 18,000 square feet of retail space in the other mixed-use buildings. Based on interviews with the developer and business owners in Paducah, there are several potential tenants who have expressed interest in occupying the new commercial space. These include: an upscale restaurant, brew pub, coffee shop, arts/crafts retail outlet, bourbon bar, casual eatery, art center, and symphony galleries/rehearsal space.

In the City of Paducah there is approximately 6.3 million square feet of retail space, 4% of which is located downtown. The majority of retail space is located

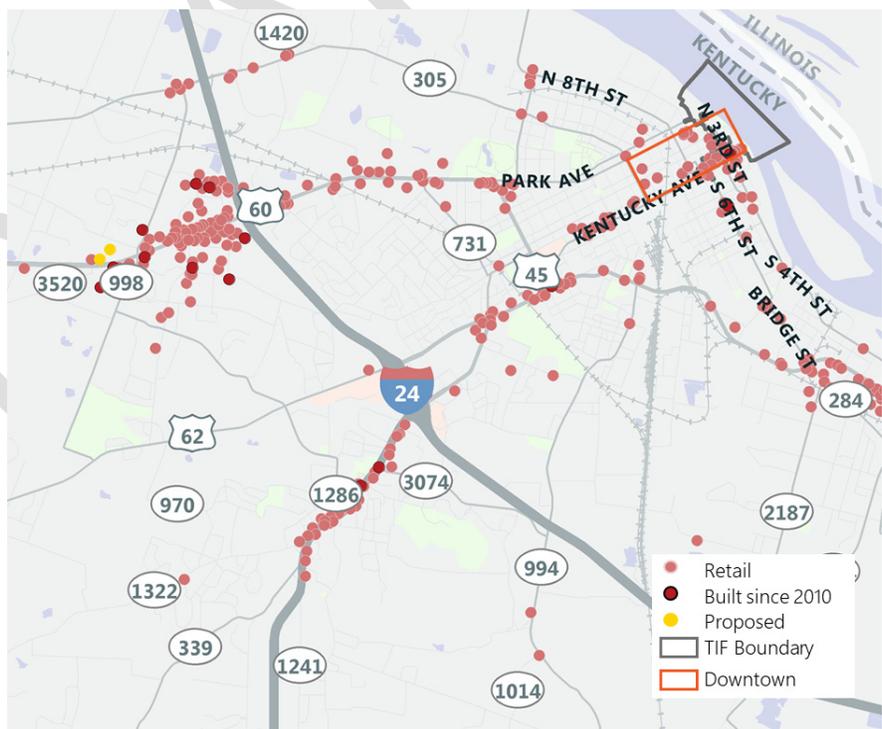
adjacent to I-24 and Route 60. Of all retail construction that has taken place since 2009, about 228,300 square feet, less than 2% has taken place in downtown Paducah. A summary and map of the retail space inventory is shown in Figure 2 and Map 3 on page 18.

**FIGURE 2. Paducah Market Retail Supply (square feet)**



Source: SB Friedman analysis using base data from CoStar.

**MAP 3. Paducah Area Retail Corridors**



Source: SB Friedman geographic analysis using data from the City of Paducah, CoStar, and Esri.

Based on the relative lack of newer retail space in downtown Paducah, specifically near the riverfront, and the number of interested potential tenants, the retail component of the project could be feasible.

**RESIDENTIAL**

The developer plans to build 44 apartment units in two, 3-story, mixed-use commercial and residential buildings. Monthly rents are estimated to be between \$1.25-\$1.40 per square foot, which would represent a premium over other, newer apartment units in Paducah.

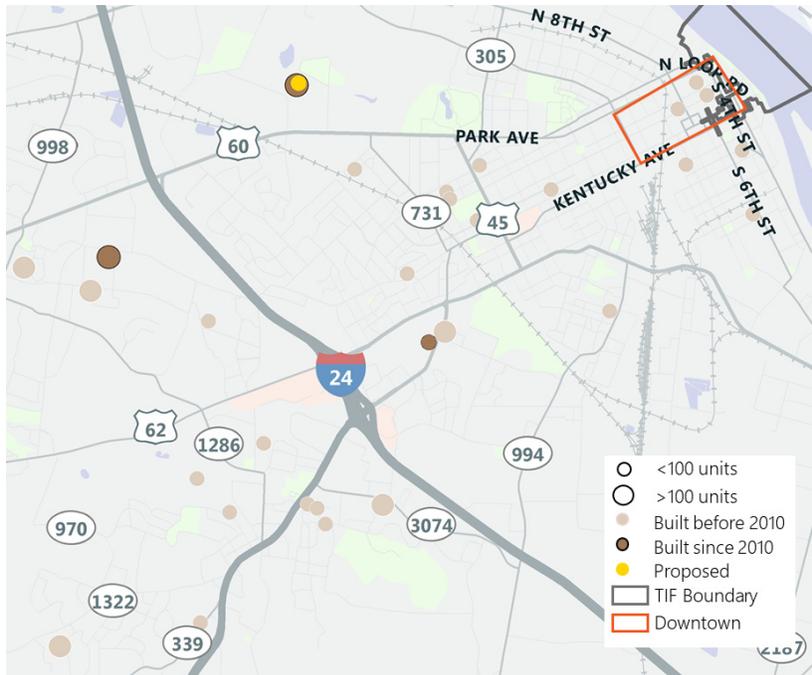
There has been no new construction or large-scale renovation of apartments in downtown Paducah since 2010. Outside of downtown, there is one proposed 12-unit project. A lack of new product has led to a strong market occupancy rate, approximately 95%. A summary of the residential supply and a map of the multi-family inventory in Paducah is shown in Table 8 and Map 4 below.

**TABLE 8. Paducah Residential Supply**

	Pre-2010		Post-2010		Proposed		Total	
	Projects	Units	Projects	Units	Projects	Units	Projects	Units
Non-Downtown	31	1,739	4	424	1	12	36	2,175
Downtown	3	13	-	-	-	-	3	13
TIF District	-	-	-	-	-	-	-	-

*Source: SB Friedman analysis using base data from the City of Paducah; CoStar.*

**MAP 4. Paducah Market-Rate Multi-Family Housing Inventory**



Source: SB Friedman geographic analysis using base data from the City of Paducah; CoStar; Esri.

Based on the lack of new apartment construction in downtown Paducah, the overall high market occupancy rate, and the development’s location near the riverfront, the residential component of the project could be market feasible.

**LIGHT MANUFACTURING**

There is an existing 130,000 square foot light manufacturing building located in the TIF District. GenCanna, a Kentucky-based hemp production company, anticipates rehabilitating and occupying the space as an agricultural hemp facility with warehouse, retail, office, research, and manufacturing functions.

GenCanna has experienced recent difficulties within their business that may impact their plans for the building in Paducah. The company is currently working to open a new 220,000 square foot facility in Mayfield, Kentucky, that would create more than 80 jobs. This project has experienced delays and, in February 2020, the company filed for Chapter 11 Bankruptcy, which they assert is due to cost overruns while building the new facility as well as a drop in cannabidiol prices. Despite GenCanna’s difficulties, the hemp industry is growing in Kentucky and it is supported by various government, nonprofit, and private partners.

It is our understanding that GenCanna still plans to move forward with their Paducah facility. Therefore, the light manufacturing component of the project could be feasible.

If GenCanna did not occupy the space, the unique building size and downtown location could limit the appeal of the building for alternate light manufacturing uses. This could result in a greater delay in occupying the building.

## **PUBLIC ASSEMBLY**

The Paducah Downtown Riverfront Redevelopment includes the renovation of two historic public assembly spaces: the Columbia Theatre and the Showroom. The Columbia Theatre closed in the late 1980s and requires significant repairs, including updating the lobby and reconfiguring the existing structure to contain three movie theater spaces that would seat approximately 230, 142, and 114 people. The repairs and renovations are expected to be complete in 2024.

The Showroom is adjacent to the Paducah Convention Center and has the possibility to connect the two spaces from the interior. The Showroom could function as either an expansion of the existing convention center space or an independent meeting space. Currently, the scope and timing of the redevelopment of the Showroom is unclear.

The Columbia Theatre and the Showroom renovations would add to the existing inventory of small-scale theaters and event space within Paducah and cities within 150 miles. Map 5 and Table 9 on page 22 show the existing public assembly spaces within Paducah and within 150 miles of the city. These would be within the competitive set for the Columbia Theatre and the Showroom and represent a range of venue sizes.



Both the Columbia Theatre and the Showroom have local significance. With adequate philanthropic support, a rehabilitated Columbia Theatre could be feasible as a complement to the existing stock of event spaces and civic institutions in Paducah. It could also support the expansion of existing events and offer space for new events like comedy shows, art shows, and film festivals.

The scope and timing of the Showroom redevelopment is unclear. Therefore, we did not evaluate the market feasibility of this component of the project.

## **RIVERFRONT PUBLIC INFRASTRUCTURE**

Paducah has invested in recent riverfront improvements. In 2019, the city received a commitment from the federal government to provide a \$10.4 million BUILD Grant to help partially fund the riverfront public infrastructure improvements, including improvements to the existing transient dock landing and excursion pier.

The transient dock was completed in 2017 and allows boaters to dock on the waterfront during all seasons. The city expects slip reservations at the transient dock to continue to increase. One consistent source of boaters that use the transient dock is “Loopers.” Loopers are boaters that circumnavigate the eastern portion of the U.S. and Canada via intracoastal routes, known as the Great Loop. The route includes portions of the Tennessee and Ohio Rivers, which converge at Paducah. According to America’s Great Loop Cruisers’ Association, approximately 170 boats complete the Great Loop annually. The improvements to the pedestrian corridor, expected to be complete in 2022, would improve the connection between the riverfront and downtown and could encourage more Loopers and other boaters, many of whom would be out-of-state tourists, to stop in Paducah.

Paducah is a port of call for long distance, commercial, passenger river cruise ships. However, the ramping from these river cruise ships to downtown is limited and makes access to the city difficult for older passengers and passengers with mobility challenges. In 2019, approximately 2,924 riverboat passengers docked in Paducah. But, according to the Vice-President of American Cruise Lines, 10%-20% of passengers chose to stay on the boat in Paducah due to a lack of a modern dock and steep 15% ramp grades.

The excursion pier and plaza, which is expected to be complete in July 2022, would mitigate and potentially eliminate the accessibility challenges that currently exist and would encourage more passengers to disembark at Paducah.

## **OVERALL FEASIBILITY**

Based on the above analysis, we generally accept a subset of Paducah’s proposed Downtown Riverfront Redevelopment project program as market feasible, specifically the City Block development, with hotel, residential, and retail components. Due to extraordinary costs of building and redeveloping in

Paducah, it is unlikely that the project would be financially feasible without the granting of state and local incremental tax revenues.

DRAFT

## *V. Tax Increment in the Paducah Downtown Riverfront Redevelopment TIF District*

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In this section, we present our analysis estimating the projected tax increment for the proposed Paducah Downtown Riverfront Redevelopment TIF District. First, we estimated the baseline tax productivity of the site. Then, we projected the future tax productivity of the site based on the construction timeline shown in Table 5 on page 13. Finally, we used these estimates to project the total incremental tax revenues generated by the project over a 20-year time frame for state property tax, income tax withholding, and sales and use tax.

### **BASELINE ESTIMATES**

The baseline tax productivity of the site is the estimated amount of annual taxes generated at the site prior to any new development associated with the project. Incremental tax revenues are the difference between baseline tax revenues and tax revenues generated by the project plus baseline tax values of the non-project parcels in the TIF District. We developed baseline tax estimates for each of the three taxes under consideration:

- Property taxes
- State income taxes
- Sales taxes

Also, we assumed that the entire development program can be accommodated on parcels located entirely within the TIF area per the KYCED's direction. We summarize our assumptions for each baseline tax below.

#### *Property Taxes*

The TIF District consists of 154 parcels totalling \$23.1 million in taxable value (TV). This resulted in property taxes of \$28,000 in 2019.

#### *State Income Tax Withholding*

According to data provided by the City of Paducah, total annual wages paid to people working in the TIF District were \$5,575,655 in 2019. These wages resulted in state income taxes of approximately \$268,000 in 2019.

#### *Sales Tax*

The baseline sales tax estimate in the TIF District was estimated using data from existing business operations located within the TIF boundary. We estimated the total sales within the TIF District boundary in 2019 and then applied the 6.0% state sales tax rate. These sales resulted in state sales taxes of \$480,000.

**TABLE 10. 2019 Baseline Tax Estimates**

	Property Tax	Income Tax	Sales Tax
Taxable Value/Est. Total Wages/Est. Total Sales	\$23,118,000	\$5,576,000	\$8,007,000
Tax Rate	0.122%	4.8%	6.0%
2019 Taxes	\$28,204	\$267,631	\$480,395

*Source: SB Friedman analysis using data from Esri Business Analyst; Kentucky Department of Revenue; McCracken County.*

**PROJECTION ESTIMATES**

We developed tax projections based on the construction timeline shown in Table 5 on page 13. These inputs define the scale and timing of the anticipated development in the Paducah Downtown Riverfront Redevelopment TIF District. We estimated incremental tax revenues at a TIF District-wide level, projecting revenues from both the project and non-project district growth. For more details on our methods and assumptions for these projection estimates, see “Tax Increment Analysis” on page A-1.

*Property Taxes*

Our property tax projection methodology is based on the current taxable valuations per applicable unit of stabilized product in the market. We assumed that the hotel, retail, residential, and light manufacturing components would generate property taxes. We assumed the Columbia Theatre would remain in non-profit ownership and, therefore, be exempt from state property taxes.

Projected taxable values and property tax collections in the year 2039 for all uses are summarized in Table 11 below. Dollar amounts are nominal (not adjusted for inflation).

**TABLE 11. Projected Assessed Values and Taxes by Use, Paducah Redevelopment TIF District, 2039**

	Hotel	Retail	Light Manufacturing	Residential	Non-Project District Growth
Units	84	32,500	130,000	44	-
2039 Taxable Value per Unit	\$102,530	\$1,000	\$0	\$100,100	-
Total 2039 Taxable Value	\$8,612,551	\$16,903,000	\$5,795,000	\$4,405,000	-
State Property Tax Rate	0.122%	0.122%	0.122%	0.122%	-
Projected State Property Taxes in 2039	\$11,000	\$21,000	\$7,000	\$5,000	\$39,000

*Source: SB Friedman analysis using base data from McCracken County; CoStar.  
Note: Figures are rounded.*

*State Individual Income Tax Withholding*

For the purposes of this analysis, we considered income from the hotel, retail, light manufacturing, and public assembly (Columbia Theatre only) components of the project to estimate state income taxes. Though it is possible that some amount of income tax could be generated from employment at the residential development, we believe that income from that component will be minimal. Thus, we did not consider it in our analysis.

The total projected wages generated on the site in 2039 and the resulting income taxes are summarized in Table 12 below.

**TABLE 12. Projected Annual Wages and Income Tax Withholding, Paducah Redevelopment TIF District, 2039**

	<b>Hotel</b>	<b>Retail</b>	<b>Light Manufacturing</b>	<b>Public Assembly</b>	<b>Non-Project District Growth</b>
Annual Wage (2039 dollars)	\$26,776	\$39,462	\$68,760	\$38,688	-
Projected Employees	42	46	52	13	-
Projected Wages	\$1,124,582	\$1,815,247	\$3,575,535	\$502,946	-
Effective State Income Tax Rate	4.8%	4.8%	4.8%	4.8%	-
Projected Income Tax Withholding	\$53,980	\$87,132	\$171,626	\$24,141	\$397,686

*Source: SB Friedman analysis using base data from AMC Entertainment Holdings; Bureau of Labor Statistics; Cinemark Holdings; CoStar; U.S. Census Bureau.*

*Notes:*

- 1. In absence of localized wage data for theater employees, average per capital retail wages were used.*
- 2. Figures are rounded.*

*Sales and Use Taxes*

For the purposes of this analysis, we considered sales derived from hotel, retail, and light manufacturing components of the project to estimate sales and use taxes. There is no sales tax on theater ticket purchases. Therefore, we did not project sales tax for the public assembly component. While the theater could generate sales tax through the sales of snacks and merchandise, we did not model these sales as they are likely to be minimal.

The total projected taxable sales on the site in 2039, and the resulting state sales taxes, are summarized in Table 13 on page 28.

**TABLE 13. Projected Annual Taxable Sales by Use, Paducah Redevelopment TIF District, 2039**

	<b>Hotel</b>	<b>Retail</b>	<b>Light Manufacturing</b>	<b>Non-Project District Growth</b>
Units	84	32,500	5,000	-
Sales per Unit (2039 dollars)	\$43,000	\$1,000	\$1,000	-
Share of Sales Subject to Sales Tax	100%	88%	100%	-
Taxable Sales	\$3,647,000	\$18,280,000	\$7,430,000	-
State Sales Tax Rate	6.0%	6.0%	6.0%	-
Projected Sales Tax	\$219,000	\$1,097,000	\$446,000	\$714,000

Source: SB Friedman analysis based on data from AMC Entertainment Holdings; Cinemark Holdings; eMarketer; STR.

Note: Figures are rounded.

## TAX PROJECTION SUMMARY

Over the 20-year life of the TIF, we project a total of \$20.0 million in tax revenue generated in the no-development baseline scenario. With development, we project total tax revenue of \$52.3 million. The total incremental tax revenues over the 20-year life of the TIF district would be \$32.2 million.

**TABLE 14. Total State Tax Increment of Paducah Redevelopment, 2020 to 2039 (millions)**

	<b>Property Tax</b>	<b>Individual Income Tax</b>	<b>Sales Tax</b>	<b>Total</b>
Baseline	\$0.7	\$6.9	\$12.3	\$20.0
Projected	\$1.3	\$11.7	\$39.2	\$52.3
<b>Projected Increment</b>	<b>\$0.6</b>	<b>\$4.8</b>	<b>\$26.8</b>	<b>\$32.2</b>

Source: SB Friedman analysis using a range of sources.

Note: Figures may not sum due to rounding.

See Exhibit C-1 on page C-2 for a detailed breakdown of the tax increment by year, use, and tax type.

## *VI. Net Economic Impact of the Paducah Downtown Riverfront Redevelopment*

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In this section we present the results of our net economic impact analysis of the Paducah Downtown Riverfront Redevelopment project on the Commonwealth of Kentucky. We used the results of this analysis as the basis for our net fiscal impact analysis, which we describe in “Net Fiscal Impact of the Paducah Downtown Riverfront Redevelopment” on page 37.

### **NET ECONOMIC IMPACT DEFINED**

The net economic impact generated by the development is the total amount of new economic activity in the state that is caused either directly or indirectly due to development anticipated at the project site. We quantified the economic impact in terms of output (sales by businesses), employment, and earnings in Kentucky.

A *net* economic impact analysis includes only economic activity that would not otherwise occur anywhere in the state in the absence of the development. For example, a hotel that is largely occupied by visitors who would have otherwise stayed in Kentucky does not result in a net economic impact in the state.

In the following section, we present our analysis for six separate components of the project:

- Hotel
- Retail
- Residential
- Riverfront Public Infrastructure
- Light Manufacturing
- Public Assembly (Columbia Theatre)

See “Economic Impact Analysis” on page A-2 for further discussion of our methodology.

### **HOTEL**

The hotel at the Paducah Redevelopment would result in a net economic impact in the state only if it results in additional visitors staying in the state that would not have otherwise stayed in the state. According to our market assessment, there are currently two hotels in downtown Paducah. However, these hotels only account for 7% of all hotel rooms in the city. The majority of hotels are clustered around I-24, well outside the downtown area. The proposed hotel’s location along with the other elements of the project would offer distinct market advantages, especially during the summer, which is Paducah’s peak tourist season.

We estimated the number of new employees and their annual earnings that would be employed at the hotel, once it is fully developed, using information about the number of employees and wages from our tax increment analysis (shown in Table 12 on page 27). We estimated that approximately 5% of employment and earnings at the hotel will represent net new activity in the state. The annual net economic impact due to operations at the hotel is shown in Table 15 below.

**TABLE 15. Annual Net Economic Impact of Operations at Hotel**

Economic Impact	Output (millions)	Earnings (millions)	Employment
Direct	\$0.12	\$0.03	2
Indirect	\$0.09	\$0.03	2
<b>Total</b>	<b>\$0.21</b>	<b>\$0.07</b>	<b>4</b>

*Source: Anderson Economic Group analysis using base data from the City of Paducah; Weyland Ventures; Bureau of Economic Analysis RIMS II Multipliers.*

*Note: Numbers may not sum to total due to rounding.*

## RETAIL

The new retail space at the Paducah Redevelopment would result in an economic impact in the state only if it induces people to shop in Kentucky or spend more money in Kentucky than they would have otherwise spent.

Based on data from the developer and interviews with local business owners, there are several potential tenants who have shown interest in the proposed commercial space. Since 2009, most new retail construction has occurred in clusters around I-24 and Route 60. And, while there are empty storefronts currently in downtown Paducah, these buildings are relatively old and would require extensive renovation before any tenants could occupy the space. The proposed retail space would offer potential tenants a relatively low-cost option, and, since the development is still in early stages, the space could be built to the specifications and needs of the potential tenants.

Based on discussions with the applicant and with the developer, we understand that the vision for the proposed retail space is to help create a neighborhood, a business district, and a tourist district in downtown Paducah. Therefore, we assumed that the proposed retail space would induce a marginal increase in local spending. We estimated that 5% of employment and earnings at the retail

space would represent net new activity in the state. The annual net economic impact of retail and restaurant operations is shown in Table 16 below.

**TABLE 16. Annual Net Economic Impact of Operations at Retail**

Economic Impact	Output (millions)	Earnings (millions)	Employment
Direct	\$0.60	\$0.06	2
Indirect	\$0.49	\$0.04	1
<b>Total</b>	<b>\$1.10</b>	<b>\$0.10</b>	<b>3</b>

*Source: Anderson Economic Group analysis using base data from the City of Paducah; Weyland Ventures; Bureau of Economic Analysis RIMS II Multipliers.  
Note: Numbers may not sum to total due to rounding.*

**RESIDENTIAL**

As long as the new residential units at the Paducah Redevelopment result in a net increase in the state’s population, there will be an economic impact from those residents’ spending.

According to data from the applicant, 44 residential units will be built at the site. The only way that this development would increase the number of residents in the state is by providing new housing supply in an area where existing housing supply is otherwise constrained. Based on our market assessment, there is only one other residential project currently proposed in the Paducah area, and existing apartments in the area appear to be performing well. We estimated that 5% of residents would be new to the state because of the development, resulting in an increase in annual household income in the state of \$96,000, or about \$2,200 on average per unit.

We estimated the net economic impact of new residents based on what a typical Kentucky resident would purchase with their income, and the economic impact of these purchases. We estimated that resident spending would increase the annual amount of goods and services sold in the state by \$105,000 and would result in an additional 1 job.

**RIVERFRONT PUBLIC INFRASTRUCTURE**

In 2019, the federal government awarded the City of Paducah a \$10.4 million BUILD Grant to help partially fund riverfront public infrastructure improvements. This included increasing the number of boat slips at the city’s transient dock and improvements to the riverboat cruise excursion pier.

The Tennessee and Ohio Rivers converge at Paducah, making it a popular destination for boaters of all types. Improvements to the transient dock would mean increased slip reservations, especially during Paducah’s peak season. These additional boat slips would serve boaters traveling from out-of-state.

Paducah is already a popular port of call for river cruise ships. However, the ramping for these cruise ships is limited and the gangway between the boat and downtown is at a steep 15% grade. This makes access to Paducah challenging for older passengers or passengers with limited mobility. The new excursion pier and plaza would make access to Paducah easier for cruise ship passengers. The new pier could allow river cruises to begin and end in the city. This would lead to an increase in overnight stays of out-of-state visitors in Paducah.

Paducah is a popular tourist destination and hosts numerous annual festivals and events that draw tens of thousands of visitors to the city and state. We anticipate that these infrastructure improvements would result in an increase in visitor spending, including spending at the hotel and retail components of the project, as shown in Table 17 below.

**TABLE 17. Estimated Annual Net New Visitor Spending by Category**

Category	Net New Visitor Spending
Lodging	\$100,000
Food and Beverage	\$156,000
Retail	\$96,000
Transportation	\$50,000
Entertainment and Recreation	\$100,000
<b>Total</b>	<b>\$504,000</b>

*Source: Anderson Economic Group analysis using base data from the City of Paducah; Paducah Convention and Visitors Bureau.*

*Note: Numbers may not add to total due to rounding.*

**Net Economic Impact of Visitor Spending.** We used our estimates of net new visitor spending to estimate the net new economic impacts from the spending. We show these estimates in Table 18 below.

**TABLE 18. Annual Net Economic Impact of New Visitor Spending**

Category	Output	Earnings	Employment
Lodging	\$79,000	\$49,000	1
Food and Beverage	\$147,000	\$83,000	3
Retail	\$78,000	\$52,000	2
Transportation	\$52,000	\$28,000	1
Entertainment and Recreation	\$81,000	\$63,000	2
<b>Total</b>	<b>\$439,000</b>	<b>\$276,000</b>	<b>9</b>

*Source: Anderson Economic Group analysis using base data from the City of Paducah; Paducah Convention and Visitors Bureau; Bureau of Economic Analysis RIMS II Multipliers.*

*Note: Numbers may not add to total due to rounding.*

**LIGHT MANUFACTURING**

GenCanna, a Kentucky-based hemp production company, anticipates rehabilitating and occupying an existing light manufacturing site located in the TIF District. The space would be used as an agricultural hemp facility with warehouse, retail, office, research, and manufacturing functions. This component would result in a net economic impact only if it:

- Induces people to spend more money in Kentucky than they would have otherwise spent; or
- Generates new business rather than relocating business from their existing facilities elsewhere in the state.

The hemp industry is growing in Kentucky and it is supported by various government, nonprofit, and private partners. Despite this, GenCanna has experienced recent difficulties with their business and, in February 2020, filed for Chapter 11 Bankruptcy. It is our understanding that GenCanna still intends to move forward with this facility in Paducah.

We estimated the number of new employees and their annual earnings that would be employed by GenCanna using information provided by the City of Paducah and other sources. We estimated that 5% of sales, employment and earnings would represent net new activity in the state.

**TABLE 19. Annual Net Economic Impact of Operations at Light Manufacturing Space**

Economic Impact	Output (millions)	Earnings (millions)	Employment
Direct	\$0.25	\$0.10	2
Indirect	\$0.14	\$0.10	4
<b>Total</b>	<b>\$0.39</b>	<b>\$0.21</b>	<b>6</b>

*Source: Anderson Economic Group analysis using base data from the City of Paducah; Bureau of Labor Statistics; Bureau of Economic Analysis RIMS II Multipliers.*

**PUBLIC ASSEMBLY**

The Paducah Redevelopment includes the renovation of two historic public assembly spaces: the Columbia Theatre and the Showroom. This would result in a net economic impact if it induces people to spend more money in Kentucky than they would have otherwise spent. A renovated Columbia Theatre could host events like comedy shows or movie festivals; however, there are currently three other similarly-sized theaters in downtown Paducah. We estimate that 5% of employment and earnings at the theater would be net new to Kentucky.

The scope and timing of the Showroom redevelopment is unclear; therefore, we did not include it in our analysis.

**TABLE 20. Annual Net Economic Impact at Public Assembly Space (Columbia Theatre Only)**

Economic Impact	Earnings (millions)	Employment
Direct	\$0.01	1
Indirect	\$0.01	0
<b>Total</b>	<b>\$0.02</b>	<b>1</b>

Source: Anderson Economic Group analysis using base data from the City of Paducah; Bureau of Economic Analysis RIMS II Multipliers.

**CONSTRUCTION**

The primary economic impact of the development phase is the expenditure by the developer on goods and services from local vendors in the construction industry and recirculation of this spending in the state.

To the extent that the project components represent substitutes for activity that would have otherwise occurred in Kentucky, the construction of that space represents a substitute for construction of that space elsewhere in the state, too. Therefore, we used the same substitution rates for construction for each component as we do for ongoing operations.

**TABLE 21. Annual Net Economic Impact of Construction**

Year	Output (millions)	Earnings (millions)	Employment
2020	\$1.63	\$0.52	12
2021	\$2.96	\$0.96	21
2022	\$2.40	\$0.77	16
2023	\$1.09	\$0.35	7
2024	\$2.20	\$0.71	14
2025	\$2.25	\$0.73	14
<b>Total</b>	<b>\$12.55</b>	<b>\$4.07</b>	<b>21</b>

Source: Anderson Economic Group analysis using base data from the City of Paducah; Weyland Ventures; Bureau of Economic Analysis RIMS II Multipliers.  
 Note: The total employment impact reflects the maximum net employment impact due to construction.

**KENTUCKY  
COMMONWEALTH  
INCENTIVE  
PROGRAMS IN/NEAR  
PADUCAH**

The closest State TIF District is the WKT Technology Park Project in Graves County, which is 20 miles south of Paducah. This project has only received preliminary approval from KEDFA.

Given the uncertainty of the WKT TIF Project and the distance of that project from Paducah, it is unlikely that any of the net economic impact to the Commonwealth resulting from that project would be double counted in our analysis.

Additionally, there are two active Tourism Development Act (TDA) projects in Paducah. The first, the Paducah Riverfront Hotel TDA project, was approved in 2015. It was approved to support the construction of the new Holiday Inn in Downtown Paducah. To date, this TDA project has received \$1 million of the \$4.5 million for which it is eligible. The second, The Paducah Convention Hotel TDA project, was approved in 2014. To date, this TDA project has not received any funds of the possible \$4.5 million provided for in the TDA agreement. This TDA project is still active.

The Paducah Riverfront Hotel TDA project is not included in the Paducah Downtown Riverfront Redevelopment TIF District. To the extent that the TIF project will increase new hotel stays, some of those stays and associated spending will likely take place at the Paducah Riverfront Hotel TDA. We considered this in our analysis of the economic impact of the project's proposed hotel component.

## **ECONOMIC IMPACT SUMMARY**

Considering all of these elements together, the cumulative impact over 20 years of the Paducah Downtown Riverfront Redevelopment is shown in Table 22 on page 36.

For a detailed summary of annual economic estimates for each component of the development, see "Annual Net Economic Impact of Construction and Operations of Paducah Downtown Riverfront Redevelopment in Kentucky" on

page C-15. For more details on our methodology and approach see “Economic Impact Analysis” on page A-2.

**TABLE 22. Total Net Economic Impact of the Paducah Redevelopment, 2020 to 2039**

Source	Output (millions)	Earnings (millions)	Employment
Hotel	\$4.9	\$1.5	4
Retail	\$23.8	\$2.2	3
Residential	\$2.1	\$0.6	1
Visitor Spending	\$22.4	\$6.5	9
Light Manufacturing	\$7.6	\$4.2	6
Public Assembly	-	\$0.5	1
Construction	\$12.5	\$4.0	21
<b>Total</b>	<b>\$73.5</b>	<b>\$19.9</b>	<b>21 due to construction; 24 on an ongoing basis</b>

Source: Anderson Economic Group analysis using base data from the City of Paducah; Bureau of Economic Analysis RIMS II Multipliers.

Notes:

1. The total employment impact reflects the maximum net employment impact due to construction and the maximum net new employment due to operations when the project is fully developed.
2. Construction impact includes the construction of infrastructure at the Paducah Redevelopment.

## *VII. Net Fiscal Impact of the Paducah Downtown Riverfront Redevelopment*

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Beyond the economic impact, there are also fiscal impacts, which estimate how the specific economic activity would affect tax revenues in the state. In this section, we present the fiscal impact of the Paducah Downtown Riverfront Redevelopment project on the Commonwealth of Kentucky. We account for the following impacts:

- A change in sales tax revenue due to a change in direct spending or sales by businesses at the project site and increased household spending due to additional earnings generated by the project.
- A change in individual income tax revenue due to additional earnings generated by construction and occupancy of the project.
- A change in corporate income tax revenue due to additional business income generated by businesses that locate at the project site.
- A change in property tax due to the construction of buildings that will be owned by taxable entities at the project site.

### **NET FISCAL IMPACT DEFINED**

Net fiscal impact includes only tax revenues that would not otherwise be generated in the absence of the project. Net fiscal impact is distinct from the tax increment on the project site. Much of the tax increment may not result in a net fiscal impact if it would have occurred elsewhere in the state without the project. Further, the net fiscal impact will in part be generated from sources in Kentucky located outside the project site.

See “Fiscal Impact Analysis” on page A-8 for further discussion of our methodology.

### **FISCAL IMPACT**

We estimated the net fiscal impact of seven sources of economic activity associated with the proposed Paducah Downtown Riverfront Redevelopment: (1) construction of the proposed developments, (2) hotel operations, (3) retail operations, (4) spending by tenants living in the residential structure, (5) visitor spending, (6) light manufacturing operations, and (7) public assembly operations.

**Total Fiscal Impact.** We estimated that the net fiscal impact of the Paducah Downtown Riverfront Redevelopment would total \$2.76 million over the 20-year duration of the proposed TIF. This includes:

- \$1.63 million in sales tax revenues,
- \$0.95 million in individual income tax revenues,
- \$0.04 million in corporate income tax revenues, and
- \$0.12 million in property tax revenues.

We show these impacts by project component and revenue source in Table 23 and Figure 3 below.

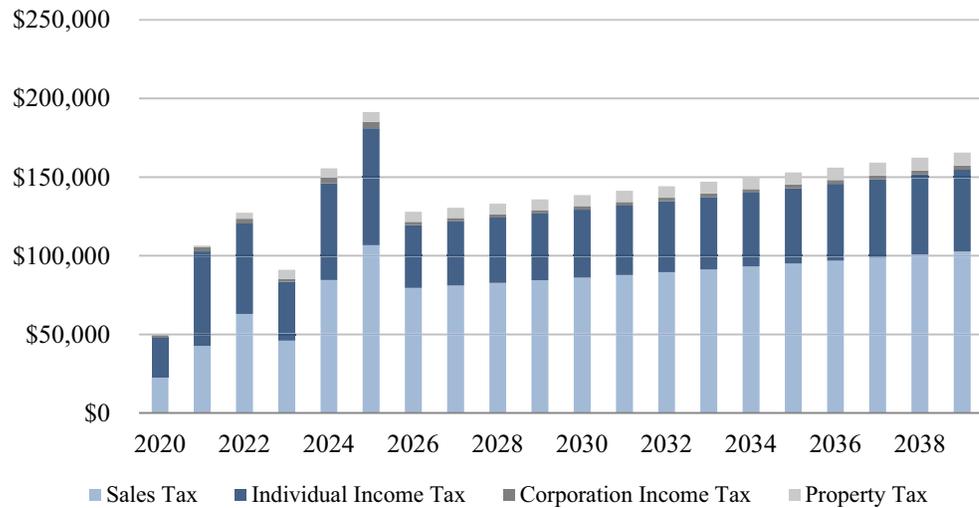
**TABLE 23. Net Fiscal Impact of Paducah Redevelopment, 2020 to 2039 (millions)**

	Sales Tax	Individual Income Tax	Corporate Income Tax	Property Tax	Total
Construction	\$0.16	\$0.19	\$0.01	n/a	\$0.37
Hotel	\$0.22	\$0.07	\$0.00	\$0.04	\$0.34
Retail	\$0.82	\$0.11	\$0.02	\$0.07	\$1.03
Residential	\$0.00	\$0.02	\$0.00	\$0.00	\$0.04
Visitor Spending	\$0.05	\$0.31	n/a	n/a	\$0.37
Public Assembly	n/a	\$0.02	n/a	n/a	\$0.02
Light Manufacturing	\$0.36	\$0.20	\$0.00	\$0.00	\$0.57
<b>Total</b>	<b>\$1.63</b>	<b>\$0.95</b>	<b>\$0.04</b>	<b>\$0.12</b>	<b>\$2.76</b>

Source: Anderson Economic Group analysis, using multiple sources. See “Fiscal Impact Analysis” on page A-8 for details.

Note: Figures may not sum to total due to rounding. Many values that appear to be zero are non-zero values that fall below the rounding threshold.

**FIGURE 3. Net Fiscal Impact of Paducah Redevelopment, by Revenue Source**



Source: Anderson Economic Group analysis using multiple sources.

See “Appendix C. Exhibits” on page C-1 for detailed exhibits on the breakdown of the fiscal impact over the 20-year life of the proposed TIF based on the type of development and by the type of tax revenue.

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## *Appendix A. Data and Methodology*

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In this section, we describe our methodology for estimating the total incremental tax revenues generated by the Paducah Downtown Riverfront Redevelopment project, as well as the economic impact and fiscal impacts of the project in Kentucky.

### **TAX INCREMENT ANALYSIS**

#### *Property Tax*

We estimated the taxable value of development on the site over 20 years (through 2039) based on research of per-square-foot, key, or apartment unit of comparable properties in McCracken County for each component and use. The taxable value was phased in based on data provided by the City of Paducah and was inflated 2% per year for the next 20 years. We applied the current state property tax rate to the estimated taxable values to determine the stabilized state property taxes for each use.

Our analysis is based on the current taxable valuations per applicable unit of stabilized product in the market. We assume the hotel, retail, residential, and light manufacturing components would generate property taxes but that the Columbia Theatre would remain in nonprofit ownership and be exempt from state property tax.

#### *Income Tax Withholding*

We estimated the total number of hotel and retail employees on site over a 20-year period (through 2039) based on employment densities of comparable properties. We used employment data from other GenCanna facilities to estimate the total number of employees at the light manufacturing facility on site. We used data from annual financial reports of publicly-traded movie theater companies to estimate the total number of employees at the Columbia Theatre.<sup>4</sup>

We used average per capita wages in McCracken County to estimate total wages for the retail, hotel, and light manufacturing components.

The proposed GenCanna facility will include retail and light manufacturing components. Our employment and wage estimates for that component is a blend of retail employees in the assumed 5,000 square feet of retail and light manufacturing employees in the remaining 125,000 square feet. We used average McCracken County wages for each component to calculate a blended wage and number of employees in the proposed facility.

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4. Actual employment at the Columbia Theatre will depend on the number of shows hosted annually and the number (if any) of volunteer staff.

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Employment was phased in according to the construction timeline in Table 5 on page 13, and wages were inflated 2% per year for the next 20 years. We then multiplied the total estimated wages by the effective state income tax rate of 4.8%.

### *Sales Tax*

To project sales tax for the retail component of the project, we researched average sales per square foot figures of businesses similar to the potential retail tenants. We assumed that approximately 88% of the retail space will be leased to sales-tax generating uses based on the types of businesses of the interested tenants.

Based on discussions with the applicant, we assumed that the light manufacturing component would have a small portion of space devoted to retail. GenCanna did not define a specific amount of space devoted to retail. Based on similar facilities, we assumed that 5,000 square feet will be allocated for retail.

To project sales and use tax for the hotel component of the project, we estimated annual sales by multiplying our RevPAR assumption by the number of rooms and 365 days. Transient room taxes, 5% local and 1% state, are factored into the calculation of our RevPar assumption for purposes of calculating sales tax per State statute.

We phased in the estimated annual sales for each component based on Table 5 on page 13 and inflated at 2% per year for the next 20 years. Total sales were multiplied by 6% (the latest state sales tax rate) to estimate state sales tax productivity. We maintained a constant state sales tax rate throughout the 20-year TIF period.

## **ECONOMIC IMPACT ANALYSIS**

We define the economic impact of the project as the amount of new economic activity that would occur in Kentucky as a result of the TIF District and corresponding development plan. We compared the project development as outlined in Table 5 on page 13 to a scenario in which the project is not built. The difference in total economic activity between these two scenarios is the net economic impact. We measure the economic impact in terms of output (sales by businesses), earnings, and employment.

There are six components proposed by the project, including hotel, retail, residential, light manufacturing, riverfront improvements, and public assembly space. Each spur additional economic activity in Kentucky through direct output and spending, as well as recirculation of these expenditures in the state.

For each of the developments, we estimated the direct impacts, which are the output, employment, and earnings generated by businesses located in the development district, and indirect impacts, which are the statewide multiplier effects

of net new spending spurred by these developments. We calculated the indirect economic impact by multiplying the net new spending or employment by multipliers released by the U.S. Bureau of Economic Analysis. For each category of spending, we assigned the most appropriate BEA industry classification and used the appropriate multiplier for each industry.

We discuss our methods for estimating each source of the Paducah Downtown Riverfront Redevelopment economic impact in the following sections.

**Hotel.** To calculate the economic impact of the hotel, we estimated the number of employees that would work in the hotel and then estimated the average wages for hotel workers in McCracken County, as described in “Tax Increment Analysis” on page A-1. Table A-1 shows how we estimated employment and earnings for the proposed hotel.

**TABLE A-1. Estimating Employment and Earnings in On-Site Hotel**

	<b>Value</b>
Employees	42
Average Annual Earnings per Employee (2019 dollars)	\$18,000
<b>Total Annual Earnings</b>	<b>\$756,000</b>

*Source: AEG analysis using data from SB Friedman’s market assessment.*

The Paducah Convention and Visitors Bureau provided data on ten hotels in Paducah for the months July-September 2019. These hotels would be within the competitive set for the proposed hotel. We used this data to estimate the annual revenue for the proposed hotel.

**TABLE A-2. Estimating Total Revenue for On-Site Hotel**

	<b>Value</b>
Number of Rooms	84
Sales per key	\$29,200
<b>Total Revenue</b>	<b>\$2,452,800</b>

*Source: AEG analysis using base data from SB Friedman’s market assessment; Paducah CVB.*

Once we estimated the annual revenue, the number of employees, and earnings, we multiplied by 5% to account only for the portion of activity that would be net new to the state, and then multiplied by output, employment, and earnings multipliers for the Kentucky accommodations industry from the Bureau of Economic Analysis.

We used a 5% net new rate because there are already a number of hotels and other accommodation options in the city, including one other hotel in downtown Paducah. But, the hotel's proximity to activity-generators like the riverfront and downtown Paducah could induce a marginal increase the number of visitors who choose to stay overnight instead of visiting for just a day.

**Retail.** To estimate the economic impact of the project's retail space, we first estimated the number of employees that would work in the retail space and the average wages for a retail worker in McCracken County, as described in "Tax Increment Analysis" on page A-1. Table A-3 below show how we estimated employment and earnings for retail employees.

**TABLE A-3. Estimating Employment and Earnings in On-Site Retail**

	Value
Employees	46
Average Annual Earnings per Employee (2019 dollars)	\$26,500
<b>Total Earnings</b>	<b>\$1,219,000</b>

*Source: AEG analysis using data from SB Friedman's market assessment.*

We used data from our market assessment to estimate the annual retail sales for businesses that would locate in the commercial space of the project. Table A-4 shows how we estimate the retail sales.

**TABLE A-4. Estimating Total Sales for On-Site Retail**

	Value
Total Square Footage	32,500
Sales per Square Foot	\$425
<b>Total Sales</b>	<b>\$13,812,500</b>

*Source: AEG analysis using data from SB Friedman's market assessment.*

Once we estimated the annual sales, the number of employees, and earnings, we multiplied by 5% to account only for the portion of activity that would be net new to the state, and then multiplied by output, employment, and earnings multipliers for the Kentucky general merchandise stores industry from the Bureau of Economic Analysis.

We used a 5% net new rate because the retail component is part of a larger development intended to encourage more people to spend time in downtown Paducah. The city is already a popular tourist destination, and it hosts numerous annual events that brings tens of thousands of visitors to the state and is a port of call for riverboat cruise ships. We expect that the proposed retail component

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would increase net new spending, driven by a marginal increase in the spending patterns nearby residents.

**Residential.** To calculate the impact of the residential development, we estimated the number of households that would otherwise locate outside of Kentucky in absence of the project and the amount of earnings these households make. According to the TIF application, 44 residential units will be built on the site. According to the unit mix provided by the developer, 35% of the units will be two-bedroom and 65% will be one-bedroom. We estimated that 5% of residents living in the new housing would not locate in Kentucky in the development's absence. We multiplied this number of net new households by the median household income for McCracken County to obtain total earnings net new to the state.

We multiplied the net new total household earnings by output, employment, and earnings multipliers for Kentucky households to determine the total economic impact generated by the new residential development.

This method resulted in a change in demand for goods and services in the state by industry, and the resulting change in statewide employment, earnings, and output because of that demand.

**Light Manufacturing.** To estimate the economic impact of the light manufacturing space, we first estimated the number of employees that would work in the space and the average annual wage, as described in "Tax Increment Analysis" on page A-1. Table A-5 below show how we estimated employment and earnings for light manufacturing employees.

**TABLE A-5. Estimating Employment and Earnings in On-Site Manufacturing**

	<b>Value</b>
Employees	52
Average Annual Earnings per Employee (2019 dollars)	\$46,200
<b>Total Earnings</b>	<b>\$2,402,400</b>

*Source: AEG analysis using data from SB Friedman's market assessment.*

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We used data from our market assessment to estimate the annual retail sales for the light manufacturing facility. Table A-6 on page A-6 shows how we estimate the retail sales.

**TABLE A-6. Estimating Total Sales for On-Site Light Manufacturing**

	Value
Total Square Footage	130,000
Square Feet Allocated for Retail Sales	5,000
Sales per Square Foot	\$1,000
<b>Total Annual Sales</b>	<b>\$5,000,000</b>

*Source: AEG analysis using data from SB Friedman's market assessment.*

Once we estimated the annual sales, earnings, and employment, we multiplied this by 5% to account only for the portion of activity that would be net new to the state, and then multiplied by output, employment, and earnings multipliers for Kentucky tobacco product manufacturing industry from the Bureau of Economic Analysis.

We used a 5% net new rate. It is reasonable to assume that because GenCanna is a Kentucky-based company, they would likely open a similar facility elsewhere in the state in the absence of the Paducah Redevelopment project.

**Riverfront Improvements.** Paducah has made recent investments to its riverfront and has plans for further improvements. These improvements would improve access between the riverfront and downtown Paducah and encourage increased visitorship to the city.

We used data provided by the City of Paducah and the Paducah Convention and Visitors Bureau to estimate the scope of attendance at events held in the city and the number of passengers onboard the riverboat cruises that disembark at Paducah. The new excursion pier and plaza would increase tourism in the city through two channels: (1) an increase in the number of existing passengers that disembark at Paducah, and (2) an increase in the number of riverboat cruises that make Paducah a port of call.

First, the new excursion pier and plaza would make access to Paducah easier for cruise ship passengers by decreasing the grade of the gangway between the boat and downtown. In our analysis, we assume that 10% more passengers would disembark due to the riverfront improvements.

According to the city's BUILD Grant application, the new excursion pier and plaza, along with the City Block development, would attract more river boat cruises to make Paducah a port of call. The application estimates that the number of riverboat tourists would increase from about 3,000 to over 5,000 due to

the improvements along the riverfront. We considered that 100% of the increase in riverboat tourists would be net new to the state. However, not all passengers may disembark at Paducah. Therefore, we assume that 80% of the net new passengers will disembark at Paducah.

These visitors would contribute to the local economy by staying in local hotels and spending money at restaurants, bars, local attractions, and other establishments. We estimated the increase in annual spending by riverboat tourists using data from the BUILD Grant application. According to the application, the average annual direct spending from riverboat tourists was about \$275,000 per year for the past five years. For our analysis, we assumed that annual spending would increase proportionally to the increase in riverboat tourists. We estimated that the direct annual spending would increase by \$504,000. We estimated the breakdown of daily spending by visitors using professional judgement.

**TABLE A-7. Annual Spending by Visitors**

Spending Categories	Estimated Share of Spending	Total Net New Spending
Food and Drink	31%	\$156,000
Accommodation	20%	\$100,000
Entertainment	20%	\$100,000
Retail Purchases	19%	\$96,000
Transportation	10%	\$50,000
<b>Total</b>	<b>100%</b>	<b>504,000</b>

*Source: Anderson Economic Group analysis using base data from the City of Paducah.*

We multiplied these estimates by final demand multipliers for Kentucky for each category of spending, and we totaled across all industries to determine the total economic impact generated by increased visitorship due to riverfront improvements.

**Public Assembly.** To estimate the economic impact of the Columbia Theatre, we first estimated the number of employees that would work in the theater and the average wages for a retail worker in McCracken County, as described in

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“Tax Increment Analysis” on page A-1. Table A-8 below shows how we estimated employment and earnings for retail employees.

**TABLE A-8. Estimating Employment and Earnings in On-Site Public Assembly**

	Value
Employees	13
Average Annual Earnings (2019 dollars)	\$26,500
<b>Total Earnings</b>	<b>\$344,500</b>

*Source: AEG analysis using data from SB Friedman’s market assessment*

Once we estimated the number of employees and earnings, we multiplied these quantities by 5% to account for only the portion of activity that would be net new to the state and then multiplied the products by direct effects multipliers for Kentucky performing arts industries from the Bureau of Economic Analysis.

We used a 5% net new rate because there are three similarly-sized venues in downtown Paducah. The Columbia Theatre would have a small effect on spending, driven by a small change in the spending patterns of nearby residents.

**Construction.** We obtained estimates on the cost of each type of component from the developer.

We estimated the share of construction spending that would be net new in Kentucky. We used the same substitution rate for the construction of each component as we did for the employment and earnings associated with each component.

Once we estimated the net new spending in Kentucky due to construction, we multiplied the spending by output, employment, and earnings multipliers for the construction industry from the U.S. Bureau of Economic Analysis to determine the total economic impact of construction.

**Future Projections.** To project the economic impact of the project in future years, we assumed that earnings and output would increase at an inflationary rate of 2%. We assumed that the impact on employment would be constant.

## **FISCAL IMPACT ANALYSIS**

We define the net fiscal impact of the Paducah Redevelopment as the amount of tax revenues to the Commonwealth of Kentucky that are generated exclusively due to the project. We compared the project development as outlined in Table 5 on page 13 to a scenario in which the development is not built. We account for the following sources of tax revenues: sales tax, individual income tax, corporate income tax, and property tax.

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### *Sales Tax*

We estimated the net increase in sales tax revenues from two sources generated by the proposed development in the Paducah Redevelopment TIF proposal:

1. Direct spending or sales at the project site; and
2. Increased household spending in Kentucky due to additional earnings generated by the project.

Our estimates are conservative since we do not account for sales tax revenues generated by additional business-to-business spending.

**Direct Sales or Spending.** For each source of sales or spending, we relied on several estimates:

- **Construction.** Spending on construction materials would be subject to the state sales and use tax. We multiplied our estimates for the costs of materials by our estimates for substitution from the economic impact analysis and then by the statutory tax rate of 6%.
- **Hotel Development.** Room revenues at the hotel development would be subject to the state sales and lodging tax. We relied on the construction timeline provided by the developer to estimate the cumulative number of rooms constructed each year. We then multiplied the number of rooms by the median revenue per available room (RevPAR) to determine the total spending on lodging at the new hotel each year. Based on data from the Paducah Convention and Visitors Bureau, the median RevPAR for competitive hotels in the area was \$70 in 2019. We escalated this number using a 2% annual inflation rate for future room purchases. We then multiplied these room revenues by our estimate of substitution from the economic impact analysis, and then by the estimated sales tax rate of 6.36%.
- **Retail and Light Manufacturing Developments.** A portion of the sales at the manufacturing facility and other retail businesses would be subject to the state sales tax. We relied on the sales tax revenues for the retail and manufacturing development from our tax increment analysis. We multiplied these revenues by our estimates for net new from the economic impact analysis to estimate net new revenues that would be attributed to the development.

For a detailed exhibit documenting our analysis, see Exhibit C-4 on page C-9.

**Increased Household Spending.** In our economic impact analysis, we estimated statewide net new earnings generated by each type of development in each year. This impact on earnings occurs through two avenues: (1) new jobs either for Kentucky residents who are not currently employed, or new residents working in Kentucky who would not otherwise locate there, and (2) marginal increases in income for employees or business owners who are already Kentucky residents with earnings from other activities. All of the earnings for the first group are attributable to the project. For the second group, only a marginal increase in their earnings is attributable to the project.

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We must differentiate between the impact on statewide taxable sales for these two groups because the first group spends a larger share of their earnings attributable to the project than the second group. We considered the portion of the net statewide impact on earnings that are *direct* earnings to be average income (direct earnings include income by those directly involved in operations at the site). To be conservative, we considered indirect earnings to be marginal income. After calculating direct and indirect earnings, we multiplied these earnings by the share of earnings that are spent on sales taxes. We estimated this to be 2.4% for average income and 0.9% for marginal income.

To estimate consumer spending on sales tax, we took the following steps:

1. We first estimated the share of income consumed using data from the U.S. Bureau of Labor Statistics Consumer Expenditure Survey for consumer units in the South region, which includes Kentucky. For average income, we estimated that this is about 99%, relying on information on households earning income between \$40,000 and \$49,999. For marginal income, we estimated that 36% of income is consumed, which is the ratio of the additional average consumption to additional average income associated with an increase in household income. For the purposes of this analysis, we relied on consumer expenditures for an increase in household earnings from between \$40,000 and \$49,999 to between \$50,000 and \$59,000.
2. We multiplied the share of income subject to consumption by the share of household consumption in Kentucky subject to the sales tax, which we estimated is 40% based on the past several editions of the Annual State Business Tax Burden Rankings.<sup>5</sup>
3. We then multiplied the product of these parameters by the statutory state sales tax rate of 6%.

For a detailed exhibit documenting our analysis, see Exhibit C-5 on page C-10.

### *Individual Income Tax*

We estimated the net increase in individual income tax revenues due to changes in average and marginal income.

**Average vs. Marginal Income.** We categorized additional earnings generated by the Paducah Redevelopment into average and marginal income. We refer to average income as the portion of additional earnings that is associated with employment that would not otherwise exist in Kentucky if not for the project. We calculated the average income as the direct earnings of construction workers and those employed at the project's new businesses, including the hotel, retail, and manufacturing components. We refer to marginal income as the portion of earnings for existing employment that is earned in addition to what would have

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5. Jason Horwitz and Judy Zhang, "2018 Annual State Business Tax Burden Rankings," Anderson Economic Group, LLC, June 13, 2018.

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been earned in the absence of the project. For example, on-site businesses would increase spending at other local businesses, resulting in increased personal income for employees at the other local businesses.

It is important to account for both average and marginal income in our analysis because the project would impact local salaries and wages through increases in income paid in the form of new jobs for the unemployed and raises for existing employees.

We relied on our estimates for the amount of net new earnings generated by each type of development from our economic impact analysis. We then multiplied these earnings by an effective individual income tax rate of 4.8%.

For a detailed exhibit documenting our analysis, see Exhibit C-6 on page C-12.

#### *Corporation Income Tax*

We estimated the net increase in corporation income tax due to additional business income generated by project construction and on-site businesses. To be conservative, we only estimated the amount of limited liability entity (LLE) tax generated by the project, and did not add any additional liability that may come from C corporations paying additional corporate income tax.

We relied on our estimates for the amount of net new output, or sales, generated at Kentucky businesses from our economic impact analysis. We then applied the statutory LLE tax rate of 0.095% of Kentucky gross receipts.<sup>6</sup>

For a detailed exhibit documenting our analysis, see Exhibit C-7 on page C-13.

#### *Property Tax*

We relied on SB Friedman's analysis of the property tax increment for each type of development. We then applied our respective estimates for net new from the economic impact analysis to estimate the net increase in property tax revenues.

For a detailed exhibit documenting our analysis, see Exhibit C-8 on page C-14.

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6. For the purposes of this analysis, we relied on this approach for estimating the LLE tax. We note that a firm's LLE tax liability is the lesser of either 0.095% of the Kentucky gross receipts for 0.75% of Kentucky gross profits, subject to a \$175 minimum liability.

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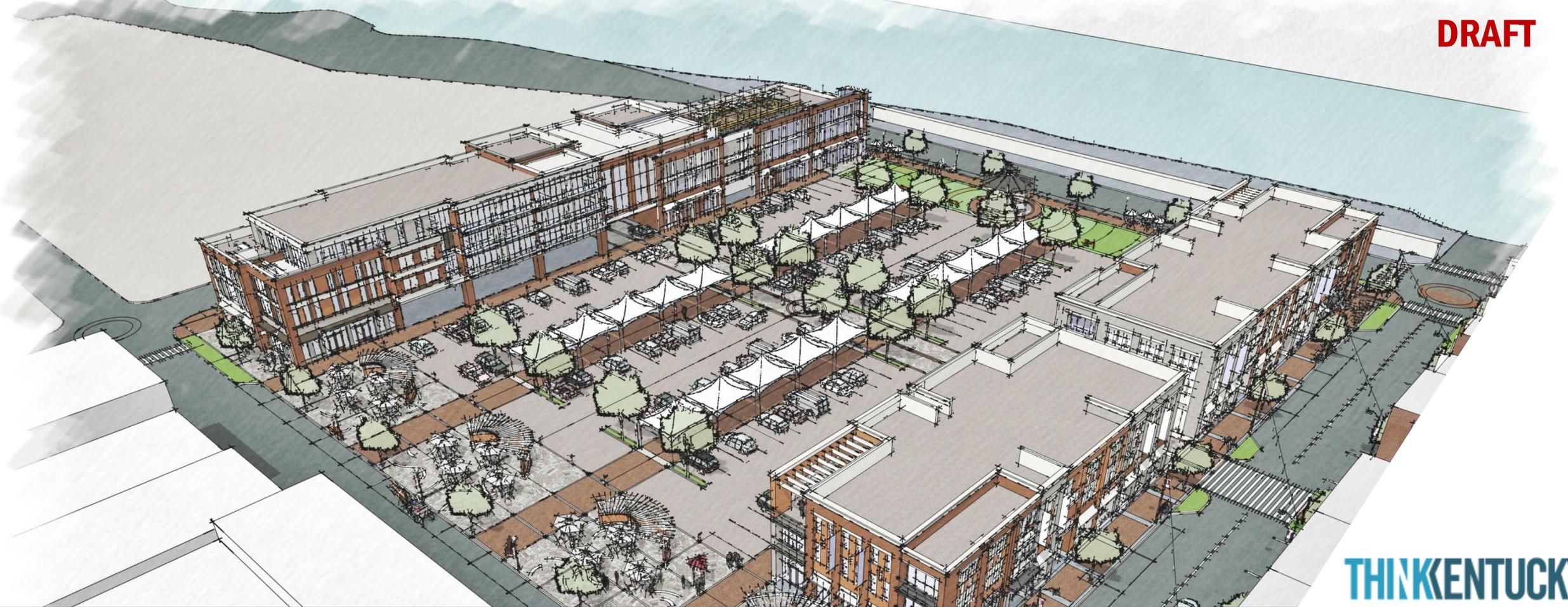
## *Appendix B. Market Assessment*

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The following pages include a market assessment performed by SB Friedman Development Advisors for the Paducah Downtown Riverfront Redevelopment. The contents of this market assessment were used to inform various aspects of the analysis presented throughout the report.

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**DRAFT**



# PADUCAH RIVERFRONT TIF

Market Assessment | Kentucky Cabinet for Economic Development

June 2020

Photo Source: City Visions Associates; City of Paducah; Kentucky Cabinet for Economic Development

**THINK KENTUCKY**  
Cabinet for Economic Development

**SBFRIEDMAN**

VISION  
ECONOMICS  
STRATEGY  
FINANCE  
IMPLEMENTATION

# COVID-19 CONSIDERATIONS

- This analysis was prepared prior to the COVID-19 pandemic and does not consider the changing market environment or consumer behaviors.
- The market feasibility of each project component could be materially altered by the uncertain short- and long-term effects of the pandemic.

# OUTLINE

01 OVERVIEW

02 HOTEL

03 RETAIL

04 RESIDENTIAL

05 LIGHT MANUFACTURING

06 PUBLIC ASSEMBLY

07 RIVERFRONT PUBLIC INFRASTRUCTURE

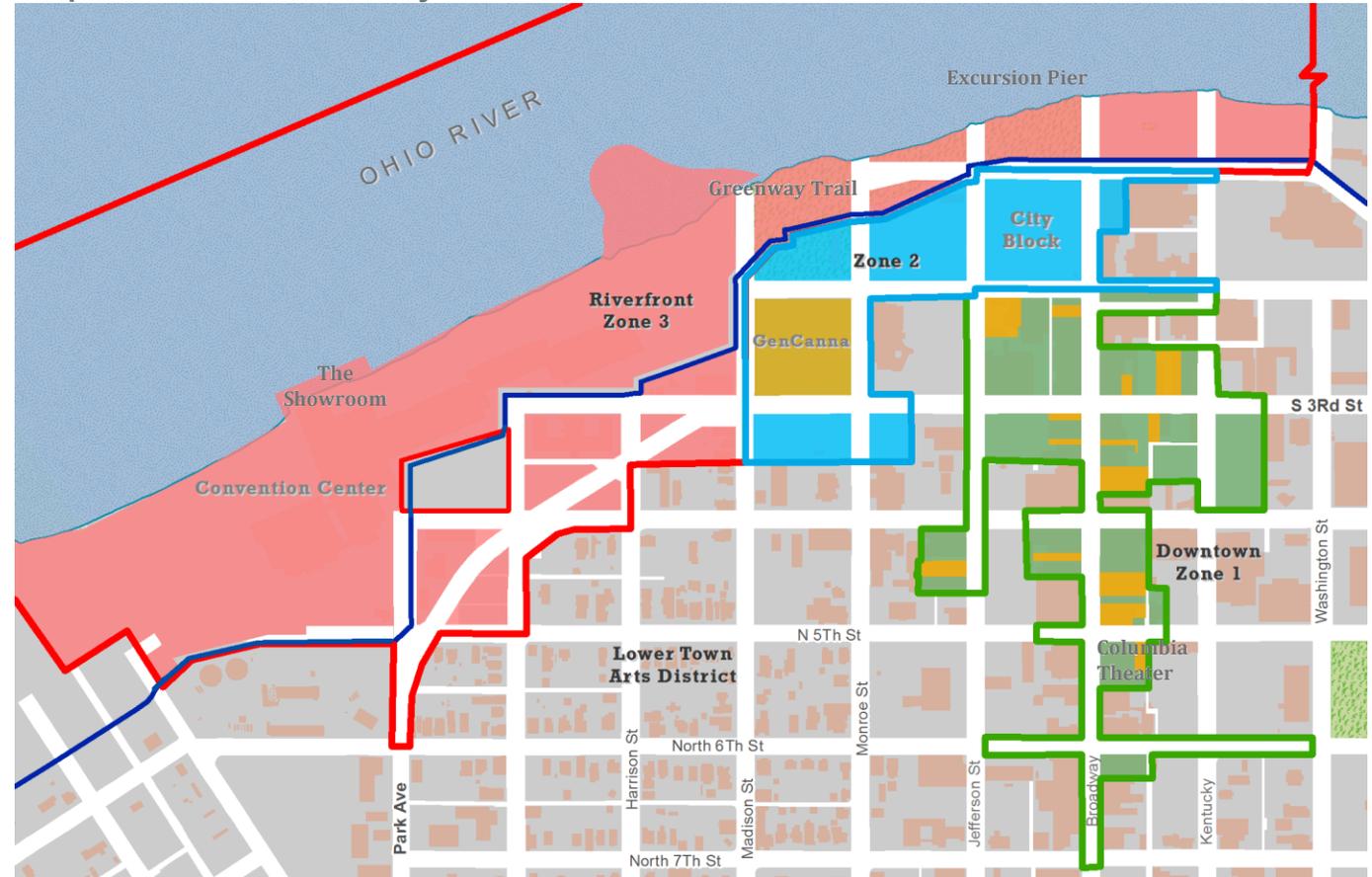
08 CONCLUSIONS

# PROGRAM OVERVIEW

## Proposed TIF District Project Area (the “Project Area”)

- The Project Area is divided into 3 zones
  - Zone 1: Downtown
    - Columbia Theater
    - Residential, retail/restaurant and hotel development
  - Zone 2: City Block & GenCanna
    - City Block
      - Residential
      - Hotel
      - Retail/Restaurant
      - Public Park
    - GenCanna
  - Zone 3: Riverfront
    - The Showroom
    - Transient Dock Landing and Pedestrian Corridor
    - Excursion Pier

Proposed TIF District Project Area



Source: City of Paducah; Kentucky Cabinet for Economic Development

# PROGRAM OVERVIEW

## Application Components

The City of Paducah submitted the Paducah Downtown Riverfront Redevelopment Project for state TIF assistance. SB Friedman submitted a data request for further information on the Project. The below table shows the components for which the City provided further information.

Land Use	Further Information Provided		Further Information Not Provided	
	Unit	Description	Unit	Description
<b>REAL ESTATE</b>				
<b>Hotel</b>	<b>Keys</b>		<b>Keys</b>	
Hotel	84	Limited service hotel for up to 84 rooms in the City Block development [1]	47	Boutique hotel on upper stories of existing historic building throughout downtown.
<b>Residential</b>	<b>Units</b>		<b>Units</b>	
Residential	44	Two, 3-story, mixed-use commercial and residential buildings in the City Block development.	160	Infill housing Downtown, include on the former Kresge site on Broadway between 3 <sup>rd</sup> and 4 <sup>th</sup> Streets, and a 3-acre vacant lot at Jefferson and North 2 <sup>nd</sup> Street. Additional residential units in upper stories of existing buildings Downtown.
<b>Retail/Restaurant/Entertainment</b>	<b>SF</b>		<b>SF</b>	
Retail/Restaurant/Entertainment	32,500	Retail and restaurant space on the ground floor of the mixed-use commercial residential building in the City Block Development. 5,000 sf rooftop space at Hotel A.	78,000	Retail and restaurant space in Hotel B, residential buildings in Residential B, and in vacant spaces Downtown.
<b>Public Assembly</b>	<b>SF</b>			
Public Assembly (Showroom)	12,000	Renovation of existing waterfront space into potential meeting venue or museum-type space.		
Public Assembly (Columbia Theatre)	30,000	Renovation of vacant Downtown theater into 3 small-scale theater spaces.		
<b>Light Manufacturing</b>	<b>SF</b>			
GenCanna	130,000	Fit out of existing industrial building for hemp production company		
<b>RIVERFRONT PUBLIC INFRASTRUCTURE</b>				
Transient Dock Landing and Pedestrian Corridor		Improvements to the Transient Dock Landing Area and Pedestrian Corridor along the riverfront		
Excursion Pier		Construction of pier for easier river cruise boat embarking and disembarking		

[1] The initial application stated up to 100 hotel rooms. Additional provided information had a revised figure of 84 rooms.

Source: City of Paducah; Weyland Ventures; SB Friedman

# PROJECT OVERVIEW

## Project Components & Schedule

The City provided further information for the City Block development, the light manufacturing, public assembly, and riverfront public infrastructure components. While the components of the application for which the City did not provide additional information are part of the initial application, the consultant team concluded that there was insufficient information provided in order to make any determination on market feasibility. The consultant team evaluated the market feasibility of only those components for which it received supplementary data from the City (the “Project”). The Project components and schedule are as follows:

Land Use	Unit	Description	2022	2023	2024	2025	Total
<b>REAL ESTATE</b>							
Hotel	Keys	84-room hotel	84	-	-	-	84
Retail	SF	Potential tenants include restaurant, bar, café, art space, commercial, etc.	14,500	-	18,000	-	32,500
Residential	Units	Two, 3-story, mixed-use, commercial and residential buildings	-	-	44	-	44
Public Assembly (Showroom) [1]	SF	Renovation of existing waterfront space into potential meeting venue or museum-type space	-	-	-	-	5,000
Public Assembly (Columbia Theatre)	Seats	Renovation of vacant Downtown theater into 3 small-scale theater spaces	-	-	536	-	536
Light Manufacturing (GenCanna) [2]	SF	Fit out of existing industrial building for hemp production company	-	-	-	130,000	130,000 [3]
<b>RIVERFRONT PUBLIC INFRASTRUCTURE</b>							
Transient Dock Landing and Pedestrian Corridor [4]		Improvements to the Transient Dock Landing Area and Pedestrian Corridor along the riverfront	X				
Excursion Pier		Construction of pier for easier river cruise boat embarking and disembarking	X				

Source: City of Paducah; Weyland Ventures; SB Friedman

[1] Scope of redevelopment unclear. No year of completion provided.

[2] No year provided. SB Friedman estimate.

[3] Assumed approximately 5,000 SF of 130,000 SF is ancillary retail.

[4] Transient Dock was completed in 2017.

# CITY BLOCK DEVELOPMENT

**DRAFT**

- Site plan for the City Block project by developer Weyland Ventures as of January 2020
- Site includes hotel, residential, and retail real estate components



**4-1/2 STORY HOTEL + MIXED-USE COMMERCIAL**  
 84 ROOM HOTEL = 50,000 SF  
 RESTAURANTS & RETAIL = 9,500 SF  
 ROOFTOP EVENT SPACE = 5,000 SF  
**TOTAL = 64,500 SF**

**URBAN PARK**  
 PERMANENT HARDSCAPE PROMENADE  
 CONNECTS VISUALLY TO OTHER IMPORTANT LANDMARKS IN DOWNTOWN PADUCAH  
**TOTAL = 11,000 SF**

**GREENSPACE PARK**  
 MULTI-PROGRAMMED SOFTSCAPE PARK  
**TOTAL = 11,000 SF**

**3-STORY MIXED-USE COMMERCIAL & RESIDENTIAL**  
 COMMERCIAL @ STREET = 18,000 SF  
 ~xx UNIT RESIDENTIAL = 36,000 SF  
 OPEN PATIO SPACES W/ RIVER VIEWS  
**TOTAL = 54,000 SF**

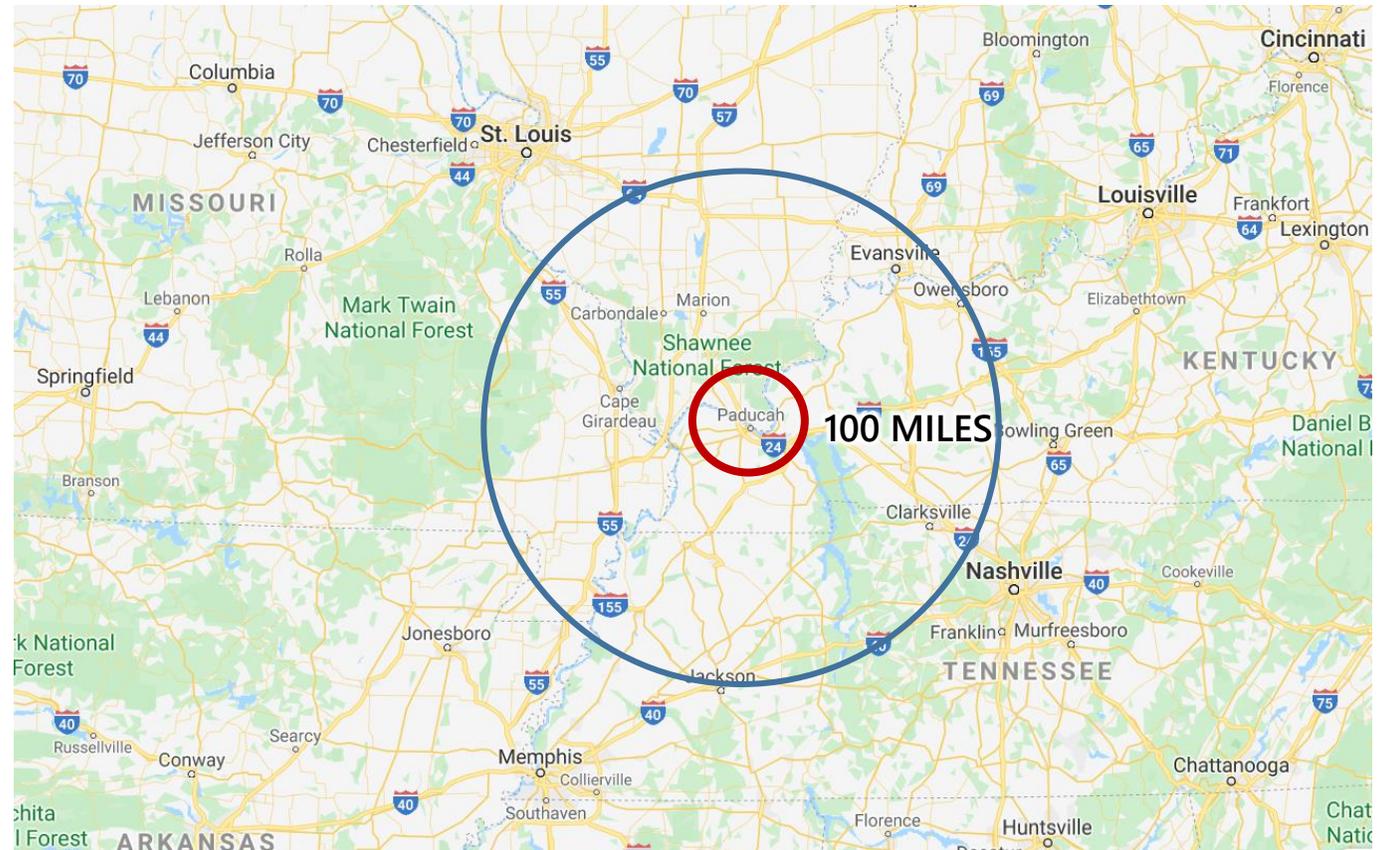
- DESIGN FEATURES**
- 01 CREATE A VIBRANT & MULTI-FUNCTION "TOWN SQUARE"
  - 02 VISUAL CONNECTION OF EXISTING SPACES WITH PROMINENT PADUCAH HISTORY & CHARACTER
  - 03 CREATE "100% CORNER" @ 2ND & BROADWAY
  - 04 INFILL FOR URBAN DENSITY & COMPLETING BLOCK IDENTITY
  - 05 PARKING LOT THAT CAN BE CONVERTED FOR PUBLIC FESTIVALS, CONCERTS, FARMERS MARKETS & OTHER EVENTS

Source: City of Paducah

# KEY CONSIDERATIONS

- The City of Paducah is a center of regional commerce and entertainment and is at least 100 miles from major metropolitan areas such as St. Louis, Nashville and Memphis.
- The riverfront public infrastructure improvements, both recently completed and planned, are expected to impact boating and visitors in Paducah which could help drive development.
- There are additional land parcels and vacant buildings along the riverfront and in downtown Paducah that have potential for development.
- The City of Paducah has existing local incentives to support development, but the high cost of new construction and rehab of existing buildings make many projects infeasible.

Regional Map



Source: Google Maps, SB Friedman

# HOTEL ASSESSMENT

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# HOTEL MARKET

## Existing Inventory

Weyland Ventures anticipates building an 84 room (50,000 sf) independent hotel in the City Block.

Hotel Cluster	Total Hotels	Total Rooms	Newest Product	Number Built Since 2015 [1]
<b>City Block Hotel (Planned)</b>		<b>84</b>		
Downtown Paducah	2	133	2017	1
South	1	47	1998	0
Cairo Road	3	177	2016	1
Coleman Crossing	7	640	2018	2
Hinkleville Road	9	797	2013	3
<b>TOTAL EXISTING HOTELS</b>	<b>22</b>	<b>1,794</b>		<b>7</b>

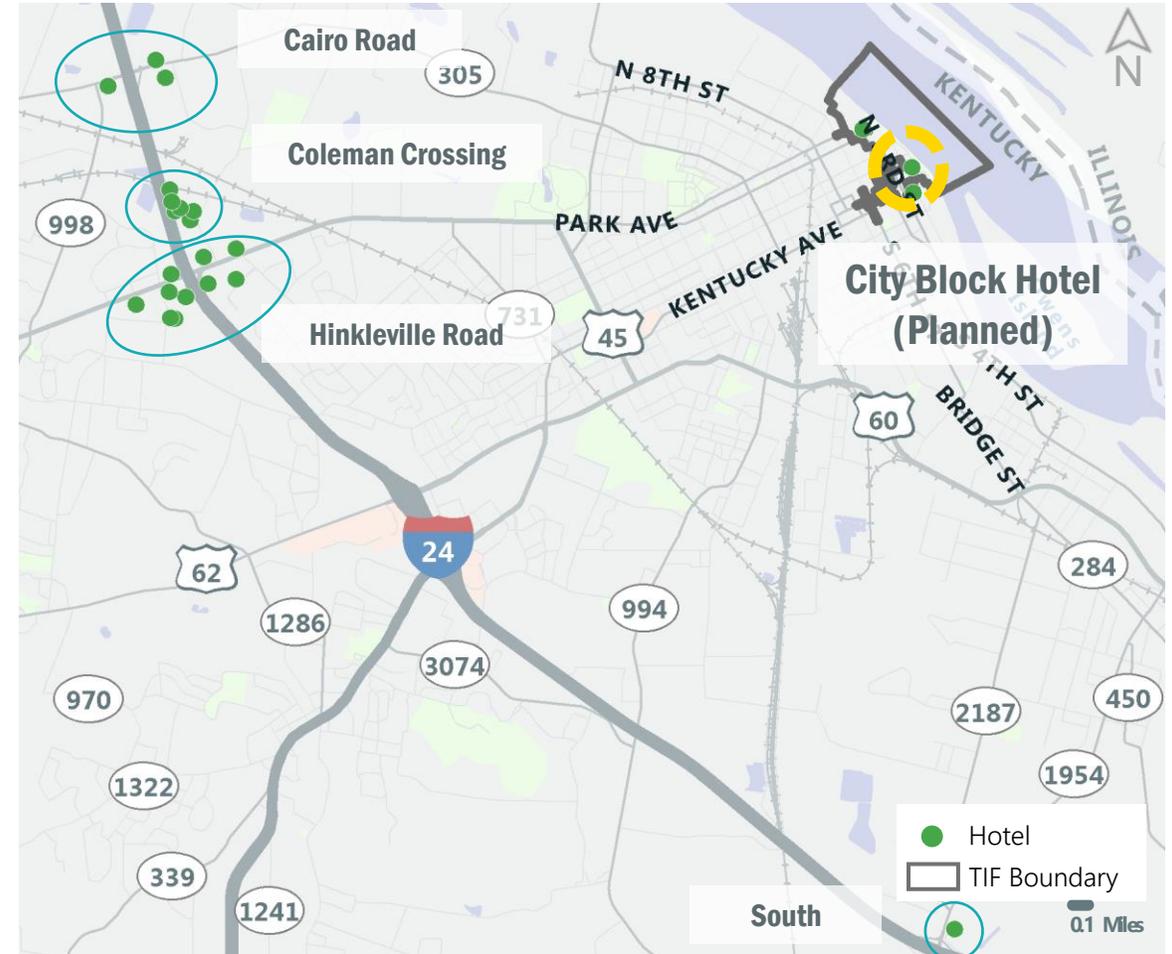
[1] Built or renovated since 2015.

Only 2 hotels, accounting for **7% of hotel rooms** are located in Downtown Paducah

Of the 22 existing hotels, 7 of them have been built or renovated since 2015, including the Holiday Inn Paducah Riverfront, a 123-key hotel completed in 2017. The Holiday Inn Paducah Riverfront received a state TDA incentive.

Source: Weyland Ventures; SB Friedman; Smith Travel Research  
**SB Friedman Development Advisors**

### Competitive Hotel Properties



Source: Esri; SB Friedman; Smith Travel Research

# HOTEL MARKET

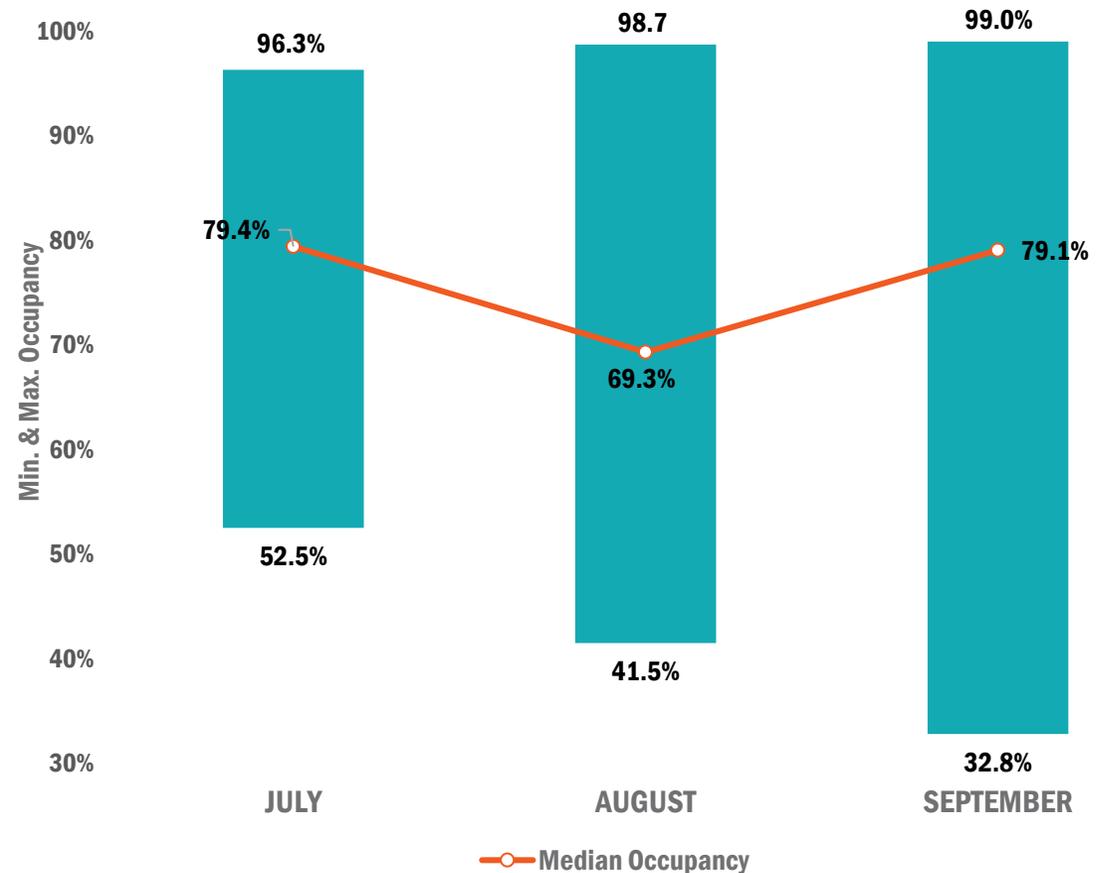
## Market Profile

The Paducah Convention and Visitors Bureau (CVB) provided analytics on 10 hotels in Paducah for the months of July-September 2019. The average occupancy rate for July-September 2019 (Paducah’s peak season) was **74.3%**, and the Average Daily Rate (ADR) was **\$106**.

During Quilt Week (mid-September 2019), ADR was more than **\$140** for four consecutive nights and the occupancy was more **97%** for three of those nights. **The median Revenue Per Available Room (RevPar) was \$139, a nearly \$60 increase** from the median RevPar for July-September of the same year.

Given limited Downtown product, relatively higher occupancy rates and stronger RevPar during peak times, new Downtown hotel could be feasible.

Summer 2019 Hotel Occupancy



Source: Paducah Convention and Visitors Bureau; SB Friedman; Smith Travel Research

# RETAIL ASSESSMENT

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# RETAIL MARKET

## Existing Inventory & Market Profile

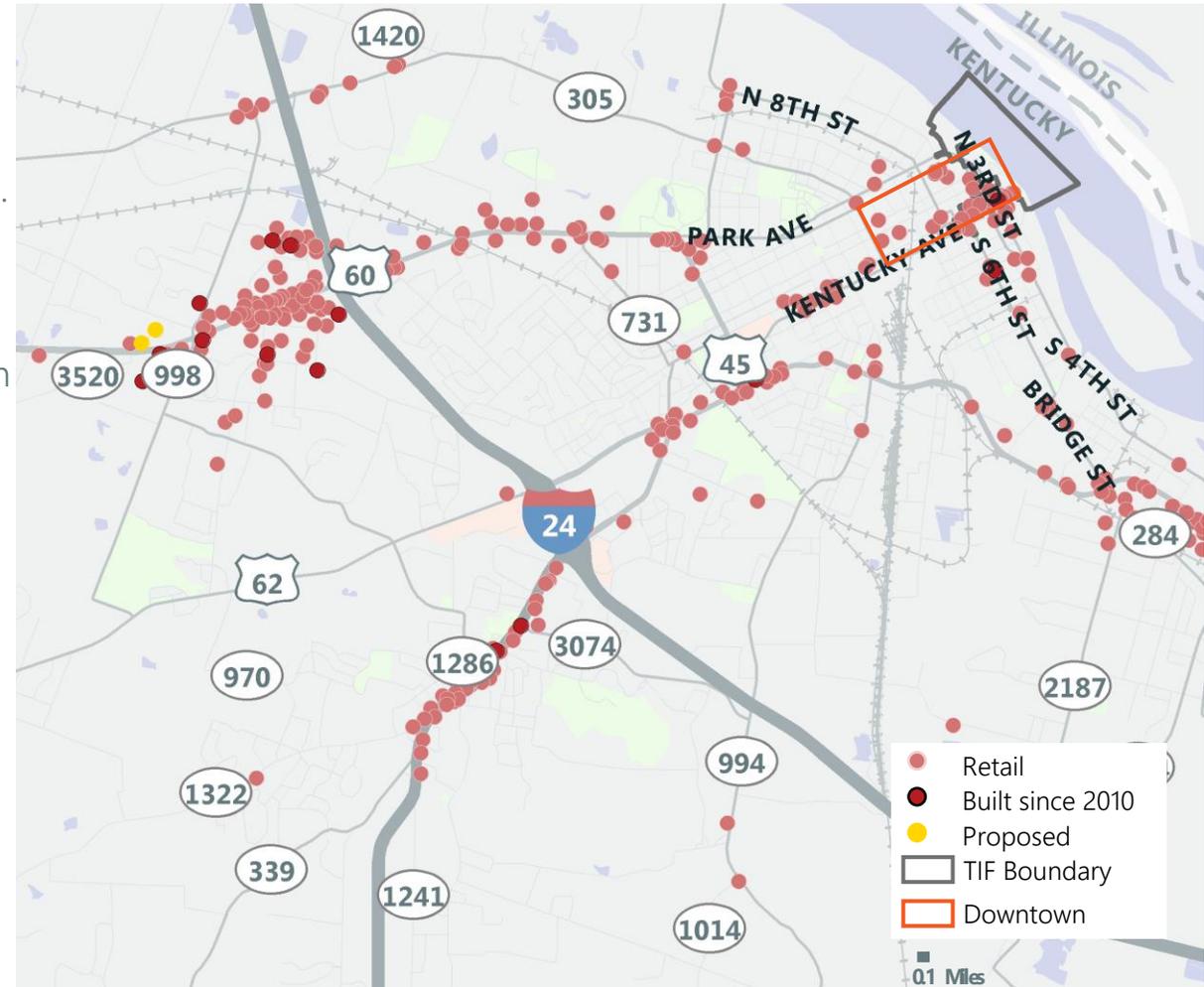
The City has approximately 6.3 million SF of retail, approximately 4% of which is located Downtown. The majority of retail space in Paducah is located adjacent to I-24 and Route 60. Of all retail construction that has taken place since 2009, less than 2% has taken place in Downtown Paducah.

Weyland Ventures plans to build 9,500 SF of restaurant/retail space and a 5,000 SF rooftop in the hotel and 18,000 SF of retail space in the mixed-use buildings in the City Block. There are several interested tenants including: an upscale restaurant, brew pub, coffee shop, arts/crafts retail outlet, bourbon bar, casual eatery, art center, and symphony galleries/rehearsal space.

Based on the relative lack of newer retail space in downtown Paducah - specifically near the riverfront - and the number of **interested potential tenants**, the retail component of the Project could be feasible.



Source: CoStar; Weyland Ventures; SB Friedman  
SB Friedman Development Advisors



Source: CoStar; Esri; SB Friedman

# RESIDENTIAL ASSESSMENT

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# RESIDENTIAL MARKET

## Existing Inventory & Market Profile

Weyland Ventures plans to build 44 apartment units, 65% one-bedroom and 35% two-bedroom units in two, 3-story, mixed-use, commercial and residential buildings. Monthly rents are estimated to range between \$1.25-\$1.40/sf, which would represent a premium over the other, newer apartment units in Paducah.

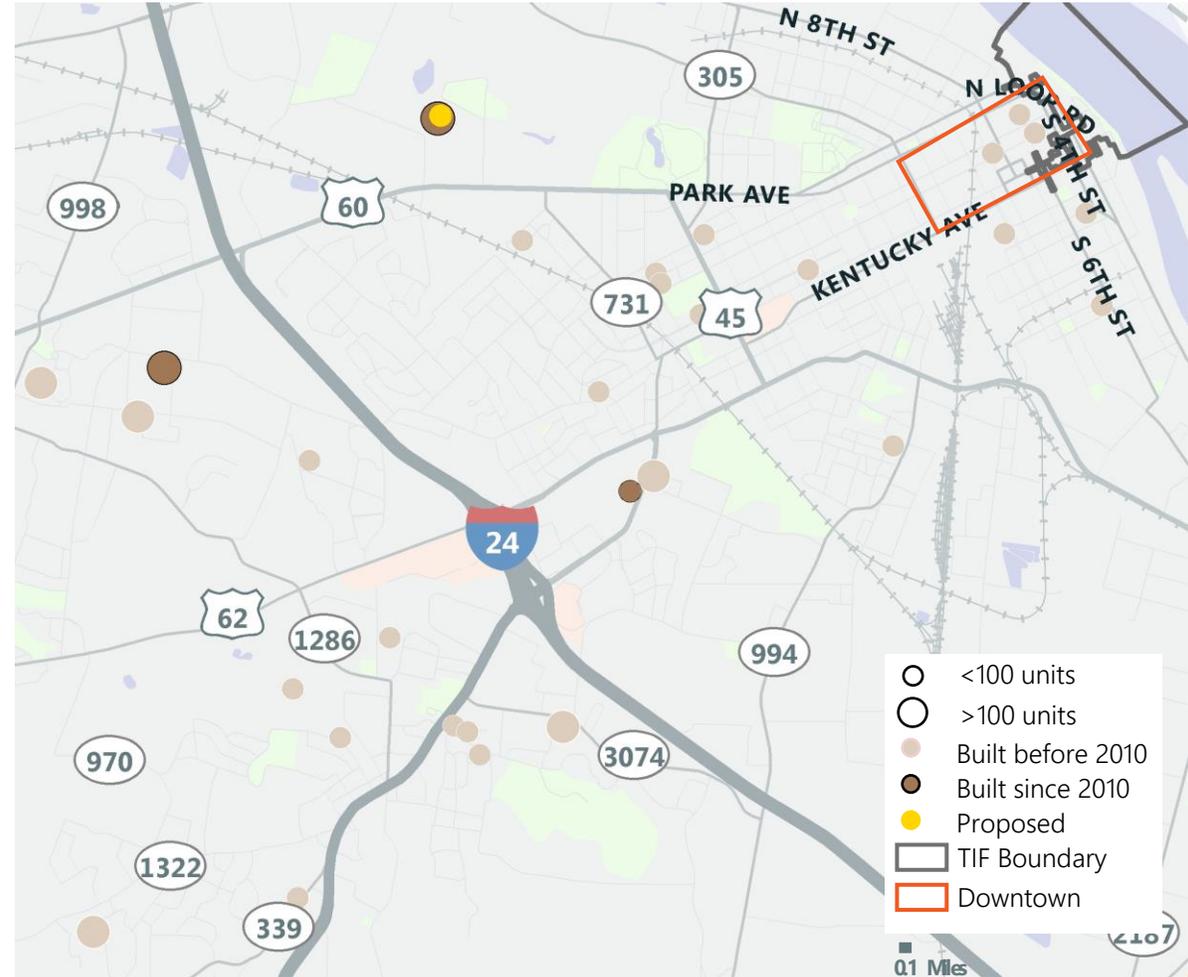
There has been no new construction or larger scale renovation of apartments in Downtown Paducah since 2010. Outside of Downtown, there is one proposed 12-unit project. The lack of newer product has likely led to the relatively strong market occupancy rate, which is approximately 95%.

Based on the relative lack of new apartment construction in Downtown, overall **relatively high market occupancy rate** and the City Block's **attractive location** near the riverfront, the residential component of the project could be feasible.

	Post-2010		Proposed		Total Inventory	
	Projects	Units	Projects	Units	Projects	Units
Paducah	4	424	1	12	36	2,175
Downtown	-	-	-	-	3	13
TIF	-	-	-	-	-	-

Source: CoStar; SB Friedman; Weyland Ventures

Market-Rate Multifamily Projects by Unit Count and Year Built



Source: CoStar; Esri; SB Friedman

# LIGHT MANUFACTURING ASSESSMENT

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# LIGHT MANUFACTURING MARKET

## Market Profile

There is an existing 130,000 sf light manufacturing building located in Zone 2 in the Project Area. GenCanna, a Kentucky-based hemp production company, anticipates purchasing, rehabilitating, and occupying the space with an agricultural hemp facility, with warehouse, retail, office, research, and manufacturing functions [1].

GenCanna is headquartered in Winchester, KY. They are currently working on opening a new 220,000 sf facility in Mayfield, KY, creating more than 80 jobs, but have experienced delays [2].

### Conceptual Rendering of Proposed GenCanna Facility at 322 N. 3<sup>rd</sup> Street



**The Hemp industry is growing in Kentucky.**

**The industry is supported by various government, nonprofit and private partners.**

GenCanna has experienced recent difficulties within their business which may impact their Paducah plans. In February 2020, the company filed for Chapter 11 Bankruptcy which they assert is due to cost overruns while building the new plant and a drop in cannabidiol prices. GenCanna still plans to move forward with the Paducah site. Should GenCanna not move forward with the site, the unique building size and location could limit the appeal of the building for alternative light manufacturing uses, which could result in a delay in occupancy.

Source: City of Paducah <http://paducahky.gov/news/planning-commission-approves-gencanna%E2%80%99s-application-agricultural-hemp-facility-322-north-3rd>

[1] <http://paducahky.gov/news/planning-commission-approves-gencanna%E2%80%99s-application-agricultural-hemp-facility-322-north-3rd>

[2] <https://www.lanereport.com/108916/2018/12/gencanna-global-will-invest-40-million-to-build-its-fourth-kentucky-hemp-facility/>

# **PUBLIC ASSEMBLY ASSESSMENT**

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# PUBLIC ASSEMBLY MARKET

## Existing Inventory

The Columbia Theatre and Showroom renovations would add to the existing inventory of small-scale theaters and event spaces within Paducah and cities within 150 miles.

TYPE	PUBLIC ASSEMBLY SITES	SEATS
<b>IN PADUCAH</b>		
Not Finalized	The Showroom (Planned)	Not Finalized
Theater	The Carson Center	200-1,800
Theater	Market House Theater	50-200
Theater	Maiden Alley Cinema	110
Convention	Paducah Convention & Expo Center	60-783
<b>IN KENTUCKY (WITHIN 150 MILES)</b>		
Theaters		250 – 500
Convention Centers		50 – 1,700
<b>NEARBY, OUT OF STATE (WITHIN 150 MILES)</b>		
Theaters		150 – 1,900
Convention Centers		70 – 1,300

Source: City of Paducah; Columbia Theater; SB Friedman  
**SB Friedman Development Advisors**

## Public Assembly Sites



Source: Esri; SB Friedman

# PUBLIC ASSEMBLY MARKET

## Market Profile

Paducah's peak tourist season is the summer when they host various large events including Quilt Week, Lowertown Arts & Music Festival, McCracken County Fair, 48 Hour Film Festival, Barbecue on the River and more. These events utilize some of the spaces listed in the previous slide.

The Columbia Theater and Showroom are places **with local significance**.

**With adequate philanthropic support**, a rehabilitated Columbia Theatre could be feasible as a complement to the existing stock of event spaces and civic institutions and could support the expansion of existing events and offer space for new events like comedy shows, art shows, and other events

The **scope and timing of the Showroom redevelopment are unclear**. Thus, SB Friedman cannot evaluate the market feasibility of this aspect of the Project. Consequently, we have excluded revenue from this aspect of the Project from our projections.

### Columbia Theater



Source: Save The Columbia Theatre

# RIVERFRONT PUBLIC INFRASTRUCTURE

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# RIVERFRONT PUBLIC INFRASTRUCTURE

## BUILD Grant

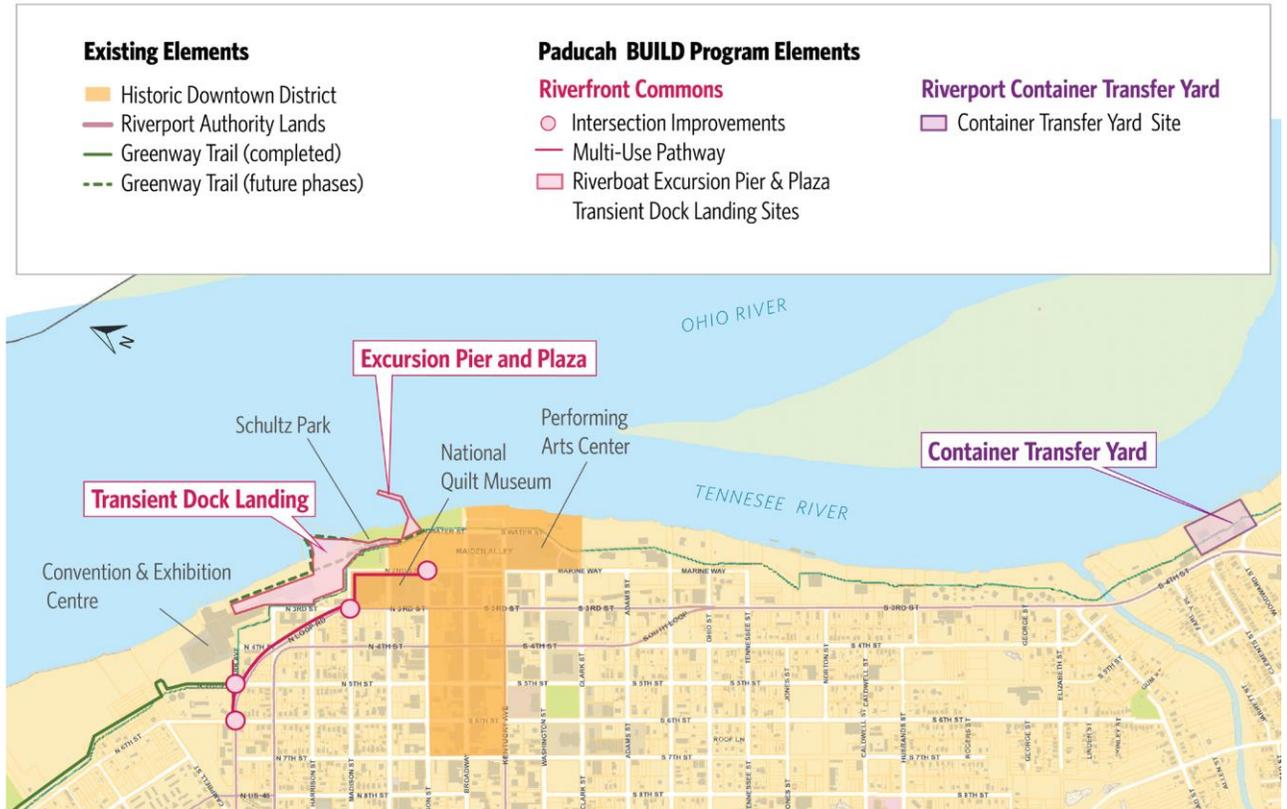
In 2019, Paducah received a \$10.4M BUILD Grant from the US DOT to help fund the Transient Dock Landing/Pedestrian Corridor, Excursion Pier/Plaza, and Container Transfer Yard.

The Transient Dock Landing/Pedestrian Corridor and the Excursion Pier/Plaza (“Riverfront Instructure Public Improvements”) are within the TIF.

The Transient Dock landing and pedestrian corridor is expected to cost \$4.3M and the Excursion Pier is expected to cost \$7.2M. The BUILD grant is not anticipated to cover all the costs of these two projects. Many costs not covered by the BUILD Grant may be eligible for state TIF reimbursement.

The improvements to the landing and pedestrian corridor are expected to be complete in January 2022.

The Excursion Pier is expected to be complete in July 2022. The pier will make the Paducah dock an enhanced port of call.



Source: City of Paducah; Kentucky Cabinet for Economic Development

# RIVERFRONT PUBLIC INFRASTRUCTURE

## Excursion Pier

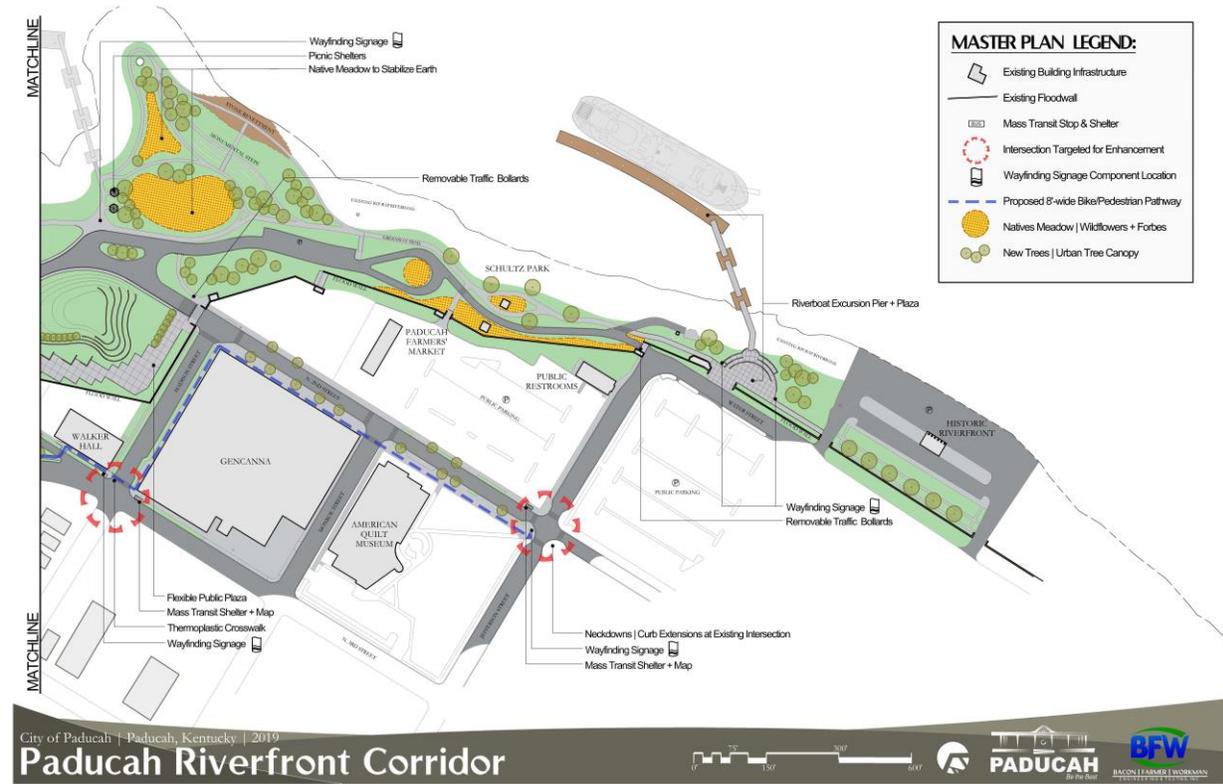
Paducah is currently a port-of-call for long distance, commercial, passenger river cruise ships. Nearly **24 river cruise boats** dock at the Port of Paducah annually.

The ramping from these river cruise ships to Downtown is limited and makes access to Paducah challenging for older people and people with mobility challenges. In 2019, approximately 2,924 riverboat passengers docked in Paducah. However, “according to...VP of American Cruise Lines...**10%-20% of passengers choose to stay on the boat** (in Paducah) due to a lack of (a modern) dock and steep 15% ramp grades.”

According to the 2019 BUILD Grant application submitted by Paducah, riverboat tourism generates more than **\$1.4M in local spending annually**.

The BUILD grant application **estimated an increase of 5,344 riverboat passengers per year starting in 2021 and remaining constant**.

By encouraging a greater portion of the growing pool of riverboat passengers to disembark in Paducah, the Excursion Pier aspect of the Project would likely generate more tourist spending in Paducah.



Source: City of Paducah; Kentucky Cabinet for Economic Development

Source: BUILD Grant Application (2019)

# RIVERFRONT PUBLIC INFRASTRUCTURE

## Transient Dock Landing and Pedestrian Corridor

The Transient Dock, which allows personal boaters to dock on the Ohio River waterfront during all seasons, was completed in 2017 and has generated additional activity Downtown. The City expects slip reservations at the Transient Dock to continue to increase.

One consistent source of boaters that may use the Transient Dock are “Loopers” – boaters that circumnavigate the eastern portions of the US and Canada via intracoastal routes, known as the “Great Loop”. The route these Loopers take sometimes includes portions of the Tennessee and Ohio Rivers, which converge in Paducah. According to the America’s Great Loop Cruisers’ Association, approximately 170 boats complete the Great Loop annually, not including an unquantified number of boaters that only complete portions of the Great Loop.

The improvements to the Pedestrian Corridor will improve the connection within the riverfront and from the riverfront to the core of Downtown, the Convention Center, Lower Town Arts District, National Quilt Museum and other destinations. Both the Transient Dock Landing and Pedestrian Corridor improvements could encourage more Loopers and other boaters, many of whom would be out-of-state tourists, to stop in Paducah.

Source: BUILD Grant Application (2019); America’s Great Loop Cruiser’s Association

**SB Friedman Development Advisors**



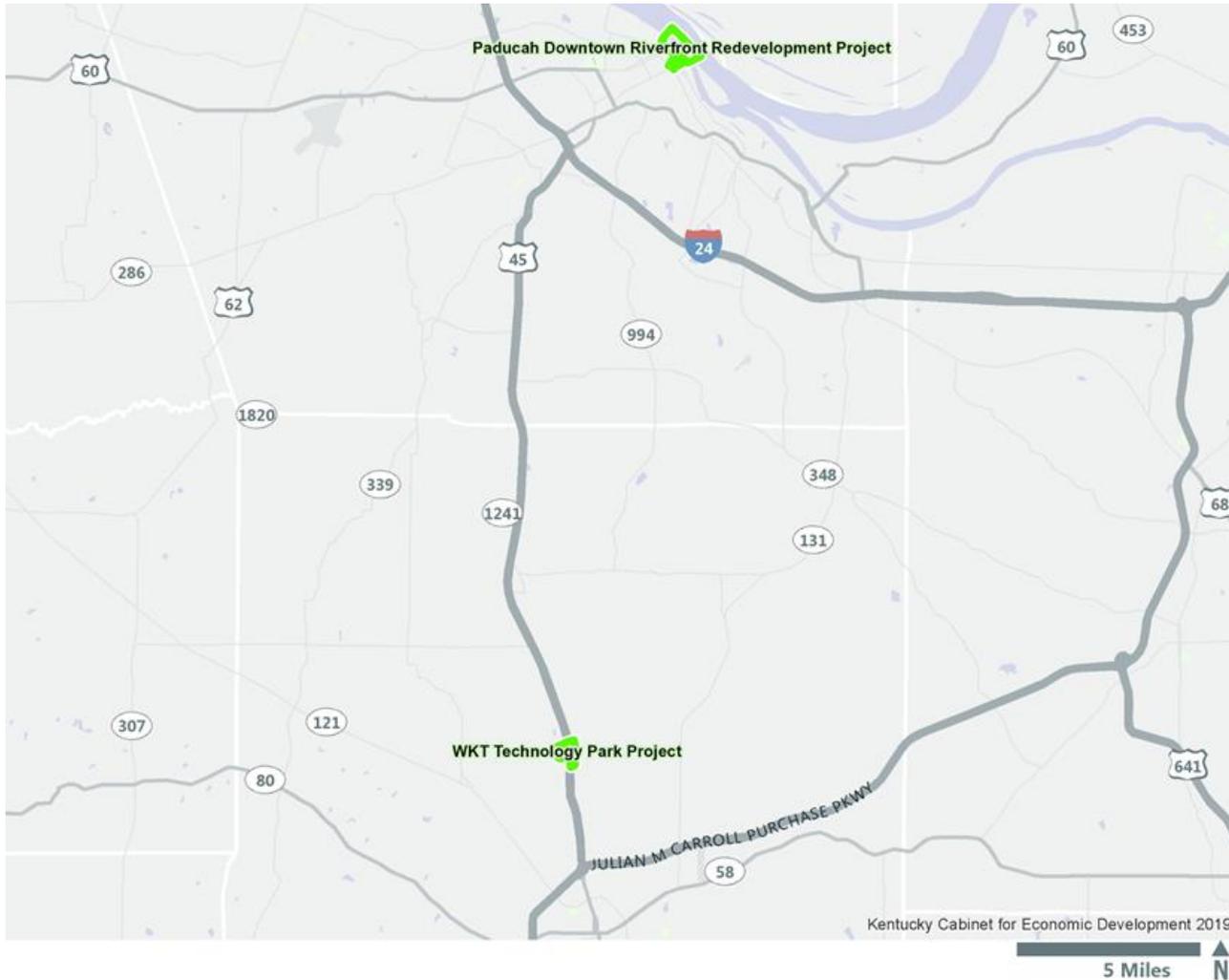
Source: American Great Loop Cruiser’s Association

# **KY COMMONWEALTH INCENTIVE PROGRAMS**

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# KENTUCKY COMMONWEALTH INCENTIVE PROGRAMS IN/NEAR PADUCAH

## Other Tax Increment Financing Districts

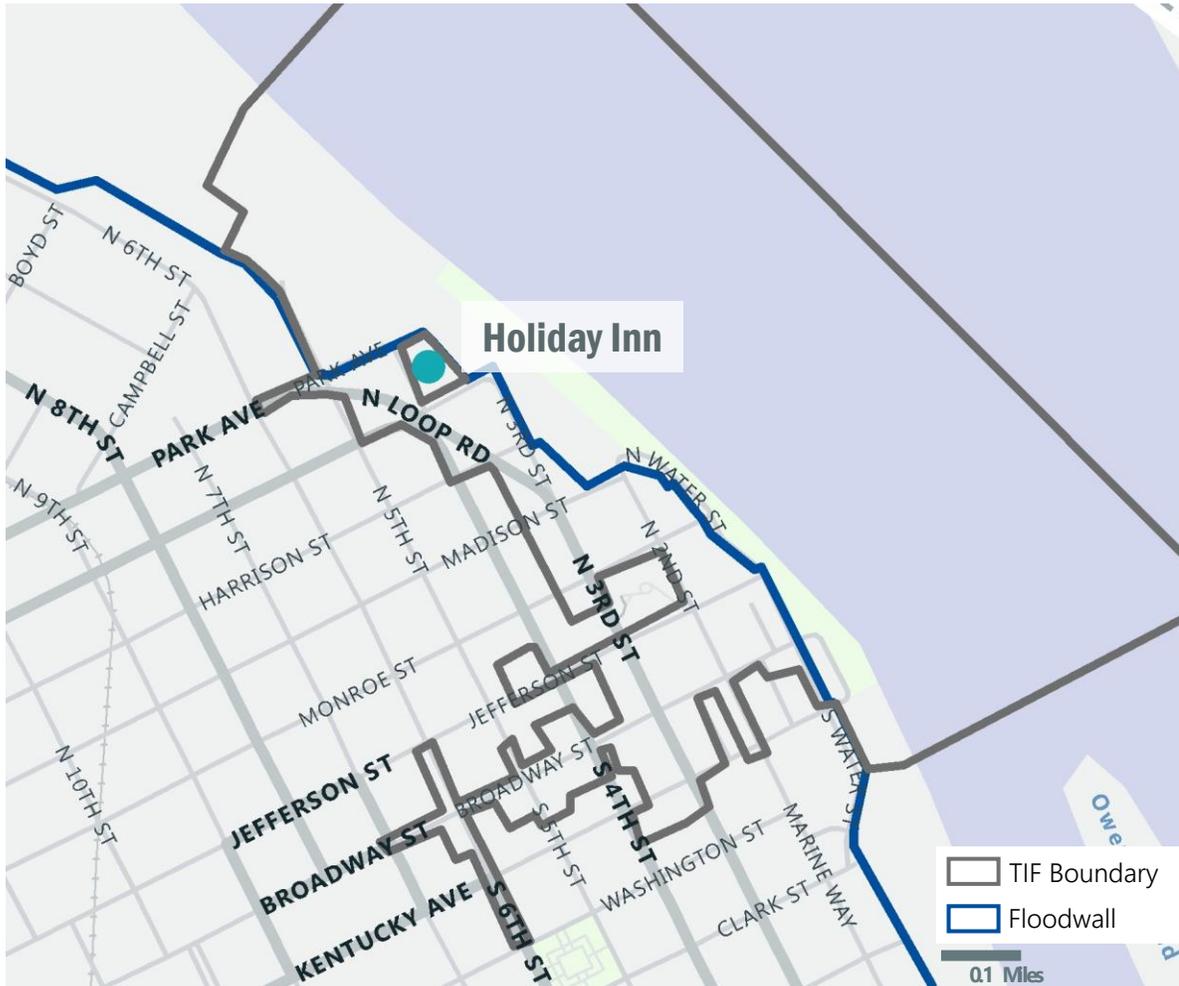


WKT Technology Park Project TIF in Graves County is approximately 20 miles south of Paducah. This project received preliminary approval from KCED. However, it is SB Friedman’s understanding that a final agreement has not yet been executed. In addition, we believe that little, if any, construction has begun on the site.

Given the uncertainty of the WKT TIF Project and the distance of that project from Paducah, it is unlikely that any of the net economic impact to the Commonwealth resulting from the WKT TIF Project and the TIF District would be double counted in our team’s analyses.

# KENTUCKY COMMONWEALTH INCENTIVE PROGRAMS IN PADUCAH

## Tourism Development Act (TDA) Projects



Source: Esri; Kentucky Cabinet for Economic Development; SB Friedman  
SB Friedman Development Advisors

There are two active TDAs in Paducah.

- Paducah Riverfront Hotel – approved 2015
  - To date, has received approximately \$1M of \$4.5M
  - Supports construction of Holiday Inn
- Paducah Convention Hotel – approved 2014
  - To date, has not received any funds of the possible \$4.5M

The Convention Hotel TDA is still active, however we believe that project has been superseded by the Paducah Riverfront Hotel TDA.

The Holiday Inn has been excluded from the TIF boundary.

To the extent that the Project will drive new hotel stays, some of those stays and associated restaurant spending will take place at the Holiday Inn. Net economic impact projections should consider this interaction.

# CONCLUSIONS

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# MARKET ASSESSMENT CONCLUSIONS

- **HOTEL.** While the performance of hotels varies depending on the time of year and day of week, a new hotel near the riverfront could be feasible given other planned investments in Downtown.
- **RETAIL.** Based on the relative lack of newer retail construction in Downtown Paducah - specifically near the riverfront - and the number of interested potential tenants, the retail component could be market feasible.
- **RESIDENTIAL.** The relative lack of new residential construction in Downtown Paducah, overall relatively high occupancy rate City-wide and the City Block's attractive location near the riverfront, are reasons the residential component could be market feasible.
- **LIGHT MANUFACTURING.** The light manufacturing component could be feasible if GenCanna proceeds with their portion of the Project. Should GenCanna not occupy the space, the unique building size and Downtown location could limit the building's appeal for alternative light manufacturing uses and could result in a delay in occupancy.
- **PUBLIC ASSEMBLY.** While there are already many existing public assembly spaces Downtown and within 150 miles of Paducah, with adequate philanthropic support, the renovation of the Columbia Theater as a historically significant facility could be successful and enhance tourism Downtown. Without clear plans for The Showroom, SB Friedman cannot evaluate the market feasibility of this aspect of the Project and cannot develop assumptions or projections about its potential economic impact on the Commonwealth.
- **RIVERFRONT PUBLIC INFRASTRUCTURE.** Public infrastructure improvements along the riverfront funded, in part, by the BUILD grant could drive economic impact to Downtown and support the feasibility of other components of the Project.



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**MARKET ANALYSIS AND REAL ESTATE ECONOMICS**

STRATEGY  
**DEVELOPMENT STRATEGY AND PLANNING**

FINANCE | IMPLEMENTATION  
**PUBLIC-PRIVATE PARTNERSHIPS AND IMPLEMENTATION**

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## *Appendix C. Exhibits*

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In this section, we provide a range of exhibits that contain more details on our research and analysis. Those exhibits are as follows:

- Exhibit C-1, “Projected State Incremental Tax Summary,” on page C-2
- Exhibit C-2, “Projected Local Incremental Tax Summary,” on page C-4
- Exhibit C-3, “Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment Project,” on page C-6
- Exhibit C-4, “Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment, Sales Tax Revenues (Direct Sales and Spending),” on page C-9
- Exhibit C-5, “Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment, Sales Tax Revenues (Household Spending),” on page C-10
- Exhibit C-6, “Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment, Individual Income Tax Revenues,” on page C-12
- Exhibit C-7, “Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment, Corporate Income Tax Revenues,” on page C-13
- Exhibit C-8, “Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment, Property Tax Revenues,” on page C-14
- Exhibit C-9, “Annual Net Economic Impact of Construction and Operations of Paducah Downtown Riverfront Redevelopment in Kentucky,” on page C-15
- Exhibit C-10, “Relevant Portions of Kentucky Revised Statutes,” on page C-17

**EXHIBIT C-1. Projected State Incremental Tax Summary**

Year	Year of TIF	BASELINE			Non-Project District Growth				Hotel			Retail			Light Manufacturing		
		Property Tax	Income Tax	Sales Tax	Property Tax	Property Tax After Deductions	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax
2019	0	\$28,204	\$267,631	\$480,395	\$0	\$28,204	\$267,631	\$480,395	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	1	\$28,768	\$272,984	\$490,003	\$0	\$28,768	\$272,984	\$490,003	\$0	\$9,263	\$37,549	\$0	\$6,729	\$84,697	\$0	\$0	\$0
2021	2	\$29,344	\$278,444	\$499,803	\$0	\$29,344	\$278,444	\$499,803	\$1,839	\$28,346	\$114,899	\$1,624	\$37,366	\$470,348	\$0	\$0	\$0
2022	3	\$29,931	\$284,013	\$509,799	\$0	\$29,931	\$284,013	\$509,799	\$5,628	\$38,550	\$156,263	\$9,020	\$62,226	\$783,274	\$0	\$0	\$0
2023	4	\$30,529	\$289,693	\$519,995	\$0	\$30,529	\$289,693	\$519,995	\$7,654	\$39,321	\$159,388	\$15,021	\$63,471	\$798,939	\$0	\$0	\$0
2024	5	\$31,140	\$295,487	\$530,395	\$0	\$31,140	\$295,487	\$530,395	\$7,807	\$40,108	\$162,576	\$15,322	\$64,740	\$814,918	\$0	\$63,760	\$165,612
2025	6	\$31,763	\$301,396	\$541,003	-\$1,901	\$29,823	\$301,396	\$541,003	\$7,963	\$40,910	\$165,827	\$15,628	\$66,035	\$831,217	\$2,679	\$130,071	\$337,849
2026	7	\$32,398	\$307,424	\$551,823	\$0	\$30,420	\$307,424	\$551,823	\$8,122	\$41,728	\$169,144	\$15,941	\$67,356	\$847,841	\$5,465	\$132,672	\$344,606
2027	8	\$33,046	\$313,573	\$562,859	\$0	\$31,028	\$313,573	\$562,859	\$8,285	\$42,563	\$172,526	\$16,260	\$68,703	\$864,798	\$5,575	\$135,326	\$351,498
2028	9	\$33,707	\$319,844	\$574,116	\$0	\$31,649	\$319,844	\$574,116	\$8,451	\$43,414	\$175,977	\$16,585	\$70,077	\$882,094	\$5,686	\$138,032	\$358,528
2029	10	\$34,381	\$326,241	\$585,599	\$0	\$32,282	\$326,241	\$585,599	\$8,620	\$44,282	\$179,497	\$16,917	\$71,478	\$899,736	\$5,800	\$140,793	\$365,698
2030	11	\$35,069	\$332,766	\$597,311	\$0	\$32,927	\$332,766	\$597,311	\$8,792	\$45,168	\$183,086	\$17,255	\$72,908	\$917,730	\$5,916	\$143,609	\$373,012
2031	12	\$35,770	\$339,421	\$609,257	\$0	\$33,586	\$339,421	\$609,257	\$8,968	\$46,071	\$186,748	\$17,600	\$74,366	\$936,085	\$6,034	\$146,481	\$380,473
2032	13	\$36,485	\$346,210	\$621,442	\$0	\$34,258	\$346,210	\$621,442	\$9,147	\$46,993	\$190,483	\$17,952	\$75,854	\$954,807	\$6,155	\$149,410	\$388,082
2033	14	\$37,215	\$353,134	\$633,871	\$0	\$34,943	\$353,134	\$633,871	\$9,330	\$47,933	\$194,293	\$18,311	\$77,371	\$973,903	\$6,278	\$152,399	\$395,844
2034	15	\$37,959	\$360,197	\$646,548	\$0	\$35,642	\$360,197	\$646,548	\$9,517	\$48,891	\$198,179	\$18,677	\$78,918	\$993,381	\$6,404	\$155,447	\$403,761
2035	16	\$38,719	\$367,401	\$659,479	\$0	\$36,355	\$367,401	\$659,479	\$9,707	\$49,869	\$202,142	\$19,051	\$80,496	\$1,013,248	\$6,532	\$158,556	\$411,836
2036	17	\$39,493	\$374,749	\$672,669	\$0	\$37,082	\$374,749	\$672,669	\$9,901	\$50,866	\$206,185	\$19,432	\$82,106	\$1,033,513	\$6,662	\$161,727	\$420,072
2037	18	\$40,283	\$382,244	\$686,122	\$0	\$37,823	\$382,244	\$686,122	\$10,099	\$51,884	\$210,309	\$19,820	\$83,748	\$1,054,184	\$6,796	\$164,961	\$428,474
2038	19	\$41,088	\$389,889	\$699,845	\$0	\$38,580	\$389,889	\$699,845	\$10,301	\$52,922	\$214,515	\$20,217	\$85,423	\$1,075,267	\$6,932	\$168,260	\$437,043
2039	20	\$41,910	\$397,686	\$713,842	\$0	\$39,351	\$397,686	\$713,842	\$10,507	\$53,980	\$218,805	\$20,621	\$87,132	\$1,096,773	\$7,070	\$171,626	\$445,784

Source: SB Friedman Development Advisors analysis using data from multiple sources.

**EXHIBIT CONTINUED**

Year	Year of TIF	Residential			Theater			Annual Subtotal			Annual Increment Subtotal			Annual Increment	Cumulative Increment
		Property Tax	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax		
2019	0	\$0	\$0	\$0	\$0	\$0	\$0	\$28,204	\$267,631	\$480,395	\$0	\$0	\$0	\$0	
2020	1	\$0	\$0	\$0	\$0	\$0	\$0	\$28,768	\$288,976	\$612,248	\$0	\$15,992	\$122,245	\$138,237	\$138,237
2021	2	\$0	\$0	\$0	\$0	\$0	\$0	\$32,807	\$344,156	\$1,085,050	\$3,463	\$65,712	\$585,247	\$654,423	\$792,660
2022	3	\$1,919	\$0	\$0	\$0	\$0	\$0	\$46,498	\$384,789	\$1,449,335	\$16,567	\$100,777	\$939,537	\$1,056,881	\$1,849,541
2023	4	\$3,915	\$0	\$0	\$0	\$7,034	\$0	\$57,120	\$399,519	\$1,478,322	\$26,591	\$109,827	\$958,327	\$1,094,744	\$2,944,285
2024	5	\$3,993	\$0	\$0	\$0	\$17,937	\$0	\$58,262	\$482,033	\$1,673,501	\$27,122	\$186,546	\$1,143,106	\$1,356,774	\$4,301,059
2025	6	\$4,073	\$0	\$0	\$0	\$18,296	\$0	\$60,167	\$556,709	\$1,875,895	\$28,405	\$255,312	\$1,334,892	\$1,618,609	\$5,919,669
2026	7	\$4,155	\$0	\$0	\$0	\$18,662	\$0	\$64,103	\$567,843	\$1,913,413	\$31,706	\$260,418	\$1,361,590	\$1,653,714	\$7,573,383
2027	8	\$4,238	\$0	\$0	\$0	\$19,035	\$0	\$65,386	\$579,200	\$1,951,681	\$32,340	\$265,627	\$1,388,822	\$1,686,788	\$9,260,171
2028	9	\$4,323	\$0	\$0	\$0	\$19,416	\$0	\$66,693	\$590,784	\$1,990,715	\$32,986	\$270,939	\$1,416,599	\$1,720,524	\$10,980,695
2029	10	\$4,409	\$0	\$0	\$0	\$19,804	\$0	\$68,027	\$602,599	\$2,030,529	\$33,646	\$276,358	\$1,444,930	\$1,754,935	\$12,735,630
2030	11	\$4,497	\$0	\$0	\$0	\$20,200	\$0	\$69,388	\$614,651	\$2,071,140	\$34,319	\$281,885	\$1,473,829	\$1,790,033	\$14,525,663
2031	12	\$4,587	\$0	\$0	\$0	\$20,604	\$0	\$70,775	\$626,944	\$2,112,563	\$35,005	\$287,523	\$1,503,306	\$1,825,834	\$16,351,497
2032	13	\$4,679	\$0	\$0	\$0	\$21,017	\$0	\$72,191	\$639,483	\$2,154,814	\$35,706	\$293,273	\$1,533,372	\$1,862,351	\$18,213,848
2033	14	\$4,772	\$0	\$0	\$0	\$21,437	\$0	\$73,635	\$652,273	\$2,197,910	\$36,420	\$299,139	\$1,564,039	\$1,899,598	\$20,113,445
2034	15	\$4,868	\$0	\$0	\$0	\$21,866	\$0	\$75,107	\$665,318	\$2,241,868	\$37,148	\$305,122	\$1,595,320	\$1,937,590	\$22,051,035
2035	16	\$4,965	\$0	\$0	\$0	\$22,303	\$0	\$76,610	\$678,625	\$2,286,706	\$37,891	\$311,224	\$1,627,226	\$1,976,341	\$24,027,377
2036	17	\$5,065	\$0	\$0	\$0	\$22,749	\$0	\$78,142	\$692,197	\$2,332,440	\$38,649	\$317,448	\$1,659,771	\$2,015,868	\$26,043,245
2037	18	\$5,166	\$0	\$0	\$0	\$23,204	\$0	\$79,705	\$706,041	\$2,379,089	\$39,422	\$323,797	\$1,692,966	\$2,056,186	\$28,099,430
2038	19	\$5,269	\$0	\$0	\$0	\$23,668	\$0	\$81,299	\$720,162	\$2,426,670	\$40,210	\$330,273	\$1,726,826	\$2,097,309	\$30,196,740
2039	20	\$5,375	\$0	\$0	\$0	\$24,141	\$0	\$82,925	\$734,565	\$2,475,204	\$41,014	\$336,879	\$1,761,362	\$2,139,256	\$32,335,995
								<b>\$1,335,812</b>	<b>\$11,794,498</b>	<b>\$39,219,488</b>	<b>\$608,611</b>	<b>\$4,894,071</b>	<b>\$26,833,313</b>	<b>\$32,335,995</b>	

*Source: SB Friedman Development Advisors analysis using data from multiple sources.*

**EXHIBIT C-2. Projected Local Incremental Tax Summary**

Year	Year of TIF	BASELINE			Non-Project District Growth				Hotel			Retail			Light Manufacturing		
		Property Tax	Income Tax	Sales Tax	Property Tax	Property Tax After Deductions	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax
2019	0	\$60,339	\$111,513	\$0	\$0	\$60,339	\$111,513	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	1	\$61,546	\$113,743	\$0	\$0	\$61,546	\$113,743	\$0	\$0	\$3,860	\$0	\$0	\$2,804	\$0	\$0	\$0	\$0
2021	2	\$62,776	\$116,018	\$0	\$0	\$62,776	\$116,018	\$0	\$3,935	\$11,811	\$0	\$3,475	\$15,569	\$0	\$0	\$0	\$0
2022	3	\$64,032	\$118,339	\$0	\$0	\$64,032	\$118,339	\$0	\$12,040	\$16,063	\$0	\$19,297	\$25,928	\$0	\$0	\$0	\$0
2023	4	\$65,313	\$120,705	\$0	\$0	\$65,313	\$120,705	\$0	\$16,375	\$16,384	\$0	\$32,136	\$26,446	\$0	\$0	\$0	\$0
2024	5	\$66,619	\$123,119	\$0	\$0	\$66,619	\$123,119	\$0	\$16,702	\$16,712	\$0	\$32,779	\$26,975	\$0	\$0	\$26,567	\$0
2025	6	\$67,951	\$125,582	\$0	-\$4,067	\$63,803	\$125,582	\$0	\$17,036	\$17,046	\$0	\$33,434	\$27,515	\$0	\$5,732	\$54,196	\$0
2026	7	\$69,310	\$128,094	\$0	\$0	\$65,079	\$128,094	\$0	\$17,377	\$17,387	\$0	\$34,103	\$28,065	\$0	\$11,692	\$55,280	\$0
2027	8	\$70,697	\$130,655	\$0	\$0	\$66,380	\$130,655	\$0	\$17,724	\$17,735	\$0	\$34,785	\$28,626	\$0	\$11,926	\$56,386	\$0
2028	9	\$72,110	\$133,268	\$0	\$0	\$67,708	\$133,268	\$0	\$18,079	\$18,089	\$0	\$35,481	\$29,199	\$0	\$12,165	\$57,513	\$0
2029	10	\$73,553	\$135,934	\$0	\$0	\$69,062	\$135,934	\$0	\$18,440	\$18,451	\$0	\$36,190	\$29,783	\$0	\$12,408	\$58,664	\$0
2030	11	\$75,024	\$138,653	\$0	\$0	\$70,443	\$138,653	\$0	\$18,809	\$18,820	\$0	\$36,914	\$30,378	\$0	\$12,656	\$59,837	\$0
2031	12	\$76,524	\$141,426	\$0	\$0	\$71,852	\$141,426	\$0	\$19,185	\$19,196	\$0	\$37,653	\$30,986	\$0	\$12,909	\$61,034	\$0
2032	13	\$78,055	\$144,254	\$0	\$0	\$73,289	\$144,254	\$0	\$19,569	\$19,580	\$0	\$38,406	\$31,606	\$0	\$13,168	\$62,254	\$0
2033	14	\$79,616	\$147,139	\$0	\$0	\$74,755	\$147,139	\$0	\$19,960	\$19,972	\$0	\$39,174	\$32,238	\$0	\$13,431	\$63,499	\$0
2034	15	\$81,208	\$150,082	\$0	\$0	\$76,250	\$150,082	\$0	\$20,360	\$20,371	\$0	\$39,957	\$32,883	\$0	\$13,700	\$64,769	\$0
2035	16	\$82,832	\$153,084	\$0	\$0	\$77,775	\$153,084	\$0	\$20,767	\$20,779	\$0	\$40,756	\$33,540	\$0	\$13,974	\$66,065	\$0
2036	17	\$84,489	\$156,145	\$0	\$0	\$79,330	\$156,145	\$0	\$21,182	\$21,194	\$0	\$41,571	\$34,211	\$0	\$14,253	\$67,386	\$0
2037	18	\$86,179	\$159,268	\$0	\$0	\$80,917	\$159,268	\$0	\$21,606	\$21,618	\$0	\$42,403	\$34,895	\$0	\$14,538	\$68,734	\$0
2038	19	\$87,902	\$162,454	\$0	\$0	\$82,535	\$162,454	\$0	\$22,038	\$22,051	\$0	\$43,251	\$35,593	\$0	\$14,829	\$70,109	\$0
2039	20	\$89,660	\$165,703	\$0	\$0	\$84,186	\$165,703	\$0	\$22,479	\$22,492	\$0	\$44,116	\$36,305	\$0	\$15,125	\$71,511	\$0

*Source: SB Friedman Development Advisors analysis using data from multiple sources.*

EXHIBIT CONTINUED

Year	Year of TIF	Residential			Theater			Annual Subtotal			Annual Increment Subtotal			Annual Increment	Cumulative Increment
		Property Tax	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax	Property Tax	Income Tax	Sales Tax		
2019	0	\$0	\$0	\$0	\$0	\$0	\$0	\$60,339	\$111,513	\$0	\$0	\$0	\$0	\$0	
2020	1	\$0	\$0	\$0	\$0	\$0	\$0	\$61,546	\$120,407	\$0	\$0	\$6,663	\$0	\$6,663	\$6,663
2021	2	\$0	\$0	\$0	\$0	\$0	\$0	\$70,186	\$143,398	\$0	\$7,410	\$27,380	\$0	\$34,790	\$41,453
2022	3	\$4,106	\$0	\$0	\$0	\$0	\$0	\$99,475	\$160,329	\$0	\$35,443	\$41,990	\$0	\$77,434	\$118,887
2023	4	\$8,376	\$0	\$0	\$0	\$2,931	\$0	\$122,199	\$166,466	\$0	\$56,886	\$45,761	\$0	\$102,647	\$221,534
2024	5	\$8,543	\$0	\$0	\$0	\$7,474	\$0	\$124,643	\$200,847	\$0	\$58,024	\$77,727	\$0	\$135,752	\$357,286
2025	6	\$8,714	\$0	\$0	\$0	\$7,623	\$0	\$128,719	\$231,962	\$0	\$60,767	\$106,380	\$0	\$167,148	\$524,433
2026	7	\$8,888	\$0	\$0	\$0	\$7,776	\$0	\$137,139	\$236,601	\$0	\$67,829	\$108,508	\$0	\$176,337	\$700,770
2027	8	\$9,066	\$0	\$0	\$0	\$7,931	\$0	\$139,882	\$241,333	\$0	\$69,186	\$110,678	\$0	\$179,863	\$880,633
2028	9	\$9,248	\$0	\$0	\$0	\$8,090	\$0	\$142,680	\$246,160	\$0	\$70,569	\$112,891	\$0	\$183,461	\$1,064,094
2029	10	\$9,432	\$0	\$0	\$0	\$8,252	\$0	\$145,533	\$251,083	\$0	\$71,981	\$115,149	\$0	\$187,130	\$1,251,224
2030	11	\$9,621	\$0	\$0	\$0	\$8,417	\$0	\$148,444	\$256,105	\$0	\$73,420	\$117,452	\$0	\$190,873	\$1,442,096
2031	12	\$9,814	\$0	\$0	\$0	\$8,585	\$0	\$151,413	\$261,227	\$0	\$74,889	\$119,801	\$0	\$194,690	\$1,636,786
2032	13	\$10,010	\$0	\$0	\$0	\$8,757	\$0	\$154,441	\$266,451	\$0	\$76,387	\$122,197	\$0	\$198,584	\$1,835,370
2033	14	\$10,210	\$0	\$0	\$0	\$8,932	\$0	\$157,530	\$271,780	\$0	\$77,914	\$124,641	\$0	\$202,555	\$2,037,925
2034	15	\$10,414	\$0	\$0	\$0	\$9,111	\$0	\$160,681	\$277,216	\$0	\$79,473	\$127,134	\$0	\$206,607	\$2,244,532
2035	16	\$10,623	\$0	\$0	\$0	\$9,293	\$0	\$163,894	\$282,760	\$0	\$81,062	\$129,677	\$0	\$210,739	\$2,455,271
2036	17	\$10,835	\$0	\$0	\$0	\$9,479	\$0	\$167,172	\$288,415	\$0	\$82,683	\$132,270	\$0	\$214,953	\$2,670,224
2037	18	\$11,052	\$0	\$0	\$0	\$9,668	\$0	\$170,516	\$294,184	\$0	\$84,337	\$134,916	\$0	\$219,253	\$2,889,477
2038	19	\$11,273	\$0	\$0	\$0	\$9,862	\$0	\$173,926	\$300,067	\$0	\$86,024	\$137,614	\$0	\$223,638	\$3,113,114
2039	20	\$11,498	\$0	\$0	\$0	\$10,059	\$0	\$177,404	\$306,069	\$0	\$87,744	\$140,366	\$0	\$228,110	\$3,341,224
							\$2,857,763	\$4,914,374	\$0	\$1,302,028	\$2,039,196	\$0	\$3,341,224		

Source: SB Friedman Development Advisors analysis using data from multiple sources.

**EXHIBIT C-3. Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment Project**

Year	Construction					Hotel				Retail			
	Sales Tax	Individual Income Tax	Corporate Income Tax	Property Tax	Total	Sales Tax	Individual Income Tax	Corporate Income Tax	Total	Sales Tax	Individual Income Tax	Corporate Income Tax	Total
2020	\$22,474	\$25,414	\$1,549	\$0	\$49,437	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$40,253	\$46,241	\$2,819	\$866	\$90,179	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$32,062	\$37,413	\$2,281	\$3,758	\$75,513	\$10,351	\$3,543	\$221	\$14,115	\$18,134	\$2,417	\$498	\$20,551
2023	\$14,361	\$17,021	\$1,038	\$5,865	\$38,285	\$10,558	\$3,614	\$225	\$14,397	\$18,496	\$2,465	\$508	\$20,962
2024	\$28,602	\$34,431	\$2,099	\$5,982	\$71,114	\$10,769	\$3,686	\$230	\$14,685	\$42,286	\$5,636	\$1,160	\$47,923
2025	\$28,726	\$35,120	\$2,141	\$6,236	\$72,222	\$10,985	\$3,760	\$234	\$14,979	\$43,132	\$5,749	\$1,184	\$48,881
2026	\$0	\$0	\$0	\$6,497	\$6,497	\$11,204	\$3,835	\$239	\$15,278	\$43,995	\$5,864	\$1,207	\$49,859
2027	\$0	\$0	\$0	\$6,627	\$6,627	\$11,428	\$3,912	\$244	\$15,584	\$44,875	\$5,981	\$1,231	\$50,856
2028	\$0	\$0	\$0	\$6,759	\$6,759	\$11,657	\$3,990	\$249	\$15,895	\$45,772	\$6,101	\$1,256	\$51,873
2029	\$0	\$0	\$0	\$6,895	\$6,895	\$11,890	\$4,070	\$254	\$16,213	\$46,688	\$6,223	\$1,281	\$52,910
2030	\$0	\$0	\$0	\$7,032	\$7,032	\$12,128	\$4,151	\$259	\$16,538	\$47,621	\$6,347	\$1,307	\$53,969
2031	\$0	\$0	\$0	\$7,173	\$7,173	\$12,370	\$4,234	\$264	\$16,868	\$48,574	\$6,474	\$1,333	\$55,048
2032	\$0	\$0	\$0	\$7,317	\$7,317	\$12,618	\$4,319	\$269	\$17,206	\$49,545	\$6,604	\$1,359	\$56,149
2033	\$0	\$0	\$0	\$7,463	\$7,463	\$12,870	\$4,405	\$275	\$17,550	\$50,536	\$6,736	\$1,387	\$57,272
2034	\$0	\$0	\$0	\$7,612	\$7,612	\$13,128	\$4,493	\$280	\$17,901	\$51,547	\$6,870	\$1,414	\$58,417
2035	\$0	\$0	\$0	\$7,764	\$7,764	\$13,390	\$4,583	\$286	\$18,259	\$52,578	\$7,008	\$1,443	\$59,586
2036	\$0	\$0	\$0	\$7,920	\$7,920	\$13,658	\$4,675	\$291	\$18,624	\$53,629	\$7,148	\$1,472	\$60,778
2037	\$0	\$0	\$0	\$8,078	\$8,078	\$13,931	\$4,768	\$297	\$18,997	\$54,702	\$7,291	\$1,501	\$61,993
2038	\$0	\$0	\$0	\$8,240	\$8,240	\$14,210	\$4,864	\$303	\$19,376	\$55,796	\$7,437	\$1,531	\$63,233
2039	\$0	\$0	\$0	\$8,404	\$8,404	\$14,494	\$4,961	\$309	\$19,764	\$56,912	\$7,586	\$1,562	\$64,498
<b>Total</b>	<b>\$166,477</b>	<b>\$195,640</b>	<b>\$11,926</b>	<b>\$126,486</b>	<b>\$500,530</b>	<b>\$221,640</b>	<b>\$75,860</b>	<b>\$4,728</b>	<b>\$302,229</b>	<b>\$824,819</b>	<b>\$109,937</b>	<b>\$22,632</b>	<b>\$934,756</b>

Source: AEG analysis using base data from AEG economic impact analysis, U.S. Bureau of Labor Statistics Consumer Expenditure Survey (2016), AEG Annual Business Tax Burden Rankings (2018), U.S. Internal Revenue Service Statistics of Income (2015), Commonwealth of Kentucky Comprehensive Annual Financial Report, SB Friedman Development Advisors.

**EXHIBIT CONTINUED**

Year	Residential				Tourism			Light Manufacturing			Public Assembly (Columbia Theater)		
	Sales Tax	Individual Income Tax	Corporate Income Tax	Total	Sales Tax	Individual Income Tax	Total	Sales Tax	Individual Income Tax	Corporate Income Tax	Total	Individual Income Tax	Total
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2021	\$0	\$0	\$0	\$0	\$2,494	\$13,822	\$16,316	\$0	\$0	\$0	\$0	\$0	\$0
2022	\$0	\$0	\$0	\$0	\$2,543	\$14,099	\$16,642	\$0	\$0	\$0	\$0	\$0	\$0
2023	\$0	\$0	\$0	\$0	\$2,594	\$14,381	\$16,975	\$0	\$0	\$0	\$0	\$0	\$0
2024	\$284	\$1,576	\$111	\$1,971	\$2,646	\$14,668	\$17,314	\$0	\$0	\$0	\$0	\$1,431	\$1,431
2025	\$290	\$1,608	\$113	\$2,011	\$2,699	\$14,962	\$17,661	\$20,840	\$11,715	\$420	\$32,975	\$1,460	\$1,460
2026	\$296	\$1,640	\$115	\$2,051	\$2,753	\$15,261	\$18,014	\$21,257	\$11,950	\$428	\$33,634	\$1,489	\$1,489
2027	\$302	\$1,673	\$117	\$2,092	\$2,808	\$15,566	\$18,374	\$21,682	\$12,189	\$437	\$34,307	\$1,519	\$1,519
2028	\$308	\$1,706	\$120	\$2,134	\$2,864	\$15,877	\$18,742	\$22,115	\$12,432	\$445	\$34,993	\$1,549	\$1,549
2029	\$314	\$1,741	\$122	\$2,177	\$2,922	\$16,195	\$19,116	\$22,558	\$12,681	\$454	\$35,693	\$1,580	\$1,580
2030	\$320	\$1,775	\$125	\$2,220	\$2,980	\$16,519	\$19,499	\$23,009	\$12,935	\$463	\$36,407	\$1,612	\$1,612
2031	\$327	\$1,811	\$127	\$2,265	\$3,040	\$16,849	\$19,889	\$23,469	\$13,193	\$473	\$37,135	\$1,644	\$1,644
2032	\$333	\$1,847	\$130	\$2,310	\$3,100	\$17,186	\$20,287	\$23,938	\$13,457	\$482	\$37,878	\$1,677	\$1,677
2033	\$340	\$1,884	\$132	\$2,356	\$3,162	\$17,530	\$20,692	\$24,417	\$13,726	\$492	\$38,635	\$1,710	\$1,710
2034	\$347	\$1,922	\$135	\$2,403	\$3,226	\$17,880	\$21,106	\$24,906	\$14,001	\$502	\$39,408	\$1,745	\$1,745
2035	\$354	\$1,960	\$138	\$2,451	\$3,290	\$18,238	\$21,528	\$25,404	\$14,281	\$512	\$40,196	\$1,780	\$1,780
2036	\$361	\$1,999	\$140	\$2,500	\$3,356	\$18,603	\$21,959	\$25,912	\$14,567	\$522	\$41,000	\$1,815	\$1,815
2037	\$368	\$2,039	\$143	\$2,550	\$3,423	\$18,975	\$22,398	\$26,430	\$14,858	\$532	\$41,820	\$1,851	\$1,851
2038	\$375	\$2,080	\$146	\$2,601	\$3,492	\$19,354	\$22,846	\$26,959	\$15,155	\$543	\$42,657	\$1,888	\$1,888
2039	\$383	\$2,122	\$149	\$2,653	\$3,561	\$19,741	\$23,303	\$27,498	\$15,458	\$554	\$43,510	\$1,926	\$1,926
<b>Total</b>	<b>\$5,301</b>	<b>\$29,384</b>	<b>\$2,062</b>	<b>\$36,747</b>	<b>\$56,954</b>	<b>\$315,705</b>	<b>\$372,660</b>	<b>\$360,392</b>	<b>\$202,599</b>	<b>\$7,258</b>	<b>\$570,249</b>	<b>\$26,677</b>	<b>\$26,677</b>

Source: AEG analysis using base data from AEG economic impact analysis, U.S. Bureau of Labor Statistics Consumer Expenditure Survey (2016), AEG Annual Business Tax Burden Rankings (2018), U.S. Internal Revenue Service Statistics of Income (2015), Commonwealth of Kentucky Comprehensive Annual Financial Report, SB Friedman Development Advisors.

**EXHIBIT CONTINUED**

<i>Total Developments</i>					
<b>Year</b>	<b>Sales Tax</b>	<b>Individual Income Tax</b>	<b>Corporate Income Tax</b>	<b>Property Tax</b>	<b>Total</b>
2020	\$22,474	\$25,414	\$1,549	\$0	\$49,437
2021	\$42,747	\$60,063	\$2,819	\$866	\$106,495
2022	\$63,090	\$57,471	\$2,999	\$3,758	\$127,318
2023	\$46,010	\$37,481	\$1,770	\$5,865	\$91,126
2024	\$84,588	\$61,429	\$3,599	\$5,982	\$155,598
2025	\$106,672	\$74,373	\$4,091	\$6,236	\$191,372
2026	\$79,505	\$40,038	\$1,989	\$6,497	\$128,029
2027	\$81,095	\$40,839	\$2,029	\$6,627	\$130,590
2028	\$82,717	\$41,656	\$2,070	\$6,759	\$133,202
2029	\$84,371	\$42,489	\$2,111	\$6,895	\$135,866
2030	\$86,059	\$43,339	\$2,153	\$7,032	\$138,583
2031	\$87,780	\$44,206	\$2,196	\$7,173	\$141,355
2032	\$89,535	\$45,090	\$2,240	\$7,317	\$144,182
2033	\$91,326	\$45,992	\$2,285	\$7,463	\$147,066
2034	\$93,153	\$46,911	\$2,331	\$7,612	\$150,007
2035	\$95,016	\$47,850	\$2,377	\$7,764	\$153,007
2036	\$96,916	\$48,807	\$2,425	\$7,920	\$156,067
2037	\$98,854	\$49,783	\$2,474	\$8,078	\$159,188
2038	\$100,831	\$50,778	\$2,523	\$8,240	\$162,372
2039	\$102,848	\$51,794	\$2,573	\$8,404	\$165,620
<b>Total</b>	<b>\$1,635,584</b>	<b>\$955,802</b>	<b>\$48,606</b>	<b>\$126,486</b>	<b>\$2,766,479</b>

Source: AEG analysis using base data from AEG economic impact analysis, U.S. Bureau of Labor Statistics Consumer Expenditure Survey (2016), AEG Annual Business Tax Burden Rankings (2018), U.S. Internal Revenue Service Statistics of Income (2015), Commonwealth of Kentucky Comprehensive Annual Financial Report, SB Friedman Development Advisors.

**EXHIBIT C-4. Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment, Sales Tax Revenues (Direct Sales and Spending)**

Year	Net New Direct Sales or Spending (a)						Net Fiscal Impact from Direct Sales or Spending (b)						Total
	Construction	Hotel	Retail	Residential	Tourism	Light Manufacturing	Construction	Hotel	Retail	Residential	Tourism	Light Manufacturing	
2020	\$298,149	\$0	\$0	\$0	\$0	\$0	\$17,889	\$0	\$0	\$0	\$0	\$0	\$17,889
2021	\$531,850	\$0	\$0	\$0	\$0	\$0	\$31,911	\$0	\$0	\$0	\$0	\$0	\$31,911
2022	\$421,873	\$130,147	\$287,747	\$0	\$0	\$0	\$25,312	\$9,110	\$17,265	\$0	\$0	\$0	\$51,687
2023	\$188,172	\$132,749	\$293,501	\$0	\$0	\$0	\$11,290	\$9,292	\$17,610	\$0	\$0	\$0	\$38,193
2024	\$373,172	\$135,404	\$671,005	\$0	\$0	\$0	\$22,390	\$9,478	\$40,260	\$0	\$0	\$0	\$72,129
2025	\$373,172	\$138,113	\$684,425	\$0	\$0	\$281,541	\$22,390	\$9,668	\$41,066	\$0	\$0	\$16,892	\$90,016
2026	\$0	\$140,875	\$698,114	\$0	\$0	\$287,171	\$0	\$9,861	\$41,887	\$0	\$0	\$17,230	\$68,978
2027	\$0	\$143,692	\$712,076	\$0	\$0	\$292,915	\$0	\$10,058	\$42,725	\$0	\$0	\$17,575	\$70,358
2028	\$0	\$146,566	\$726,318	\$0	\$0	\$298,773	\$0	\$10,260	\$43,579	\$0	\$0	\$17,926	\$71,765
2029	\$0	\$149,497	\$740,844	\$0	\$0	\$304,749	\$0	\$10,465	\$44,451	\$0	\$0	\$18,285	\$73,200
2030	\$0	\$152,487	\$755,661	\$0	\$0	\$310,844	\$0	\$10,674	\$45,340	\$0	\$0	\$18,651	\$74,664
2031	\$0	\$155,537	\$770,774	\$0	\$0	\$317,060	\$0	\$10,888	\$46,246	\$0	\$0	\$19,024	\$76,158
2032	\$0	\$158,648	\$786,189	\$0	\$0	\$323,402	\$0	\$11,105	\$47,171	\$0	\$0	\$19,404	\$77,681
2033	\$0	\$161,821	\$801,913	\$0	\$0	\$329,870	\$0	\$11,327	\$48,115	\$0	\$0	\$19,792	\$79,234
2034	\$0	\$165,057	\$817,951	\$0	\$0	\$336,467	\$0	\$11,554	\$49,077	\$0	\$0	\$20,188	\$80,819
2035	\$0	\$168,358	\$834,311	\$0	\$0	\$343,196	\$0	\$11,785	\$50,059	\$0	\$0	\$20,592	\$82,436
2036	\$0	\$171,726	\$850,997	\$0	\$0	\$350,060	\$0	\$12,021	\$51,060	\$0	\$0	\$21,004	\$84,084
2037	\$0	\$175,160	\$868,017	\$0	\$0	\$357,062	\$0	\$12,261	\$52,081	\$0	\$0	\$21,424	\$85,766
2038	\$0	\$178,663	\$885,377	\$0	\$0	\$364,203	\$0	\$12,506	\$53,123	\$0	\$0	\$21,852	\$87,481
2039	\$0	\$182,237	\$903,085	\$0	\$0	\$371,487	\$0	\$12,757	\$54,185	\$0	\$0	\$22,289	\$89,231
<b>Total</b>	<b>\$1,888,238</b>	<b>\$2,786,739</b>	<b>\$13,088,304</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,868,799</b>	<b>\$113,294</b>	<b>\$195,072</b>	<b>\$785,298</b>	<b>\$0</b>	<b>\$0</b>	<b>\$292,128</b>	<b>\$1,385,792</b>

Source: AEG analysis using base data from AEG economic impact analysis and SB Friedman Development Advisors.

Notes:

1. Construction spending reflects total net new spending on construction materials, which are subject to sales tax. Residential spending reflects net new consumption spending. See "Fiscal Impact Analysis" on page A-8 for further discussion.
2. With the exception of retail sales, we multiplied by the net new direct sales or spending by the statutory sales tax rate of 6%. We also multiplied hotel sales by the statutory lodging tax rate of 1%.
3. We relied on SB Friedman's tax increment analysis to estimate the net fiscal impact of retail/restaurant sales. See "Fiscal Impact Analysis" on page A-8 for further discussion.

**EXHIBIT C-5. Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment, Sales Tax Revenues (Household Spending)**

Year	Net Fiscal Impact from Average Earnings (a)							Net Fiscal Impact from Marginal Earnings (b)						
	Construction	Hotel	Retail	Residential	Tourism	Light Manufacturing	Total	Construction	Hotel	Retail	Residential	Tourism	Light Manufacturing	Total
2020	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,585	\$0	\$0	\$0	\$0	\$0	\$4,585
2021	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,342	\$0	\$0	\$0	\$2,494	\$0	\$10,836
2022	\$0	\$949	\$683	\$0	\$0	\$0	\$1,632	\$6,749	\$292	\$186	\$0	\$2,543	\$0	\$9,771
2023	\$0	\$968	\$696	\$0	\$0	\$0	\$1,664	\$3,071	\$298	\$190	\$0	\$2,594	\$0	\$6,153
2024	\$0	\$987	\$1,592	\$0	\$0	\$0	\$2,579	\$6,211	\$304	\$434	\$284	\$2,646	\$0	\$9,880
2025	\$0	\$1,007	\$1,624	\$0	\$0	\$2,893	\$5,524	\$6,336	\$310	\$443	\$290	\$2,699	\$1,055	\$11,132
2026	\$0	\$1,027	\$1,656	\$0	\$0	\$2,951	\$5,634	\$0	\$316	\$452	\$296	\$2,753	\$1,076	\$4,892
2027	\$0	\$1,048	\$1,690	\$0	\$0	\$3,010	\$5,747	\$0	\$322	\$461	\$302	\$2,808	\$1,097	\$4,990
2028	\$0	\$1,069	\$1,723	\$0	\$0	\$3,070	\$5,862	\$0	\$329	\$470	\$308	\$2,864	\$1,119	\$5,090
2029	\$0	\$1,090	\$1,758	\$0	\$0	\$3,131	\$5,979	\$0	\$335	\$479	\$314	\$2,922	\$1,142	\$5,192
2030	\$0	\$1,112	\$1,793	\$0	\$0	\$3,194	\$6,099	\$0	\$342	\$489	\$320	\$2,980	\$1,165	\$5,296
2031	\$0	\$1,134	\$1,829	\$0	\$0	\$3,258	\$6,221	\$0	\$349	\$499	\$327	\$3,040	\$1,188	\$5,401
2032	\$0	\$1,157	\$1,865	\$0	\$0	\$3,323	\$6,345	\$0	\$356	\$509	\$333	\$3,100	\$1,212	\$5,509
2033	\$0	\$1,180	\$1,903	\$0	\$0	\$3,389	\$6,472	\$0	\$363	\$519	\$340	\$3,162	\$1,236	\$5,620
2034	\$0	\$1,204	\$1,941	\$0	\$0	\$3,457	\$6,601	\$0	\$370	\$529	\$347	\$3,226	\$1,261	\$5,732
2035	\$0	\$1,228	\$1,980	\$0	\$0	\$3,526	\$6,733	\$0	\$377	\$540	\$354	\$3,290	\$1,286	\$5,847
2036	\$0	\$1,252	\$2,019	\$0	\$0	\$3,597	\$6,868	\$0	\$385	\$551	\$361	\$3,356	\$1,311	\$5,964
2037	\$0	\$1,277	\$2,060	\$0	\$0	\$3,669	\$7,005	\$0	\$393	\$562	\$368	\$3,423	\$1,338	\$6,083
2038	\$0	\$1,303	\$2,101	\$0	\$0	\$3,742	\$7,146	\$0	\$401	\$573	\$375	\$3,492	\$1,364	\$6,205
2039	\$0	\$1,329	\$2,143	\$0	\$0	\$3,817	\$7,288	\$0	\$409	\$584	\$383	\$3,561	\$1,392	\$6,329
<b>Total</b>	<b>\$0</b>	<b>\$20,321</b>	<b>\$31,054</b>	<b>\$0</b>	<b>\$0</b>	<b>\$50,024</b>	<b>\$101,400</b>	<b>\$35,294</b>	<b>\$6,248</b>	<b>\$8,467</b>	<b>\$5,301</b>	<b>\$56,954</b>	<b>\$18,240</b>	<b>\$130,504</b>

Source: AEG analysis using base data from AEG economic impact analysis, U.S. Bureau of Labor Statistics Consumer Expenditure Survey (2016), AEG Annual Business Tax Burden Rankings (2017).

(a) We consider the direct earnings impact to be average earnings. We estimated that 2.4% of average earnings are paid toward sales taxes. See “Fiscal Impact Analysis” on page A-8 for further discussion.

(b) We consider the indirect earnings impact to be marginal earnings. We estimated that 0.9% of marginal earnings are paid toward sales taxes. See “Fiscal Impact Analysis” on page A-8 for further discussion.

**EXHIBIT CONTINUED**

Year	<i>Net Fiscal Impact on Sales Tax Revenues</i>						
	Construction	Hotel	Retail / Restaurant	Residential	Tourism	Light Manufacturing	Total
2020	\$4,585	\$0	\$0	\$0	\$0	\$0	\$4,585
2021	\$8,342	\$0	\$0	\$0	\$2,494	\$0	\$10,836
2022	\$6,749	\$1,241	\$869	\$0	\$2,543	\$0	\$11,403
2023	\$3,071	\$1,266	\$886	\$0	\$2,594	\$0	\$7,817
2024	\$6,211	\$1,291	\$2,026	\$284	\$2,646	\$0	\$12,459
2025	\$6,336	\$1,317	\$2,067	\$290	\$2,699	\$3,947	\$16,656
2026	\$0	\$1,343	\$2,108	\$296	\$2,753	\$4,026	\$10,526
2027	\$0	\$1,370	\$2,150	\$302	\$2,808	\$4,107	\$10,737
2028	\$0	\$1,397	\$2,193	\$308	\$2,864	\$4,189	\$10,952
2029	\$0	\$1,425	\$2,237	\$314	\$2,922	\$4,273	\$11,171
2030	\$0	\$1,454	\$2,282	\$320	\$2,980	\$4,358	\$11,394
2031	\$0	\$1,483	\$2,327	\$327	\$3,040	\$4,445	\$11,622
2032	\$0	\$1,513	\$2,374	\$333	\$3,100	\$4,534	\$11,854
2033	\$0	\$1,543	\$2,421	\$340	\$3,162	\$4,625	\$12,092
2034	\$0	\$1,574	\$2,470	\$347	\$3,226	\$4,718	\$12,333
2035	\$0	\$1,605	\$2,519	\$354	\$3,290	\$4,812	\$12,580
2036	\$0	\$1,637	\$2,570	\$361	\$3,356	\$4,908	\$12,832
2037	\$0	\$1,670	\$2,621	\$368	\$3,423	\$5,006	\$13,088
2038	\$0	\$1,703	\$2,673	\$375	\$3,492	\$5,106	\$13,350
2039	\$0	\$1,737	\$2,727	\$383	\$3,561	\$5,209	\$13,617
<b>Total</b>	<b>\$35,294</b>	<b>\$26,569</b>	<b>\$39,521</b>	<b>\$5,301</b>	<b>\$56,954</b>	<b>\$68,264</b>	<b>\$231,903</b>

Source: AEG analysis using base data from AEG economic impact analysis, U.S. Bureau of Labor Statistics Consumer Expenditure Survey (2016), AEG Annual Business Tax Burden Rankings (2017).

**EXHIBIT C-6. Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment, Individual Income Tax Revenues**

	<i>Net Fiscal Impact on Individual Income Tax Revenues (a)</i>							Total
	Construction	Hotel	Retail	Residential	Tourism	Light Manufacturing	Public Assembly (Columbia Theatre)	
<b>2020</b>	\$25,414	\$0	\$0	\$0	\$0	\$0	\$0	\$25,414
<b>2021</b>	\$46,241	\$0	\$0	\$0	\$13,822	\$0	\$0	\$60,063
<b>2022</b>	\$37,413	\$3,543	\$2,417	\$0	\$14,099	\$0	\$0	\$57,471
<b>2023</b>	\$17,021	\$3,614	\$2,465	\$0	\$14,381	\$0	\$0	\$37,481
<b>2024</b>	\$34,431	\$3,686	\$5,636	\$1,576	\$14,668	\$0	\$1,431	\$61,429
<b>2025</b>	\$35,120	\$3,760	\$5,749	\$1,608	\$14,962	\$11,715	\$1,460	\$74,373
<b>2026</b>	\$0	\$3,835	\$5,864	\$1,640	\$15,261	\$11,950	\$1,489	\$40,038
<b>2027</b>	\$0	\$3,912	\$5,981	\$1,673	\$15,566	\$12,189	\$1,519	\$40,839
<b>2028</b>	\$0	\$3,990	\$6,101	\$1,706	\$15,877	\$12,432	\$1,549	\$41,656
<b>2029</b>	\$0	\$4,070	\$6,223	\$1,741	\$16,195	\$12,681	\$1,580	\$42,489
<b>2030</b>	\$0	\$4,151	\$6,347	\$1,775	\$16,519	\$12,935	\$1,612	\$43,339
<b>2031</b>	\$0	\$4,234	\$6,474	\$1,811	\$16,849	\$13,193	\$1,644	\$44,206
<b>2032</b>	\$0	\$4,319	\$6,604	\$1,847	\$17,186	\$13,457	\$1,677	\$45,090
<b>2033</b>	\$0	\$4,405	\$6,736	\$1,884	\$17,530	\$13,726	\$1,710	\$45,992
<b>2034</b>	\$0	\$4,493	\$6,870	\$1,922	\$17,880	\$14,001	\$1,745	\$46,911
<b>2035</b>	\$0	\$4,583	\$7,008	\$1,960	\$18,238	\$14,281	\$1,780	\$47,850
<b>2036</b>	\$0	\$4,675	\$7,148	\$1,999	\$18,603	\$14,567	\$1,815	\$48,807
<b>2037</b>	\$0	\$4,768	\$7,291	\$2,039	\$18,975	\$14,858	\$1,851	\$49,783
<b>2038</b>	\$0	\$4,864	\$7,437	\$2,080	\$19,354	\$15,155	\$1,888	\$50,778
<b>2039</b>	\$0	\$4,961	\$7,586	\$2,122	\$19,741	\$15,458	\$1,926	\$51,794
<b>Total</b>	<b>\$195,640</b>	<b>\$75,860</b>	<b>\$109,937</b>	<b>\$29,384</b>	<b>\$315,705</b>	<b>\$202,599</b>	<b>\$26,677</b>	<b>\$955,802</b>

Source: AEG analysis using base data from AEG economic impact analysis, U.S. Internal Revenue Service Statistics of Income (2015), Commonwealth of Kentucky Comprehensive Annual Financial Report (2015).

(a) We consider both direct and indirect earnings to be average earnings. We assume that 4.8% of average earnings are paid toward individual income taxes. See "Fiscal Impact Analysis" on page A-8 for further discussion.

**EXHIBIT C-7. Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment, Corporate Income Tax Revenues**

<i>Net Fiscal Impact on Corporate Income Tax Revenues (a)</i>						
<b>Year</b>	<b>Construction</b>	<b>Hotel</b>	<b>Retail</b>	<b>Residential</b>	<b>Light Manufacturing</b>	<b>Total</b>
<b>2020</b>	\$1,549	\$0	\$0	\$0	\$0	\$1,549
<b>2021</b>	\$2,819	\$0	\$0	\$0	\$0	\$2,819
<b>2022</b>	\$2,281	\$221	\$498	\$0	\$0	\$2,999
<b>2023</b>	\$1,038	\$225	\$508	\$0	\$0	\$1,770
<b>2024</b>	\$2,099	\$230	\$1,160	\$111	\$0	\$3,599
<b>2025</b>	\$2,141	\$234	\$1,184	\$113	\$420	\$4,091
<b>2026</b>	\$0	\$239	\$1,207	\$115	\$428	\$1,989
<b>2027</b>	\$0	\$244	\$1,231	\$117	\$437	\$2,029
<b>2028</b>	\$0	\$249	\$1,256	\$120	\$445	\$2,070
<b>2029</b>	\$0	\$254	\$1,281	\$122	\$454	\$2,111
<b>2030</b>	\$0	\$259	\$1,307	\$125	\$463	\$2,153
<b>2031</b>	\$0	\$264	\$1,333	\$127	\$473	\$2,196
<b>2032</b>	\$0	\$269	\$1,359	\$130	\$482	\$2,240
<b>2033</b>	\$0	\$275	\$1,387	\$132	\$492	\$2,285
<b>2034</b>	\$0	\$280	\$1,414	\$135	\$502	\$2,331
<b>2035</b>	\$0	\$286	\$1,443	\$138	\$512	\$2,377
<b>2036</b>	\$0	\$291	\$1,472	\$140	\$522	\$2,425
<b>2037</b>	\$0	\$297	\$1,501	\$143	\$532	\$2,474
<b>2038</b>	\$0	\$303	\$1,531	\$146	\$543	\$2,523
<b>2039</b>	\$0	\$309	\$1,562	\$149	\$554	\$2,573
<b>Total</b>	<b>\$11,926</b>	<b>\$4,728</b>	<b>\$22,632</b>	<b>\$2,062</b>	<b>\$7,258</b>	<b>\$48,606</b>

Source: AEG analysis using base data from AEG economic impact analysis.

(a) For the purposes of this analysis, we estimated the net fiscal impact on the limited liability entity tax revenues only. We applied the tax rate of 0.095% of Kentucky gross receipts to our output impact estimates. See "Fiscal Impact Analysis" on page A-8 for further discussion.

**EXHIBIT C-8. Annual Net Fiscal Impact of Paducah Downtown Riverfront Redevelopment, Property Tax Revenues**

	<i>Tax Increment (a)</i>				<i>Net Fiscal Impact on Property Tax Revenues (b)</i>				
	Hotel	Retail	Residential	Light Manufacturing	Hotel	Retail	Residential	Light Manufacturing	Total
<b>2020</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>2021</b>	\$1,839	\$1,624	\$0	\$0	\$460	\$406	\$0	\$0	\$866
<b>2022</b>	\$5,628	\$9,020	\$1,919	\$0	\$1,407	\$2,255	\$96	\$0	\$3,758
<b>2023</b>	\$7,654	\$15,021	\$3,915	\$0	\$1,914	\$3,755	\$196	\$0	\$5,865
<b>2024</b>	\$7,807	\$15,322	\$3,993	\$0	\$1,952	\$3,830	\$200	\$0	\$5,982
<b>2025</b>	\$7,963	\$15,628	\$4,073	\$2,679	\$1,991	\$3,907	\$204	\$134	\$6,236
<b>2026</b>	\$8,122	\$15,941	\$4,155	\$5,465	\$2,031	\$3,985	\$208	\$273	\$6,497
<b>2027</b>	\$8,285	\$16,260	\$4,238	\$5,575	\$2,071	\$4,065	\$212	\$279	\$6,627
<b>2028</b>	\$8,451	\$16,585	\$4,323	\$5,686	\$2,113	\$4,146	\$216	\$284	\$6,759
<b>2029</b>	\$8,620	\$16,917	\$4,409	\$5,800	\$2,155	\$4,229	\$220	\$290	\$6,895
<b>2030</b>	\$8,792	\$17,255	\$4,497	\$5,916	\$2,198	\$4,314	\$225	\$296	\$7,032
<b>2031</b>	\$8,968	\$17,600	\$4,587	\$6,034	\$2,242	\$4,400	\$229	\$302	\$7,173
<b>2032</b>	\$9,147	\$17,952	\$4,679	\$6,155	\$2,287	\$4,488	\$234	\$308	\$7,317
<b>2033</b>	\$9,330	\$18,311	\$4,772	\$6,278	\$2,333	\$4,578	\$239	\$314	\$7,463
<b>2034</b>	\$9,517	\$18,677	\$4,868	\$6,404	\$2,379	\$4,669	\$243	\$320	\$7,612
<b>2035</b>	\$9,707	\$19,051	\$4,965	\$6,532	\$2,427	\$4,763	\$248	\$327	\$7,764
<b>2036</b>	\$9,901	\$19,432	\$5,065	\$6,662	\$2,475	\$4,858	\$253	\$333	\$7,920
<b>2037</b>	\$10,099	\$19,820	\$5,166	\$6,796	\$2,525	\$4,955	\$258	\$340	\$8,078
<b>2038</b>	\$10,301	\$20,217	\$5,269	\$6,932	\$2,575	\$5,054	\$263	\$347	\$8,240
<b>2039</b>	\$10,507	\$20,621	\$5,375	\$7,070	\$2,627	\$5,155	\$269	\$354	\$8,404
<b>Total</b>	<b>\$160,640</b>	<b>\$311,255</b>	<b>\$80,269</b>	<b>\$89,984</b>	<b>\$40,160</b>	<b>\$77,814</b>	<b>\$4,013</b>	<b>\$4,499</b>	<b>\$126,486</b>

Source: AEG analysis using base data from AEG economic impact analysis and SB Friedman Development Advisors

(a) Tax increment estimates are from SB Friedman's analysis.

(b) We applied our substitution estimates from the economic impact analysis to the tax increment estimates.

**EXHIBIT C-9. Annual Net Economic Impact of Construction and Operations of Paducah Downtown Riverfront Redevelopment in Kentucky**

Year	Hotel			Retail			Tenant Spending			Tourist Spending		
	Output	Earnings	Employment	Output	Earnings	Employment	Output	Earnings	Employment	Output	Earnings	Employment
2020	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0	0.0
2021	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$981,649	\$287,961	9.3
2022	\$232,416	\$73,809	3.8	\$523,756	\$50,353	1.4	\$0	\$0	0.0	\$1,001,282	\$293,720	9.3
2023	\$237,064	\$75,285	3.8	\$534,231	\$51,361	1.4	\$0	\$0	0.0	\$1,021,308	\$299,595	9.3
2024	\$241,805	\$76,791	3.8	\$1,221,363	\$117,421	3.2	\$116,462	\$32,843	0.8	\$1,041,734	\$305,587	9.3
2025	\$246,641	\$78,327	3.8	\$1,245,791	\$119,769	3.2	\$118,791	\$33,500	0.8	\$1,062,569	\$311,698	9.3
2026	\$251,574	\$79,893	3.8	\$1,270,707	\$122,165	3.2	\$121,167	\$34,170	0.8	\$1,083,820	\$317,932	9.3
2027	\$256,606	\$81,491	3.8	\$1,296,121	\$124,608	3.2	\$123,590	\$34,853	0.8	\$1,105,496	\$324,291	9.3
2028	\$261,738	\$83,121	3.8	\$1,322,043	\$127,100	3.2	\$126,062	\$35,550	0.8	\$1,127,606	\$330,777	9.3
2029	\$266,973	\$84,783	3.8	\$1,348,484	\$129,642	3.2	\$128,583	\$36,261	0.8	\$1,150,158	\$337,392	9.3
2030	\$272,312	\$86,479	3.8	\$1,375,454	\$132,235	3.2	\$131,155	\$36,986	0.8	\$1,173,162	\$344,140	9.3
2031	\$277,758	\$88,209	3.8	\$1,402,963	\$134,880	3.2	\$133,778	\$37,726	0.8	\$1,196,625	\$351,023	9.3
2032	\$283,313	\$89,973	3.8	\$1,431,022	\$137,577	3.2	\$136,453	\$38,480	0.8	\$1,220,557	\$358,044	9.3
2033	\$288,980	\$91,772	3.8	\$1,459,642	\$140,329	3.2	\$139,183	\$39,250	0.8	\$1,244,969	\$365,204	9.3
2034	\$294,759	\$93,608	3.8	\$1,488,835	\$143,135	3.2	\$141,966	\$40,035	0.8	\$1,269,868	\$372,509	9.3
2035	\$300,655	\$95,480	3.8	\$1,518,612	\$145,998	3.2	\$144,805	\$40,836	0.8	\$1,295,265	\$379,959	9.3
2036	\$306,668	\$97,390	3.8	\$1,548,984	\$148,918	3.2	\$147,702	\$41,652	0.8	\$1,321,171	\$387,558	9.3
2037	\$312,801	\$99,337	3.8	\$1,579,964	\$151,896	3.2	\$150,656	\$42,486	0.8	\$1,347,594	\$395,309	9.3
2038	\$319,057	\$101,324	3.8	\$1,611,563	\$154,934	3.2	\$153,669	\$43,335	0.8	\$1,374,546	\$403,215	9.3
2039	\$325,438	\$103,351	3.8	\$1,643,794	\$158,033	3.2	\$156,742	\$44,202	0.8	\$1,402,037	\$411,280	9.3
<b>Total</b>	<b>\$4,976,558</b>	<b>\$1,580,424</b>	<b>3.8</b>	<b>\$23,823,330</b>	<b>\$2,290,354</b>	<b>3.2</b>	<b>\$2,170,763</b>	<b>\$612,164</b>	<b>0.8</b>	<b>\$22,421,416</b>	<b>\$6,577,195</b>	<b>9.3</b>

Source: AEG analysis using data from the City of Paducah, Weyland Ventures, SB Friedman Development Advisors, U.S. Bureau of Economic Analysis RIMS II Multipliers.

Note: The total employment impacts reflect the net new employment due to operations when these projects are fully developed.

**EXHIBIT CONTINUED**

Year	Light Manufacturing			Public Assembly (Columbia Theatre)			Construction			Total		
	Output	Earnings	Employment	Earnings	Employment	Output	Earnings	Employment	Output	Earnings	Employment	
2020	\$0	\$0	0.0	\$0	0.0	\$1,630,723	\$529,458	11.5	\$1,630,723	\$529,458	11.51	
2021	\$0	\$0	0.0	\$0	0.0	\$2,967,128	\$963,359	20.5	\$3,948,777	\$1,251,320	29.87	
2022	\$0	\$0	0.0	\$0	0.0	\$2,400,651	\$779,437	16.3	\$4,158,105	\$1,197,320	30.85	
2023	\$0	\$0	0.0	\$0	0.0	\$1,092,200	\$354,613	7.3	\$2,884,804	\$780,853	21.83	
2024	\$0	\$0	0.0	\$29,817	0.9	\$2,209,311	\$717,313	14.4	\$4,830,675	\$1,279,771	32.47	
2025	\$441,794	\$244,070	5.8	\$30,413	0.9	\$2,253,497	\$731,659	14.4	\$5,369,082	\$1,549,437	38.25	
2026	\$450,629	\$248,952	5.8	\$31,022	0.9	\$0	\$0	0.0	\$3,177,897	\$834,133	23.85	
2027	\$459,642	\$253,931	5.8	\$31,642	0.9	\$0	\$0	0.0	\$3,241,455	\$850,816	23.85	
2028	\$468,835	\$259,009	5.8	\$32,275	0.9	\$0	\$0	0.0	\$3,306,284	\$867,832	23.85	
2029	\$478,212	\$264,190	5.8	\$32,920	0.9	\$0	\$0	0.0	\$3,372,410	\$885,189	23.85	
2030	\$487,776	\$269,473	5.8	\$33,579	0.9	\$0	\$0	0.0	\$3,439,858	\$902,893	23.85	
2031	\$497,531	\$274,863	5.8	\$34,250	0.9	\$0	\$0	0.0	\$3,508,655	\$920,951	23.85	
2032	\$507,482	\$280,360	5.8	\$34,935	0.9	\$0	\$0	0.0	\$3,578,828	\$939,370	23.85	
2033	\$517,632	\$285,967	5.8	\$35,634	0.9	\$0	\$0	0.0	\$3,650,405	\$958,157	23.85	
2034	\$527,984	\$291,687	5.8	\$36,347	0.9	\$0	\$0	0.0	\$3,723,413	\$977,320	23.85	
2035	\$538,544	\$297,520	5.8	\$37,074	0.9	\$0	\$0	0.0	\$3,797,881	\$996,866	23.85	
2036	\$549,315	\$303,471	5.8	\$37,815	0.9	\$0	\$0	0.0	\$3,873,839	\$1,016,804	23.85	
2037	\$560,301	\$309,540	5.8	\$38,571	0.9	\$0	\$0	0.0	\$3,951,315	\$1,037,140	23.85	
2038	\$571,507	\$315,731	5.8	\$39,343	0.9	\$0	\$0	0.0	\$4,030,342	\$1,057,883	23.85	
2039	\$582,937	\$322,046	5.8	\$40,130	0.9	\$0	\$0	0.0	\$4,110,949	\$1,079,040	23.85	
<b>Total</b>	<b>\$7,640,119</b>	<b>\$4,220,809</b>	<b>5.8</b>	<b>\$555,767</b>	<b>0.9</b>	<b>\$12,553,510</b>	<b>\$4,075,838</b>	<b>20.5</b>	<b>\$73,585,696</b>	<b>\$19,912,552</b>	<b>38.25</b>	

Source: AEG analysis using data from the City of Paducah, Weyland Ventures, SB Friedman Development Advisors, U.S. Bureau of Economic Analysis RIMS II Multipliers.

Note: The total employment impacts reflect the net new employment due to operations when these projects are fully developed.

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**EXHIBIT C-10. Relevant Portions of Kentucky Revised Statutes**

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Kentucky Revised Statutes (KRS) 154.30-030(6)(a) outlines the requirements for an independent study on the projected feasibility and consequences of state TIF projects. We quote that section in its entirety below:

The authority shall engage the services of a qualified independent outside consultant or financial adviser to analyze the data related to the project and the development area and prepare the report required by subsection (2) of this section. The report shall include the following:

1. The estimated approved public infrastructure costs for the project and, if relevant, approved signature project costs, financing costs, and costs associated with land preparation, demolition, and clearance;
2. The feasibility of the project, taking into account the scope and location of the project;
3. The estimated amount of local tax revenues and state tax revenues, as applicable, that would be generated by the project over the period, which may be up to twenty (20) years or thirty (30) years, as applicable, from the activation date;
4. The estimated amount of local tax revenues and state tax revenues, as applicable, that would be displaced within the Commonwealth, for the purpose of quantifying economic activity which is being shifted over the same period as that set forth in subparagraph 3. of this paragraph. The projections for displaced activity shall include economic activity that is lost to the Commonwealth as a result of the project, as well as economic activity that is diverted to the project that formerly took place at existing establishments within the Commonwealth prior to the commencement date of the project;
5. The estimated amount of local and state old revenues that would have been generated in the footprint of the project in the absence of the project, computed over the same time period as set forth in subparagraph 3. of this paragraph;
6. In the process of estimating the revenues and impacts prescribed in subparagraphs 3. and 4. of this paragraph, the independent outside consultant shall not consider any of the following:
  - a. Revenues or economic impacts associated with any projects within the development area where the new project will be located; and
  - b. Revenues or economic impacts associated with economic development projects and approved Kentucky Tourism Development Act projects under KRS Chapter 148;
7. The relationship of the estimated incremental revenues to the financing needs, including any increment bonds, of the project;
8. When estimating the fiscal impact of the project, the consultant shall evaluate the amount of revenue estimated in subparagraph 3. of this paragraph and shall deduct the amounts estimated in subparagraphs 4. and 5. of this paragraph. The resulting difference shall be compared to the estimated incremental revenues to determine the presence or absence of a positive fiscal impact; and
9. A determination that the project will not occur if not for the designation of the development area, the granting of incremental revenues by the taxing district or districts, other than the Commonwealth, and the granting of the state tax incremental revenues.

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## *Appendix D. About the Authors*

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### **ABOUT ANDERSON ECONOMIC GROUP**

Anderson Economic Group, LLC is a boutique consulting firm founded in 1996, with offices in East Lansing, Michigan and Chicago, Illinois. Our team has a deep understanding of advanced economic modeling techniques and extensive experience in multiple industries in multiple states and countries. We are experts across a variety of fields in tax policy, strategy and business valuation, public policy and economic analysis, and market and industry analysis.

Anderson Economic Group has performed nationally-recognized studies on economic impact and the impact of state tax incentives. Publications from our team include:

- *The Economic Impact of Business Tax Credits in Tennessee*, commissioned by the Tennessee Department of Economic and Community Development and the Tennessee Department of Revenue in 2016.
- *The Economic Impact of the Barack Obama Presidential Library in Chicago*, commissioned by the University of Chicago in 2014.
- *Review of Kentucky's Economic Development Incentives*, commissioned by the Kentucky Legislative Research Commission in 2012.
- *Annual State Business Tax Burden Rankings*, published since 2007.

Past clients of Anderson Economic Group include:

- *Governments*: The government of Canada; the states of Kentucky, Michigan, North Carolina, and Wisconsin; the cities of Detroit, Cincinnati, and Sandusky; counties such as Oakland County, and Collier County; and authorities such as the Detroit-Wayne County Port Authority, Kentucky Cabinet for Economic Development, and Tennessee Department of Economic and Community Development.
- *Corporations*: CVS Caremark, Ford Motor Company, First Merit Bank, Lithia Motors, Spartan Stores, Nestle, and InBev USA; automobile dealers and dealership groups representing Toyota, Honda, Chrysler, Mercedes-Benz, General Motors, Kia, and other brands.
- *Nonprofit organizations*: Convention and visitor bureaus of Lansing, Ann Arbor, Traverse City, and Detroit, and Experience Grand Rapids; higher education institutions including the University of Michigan and the University of Chicago; trade associations such as the National Association of Realtors, Service Employees International Union, Automation Alley, the Illinois Chamber of Commerce, and Business Leaders for Michigan.

Please visit [www.AndersonEconomicGroup.com](http://www.AndersonEconomicGroup.com) for more information.

### **ABOUT SB FRIEDMAN**

SB Friedman Development Advisors assists in the planning and implementation of complex real estate development projects. Founded in 1990, the firm works

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closely with its clients to evaluate development potential and financial and business impacts; project market and financial feasibility; identify innovative public-private development solutions; and prepare implementable development strategies. Based in Chicago, *SB Friedman* works nationally with a high concentration of projects throughout the Midwest.

Past clients of SB Friedman Development Advisors include:

- *Municipalities*: The cities of Chicago, Milwaukee, Cleveland, Cincinnati, Omaha and hundreds of Villages and towns
- *Other Government Agencies*: Forward Pinellas (FL), Atlanta Emerging Markets, Inc., Dallas Development Fund, Economic Development Corporation of Kansas City (MO), Capital City Development Corporation (ID), Hennepin County (MN)
- *Education and Healthcare Institutions*: University of Illinois Chicago, University of Nebraska – Kearney, Resurrection University, Lewis University, Presence Health
- *Community Development Organizations*: Quad Communities Development Corporation, West Humboldt Park Development Council, Chicago Community Loan Fund
- *Private Developers and Landowners*: The Opus Group, Conagra Brands, The Community Builders
- *Financial Institutions*: Northern Trust, William Blair & Company, Travois, Inc.

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## AUTHORS

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Ms. Mixon holds a Master's degree in Public Policy from the Harris School of Public Policy at the University of Chicago and a Bachelor of Arts in Economics from Oklahoma State University.

**Brian R. Peterson.** Mr. Peterson is a Consultant and Director of the Public Policy and Economic Analysis practice area with Anderson Economic Group. His work focuses on economic and fiscal impact analysis. Mr. Peterson has worked with public and private clients on issues such as pension reform and compensation analysis, property tax impact analysis, and environmental economics.

Mr. Peterson holds a Master of Urban Planning from the University of Wisconsin—Milwaukee and a Bachelor of Arts in Economics and Urban Studies from the University of Minnesota Twin Cities.

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**Geoffrey Dickinson, AICP.** Mr. Dickinson is the senior vice president at SB Friedman, and a real estate and economic development advisor with expertise in public-private finance partnerships, special taxing district (TIF, business district/special service area) establishment, market and financial feasibility, development strategy, and project implementation advisory services. While at SB Friedman, Geoff has assisted Presence Health in securing TIF and New Markets Tax Credit funding to help pay for the relocation of its affiliate, Resurrection University, from Oak Park to Chicago. He has also led numerous market analyses and development strategies for clients throughout the Midwest, including a customized market assessment to account for the development potential to be driven by a planned light rail line in Hennepin County, Minnesota.

Geoff has assisted municipalities and developers in formulating economic development strategies and implementing public-private partnerships for development. Geoff holds a B.A. in History from Northwestern University, and a Master of Urban and Regional Planning degree from the University of Michigan. He is a member of the American Planning Association, and serves on the boards of the Illinois Tax Increment Association, Lambda Alpha International-Ely Chapter, and the Presence Health Community Leadership Board for West Town. Geoff is registered with the SEC as a Municipal Advisor.

**Michael Lampl.** Michael has experience in economic impact analysis, transportation policy and planning, and economic development. He has conducted feasibility studies on large-scale transportation projects and created platforms to analyze economic development indicators, such as entrepreneurship and energy efficiency. Prior to joining SB Friedman, Michael worked at the American Postal Workers Union in Washington, D.C., where he performed cost analyses on their transportation and logistics network.

Michael holds a Master of Science in public policy and management from Carnegie Mellon University and a Bachelor of Arts in economics from the University of Michigan. He is a member of the Urban Land Institute.