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Via Email:

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RE: Paducah/McCracken County IDA Agreement Regarding Future Annexed Property

Dear Gentlemen:

I believe it is time for our community to discuss an "Annexation Agreement." An agreement addressing the future income generated by property annexed by the City of Paducah could help our community look past the "ill will" created by annexation and create a positive forward thinking atmosphere.

Background

"City annexation" in counties with a population base of more than 30,000 is completely different than "city annexation" in counties of less than 30,000. In counties larger than 30,000, a city annexation results in an immediate loss of county revenue from the following sources:

1. Occupational tax revenue
2. Gross profits revenue
3. Insurance premium tax revenue

Consequently, the source of "annexation friction" between our county and our city stems from Kentucky statutes that fail to deal with the positives and negatives of "city annexation." Rather the statute makes the city a winner and the county's budget a loser.

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Because the situation only exists in about 15 Kentucky counties, Frankfort is unlikely to care enough to rewrite the statute to fix the problems. Several counties of our size are fixing the problem with an "Annexation Agreement."

Proposed Distribution of Government Income (excluding property tax) Created by Annexation

What if our community agreed that the government income (excluding property tax) produced by any property annexed by the City of Paducah will be shared by the following entities for 20 years after the time of annexation?

- Twenty percent (20%) to the Joint City/County Industrial Development Authority for use of development of future property for economic development.
- Forty percent (40%) to the City of Paducah.
- Forty percent (40%) to McCracken County.

Please contact me with your questions.

Respectfully,



Edwin A. Jones

EAJ/sw