

CITY OF UNION TIF GROSS EARNINGS INSTRUCTIONS FOR COMPUTATION

The following instructions are provided to aid in the computation of the Gross Earnings eligible for the Union Promenade TIF credit as set forth on the City of Union Quarterly Withholding Tax Return – TIF District.

There are generally three categories of business for purposes of determining eligibility and the value to include for “Gross Earnings eligible for TIF credit”. The determination of whether jobs in the Union Promenade are “new jobs” or “existing” jobs will be made by the employer in accordance to KRS 65.7056. As defined by (1)(a): “Jobs newly created as a result of a project within the development area or local development area. A job is not newly created if it occurs due to the relocation of a job from another location within the Commonwealth”.

SCENARIO #1: Single Location within Union Promenade and 100% New Jobs.

For businesses with one location in the Union Promenade that includes only “new jobs,” the Gross Earnings eligible for the Union Promenade TIF credit should be determined in accordance with this section.

Instructions: Businesses in this category should include the same value that is included under the section entitled “City of Union Ordinance 2022-09.”

Example

Business A has one location in the Union Promenade and the employer has classified all jobs at Business A as “new jobs.” Business A will list \$5,000,000 (example amount) under both “Gross Earnings subject to City of Union payroll tax” and “Gross Earnings eligible for TIF credit.”

City of Union Ordinance 2022-09 (Payroll Tax 2%)		
MAX \$160,200/tax of \$3,204 PER EMPLOYEE		
		Wages attributable to all jobs in the City of Union
1) Gross earnings subject to City of Union payroll tax	\$5,000,000	
2) Line #1 Total x 2%	\$100,000	
3) Total City of Union Payroll Tax	\$100,000	
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City of Union Ordinance 2022-16 (Union Promenade TIF Credit 1.2%)		
Credit Cap: \$160,200		
		Wages attributable to all “new” jobs in the Union Promenade TIF District
4) Gross Earnings eligible for TIF credit	\$5,000,000	
5) Line #4 Total x 1.2%	\$60,000	
6) Total Union Promenade TIF Credit	\$60,000	
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Calculation (TOTAL calculation: Line #3, less Line #6, plus Line 9 = Line #10)		
7) Total City of Union Payroll Tax (Line #3)	\$100,000	
8) Total Union Promenade TIF Credit (Line #6) (subtract)	\$60,000	
9) Late fee penalty 5% per month, max not to exceed 25%, MINIMUM \$25 (add)		\$0
10) TOTAL Payroll Tax payable to the City of Union:	\$40,000	

SCENARIO #2: Single Location within the Union Promenade and New Jobs and Existing Jobs.

For businesses with one location in the Union Promenade that includes “new jobs” as well as jobs that are classified as “existing jobs,” the Gross Earnings eligible for TIF credit should be determined in accordance with this section.

Instructions: Businesses in this category should include only the wages attributable jobs that the employer has classified as “new jobs.” This value will be less than the value included in the section entitled “City of Union Ordinance 2022-09.”

Example

Business B has one location in the Union Promenade with gross payroll earnings of \$5,000,000. The employer has classified a portion of the jobs as “new jobs” and a portion of the jobs as “existing jobs.” Business B will list \$5,000,000 under “Gross Earnings subject to City Union payroll tax” and \$2,000,000 under “Gross Earnings eligible for TIF credit” with the understanding that \$2,000,000 is the portion of the total wages that are attributable to “new jobs.”

MAX \$160,200/tax of \$3,204 PER EMPLOYEE	
1) Gross earnings subject to City of Union payroll tax	\$5,000,000
2) Line #1 Total x 2%	\$100,000
3) Total City of Union Payroll Tax	\$100,000
City of Union Ordinance 2022-16 (Union Promenade TIF Credit 1.2%)	
Credit Cap: \$160,200	
4) Gross Earnings eligible for TIF credit	\$2,000,000
5) Line #4 Total x 1.2%	\$24,000
6) Total Union Promenade TIF Credit	\$24,000
Calculation (TOTAL calculation: Line #3, less Line #6, plus Line 9 = Line #10)	
7) Total City of Union Payroll Tax (Line #3)	\$100,000
8) Total Union Promenade TIF Credit (Line #6) (subtract)	\$24,000
9) Late fee penalty 5% per month, max not to exceed 25%, MINIMUM \$25 (add)	\$0
10) TOTAL Payroll Tax payable to the City of Union:	\$76,000

SCENARIO #3: Multiple Locations in Union with One Location in the Union Promenade.

For businesses with multiple locations in Union and one location in the Union Promenade, the Gross Earnings eligible for TIF credit should be determined in accordance with this section.

Instructions: Businesses in this category should include only the wages attributable jobs located within the Union Promenade that the employer has classified as “new jobs.” This value will be less than the value included in the section entitled “City of Union Ordinance 2022-09.”

Example

Business C has one location in the Union Promenade with gross payroll earnings of \$5,000,000 and one location outside of the Union Promenade (but within the City of Union) with gross payroll earnings of \$5,000,000. The employer has verified all jobs in the Union Promenade location as “new jobs.” Business C will list \$10,000,000 under “Gross Earnings subject to City Union payroll tax” and \$5,000,000 under “Gross Earnings eligible for TIF credit” with the understanding that \$5,000,000 is the portion of the total wages that are attributable to the “new jobs” in the Union Promenade location.

MAX \$160,200/tax of \$3,204 PER EMPLOYEE	
1) Gross earnings subject to City of Union payroll tax	<u>\$10,000,000</u>
2) Line #1 Total x 2%	<u>\$200,000</u>
3) Total City of Union Payroll Tax	<u>\$200,000</u>
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City of Union Ordinance 2022-16 (Union Promenade TIF Credit 1.2%)	
Credit Cap: \$160,200	
4) Gross Earnings eligible for TIF credit	<u>\$5,000,000</u>
5) Line #4 Total x 1.2%	<u>\$60,000</u>
6) Total Union Promenade TIF Credit	<u>\$60,000</u>
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Calculation (TOTAL calculation: Line #3, less Line #6, plus Line 9 = Line #10)	
7) Total City of Union Payroll Tax (Line #3)	<u>\$200,000</u>
8) Total Union Promenade TIF Credit (Line #6) (subtract)	<u>\$60,000</u>
9) Late fee penalty 5% per month, max not to exceed 25%, MINIMUM \$25 (add)	<u>\$0</u>
10) TOTAL Payroll Tax payable to the City of Union:	<u>\$140,000</u>