



ECONOMIC DEVELOPMENT  
**GROWTH ENGINE**  
FOR MEMPHIS & SHELBY COUNTY

### Project Summary - Jobs PILOT

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<b>Company/Applicant:</b>	<u>K.T.G. (USA) LP</u>
<b>Capital Investment:</b>	<u>\$ 21,795,982</u>
<b>Jobs:</b>	<u>36</u>
<b>Annual Average Wage:</b>	<u>\$ 54,185</u>
<b>PILOT Length: (years)</b>	<u>6</u>
<b>Tax Incentive:</b>	<u>\$ 1,095,157</u>
<b>Local Tax Benefit:</b>	<u>\$ 1,684,873</u>
<b>Benefit/Cost Ratio:</b>	<u>1.54</u>

**City of Memphis, Shelby County, TN  
K.T.G. (USA) LP  
Tax Incentive Eligibility Analysis**

Category	Project Data	Points
Job Creation	36	7.2
Wages*	\$54,185	23.8
Capital Investment	\$21,795,982	10.9
Location: City of Memphis - 10 Points	Yes	10.0
Location: New Market Tax Credit Eligible census tract - 20 Points	No	0.0
Headquarters - 20 Points	No	0.0
MWBE - 10 Points	No	0.0
Local Business Participation Plan - 10 Points Up to 20 additional points for exceptional plans	Yes	10.0
<b>Total</b>		<b>61.9</b>

**Length of tax incentive: (years)**

**6**

**\*Wages Calculation**

Target Wages	\$	40,400
Project Wages	\$	54,185

Meets Target Wage? Yes, 10 Points; No, Zero Points	10
Extra Points: 1 Points for Each Additional \$1,000 above target	13.8
<b>Total Points</b>	<b>23.8</b>

**City of Memphis, Shelby County, TN  
K.T.G. (USA) LP  
Economic Impact and Benefit/Cost Analysis**

<b>Annual Impact of Operations</b>	
Employment, Direct (full-time equivalent jobs)	36
Wages & Benefits, Direct	\$ 2,438,325
Direct Effect Employment Multiplier <sup>1</sup>	2.6432
Employment, Indirect	59
<b>Total Employment</b>	<b>95</b>
Shelby County Annual Average Wage <sup>2</sup>	\$ 62,797
Wages, Indirect	\$ 3,714,771
<b>Total Wages</b>	<b>\$ 6,153,096</b>
Sales Tax Revenue <sup>3</sup>	\$ 85,113
Other Tax Revenue <sup>4</sup>	\$ 15,576
Residential/Commercial Property Tax Revenue <sup>5</sup>	\$ 77,886
<b>Total Tax Revenue</b>	<b>\$ 178,574</b>

**City of Memphis, Shelby County, TN**  
**K.T.G. (USA) LP**  
**Economic Impact and Benefit/Cost Analysis**

<b>One-Time Expansion Impact</b>	
Total Capital Investment	\$ 21,795,982
Building/Land - Real Property (Improvements)	\$ 2,021,268
Economic Impact Multiplier <sup>6</sup>	1.8268
Economic Impact	\$ 3,692,452
Equipment Purchase/Set-up - Personal Property	\$ 19,774,714
Economic Impact Multiplier <sup>7</sup>	1.7382
Economic Impact	\$ 34,372,408
<b>Total Economic Impact</b>	<b>\$ 38,064,860</b>
Sales Tax Revenue <sup>3</sup>	\$ 225,039
Other Tax Revenue <sup>4</sup>	\$ 41,182
<b>Total Tax Revenue</b>	<b>\$ 266,221</b>

**Shelby County Tax Schedule**

Shelby County Tax Rate: \$3.451	Real Property - Building Improvements*			
	Projected Taxes on Building During the PILOT Period	% of taxes paid	Payments Made in Lieu of Tax	Taxes Abated
<b>Value</b>	<b>\$ 1,644,368</b>			
Year 1	\$ 22,699	25%	\$ 5,675	\$ 17,024
Year 2	\$ 22,699	25%	\$ 5,675	\$ 17,024
Year 3	\$ 22,699	25%	\$ 5,675	\$ 17,024
Year 4	\$ 22,699	25%	\$ 5,675	\$ 17,024
Year 5	\$ 22,699	25%	\$ 5,675	\$ 17,024
Year 6	Expired	25%	\$ -	\$ -
Year 7		25%	\$ -	\$ -
Year 8		25%	\$ -	\$ -
Year 9		25%	\$ -	\$ -
Year 10		25%	\$ -	\$ -
Year 11		25%	\$ -	\$ -
Year 12		25%	\$ -	\$ -
Year 13		25%	\$ -	\$ -
Year 14		25%	\$ -	\$ -
Year 15		25%	\$ -	\$ -
<b>Total</b>	<b>\$ 113,494</b>		<b>\$ 28,374</b>	<b>\$ 85,121</b>

**City of Memphis Tax Schedule**

City of Memphis Tax Rate Tax Rate: \$2.713049	Real Property - Existing Land & Building	Real Property - Building Improvements*			
	Projected Current Taxes Paid on Land (Not included in PILOT Incentive)	Projected Taxes on Building Improvements During the PILOT Period	% of taxes paid	Payments Made in Lieu of Tax	Taxes Abated
<b>Value</b>	<b>\$ 1,644,368</b>	<b>\$ 1,644,368</b>			
Year 1	\$ 17,845	\$ 17,845	10%	\$ 1,785	\$ 16,061
Year 2	\$ 17,845	\$ 17,845	10%	\$ 1,785	\$ 16,061
Year 3	\$ 17,845	\$ 17,845	10%	\$ 1,785	\$ 16,061
Year 4	\$ 17,845	\$ 17,845	10%	\$ 1,785	\$ 16,061
Year 5	\$ 17,845	\$ 17,845	10%	\$ 1,785	\$ 16,061
Year 6	\$ 17,845	Expired	10%	\$ -	\$ -
Year 7			10%	\$ -	\$ -
Year 8			10%	\$ -	\$ -
Year 9			10%	\$ -	\$ -
Year 10			10%	\$ -	\$ -
Year 11			10%	\$ -	\$ -
Year 12			10%	\$ -	\$ -
Year 13			10%	\$ -	\$ -
Year 14			10%	\$ -	\$ -
Year 15			10%	\$ -	\$ -
<b>Total</b>	<b>\$ 107,070</b>	<b>\$ 89,225</b>		<b>\$ 8,923</b>	<b>\$ 80,303</b>

**Total Payments Made in Lieu of Tax During the PILOT Period: \$ 37,296**

**Total Real Property Taxes Abated: \$ 165,423**

\*Improvements to real property will be included in an existing PILOT that will expire after year five of the new PILOT. Since the value of the improvements is included in a previously approved PILOT, the terms of abatement are shown to align with the original agreement.

**K.T.G. (USA) LP**

**Shelby County Tax Schedule**

Shelby County Tax Rate: \$3.451	Personal Property - All Categories*				
	Full Taxes	Depreciation Rate	% of taxes paid	Payments Made in Lieu of Tax	Taxes Abated
<b>Value</b>	<b>\$ 19,774,714</b>				
Year 1	\$ 180,160	0.88	25%	\$ 45,040	\$ 135,120
Year 2	\$ 153,546	0.75	25%	\$ 38,386	\$ 115,159
Year 3	\$ 128,978	0.63	25%	\$ 32,245	\$ 96,734
Year 4	\$ 102,364	0.50	25%	\$ 25,591	\$ 76,773
Year 5	\$ 77,796	0.38	25%	\$ 19,449	\$ 58,347
Year 6	\$ 51,182	0.25	25%	\$ 12,795	\$ 38,386
Year 7		0.20	25%	\$ -	\$ -
Year 8		0.20	25%	\$ -	\$ -
Year 9		0.20	25%	\$ -	\$ -
Year 10		0.20	25%	\$ -	\$ -
Year 11		0.20	25%	\$ -	\$ -
Year 12		0.20	25%	\$ -	\$ -
Year 13		0.20	25%	\$ -	\$ -
Year 14		0.20	25%	\$ -	\$ -
Year 15		0.20	25%	\$ -	\$ -
<b>Total</b>	<b>\$ 694,027</b>			<b>\$ 173,507</b>	<b>\$ 520,520</b>

**City of Memphis Tax Schedule**

City of Memphis Tax Rate Tax Rate: \$2.713049	Personal Property - All Categories*				
	Full Taxes	Depreciation Rate	% of taxes paid	Payments Made in Lieu of Tax	Taxes Abated
<b>Value</b>	<b>\$ 19,774,714</b>				
Year 1	\$ 141,635	0.88	25%	\$ 35,409	\$ 106,227
Year 2	\$ 120,712	0.75	25%	\$ 30,178	\$ 90,534
Year 3	\$ 101,398	0.63	25%	\$ 25,350	\$ 76,049
Year 4	\$ 80,475	0.50	25%	\$ 20,119	\$ 60,356
Year 5	\$ 61,161	0.38	25%	\$ 15,290	\$ 45,871
Year 6	\$ 40,237	0.25	25%	\$ 10,059	\$ 30,178
Year 7		0.20	25%	\$ -	\$ -
Year 8		0.20	25%	\$ -	\$ -
Year 9		0.20	25%	\$ -	\$ -
Year 10		0.20	25%	\$ -	\$ -
Year 11		0.20	25%	\$ -	\$ -
Year 12		0.20	25%	\$ -	\$ -
Year 13		0.20	25%	\$ -	\$ -
Year 14		0.20	25%	\$ -	\$ -
Year 15		0.20	25%	\$ -	\$ -
<b>Total</b>	<b>\$ 545,618</b>			<b>\$ 136,405</b>	<b>\$ 409,214</b>

**Total Payments Made in Lieu of Tax During the PILOT Period: \$ 309,911**

**Total Personal Property Taxes Abated: \$ 929,734**

*For the purpose of this analysis all personal property is included into one group using a standard depreciation table.*

**City of Memphis, Shelby County, TN**  
**K.T.G. (USA) LP**  
**Economic Impact and Benefit/Cost Analysis**

<b>Payback Summary</b>	
Length of PILOT (years)	<b>6</b>
Total Taxes Abated	\$ 1,095,157
Hard Costs	\$ -
<b>Total Taxes Forgone and Hard Costs</b>	<b>\$ 1,095,157</b>
Tax Revenues From Construction	\$ 266,221
Tax Revenues From Operations During PILOT Period	\$ 1,071,444
Payments Made in Lieu of Tax During PILOT Period*	\$ 347,207
<b>Total Tax Revenues Received During PILOT Period</b>	<b>\$ 1,684,873</b>
<b>Benefit/Cost Ratio</b>	<b>1.54</b>

**Projected Costs:**  
*Hard Costs* (land, infrastructure, etc.)  
None.  
*Opportunity Costs*  
Local government is requested to forgo for a period of years the opportunity to collect taxes on site improvement, building, and industrial equipment that are a part of the project.  
Benefit/Cost Ratio: The sum of tax revenues from construction, operations and property during the PILOT period divided by the total taxes forgone.

\*Taxes paid on land not included in this total as taxes were already being paid at 100% before PILOT.

**City of Memphis, Shelby County, TN  
K.T.G. (USA) LP**

<b>Estimated Fees</b>	
Application Fee	\$ 3,000
Closing Fees - 5% of Total Taxes Forgone (Maximum of \$300,000)	\$ 54,758
Shelby County Personal Property Fees for PILOT (5% of Taxes Abated) (Maximum \$50,000)	\$ 26,026
Memphis Personal Property Fees for PILOT (5% of Taxes Abated) (Maximum \$50,000)	\$ 20,461
<b>Total Fees</b>	<b>\$ 104,245</b>