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Chamber of Commerce

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- Payroll taxes cannot be likened to the transient room (hotel) tax by saying that 66% of our commuter workforce will be paying the taxes like visitors passing through pay the hotel tax. Visitors come and go—employees stay. The increase in taxes will decrease the spending power of their wages, and employers will be pressured to increase wages to cover a payroll tax increase. So, a payroll tax increase actually acts as a “pass thru” tax on the employer—whether large or small.
- It is a fallacy to think that surrounding communities to Danville are not our competitors. With higher tax rates (and as a result, increased costs of labor and doing business), a business prospect could get the “best of both worlds” by locating in lower-cost Harrodsburg while gaining the amenities of Danville in close proximity. It is more likely that employees and managers of a Harrodsburg facility (like Corning or Hitachi) may live in Danville or Boyle County, but they will only be paying property taxes.
- Likewise, following the example of RR Donnelley (now LSC Communications) and American Greetings, business prospects may seek to locate outside the city limits of Danville as a condition of their location to lower their costs of doing business. This is still a condition for AG and LSC’s location—they do not want to be annexed into the City of Danville due to the increased taxes and costs. This could become more of a pressure point for future business prospects.
- The rule of thumb for economic development is that a total of 3% in payroll taxes (combined city and county jurisdictions) is a tipping point in which the higher rate is a penalty to new business development.
- The suggestion that Danville’s increased tax rate will still be lower than “competitor” communities such as Georgetown, Versailles, and Midway is inaccurate. With the exception of Versailles on occasion, these are not our competitor communities for business location. These are our regular competitors, with their current combined city and county tax payroll tax rates:
  - Elizabethtown: 1.35% (city only; no county tax)
  - Bardstown: 1.5% (city 0.5%, county 1.0%)
  - Shelbyville: 2.5% (city 1.5%, county 1.0%)
  - Corbin: 2.0% (city 1.0%, county 1.0%)
  - Somerset: 1.0% (county only, no city tax)
  - Franklin: 1.75% (city 1.0%, county 0.75%)
  - Bowling Green: 2.85% (city 1.85%, county 1.0%)

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- Winchester: 3.5% (city 2.0%, county 1.5%)

Bowling Green and Winchester would be the ONLY competitor communities with a higher combined tax rate, BUT Bowling Green's city rate would be lower and Winchester's the same.