



## Economic Impact Analysis - Dajcor Aluminum Ltd

### Introduction

This report estimates the economic impact of Dajcor’s potential location in Perry County, KY at Coal Fields Industrial Park. The company proposes to create 220 jobs with average annual payroll of \$7,696,000. Operations would begin on January 1, 2019.

Although the facility would be located in Perry County, employees could live in surrounding counties Breathitt, Knott, Leslie and Letcher, thus it is important to show the impacts on the 5-county area.

The analysis was performed using IMPLAN software for economic impact modeling. IMPLAN develops local level input-output models to estimate the economic impact of new companies moving into an area, business closures, and other economic activities. This model is widely used by local, state and federal government agencies as well as private industry and universities.

The aluminum rolling, drawing and extruding industry does not currently exist in the 5-county study area so the analysis-by-parts technique was used. The state of Kentucky was used as the proxy region to model direct effects.

### Project Overview

The following table summarizes data and assumptions used in developing the economic impact model for this project.

Proposed Project Location	Perry County, Kentucky
Region Analyzed	5 Counties in Kentucky – Perry, Breathitt, Knott, Leslie and Letcher
New Employment	220 jobs
IMPLAN Sector	224 - Other aluminum rolling, drawing and extruding
Investment Date	January 1, 2019

### Estimated Operations Impact

The following analysis considers the economic impacts of the facility’s ongoing operations. It assumes full employment of 220 jobs at the facility opening on January 1, 2019. Facility operations will continue to provide economic impact as long as the facility is in operations.

In the 5-county study area, Dajcor’s operations could directly or indirectly support approximately 402 jobs (based on and including 220 direct jobs) with total labor income of \$27M. Labor income includes both employee compensation (wage and benefits) and proprietor income.

Indirect and induced employment impacts are seen across a cross section of sectors, with the largest contributions going to Wholesale Trade, Limited-service Restaurants, Management of Companies and Enterprises, and Hospitals.

Total industry output is estimated at \$129.8M, including \$104.8M in direct impact.

<b>Impact Type</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
Direct Effect	220.00	\$19,596,788	\$24,300,474	\$104,787,448
Indirect Effect	83.73	\$3,934,495	\$6,806,270	\$13,416,911
Induced Effect	98.88	\$3,510,228	\$6,364,935	\$11,635,167
<b>Total Effect</b>	402.61	\$27,041,511	\$37,471,679	\$129,839,526
Type SAM Multiplier	1.83	1.38	1.54	1.24

### Estimated State & Local Tax Impact

The table below shows the total impact of the project on State and Local taxes within the 5-county study area. From a local perspective, the most important taxes to consider are the property taxes and sales tax. These are the key revenue sources at the county, town, village and special district (e.g. school) levels. Note that the project and impacted businesses are estimated to generate \$1,337,737 in sales taxes, \$691,979 in property taxes generated via businesses along with \$6,375 in personal (e.g., residential) property taxes.

<b>Description</b>	<b>Employee Compensation</b>	<b>Tax on Production and Imports</b>	<b>Households</b>	<b>Corporations</b>
Dividends				\$7,452
Social Ins Tax- Employee Contribution	\$14,404			
Social Ins Tax- Employer Contribution	\$30,171			
<b>TOPI: Sales Tax</b>		<b>\$1,337,737</b>		
<b>TOPI: Property Tax</b>		<b>\$691,979</b>		
TOPI: Motor Vehicle Lic		\$18,667		
TOPI: Severance Tax		\$37,340		
TOPI: Other Taxes		\$69,840		
TOPI: S/L NonTaxes		\$33		
Corporate Profits Tax				\$83,219
Personal Tax: Income Tax			\$571,565	
Personal Tax: NonTaxes (Fines- Fees)			\$31,596	
Personal Tax: Motor Vehicle License			\$16,509	
<b>Personal Tax: Property Taxes</b>			<b>\$6,375</b>	
Personal Tax: Other Tax (Fish/Hunt)			\$17,505	
<b>Total</b>	<b>\$44,575</b>	<b>\$2,155,596</b>	<b>\$643,550</b>	<b>\$90,671</b>

The jurisdictional breakout of TOPI: Sales Tax, TOPI: Property Tax and Personal Tax: Property Taxes are:

Jurisdiction	TOPI: Sales Tax	TOPI: Property Tax	Personal Tax: Property Taxes
State	\$1,195,102	\$135,718	\$1,251
County	\$20,668	\$81,487	\$751
Sub County General	\$37,360	\$28,597	\$263
Sub County Special Districts	\$84,606	\$446,177	\$4,110
Total	\$1,337,736	\$691,979	\$6,375

### Key Economic Impact Definitions

Source: [www.implan.com](http://www.implan.com)

- Direct Impacts: The known or predicted change in the economy that is being studied.
- Indirect Impact: Secondary impact caused to industries in the supply chain of the direct impact.
- Induced Impact: Direct and indirect employment (and increases in labor income) creates additional household spending on goods and services.
- Employment: The number of full-time and part-time jobs; measured by place of employment. Employees, sole proprietors, and active partners are included, but unpaid family workers and volunteers are not.
- Output: The amount of production, including all intermediate goods purchased, as well as value added (compensation and profit). Output is equal to sales in service industries; to sales plus the change in inventory for manufacturing; and to gross margin for retail and wholesaler trade.
- Value Added: Value added is the difference between total output and the cost of intermediate inputs. Value added is a measure of an individual producer, industry, or sector's contribution to the state's gross domestic product.

*Disclaimer: Economic modeling provides general impact estimates for economic development projects. However, future results will be affected by political, social, and economic conditions. Economic modeling is most informative when used in conjunction with other forms of analysis, such as cost-benefit analysis and fiscal impact analysis, to estimate the overall impact of a project. The completion of this analysis by AEP is neither an endorsement for or against this project. Additionally, the analysis is based on information provided externally. If that information were to change for any reason, it would change the results of the analysis.*