ECONOMIC IMPACT OF THE AUTOMOTIVE INDUSTRY IN KENTUCKY

Key Findings and Highlights

Kentucky Automotive Industry Association

REPORT FEATURES

Growth in automotive jobs and wages over time and in comparison to other states

Location quotients, indicators of comparative advantage

Analysis of nine suppliers to the auto industry in Kentucky

Economic and fiscal importance of the auto industry to Commonwealth

A NEW SIGNATURE INDUSTRY FOR KY:

AUTOMOBILES

Contributes nearly $14.3 BILLION to the gross state product

Automobile industry contributes more than

Coal
Horses
Tobacco
Bourbon
Tourism

ECONOMIC CONTRIBUTION

$14.3 BILLION

The $14.3 billion of value added by the industry represents 7.8% of Kentucky's gross state product (GSP)

$1 OUT OF EVERY $13

About $1 out of every $13 that Kentucky adds to the national economy can be tied to the automotive industry

- Only health care and wholesale trade industries add more value to the Commonwealth's GSP
- But 15% of wholesale trade employment is auto-related

AUTOMOTIVE INDUSTRY EMPLOYMENT

Industry employs 85,552 workers at 470 establishments in Commonwealth

26% Nationally, industry employment **fell 26%** since 1990

72% Kentucky's industry employment **grew by 72%**

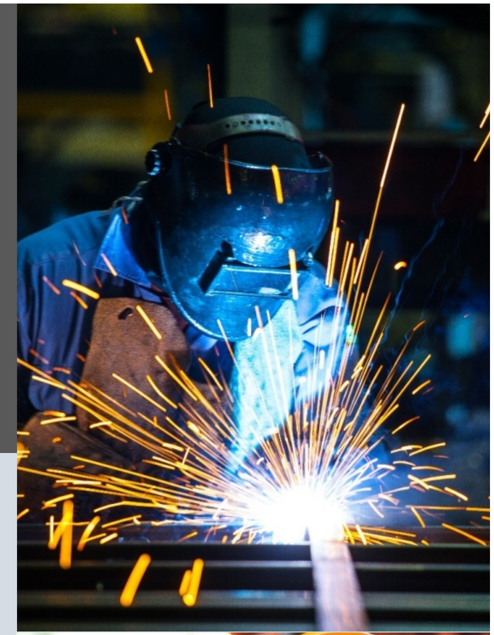
Assembly plant employment **INCREASED 46%**
Parts manufacturing **INCREASED 87%**
Body and trailer manufacturing **INCREASED BY 110%**

KENTUCKY JOBS

Automotive manufacturers and suppliers support 136,500 jobs (direct, indirect and induced effects)

Industry support 1 out of every 18 jobs in the state

Industry contributes $6.1 billion in annual payroll



ANNUAL ECONOMIC CONTRIBUTION OF AUTOMOTIVE MANUFACTURING IN KENTUCKY

Impact Type	Employment	Value Added	Payroll Estimate
Direct Effect	43,475	$6,735,939,407	$2,667,272,792
Indirect Effect	54,495	$5,021,331,417	$2,386,865,475
Induced Effect	38,577	$2,590,182,451	$1,077,420,502
Total Effect	136,547	$14,347,453,277	$6,131,558,769
Multiplier	3.14	2.13	2.30

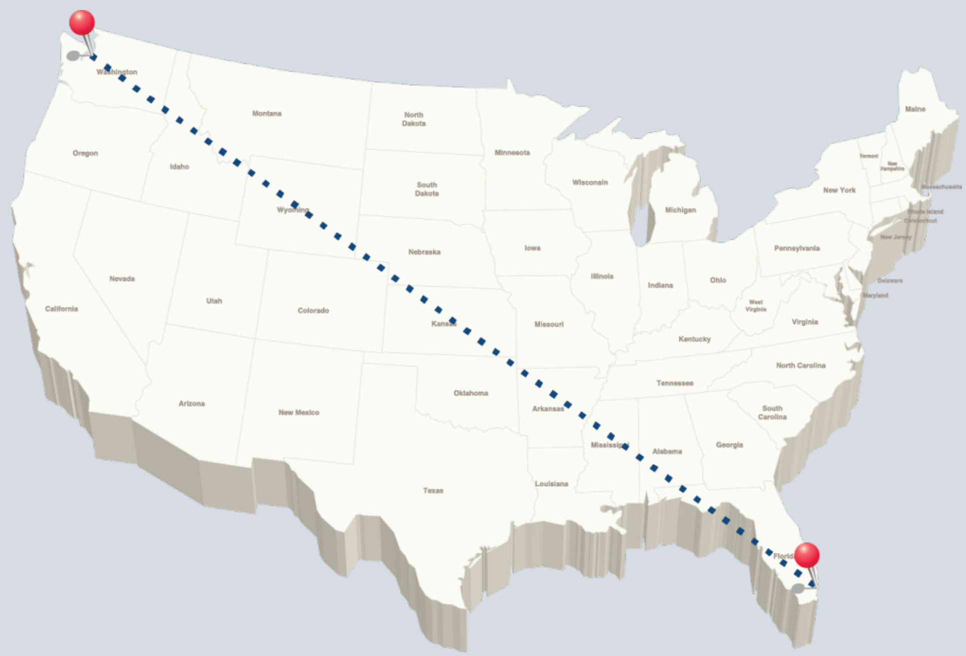
Source: Customized IMPLAN (IMpacts for PLANing), version 3.1, model of Kentucky, using 2013 economic data.

Notes: The analysis represents combined contributions of the motor vehicle assembly plants and motor vehicle parts manufacturing. Parts manufacturing effects exclude the indirect and induced effects on those industries resulting from the activities of the assembly plants. Indirect impact refers to business-to-business spin-off spending; Induced impact refers to household spending that is a result of increased earnings.

A NATIONAL PLAYER IN AUTOS

Nation's **THIRD-LARGEST** producer of passenger vehicles

The **1.3 MILLION VEHICLES MADE IN KENTUCKY** in 2014 could stretch across the country from Seattle to Miami



AUTOS DRIVE KENTUCKY EXPORTS

20% of all Kentucky's exports are auto related **($5.9 BILLION)**

From 2002 to 2014 motor vehicle exports **GREW BY 142%**

- Car and light truck exports grew by 272%
- Passenger vehicle export value nearly tripled over the period




INDUSTRY TAX CONTRIBUTION

STATE

$488 MILLION annually in income and sales taxes

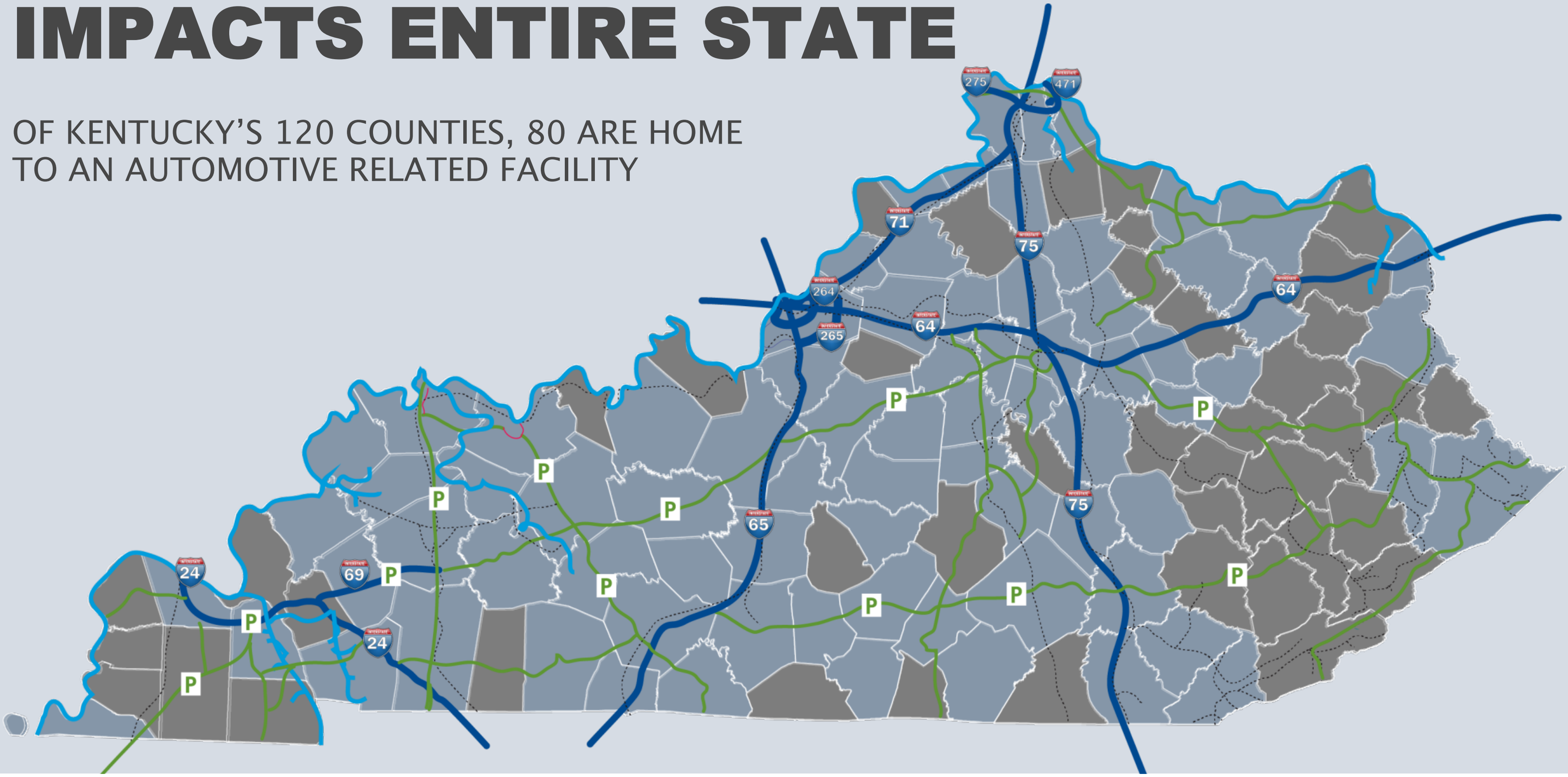
7.2 PERCENT of all state taxes collected

LOCAL

$116 MILLION in occupational taxes annually to cities and counties

KENTUCKY'S AUTOMOTIVE INDUSTRY IMPACTS ENTIRE STATE

OF KENTUCKY'S 120 COUNTIES, 80 ARE HOME TO AN AUTOMOTIVE RELATED FACILITY



NOT JUST FORD, GM AND TOYOTA

The automotive industry is more than OEMs and Tier 1 suppliers.

Automotive industry includes staffing agencies, tool-and-die shops, warehouses, trucking companies and metal-stamping operations.




WHAT'S HAPPENING HERE

Elizabethtown–Louisville Region

Industry supports 56,312 jobs (direct, indirect and induced)

This region accounts for 41 percent of state jobs supported by auto industry

1 in every 14 jobs in this region is supported by auto manufacturing

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Major industry employers in region include

Akebono Brake
Altec
Dynacraft
Faurecia
Ford Motor Co. (Louisville Assembly and Kentucky Truck plants)
Louisville Seating
Martinrea
Tower

Counties

Breckinridge
Bullitt
Carroll
Grayson
Hardin
Henry
Jefferson
Larue
Marion
Meade
Nelson
Oldham
Shelby
Spencer
Trimble
Washington

WHAT’S HAPPENING HERE

Northern Kentucky Region

Industry supports 8,147 jobs (direct, indirect and induced)

This region accounts for 13 percent of state jobs supported by auto industry

1 in every 16 jobs in this region is supported by auto manufacturing

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Major industry employers in region include

Bosch (ZF Steering)
Dorman Products
Eagle Manufacturing
Meritor
Mubea
Toyota

Counties

Boone
Bracken
Campbell
Fleming
Gallatin
Grant
Kenton
Mason
Pendleton

WHAT'S HAPPENING HERE

Lexington Region

Industry supports 41,705 jobs (direct, indirect and induced)

This region accounts for about 31 percent of state jobs supported by auto industry

1 in every 12 jobs in this region is supported by auto manufacturing

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Major industry employers in region include

Cooper Standard
Hitachi
Johnson Controls
Montaplast
SRG Global
TG Kentucky
Toyota
Webasto Roof Systems

Counties

Anderson
Bath
Bourbon
Boyle
Clark
Fayette
Franklin
Garrard
Harrison
Jessamine
Lincoln
Madison
Mercer
Montgomery
Nicholas
Owen
Robertson
Scott
Woodford

WHAT'S HAPPENING HERE

Bowling Green–Hopkinsville Region

Industry supports 18,043 jobs (direct, indirect and induced)

This region accounts for 13 percent of state jobs supported by auto industry

1 in every 14 jobs in this region is supported by auto manufacturing

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Major industry employers in region include

Akebono
Bowling Green Assembly Plant
Bowling Green Metalforming
Franklin Precision
Kobe Aluminum
Martinrea
Metalsa
Trace Die Cast

Counties

Allen
Barren
Butler
Christian
Edmonson
Green
Hart
Logan
Metcalfe
Monroe
Simpson
Taylor
Todd
Trigg
Warren

WHAT'S HAPPENING HERE

Cumberland–Somerset Region

Industry supports 7,111 jobs (direct, indirect and induced)

This region accounts for 5 percent of state jobs supported by auto industry

1 in every 14 jobs in this region is supported by auto manufacturing

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Major industry employers in region include

Aisin Automotive
Bruss North America
CTA Acoustics
Firestone Industrial Products
Toyotetsu
UGN Inc.

Counties

Adair
Casey
Clinton
Cumberland
Knox
Laurel
McCreary
Pulaski
Rockcastle
Russell
Wayne
Whitley

WHAT'S HAPPENING HERE

Owensboro-Henderson Region

Industry supports 3,644 jobs (direct, indirect and induced)

This region accounts for 2.7 percent of state jobs supported by auto industry

1 in every 40 jobs in this region is supported by auto manufacturing

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Major industry employers in region include

Audubon Metals
Dana
Daicel Safety Systems America LLC
Gibbs Die Cast
International Automotive Components
Toyotetsu
Trelleborg Vibracoustic

Counties

Crittenden
Davies
Hancock
Henderson
Hopkins
McClean
Muhlenberg
Ohio
Union
Webster

KENTUCKY'S AUTOMOTIVE ADVANTAGES

LOGISTICS

Kentucky's system of interstates and parkways is important to continued growth. Automotive manufacturers have developed their facilities primarily in counties with four-lane, high-speed roads.

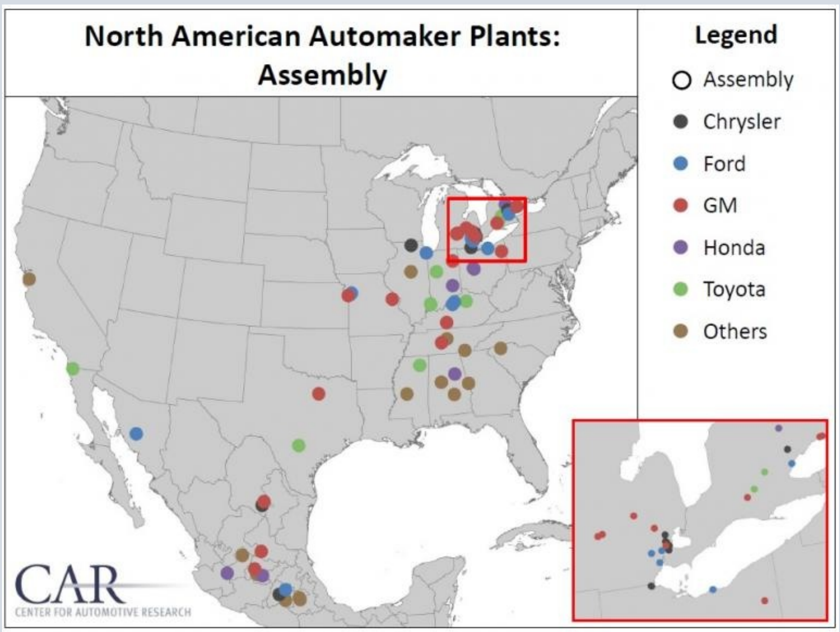
VALUE

Kentucky's low utility costs are another advantage in growing the automotive industry. Average annual utility costs in Kentucky are among the lowest in the nation and are the least expensive among peer states.

WORKFORCE

Modernized automotive manufacturers seek a higher-skilled labor pool, and location decisions can be swayed by the availability of customized training for potential workers through the community and technical college system.

KENTUCKY'S STRATEGIC LOCATION



Regional employment trends show distinct pattern south from Detroit

Southeast employment growing faster than any other region

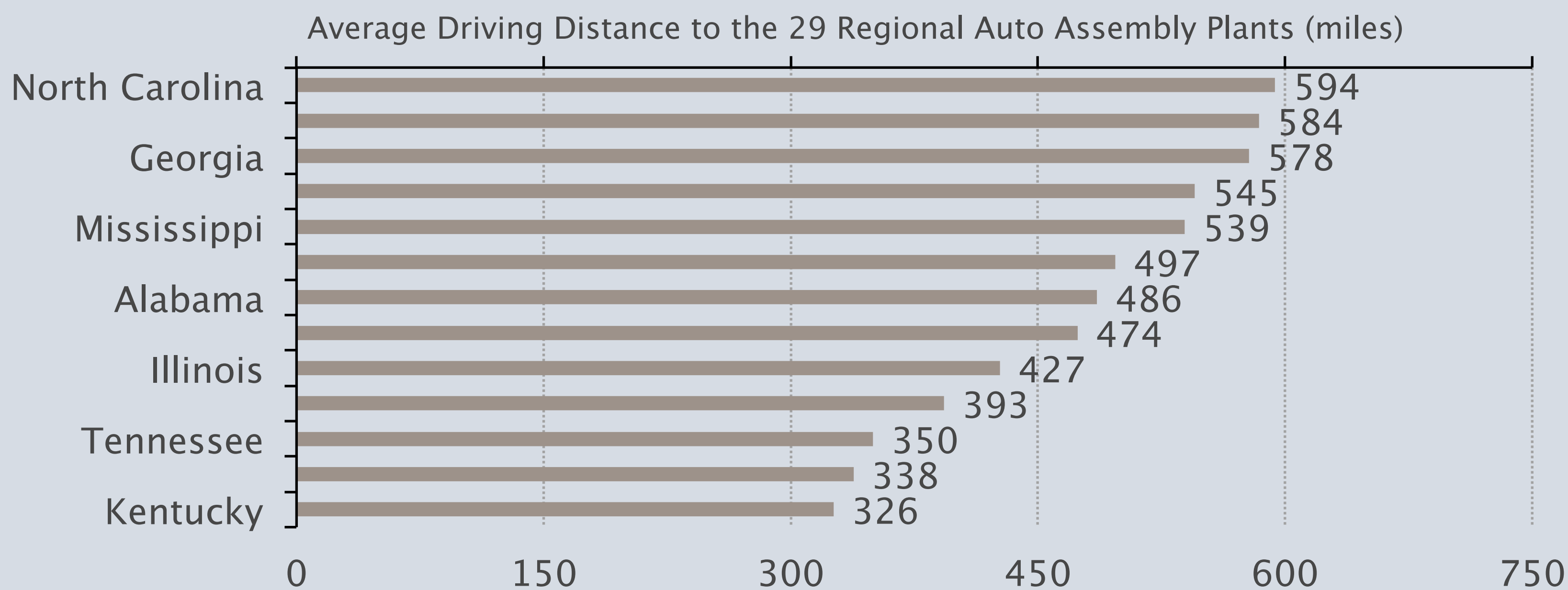
Assembly locates at intermodal transportation hubs

Suppliers locate along interstate highways near assembly

Kentucky is centrally located between Detroit and southern manufacturers

AVERAGE DRIVING DISTANCE FROM THE GEOGRAPHIC CENTERS OF KENTUCKY, ITS BORDER STATES, AND OTHER SOUTHEAST STATES TO EACH AUTOMOBILE ASSEMBLY PLANT IN THE REGION

LOCATION: Kentucky has the shortest average distance to assembly plants in other states in the region, making it a prime location for Tier 1 suppliers to serve multiple factories.



KY AUTO INDUSTRY GROWING STRONGER

$5 BILLION in investments announced in last five years

NEARLY 20,000 new jobs being added

Nation's **THIRD-HIGHEST INCREASE** in automotive industry employment among peers

Recent job growth at Ford, General Motors and Toyota plants has been equivalent of adding **THREE NEW ASSEMBLY PLANTS** in Kentucky

OPPORTUNITIES FOR CONTINUED GROWTH

Compete for automotive investments (OEMs and suppliers)

Expand skilled workforce through industry/education collaborations

- Assembly, Management, Engineering

Become national leader in shift to light-weighting

Fill gaps in key automotive parts to strengthen concentration

Continue infrastructure investment

WHAT'S NEXT?

What other opportunities do we have that are not being pursued?

How can Kentucky leverage its automotive successes and continue its growth?

What are the challenges for the industry here?

Who needs to be part of the conversation?

How do we maintain our momentum?

JOIN KAIA

BENEFITS INCLUDE:

- Access to key industry leaders
- Seminars on issues impacting the industry
- Industry networking
- Listing on KAIA website
- Discounted or free training/seminars
- A voice in program development
- Promotional opportunities for company news
- Leadership opportunities
- Invitation to annual conference
- Sponsorship opportunities

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