

TEAM KENTUCKY[®]

CABINET FOR
ECONOMIC DEVELOPMENT



Budget Review Subcommittee - Economic Development, Public Protection, Tourism and Energy

Cabinet and KPDI Update

February 26, 2025

Our *New* Kentucky Home

TEAM KENTUCKY: BUILDING A BETTER TOMORROW



A stable job is the beginning, a safe place to live and a community to call home allows us to dream bigger, do better and create more opportunities for future generations who live in the special place we call Kentucky.

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Cabinet Update and 2024 Year in Review

RECORD-BREAKING MOMENTUM

Administration-to-Date (Dec 2019 – Dec 2024)



59,000+

New full-time jobs
announced



\$26.12

Average hourly
incentivized wage
before benefits
(2024)



\$35.3B

Announced
investment



**BlueOval SK and
AESC** – The two
largest economic
development
projects in Kentucky

KENTUCKY BATTERY & EV SUPPLIERS

\$11.7B

in new investment

10,252

Full-time Jobs



SAMPLE OF 2024 ANNOUNCEMENTS



- Belmark** packaging and carton manufacturing facility in Scottsville / Allen County
- **\$99 million** investment
 - 159 full-time jobs
 - \$36.98, including benefits



mizkanTM
Bringing Flavor to LifeTM

- Mizkan America** expansion in Owensboro / Daviess County
- **\$157 million** investment
 - 44 full-time jobs
 - \$35.82, including benefits



- Mitsubishi Electric** repurposing an existing manufacturing facility in Mason County
- **\$143.5 million** investment
 - 122 full-time jobs
 - \$53.32, including benefits

e-STORAGE
A subsidiary of Canadian Solar

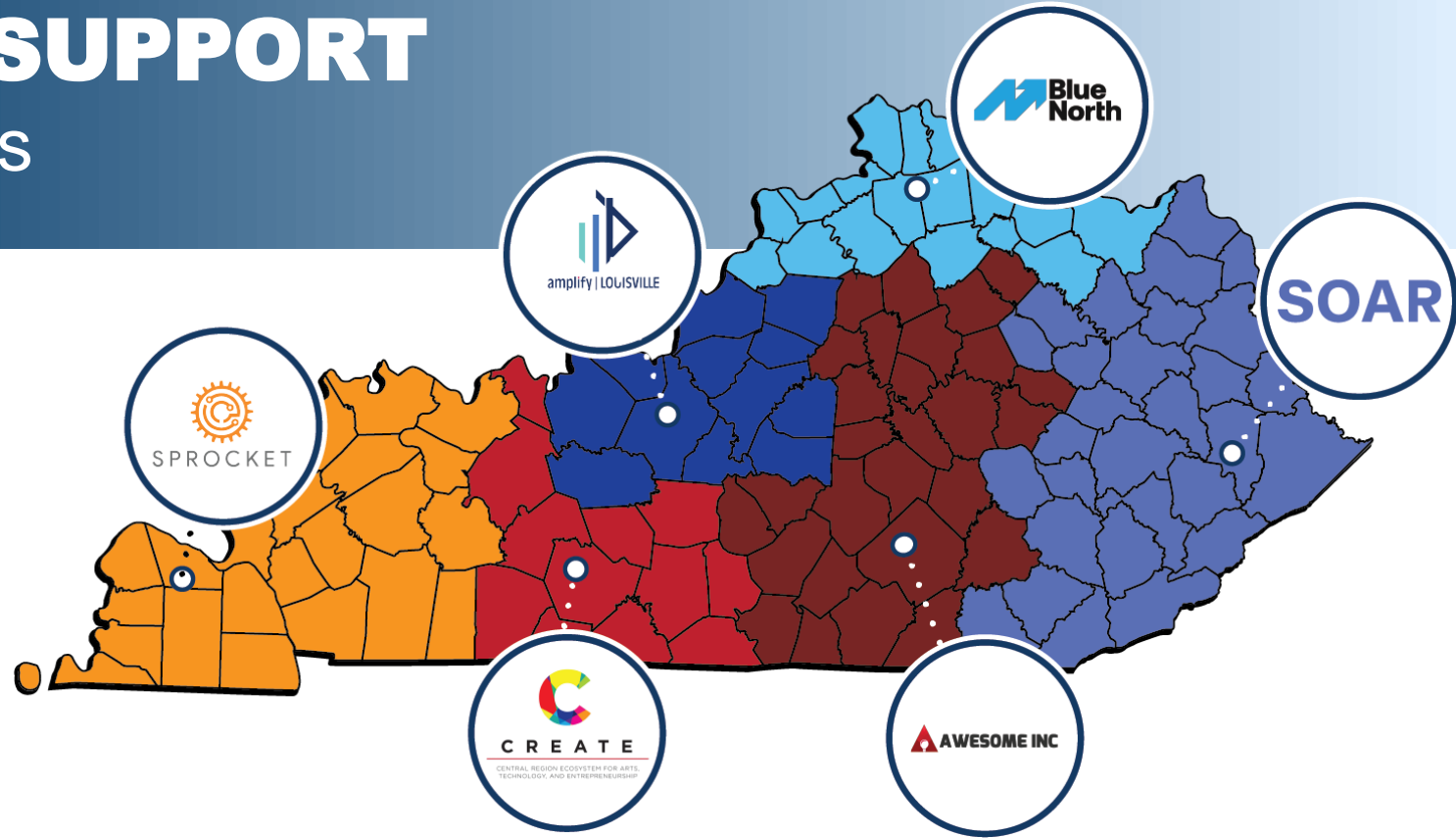
- Shelbyville Battery Manufacturing** new battery cell, module and packaging manufacturing facility
- **\$712 million** investment
 - 1,572 full-time jobs
 - \$25.34, including benefits

ENTREPRENEURIAL SUPPORT

KY Innovation Hub Totals

KY Innovation partners with KSTC and private non-profits through a competitive RFP process to create six regional KY Innovation Hubs.

View partners and team members:
<https://www.kyinnovation.com/team/>



FY23-24 IMPACT

877

**STARTUP
JOBS**

193

**STARTUPS
LAUNCHED**

> \$346M

**CAPITAL
RAISED**

2024 PROJECT PIPELINE SNAPSHOT



276 Business Development Leads

44% Existing / 56% New

73% Domestic / 27% International

Lead Source: 23% Consultant / 23% Direct Contact / 29% Local Referral / 25% Other

Top Industries by Number of Leads

1. Other (Consumer Goods, Clay and Ceramics, Paper Products, etc.)
2. EV-related / Automotive
3. Metals
4. Food & Beverage
5. Energy / Environment

Avg Investment & Avg Jobs of Project Leads

Year	Capital Investment	Jobs
2024	\$145,195,957	158
2023	\$256,567,424	231
2022	\$197,060,542	258

Data represents the date range January 1 – November 30 for each respective year.

SITES AND BUILDING



1,046 property submittals across **109** counties for
180 projects since January 2023

65% Sites

35% Available Buildings

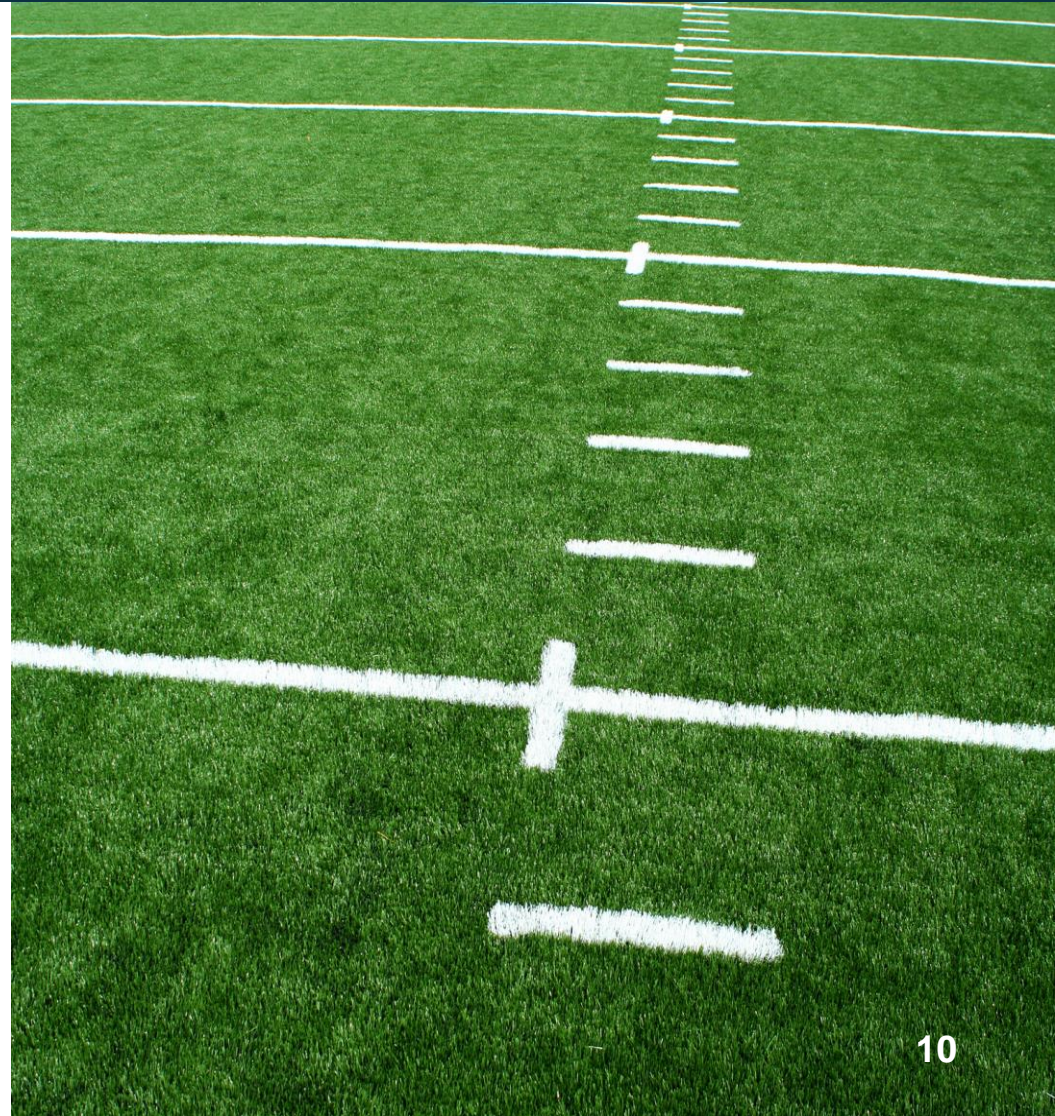
- Average Size of Submitted Sites = **339 acres**
- Average Size of Submitted Buildings: **212,000 sq. ft.**

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TURF MEETING OUTCOMES

1. Kentucky True: MEGA site ready program
2. Regional Site Opportunities
3. Marketing Templates
4. Standardized Site Visit Data
5. What is a Model Business Retention and Expansion Program
6. Remote Work Strategies
7. More Flexible Incentives
8. Role of Economic Developers in Workforce
9. GRANTS/Infrastructure/Placemaking
10. Marketing Alignment



KEY PROGRAM SUMMARY – 2024

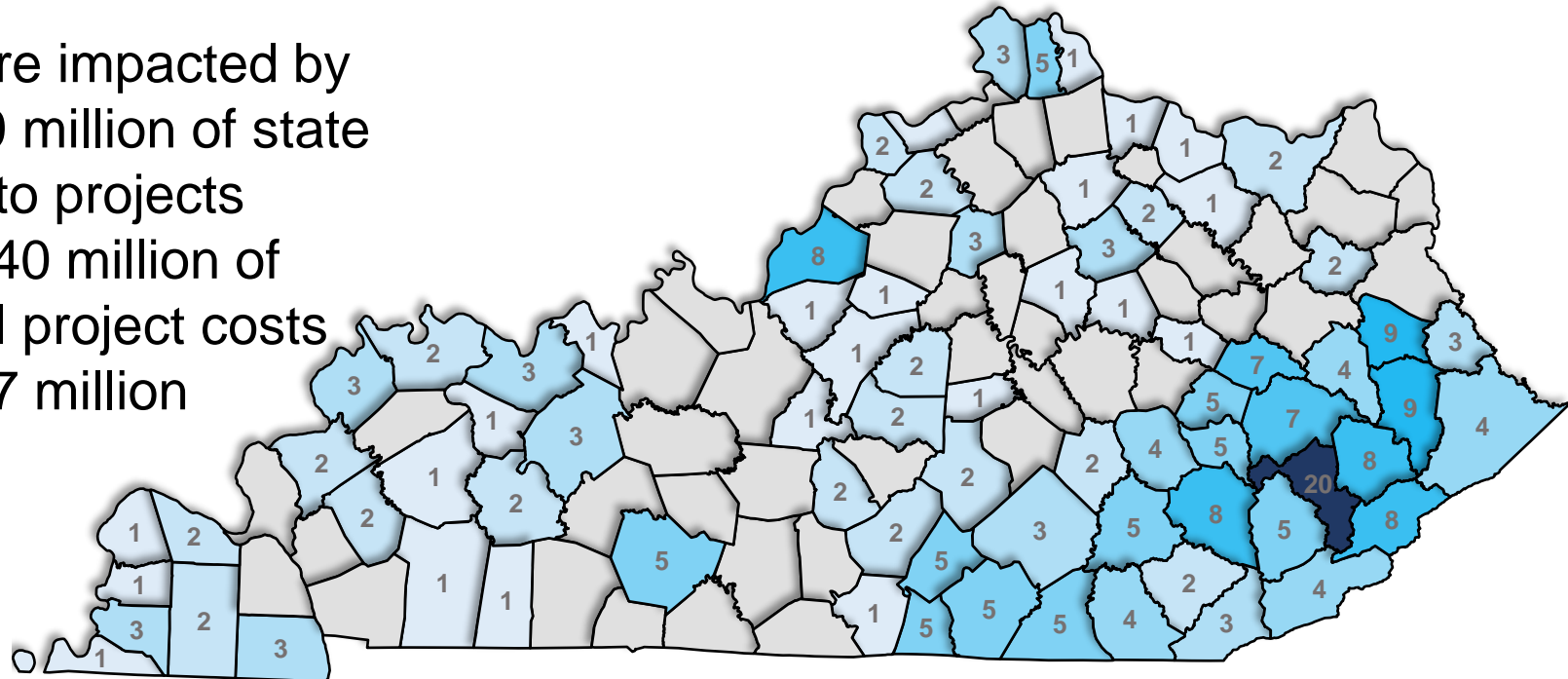
Program	# of Projects	Projected Investment	Incentive Approved	Jobs Created / Retained / Trained
KBI & KEIA	KBI – 70 KEIA – 50	\$4.9 billion	KBI - \$154.4 million KEIA - \$20.6 million	7,200
BSSC Training Programs	104	N/A	\$9.3 million	35,200
KSBTC	177	\$6.3 million	\$1.8 million	500
Ky Entertainment Incentive	77	\$200.6 million	\$67.9 million	7,400
KRHLP	3	N/A	\$3.0 million	1,000
<i>TOTAL</i>	<i>481</i>	<i>\$5.1 billion</i>	<i>\$257.0 million</i>	<i>51,300</i>

GRANT PROGRAM OF 2024

Approved Projects

NUMBER OF APPROVALS	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	CY2024 Total
City and County	12	22	23	30	16	22	9	134
501(c)(3)	4	1	3	3	1	8	1	21
TOTAL	16	23	26	33	17	30	10	155

At least 76 counties are impacted by the projects – over \$99 million of state funds committed to projects leveraging over \$240 million of federal funds for total project costs exceeding \$437 million



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KPDI Program Update

Kentucky Product Development Initiative (KPDI)



Shovel Ready Sites Basic Criteria

1. Land is legally controlled, with clean title. Pricing is known, (free is expected) all proper zoning in place, with a site pad ready for development or all site preparation issues fully defined by credible 3rd party that includes cost estimates and timelines for completion. That includes geological and historical preservation surveys.
2. Water, sewer, natural gas, internet, electrical rates and loads, soil densities and minimal distance (usually 10 miles) to 4 lane roads mapped and validated
3. Phase 1&2 environmental issues completed.
4. If previous use included environmental issues, site likely to be excluded for consideration. Therefore, all remediation, regulatory clearances etc. defined with costs, timelines and responsible parties.
5. Vision for Community is Clear: Current and future state of workforce, quality of life issues, logistics and interface with the regional economies a must.
6. A community with a known reputation for getting things done, strongly supported by existing industries, with leadership that acknowledge challenges but have plans to address.
7. A community that is realistic and understands what they are willing to do to make a project a success including but limited to incentives, partner employment, training and support for attracting and retaining a workforce.



KPDI Program of 2024 – KRS 154.21

- **HOLISTIC APPROACH** - Taking a holistic approach to economic development, incorporating labor, target industry, infrastructure, operating environment, etc. into consideration when making grant recommendations.
- **RETURN ON INVESTMENT** – Recommendations for KPDI funds and local matches will be based on expected return on investment, measured in jobs and capital investment.
- **RELATIVE IMPACT** – ROI metrics are relatively adjusted to ensure the entirety of Kentucky is fairly represented.
- **IMPACTFUL PROJECTS** – Improving the Commonwealth's and communities' competitive positioning to attract transformational projects
- **IT IS A PROCESS**- helps local communities be better prepared and ready to execute
- **USES A NATIONALLY KNOWN** site consulting firm for reviews, site visits and scoring as if for a company evaluating the sites and the state.
- Kentucky's **PROFFESIONAL TRADE ASSOCIATION** for Economic Developers a key part of the process.



KPDI Program of 2024 – 4 Key Updates

1. Total Program Funding

- \$35,000,000 total funds statewide for each fiscal year - the KPDI Program of 2024 will be funded for 2 fiscal years, so there will be another round in 2025
- Each project is eligible to receive up to \$2,000,000, but counties can pool funds for a Regional Project

2. Local Match

- Dynamic local match requirements
 - From 10% to 20% of total project cost
 - Based on combination of county population density ranking and 10-year change in population.
- However, these are MINIMUM match requirements to apply.
 - Projects will still be evaluated in part by ROI to the Commonwealth.
 - For example, if two projects have the exact same estimated impact, but one requests \$1m, while the other requests \$2m, the first project would be favored.

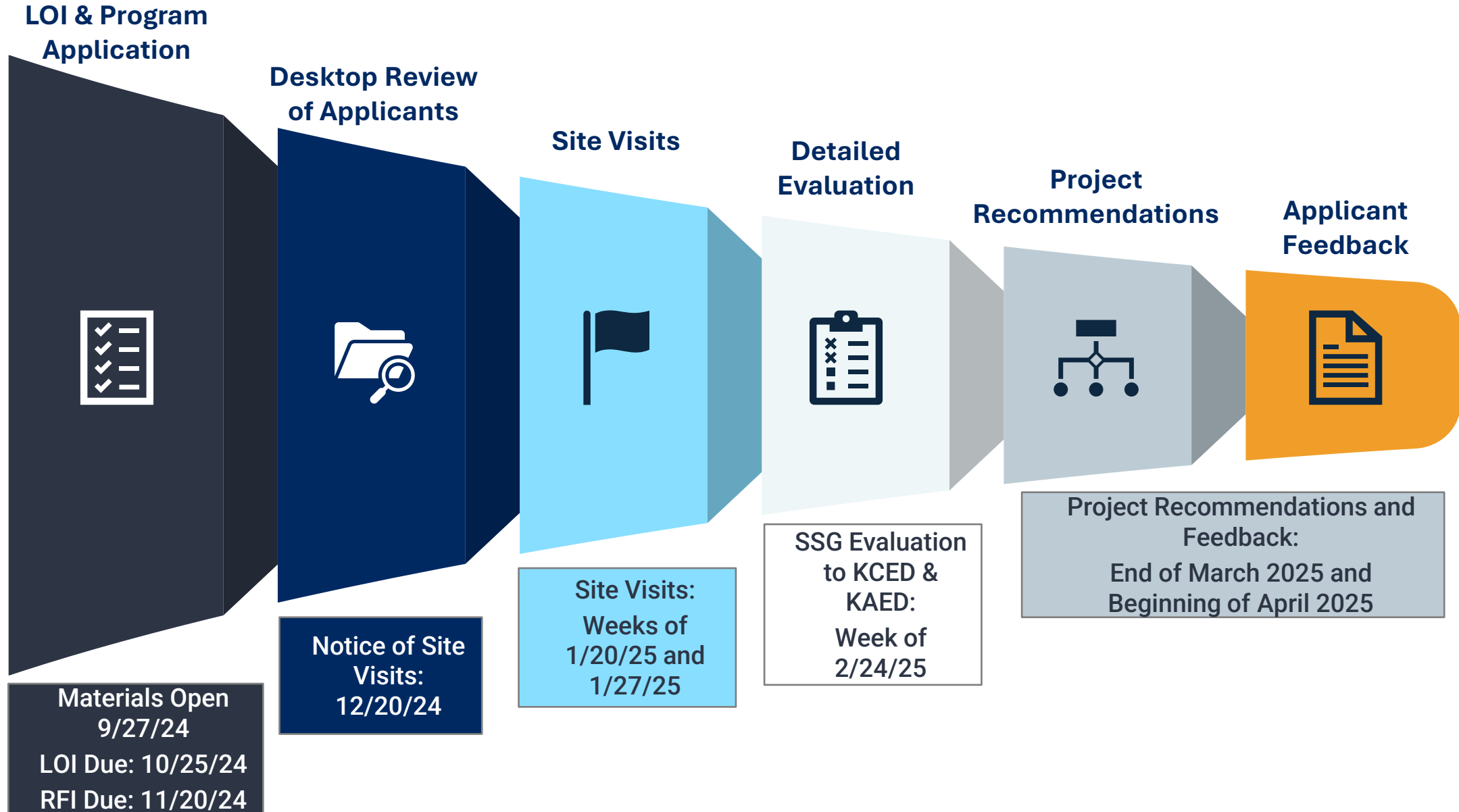
3. More “Ready-to-Go” Sites for Impactful Projects

- Corporate projects continue to grow in their requirements - utilities, capex, workforce skills, and overall speed to market.
- As a result, the KPDI Program of 2024 is placing more emphasis on identifying sites and projects that can meet the needs of impactful projects.
- And SSG is making strategic updates to the RFI to better capture that information.
- Regional Projects are highly encouraged to leverage available funds for larger projects and sites. However, regional projects must already have a Regional Industrial Authority established and provide its articles of incorporation and interlocal agreement at the time of the RFI.

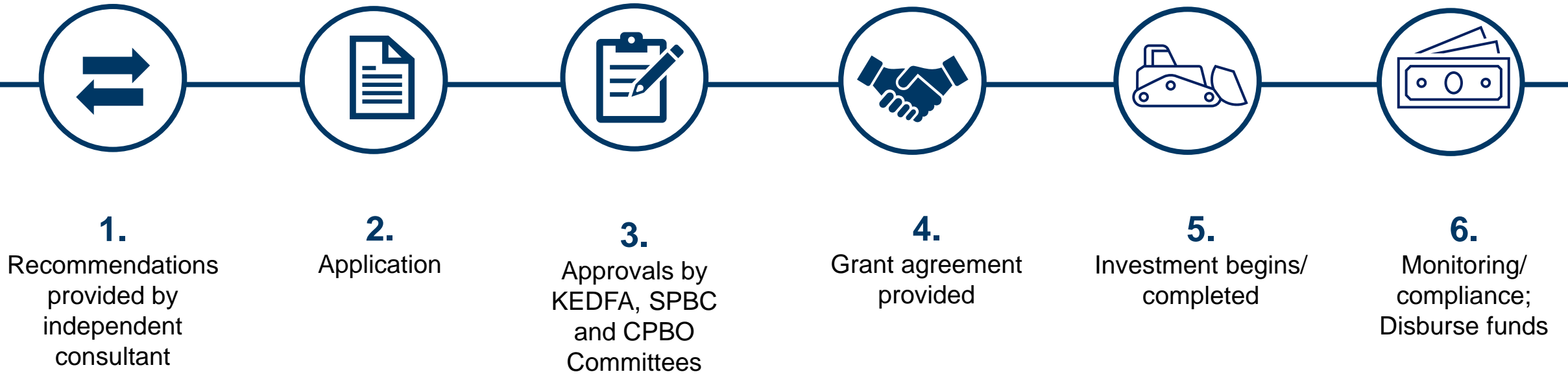
4. Reminder: KPDI is a Competitive Process

- Meeting evaluation criteria or being the sole applicant in a county does not guarantee funding.
- It's more important than ever to submit thorough, complete, and well-thought-out RFI to stand out!

Independent Consultant Process



Cabinet EDF Program Process



KEY DATES:

- **11/20/2024** – Eligible local match and expenditures may begin
- May - Dec **2025** – EDF applications and approvals
- **12/31/2027** – Investment incurred and funds disbursed

Pilot PDI & KPDI Program Funds

PROJECTS APPROVED	# of Projects	Projected Investment	Amount Approved	Amount Disbursed
Pilot PDI – Round 1 (2019-20)	8	\$24,312,378	\$2,923,189	\$2,656,548
Pilot PDI – Round 2 (2020-21)	3	\$2,212,140	\$695,602	\$594,281
Pilot PDI – Round 3 (2021-22)	9	\$10,055,000	\$3,177,500	\$2,739,392
KPDI of 2022 – Round 1 (2022-23)	53	\$123,023,638	\$31,213,373	\$24,682,484 *
KPDI of 2022 – Round 2 (2023-24)	36 #	\$383,335,143	\$51,645,185	In process *
TOTAL		\$542,938,299	\$89,654,849	

* Round 1 and 2 projects approved, in process, and required to be disbursed by December 31, 2024 and 2025, respectively; two Round 1 projects approved for extension to use funds by 12/31/2025

One project in process of submitting application for approval of approximately \$3.5 million in funding

POTENTIAL PROJECTS	# of Projects	Available Funding	Potential Request
KPDI of 2024 – Round 1 (in process for 2024-25)	45 RFI's	\$35,000,000	~ \$81,000,000

NOTE: Projects currently under review by independent consultant – will undergo due diligence with CED staff following their recommendation leading to potential approval by KEDFA

Pilot PDI & KPDI Project Successes To Date

	PDI Pilot Program	KPDI Program of 2022 – Rd 1	KPDI Program of 2022 – Rd 2	TOTAL
Total Number of Projects Approved	20	53	36	109
Projected Investment	\$36.6 million	\$123.0 million	\$383.3 million	\$542.9 million
Total Disbursed and/or Approved	\$6.0 million	\$24.7 million	\$51.6 million	\$83.1 million

Total Number of Projects Located/Announced	14	2	1	17
Projected Jobs	3,800	75	40	3,915
Total Projected Investment	\$4.2 billion	\$174.1 million	\$57.1 million	\$4.4 billion



THANK YOU



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Appendix

Kentucky PDI- Why Now

FOR ECONOMIC DEVELOPMENT

Timing

- Massive disruptions in global supply chains presents opportunities
- Potential deindustrializing in Europe due to energy crisis
- 2022 Federal legislation for onshoring industry
 - IRA
 - Semiconductor
 - Biotech
 - DOD

Opportunity

- Kentucky's leadership in EV and Automotive creates a foundation on which to build
- Capture momentum of growing Life Sciences and other emerging industry sectors
- The Kentucky Product Development Initiative creates products that are as diverse as our communities but linked to the interdependencies that are Kentucky's unique competitive advantages

Benefits

- Allow each community to create a vision and have the tools to control their own destiny
- Prepare communities and businesses across the state to be more strategic in attracting workforce and new jobs
- More product to support existing companies, suppliers and new investments

Key Program Definitions

Economic Development Project

Site and infrastructure improvements that could result in opportunity for any of the following projects:

- Manufacturing
- Agribusiness
- Headquarters Operations
- Nonretail Service or Technology Activities
- Coal Severing & Processing
- Hospital Operations
- Alternative Fuel, Gasification, Energy-Efficient Alternative Fuels, or Renewable Energy Production
- Carbon Dioxide Transmission Pipeline

Eligible Grant Recipient

- Local government or economic development authority

Eligible Project

- Publicly owned property
- Or either of the following only if the Eligible Use includes property acquisition or diligence studies:
 - Property with a legally binding LOI or option agreement to Eligible Grant Recipient.
 - Property with an agreement for the sale to an eligible recipient.

Eligible Uses

- Due Diligence Studies
- Property Acquisition
- Infrastructure Extensions and Improvements
- Site Preparation Work
- Building Construction or Renovation
- Road Improvements

Complete list of Key Program Definitions can be found in the “Just the Facts: KPDI” published by the Cabinet at <https://ced.ky.gov/kpdi>



Evaluation Criteria

- **Property Availability**
 - Publicly-controlled
- **Property Development Ability**
 - Developable & free of impediments
- **Zoning Availability**
 - Zoned to intended use within 90 days
- **Transportation Accessibility**
 - Served adequately for intended use
- **Utility Adequacy**
 - Electric, natural gas, water, wastewater, telecom



Scoring Criteria

- **Return on Investment Focused**
 - Likelihood of project success
 - Economic impact
 - Job creation
- **Key Workforce Characteristics**
 - Objective workforce data
 - On-site workforce due diligence
- **Relative Positive Impact**
 - Adjusted based on community size, characteristics, and history

1st Success

PRATT PAPER LLC

Henderson, Henderson County
Announcement of new paper mill



321 full-time jobs @ \$39 average hourly wage including benefits



\$400 million investment



THE WALL STREET JOURNAL

THE WALL STREET JOURNAL Monday, August 2, 2021 | A5 U.S. NEWS

FDA Faces Pressure to Approve Covid-19 Shots

By FUSIA SORRENTI

The U.S. Food and Drug Administration is under pressure to swiftly grant full approval to Covid-19 shots, as vaccine manufacturers take on new urgency for schools, hospitals and employers amid surging cases from the rapidly spreading Delta variant. Government agencies and companies are starting to mandate vaccines for at least some workers and in some circumstances. However, many employers and schools are holding off, saying they don't or won't act, while the vaccines are still only authorized for emergency use.

"We'd like to see it approved as fast as humanly possible, so we can really go back to just the more normal experience," said Jim Matras, chancellor of the State University of New York system, which serves 800,000 students. Under guidance from the state, he can't impose a vaccine mandate for students until the shots are granted full approval. For now the school is requiring vaccines or weekly testing, similar to the federal policy that President Biden announced Thursday.

Three vaccine—Pfizer Inc. and partner BioNTech SE, Moderna Inc. and Johnson & Johnson—are authorized for emergency use in the U.S. Pfizer and Moderna have filed initial paperwork for full approval. However, only Pfizer has submitted all the necessary information to the FDA, the company said, and analysts expect it will be the first to get the green light. Moderna says it is still completing critical data submissions, and Johnson & Johnson says it plans to file for full approval this year.

The agency said it is taking an "all hands-on-deck approach," including shifting personnel and technological resources to the effort and prioritizing some other activities.

Fall approval won't change how widely available the shots are but will ease restrictions on distribution and advertising for companies. Such a step would also help more states, schools and employers to introduce vaccine mandates, lawyers and current and former FDA officials said.

Once fully approved, the vaccine would be eligible for prescriptions as booster doses for prescribers, the FDA said. However, analysts said, the critical element for broad heading is a recommendation from the Advisory Committee on Immunization Practices to the FDA, as physicians often follow ACIP recommendations.

Some public-health experts are urging the FDA to move faster to persuade unvaccinated Americans to get Covid-19 shots to avert a national surge in coronavirus infections.

More Get Inoculated In Regions Variant Hit

By ANNA CAROL FLORES

Growing numbers of people are getting vaccinated against the Delta variant, offering a glimmer of hope but still falling far short of what is needed to fight Covid-19, public-health officials say.

Several factors are driving the increase in vaccinations, including worries about the job-chasing variant, growing confidence in the safety of vaccines and the influence of family and friends, health officials and residents say. Many employers are implementing vaccine mandates, including a Walmart Inc. requirement for corporate staff announced Friday.

Some states with soaring case counts and hospitalizations have laggard uptake in their vaccination rates. In Alabama, where 50% of people are fully vaccinated, the seven-day average of daily vaccine times reached 30,732 on July 28, more than double the figure on July 2 according to data compiled by Johns Hopkins University in Arkansas, where 27% are fully vaccinated, the seven-day average more than doubled to 8,575 that period, and in Missouri, where 43% are fully vaccinated, more than doubled to 13,352.

In the U.S. as a whole, 50% of the population is fully vaccinated. The seven-day average of 332,000 on July 23, compared with a record high of almost 431,000 on July 8, according to the Centers for Disease Control and Prevention.

As the cases are spreading, it gets people's attention that I guess the job's over," said John Wells, chief executive of Cahaba Medical Care, a community health center with branches across central Alabama. "It's far more likely to take a month's lead" at vaccinations.

In Albany, Fla., the Biden administration's chief medical adviser, warned Sunday that "things are going to get worse" as the more contagious Delta variant has led to a surge of new cases. "We are looking out 12 weeks to 18 weeks, but we are looking to some pain and some relief in the future because we are seeing the cases go up," Dr. Fauci, director of the National Institute of Allergy and Infectious Diseases, said Sunday on ABC. He added, "The solution to this is, get vaccinated."

Because many areas with low vaccination rates show conservative politicians, some states from Republican elected officials for people to get vaccinated could be helping, Alabama Gov. Kay Ivey implored residents to "get it done" and demanded "the unvaccinated folks that are letting us down."

Madison Doss, a 20-year-old college student at the University of Alabama, had held off on getting a shot because the word that the vaccine had been really through production without enough research on their effects. She contracted Covid-19 around Thanksgiving and spent two weeks in her room, feeling exhausted.

After two months working at a camp in the mountains this summer, disconnected from the internet, she returned in mid-July to news of the Delta variant's spread. That, along with greater confidence in the safety of vaccines, led her to get a shot. "It was the right time for me to do," Ms. Doss said.



PRATT INDUSTRIES
announces its new \$400M
100% recycled Paper Mill
in Kentucky



Sketch of our State-of-the-Art 450,000-sq-ft Paper Mill in Henderson, Kentucky.

Thank You
Governor Andy Beshear

Pilot PDI & KPDI Programs – Additional Successes

LOTTE ALUMINUM MATERIALS

ELIZABETHTOWN, HARDIN COUNTY

Announcement of new aluminum films manufacturing facility for EV batteries



122 full-time jobs @ \$23 average hourly wage including benefits



\$239 million investment

TYSON FOODS & AESC

BOWLING GREEN, WARREN COUNTY

Announcement of new bacon and EV battery manufacturing facilities



451 full-time jobs @ \$28/hour including benefits

\$355 million investment



2,000 full-time jobs

\$2 billion investment

Pilot PDI & KPDI Programs – Additional Successes

EQUINE CHEMISTRY ANALYTICAL LABORATORY (ECAL)

LEXINGTON, FAYETTE COUNTY

Announcement of laboratory space for drug testing sport horses competing at USEF, thoroughbred and other horse racing events



22 full-time jobs @
\$40.95 average
hourly wage
including benefits



\$5.8 million
investment

OSMUNDSON MFG. CO.

HICKORY, GRAVES COUNTY

Announcement of round blade manufacturing facility for agriculture & construction industries

OSMUNDSON
Mfg. Co.



80 full-time jobs @
\$36.07 average
hourly wage
including benefits



\$12.5 million
investment

Pilot PDI & KPDI Programs – Additional Successes

ASCEND ELEMENTS

HOPKINSVILLE, CHRISTIAN COUNTY

Announcement of advanced, sustainable battery materials made from recycled lithium ion batteries



450 full-time jobs
@ \$34.00 average
hourly wage
including benefits

\$869.5 million
investment

PEPSI COLA BOTTLING COMPANY OF CORBIN, INC.

CORBIN, KNOX COUNTY

Expansion to provide additional space for
new production lines



25 full-time jobs @
\$23.00 average
hourly wage
including benefits



\$6.4 million
investment

Pilot PDI & KPDI Programs – Additional Successes

WASHINGTON PENN PLASTICS, INC. WINCHESTER, CLARK COUNTY

Announcement of new manufacturing facility to produce polypropylene and polyethylene compounds



88 full-time jobs @
\$37.39 average
hourly wage
including benefits

\$104.9 million
investment

OLD BOURBON COUNTY DISTILLERY – EASTERN LIGHT DISTILLING MOREHEAD, ROWAN COUNTY

Announcement of new distillery



50 full-time jobs @
\$33.17 average
hourly wage
including benefits

\$143.7 million
investment

Pilot PDI & KPDI Programs – Additional Successes

J&D DISTILLING COMPANY, LLC

SPRINGFIELD, WASHINGTON COUNTY

Announcement of new distillery



25 full-time jobs @
\$37.50 average
hourly wage
including benefits



\$30.4 million
investment

TKC DISTILLING CO, LLC

VERSAILLES, WOODFORD COUNTY

Announcement of new distillery

TRUE
STORY
WHISKEYS



43 full-time jobs @
\$38.52 average
hourly wage
including benefits



\$57.1 million
investment

WINNERS

SAY "IT MAY BE DIFFICULT
BUT IT IS POSSIBLE."

SEE THE GAIN .

SEE POSSIBILITIES.

MAKE IT HAPPEN.

LOSERS

SAY "IT MAY BE POSSIBLE
BUT IT IS TOO DIFFICULT."

SEE THE PAIN.

SEE PROBLEMS.

LET IT HAPPEN.

believe-toachieve.tumblr.com

Competition in Growing Jobs is Fierce: Kentucky Product Development Initiative is a Game Changer

McKinsey
& Company

"Taxes are important in location decisions for companies and people. But it is crucial to note that tax breaks by themselves don't attract businesses and people. They tend to play a role after the establishment of other, more important, nonfinancial factors.....workforce & training, infrastructure investment, fast-tracked processes, access to developed sites and a pro-business support system are the keys"

2019 McKinsey Article "How state and local governments win at attracting companies"