



INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT & WORKFORCE INVESTMENT

June 17, 2021



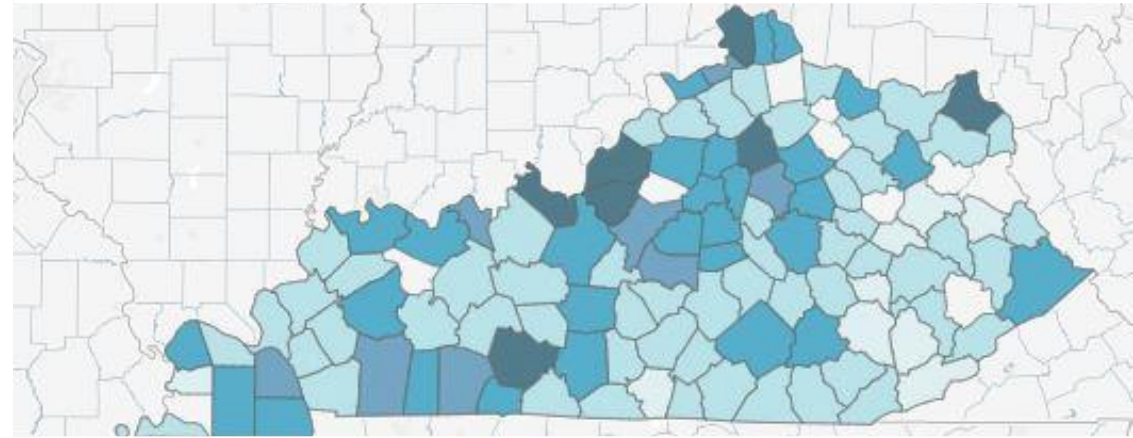
BUILDING A BETTER KENTUCKY

ECONOMIC RECOVERY AND LONG-TERM PROSPERITY

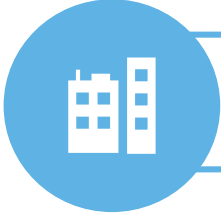
- Unprecedented times

TRENDS & CHALLENGES

- Workforce
- Additional industrial build-ready sites and megasites
- Speed to market
- Marketing Kentucky



2021 YTD



4,000-plus new full-time jobs announced



50 private-sector expansion or new-facility-location projects announced



\$2 billion-plus announced investment



\$23.15 YTD average-hourly wage across incentivized jobs is trending second-highest in seven years

WAGE GROWTH

A STRATEGIC PRIORITY

YTD in 2021, the average incentivized hourly wage are trending second-highest across the past seven years

| Rank | Average Hourly Wage | Year Preliminarily Approved |
|------|---------------------|-----------------------------|
| 1* | \$28.38 | 2019 |
| 2 | \$23.15 | 2021 YTD |
| 3 | \$22.11 | 2020 |
| 4 | \$21.39 | 2017 |
| 5 | \$20.94 | 2016 |
| 6 | \$20.64 | 2018 |
| 7 | \$19.96 | 2015 |

*Includes UPS pilots announcement, 1,000 jobs at \$70 average hourly wage

TOP 5 INDUSTRIES – 2021 YTD

BY ANNOUNCED JOBS

| | |
|------------------------------|--------------|
| 1. Metals | 1,500 |
| 2. Automotive | 1,100 |
| 3. Food, Beverage & Agritech | 400 |
| 4. Distribution & Logistics | 340 |
| 5. Plastics & Rubber | 130 |

BY ANNOUNCED INVESTMENT

| | |
|------------------------------|---------------|
| 1. Metals | \$872M |
| 2. Food, Beverage & Agritech | \$473M |
| 3. Automotive | \$177M |
| 4. Plastics & Rubber | \$176M |
| 5. Distribution & Logistics | \$26M |

PROJECT CASE STUDIES

RECENT ANNOUNCEMENTS CREATING JOBS AND INVESTMENT ACROSS KENTUCKY

Protective Life Corp.

- Core center for insurance and financial services
- Covington
- 100+ well-paying jobs at an average \$47.50/hr.
- \$17 million investment
- Announced December 2020, open now

Kruger Packaging

- Corrugated boxes
- Elizabethtown
- 150 jobs at an average \$32.50/hr.
- \$114 million investment
- Announced May 2021
- Canadian owned

Chapin International Inc.

- Compressed air sprayers
- Mount Vernon
- 100 jobs at an average \$22.40/hr.
- \$5.5 million investment
- Announced September 2020

Firestone Industrial Products Co.

- Automotive air springs
- Williamsburg
- 250 jobs at an average \$29/hr.
- \$50 million investment
- Completion targeted for December 2022

Metalsa Structural Products Inc.

- Vehicle chassis structures
- Hopkinsville
- 97 jobs at an average \$29/hr.
- \$39 million investment
- Completion targeted for October 2022
- Mexican owned

Wieland North America Inc.

- Copper and copper-alloy manufacturer
- Louisville HQ, now open:
 - 75 jobs at an average \$93/hr.
- Shelby County recycling facility
 - 75 jobs at an average \$30/hr.
- \$109 million initial investment
- Continued growth likely
- German owned

GROWING KENTUCKY BY SUPPORTING NEW AND GROWING STARTUPS/SMALL BIZ

- Time is now: Competitive marketplace for startups and tech talent
- Holistic/multi-faceted statewide approach
- Accountability standards
- Expanding opportunities by targeting underserved communities
- Marketing directly to talent/startups outside Ky: Discovery Kentucky initiative
- Leveraging resources – 10:1 goal
- Broad support for main street businesses: [CSBA](#)/[SSBCI](#)/[KYPTAC](#)

KY INNOVATION HUBS

\$2.6 MILLION IN GRANTS – INCREASED TO \$3 MILLION IN 2021

Partnered with private non-profits through a competitive RFP process to create six regional KY Innovation Hubs and foster a statewide, collaborative team focus





KENTUCKY SCIENCE AND ENGINEERING FOUNDATION (KESF)

- Managed by the Kentucky Science and Technology Corporation (KSTC)
- **SBIR/STTR**
 - Outreach
 - Accelerators/Assistance – New DOD accelerator
 - Matching Funds
- **Kentucky Commercialization Ventures (KCV)**
 - Statewide tech transfer office partnership
 - Legal clinics/IP work

CAPITAL AND STATE FUNDING

- **KENTUCKY ENTERPRISE FUND (KEF)**
 - Investment Fund focused on early-stage companies
 - 20% to rural investments and 20% to Opportunity Zone areas
 - Typically 25K-50K convertible debt/grants, with follow-on investment for growth companies
- **COMMONWEALTH SEED CAPITAL**
 - Seed and series-A investments, fund of funds, impact investing
- **ANGEL TAX CREDIT/FUND TAX CREDIT**
 - \$3 million cap for each credit per year. Returned in 2021.



INCENTIVES MODERNIZED

GENERAL ASSEMBLY UPDATES KEEP KENTUCKY COMPETITIVE

- KBI modernized to include remote work and employees subject to Kentucky individual income tax
- Industry standardization across all incentive programs
- Aligned credit limitations and caps for BSSC workforce programs
- Changes rolling out July 1

INCENTIVES IN PRACTICE

KENTUCKY BUSINESS INVESTMENT PROGRAM OUTPERFORMS

| Fiscal Year End Reporting | | | | | | | |
|---------------------------|--------------------|---------------|------------|------------|-----------------------|-------------|------------|
| | | JOBS | | | WAGES | | |
| Year | Number of Projects | Jobs Reported | Job Target | % Achieved | Average Wage Reported | Wage Target | % Achieved |
| 2010 | 1 | 40 | 51 | 78% | \$11.42 | \$11.00 | 104% |
| 2011 | 5 | 269 | 257 | 105% | \$35.00 | \$28.90 | 121% |
| 2012 | 18 | 1,264 | 1,154 | 110% | \$25.30 | \$23.23 | 109% |
| 2013 | 58 | 5,908 | 5,395 | 110% | \$24.85 | \$23.35 | 106% |
| 2014 | 94 | 10,024 | 9,525 | 105% | \$24.85 | \$22.98 | 108% |
| 2015 | 143 | 14,617 | 13,193 | 111% | \$25.32 | \$22.32 | 113% |
| 2016 | 196 | 21,251 | 18,665 | 114% | \$25.05 | \$21.79 | 115% |
| 2017 | 245 | 26,094 | 22,067 | 118% | \$26.81 | \$21.93 | 122% |
| 2018 | 284 | 31,073 | 25,345 | 123% | \$26.30 | \$21.83 | 120% |
| 2019 | 318 | 37,291 | 28,345 | 132% | \$28.29 | \$22.39 | 126% |
| 2020 | 224 | 23,265 | 18,832 | 124% | \$30.47 | \$22.44 | 136% |
| 2021 | 7 | 885 | 570 | 155% | \$27.55 | \$22.21 | 124% |

2010 – 2021

- **120% more jobs created:** 171,981 reported vs 143,370 targeted
- **Higher average-hourly wages:** Between 104% and 136% of targets annually

| Annual Maximums and incentives claimed | | | | |
|--|-------------------------|-----------------------|----------------------|------------------|
| Year | Approved Annual Maximum | Earned Annual Maximum | Incentives Claimed* | Utilization Rate |
| 2010-2012** | \$5,182,833 | \$4,914,663 | \$2,104,094 | 43% |
| 2013 | \$15,611,951 | \$13,992,639 | \$6,601,085 | 47% |
| 2014 | \$27,405,836 | \$23,759,875 | \$13,131,631 | 55% |
| 2015 | \$45,896,940 | \$39,276,598 | \$18,084,965 | 46% |
| 2016 | \$40,299,248 | \$35,382,109 | \$19,923,814 | 56% |
| 2017 | \$44,822,034 | \$38,751,699 | \$24,977,472 | 64% |
| 2018 | \$52,013,284 | \$44,172,090 | \$29,059,372 | 66% |
| 2019 | \$62,823,319 | \$53,665,834 | \$26,901,214 | 50% |
| 2020 | \$56,086,737 | \$49,130,959 | \$5,137,761 | 10% |
| 2021 | \$20,532,991 | \$19,323,799 | N/A | N/A |
| Grand Total | \$370,675,172 | \$322,370,264 | \$145,921,407 | |

Based on actual jobs and wages reported in 2018 by companies approved to claim incentives, the estimated payroll for new, full-time Kentucky resident jobs is approximately \$1.7 billion.

***Notes on incentives claimed:** Data is based on information provided by the Kentucky Department of Revenue.

****Due to taxpayer confidentiality, years 2010-2012 were combined.**



ON THE HORIZON

FEDERAL STATE SMALL BUSINESS CREDIT INITIATIVE 2.0

- Kentucky could see over \$80 million
- Provide access to credit and investments for startups and small businesses
- Focus will be on developing programs to benefit socially and economically underserved individuals
- Awaiting federal guidelines

CED TEAM





Q & A



THANK YOU

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