

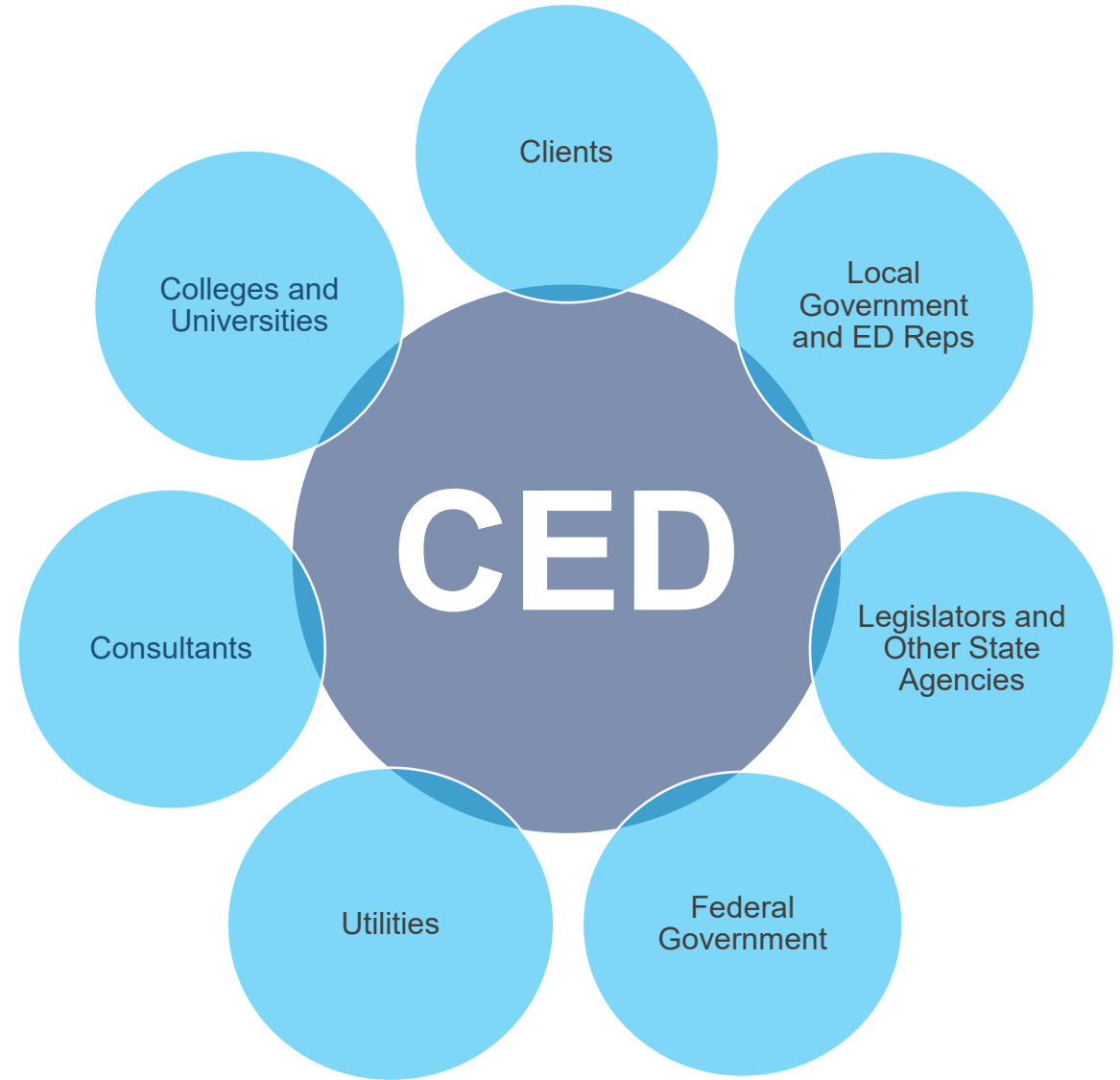


# **EXECUTIVE BRANCH EFFICIENCY TASK FORCE**

July 18, 2022

# OUR MISSION

Earn trust, be strategic and a super collaborator in growing jobs and wages, improving access to broadband, clean water, roads and bridges and great schools while stimulating investments in all our interdependent communities in creating a promising future as part of Team Kentucky



# **BUILDING A BETTER KENTUCKY**

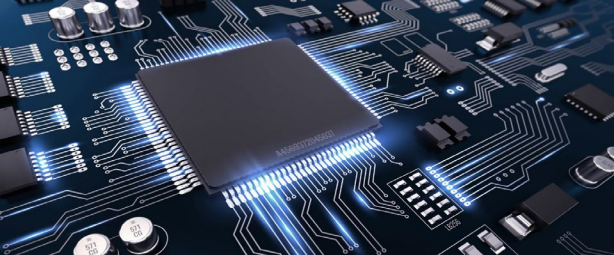
CREATING AN ECONOMY THAT  
WORKS FOR ALL KENTUCKIANS

Focusing on:

- Growing well-paying jobs of the future through start-ups, expansions and attraction
- Supporting our existing companies
- Targeted industry clusters that strengthen all facets of Ky
- Shared responsibilities / Shared regional opportunities







TEAM  
KENTUCKY®

## Leadership Covenants

### MYSELF

#### ***Passion for Serving:***

Start with what our KY neighbors need and work backwards. Be obsessed on building a better Kentucky. Collaborate with local, regional and state partners, share in the successes, own the challenges

#### ***Straight Talk***

Face reality. Listen and speak up. Honesty is your responsibility

#### ***Bias for Action***

If you see something, do something. Simplify to move fast, winning is our culture

#### ***Lead with Impact***

Nothing worthwhile is given to you. True change starts with the end of your comfort zone. Create an impact that gets results

#### ***Accountability***

You own it. You are in charge. Do what you say you are going to do.

## At the Kentucky Cabinet for Economic Development

### MY TEAM

#### ***Serve***

You earn the privilege to lead. There is no leadership without followership from your team and the stakeholders you serve

#### ***Listen***

Ask questions. Seek out different points of view. Walk the talk and collaborate, be inclusive

#### ***Build***

Hire better than yourself. Set the bar high. Equip your team, then get off the field. Go deep when needed. Unleash talent, it knows no rank

#### ***Lead***

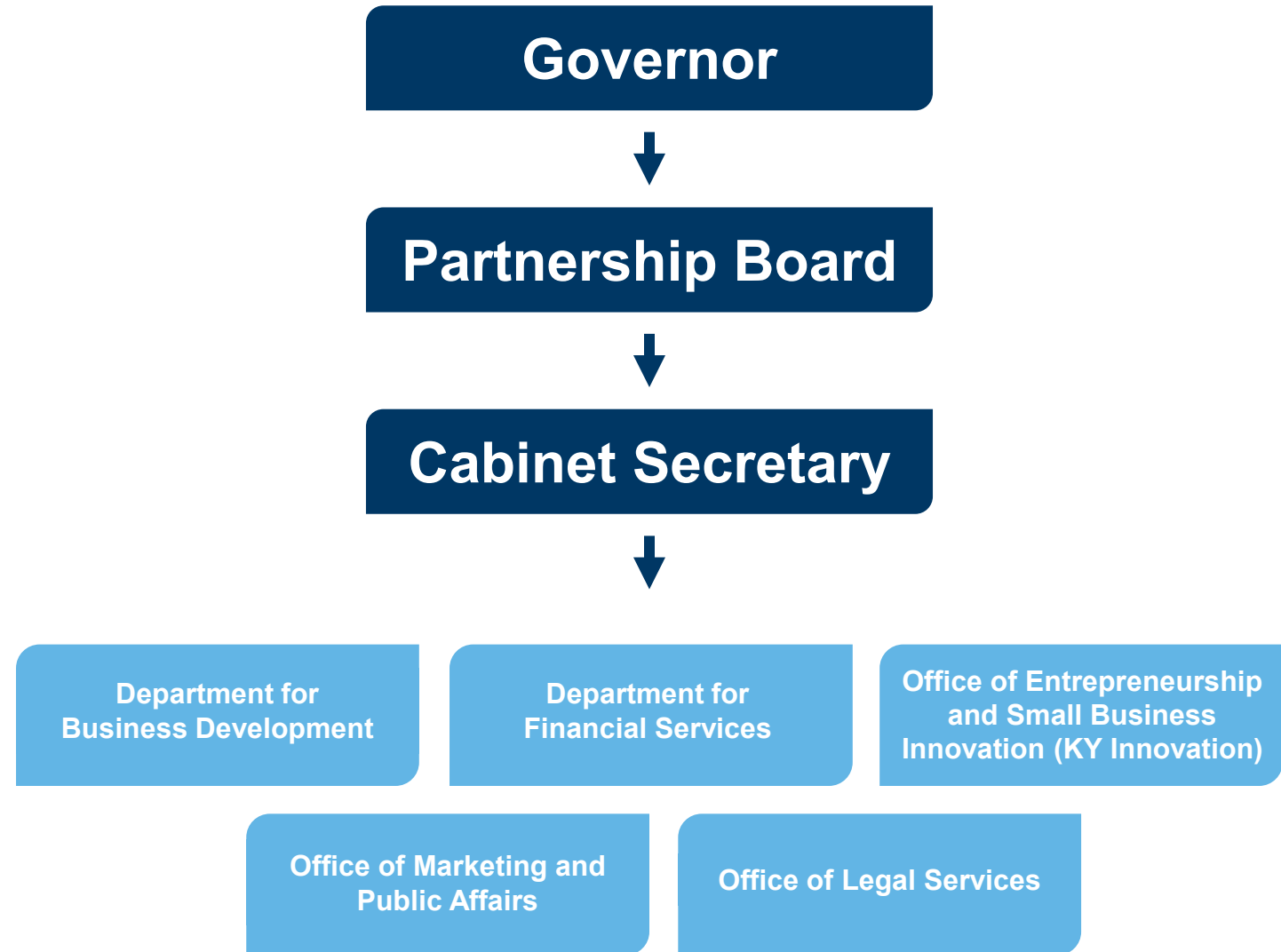
Set the strategy. Develop a disciplined structure, follow process and create a management system. Recognize success.

#### ***Results Matter***

Building a better Kentucky is our shared responsibility, serving is a key, and being true to society, abiding the right governance and protecting the environment are not mutually exclusive

# CABINET FOR ECONOMIC DEVELOPMENT

Primary state agency responsible  
for encouraging job creation, business  
retention and new corporate investment  
in Kentucky



# Team Kentucky International

Europe = Finn Weisse



Asia = Mike Takahashi



## CED BOARDS

Kentucky Economic Development  
Finance Authority (KEDFA)

Bluegrass State Skills  
Corporation (BSSC)

Commission on Small Business  
Innovation & Advocacy (CSBIA)



# 2021 RECAP



**18,138**

NEW JOBS ANNOUNCED



**264**

NEW PROJECTS ANNOUNCED



**\$11.23B**

INVESTED IN KENTUCKY



**\$24.00**

AVERAGE INCENTIVIZED WAGE

## KENTUCKY BREAKS RECORDS IN 2021

- Last year, Kentucky shattered the all-time economic development records for investment and job creation:
  - 264 new and existing project announcements
  - Over \$11.2 billion in announced investments
  - Over 18,000 full-time jobs created
  - Kentucky's average incentivized hourly wage for projects statewide in 2021 was \$24 before benefits

# WAGE GROWTH

## A STRATEGIC PRIORITY

In 2021, the average incentivized hourly wage was the second-highest across the past seven years

Rank	Average Hourly Wage	Year Preliminarily Approved
1*	\$28.38	2019
2	\$24.00	2021
3	\$21.93	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

## BY ANNOUNCED INVESTMENT

1. Automotive	<b>\$6.7B</b>
2. Food, Beverage & Agritech	<b>\$1.1B</b>
3. Metals	<b>\$975M</b>
4. Business/Financial Services	<b>\$770M</b>
5. Plastics & Rubber	<b>\$295M</b>

## BY ANNOUNCED JOBS

1. Automotive	<b>7,260</b>
2. Business/Financial Services	<b>3,700</b>
3. Metals	<b>1,700</b>
4. Food, Beverage & Agritech	<b>1,200</b>
5. Logistics & Distribution	<b>1,000</b>

# 2022 YEAR-TO-DATE



8,490-plus new full-time jobs announced



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



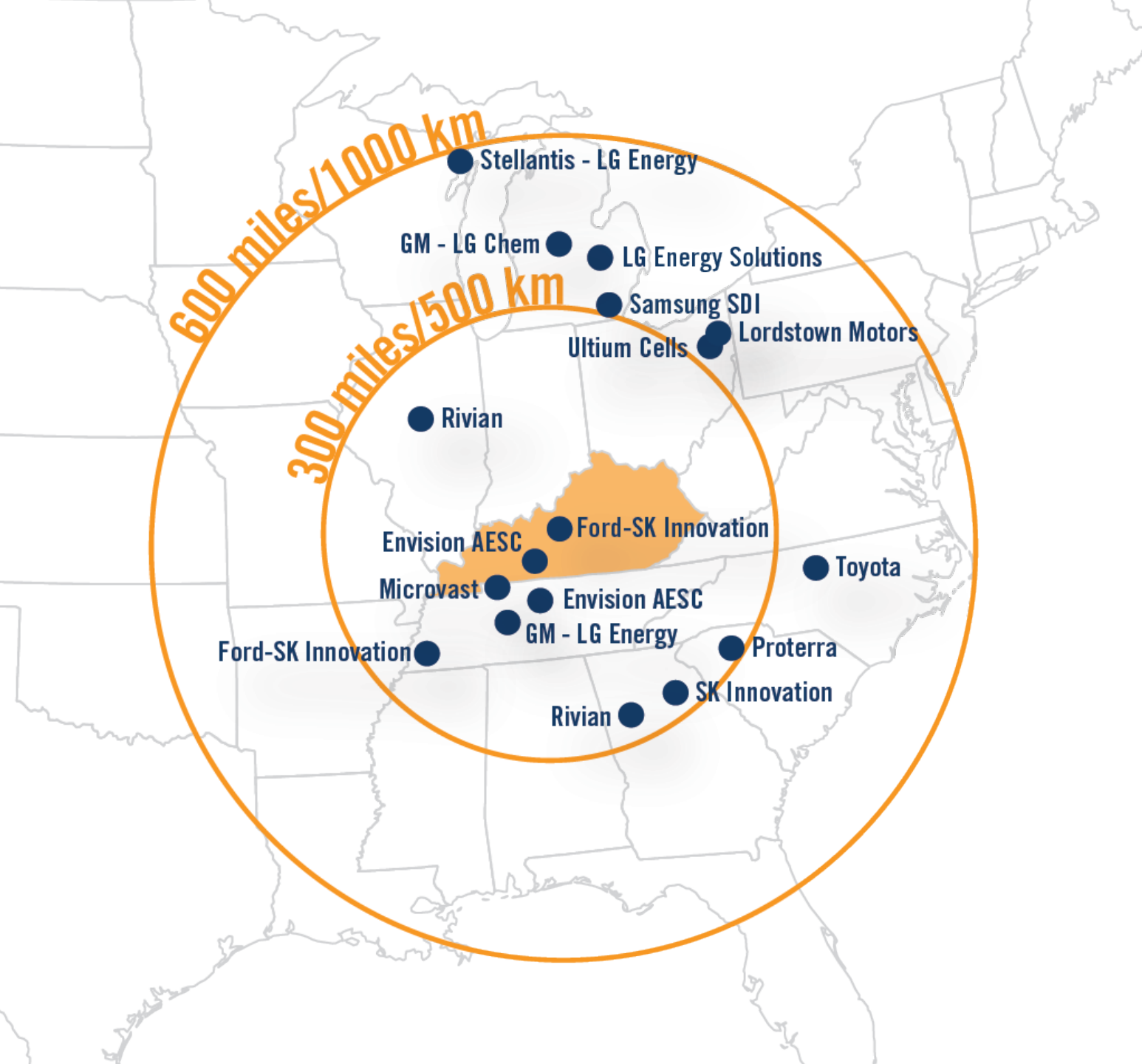
\$4.1 billion announced investment



Envision AESC – 2nd largest economic development project in KY  
\$2 billion investment and 2,000 jobs in Warren County

# THE CENTER OF AN AUTOMOTIVE REVOLUTION

- Kentucky is located at the center of the **electric-vehicle** battery manufacturing corridor.
- The same ideal geographic location that makes Kentucky a national leader in logistics is positioning the state to lead the way in EV growth.



# IMPACT ON KENTUCKY

## Industry Leader

Recent announcements position KY as the EV Battery Capital in the U.S.

## Opportunities

Skilled job opportunities for Kentuckians

**1 out of every \$11**

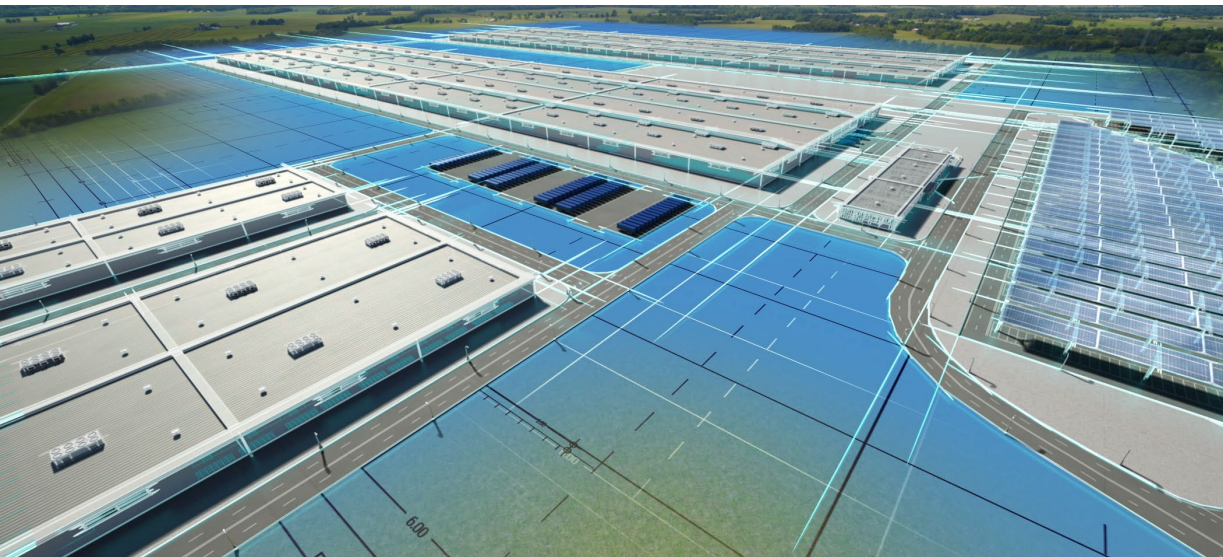
In Kentucky's economy is tied to the automotive industry

**1 out of every 16**

Workers who work in the U.S. automotive industry, work in Kentucky

**\$8B+ Announced in EV Investments**

(Since 2021)



# FOCUS ON EXISTING MANUFACTURING BASE

**260,000+**

people employed  
in **manufacturing** at 4,500 facilities

**#6**

nationally in **manufacturing** GDP as a  
share of total GDP

## DURING THE PAST SIX YEARS

**1,200**

new & expanding  
**manufacturing** projects announced

**20%**

Growth in exports of  
**manufactured** goods

**74%**

of new announced investment has  
come from **manufacturing** projects.

**\$23.2 BILLION**

of Kentucky's \$31.8 billion announced  
investment comes from  
**manufacturing** projects

**43,000**

new **manufacturing** jobs  
announced

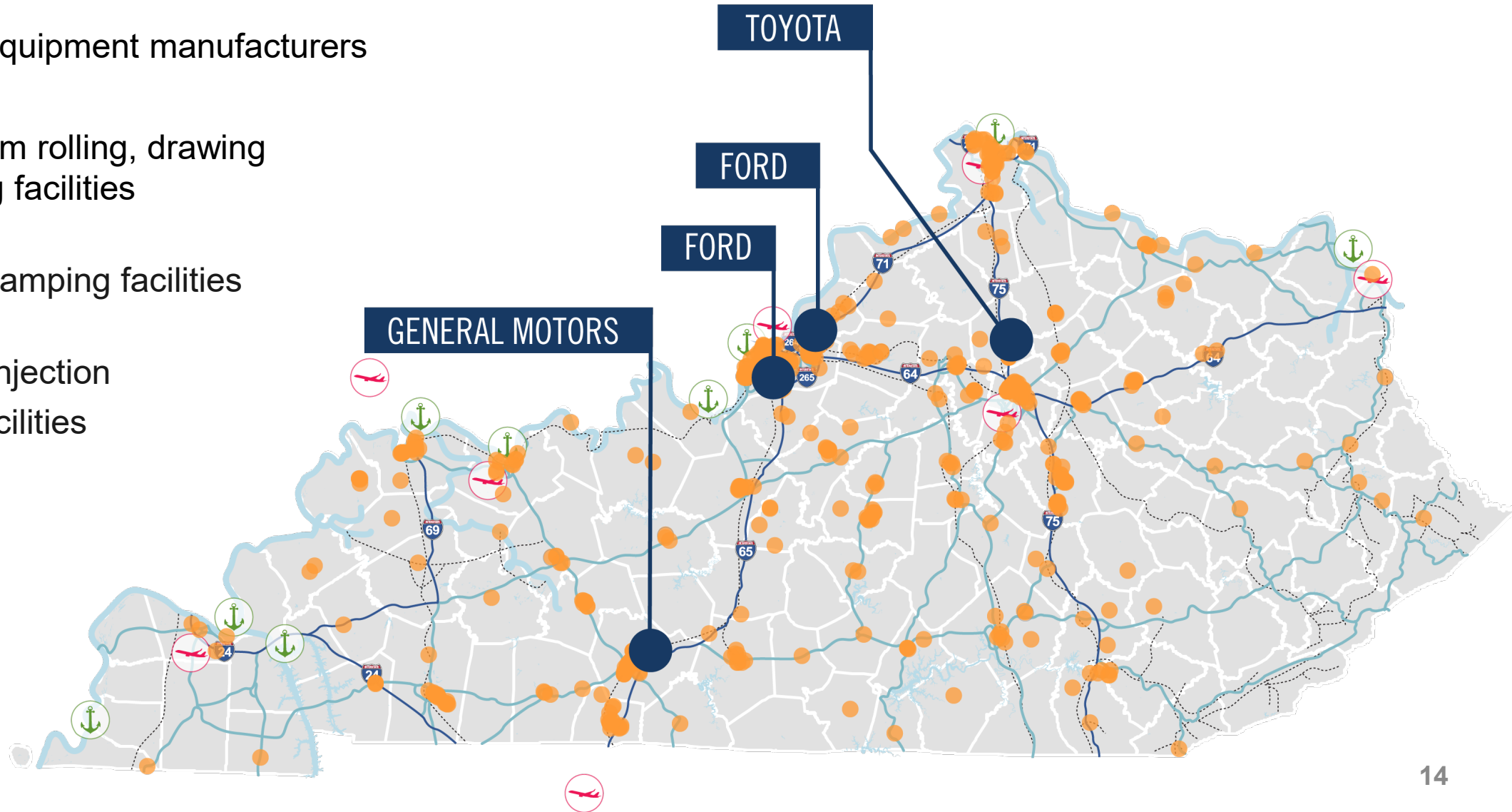
**5**

**Manufacturing** projects announced  
with investments exceeding \$1 billion



# 550+ AUTOMOTIVE-RELATED FACILITIES

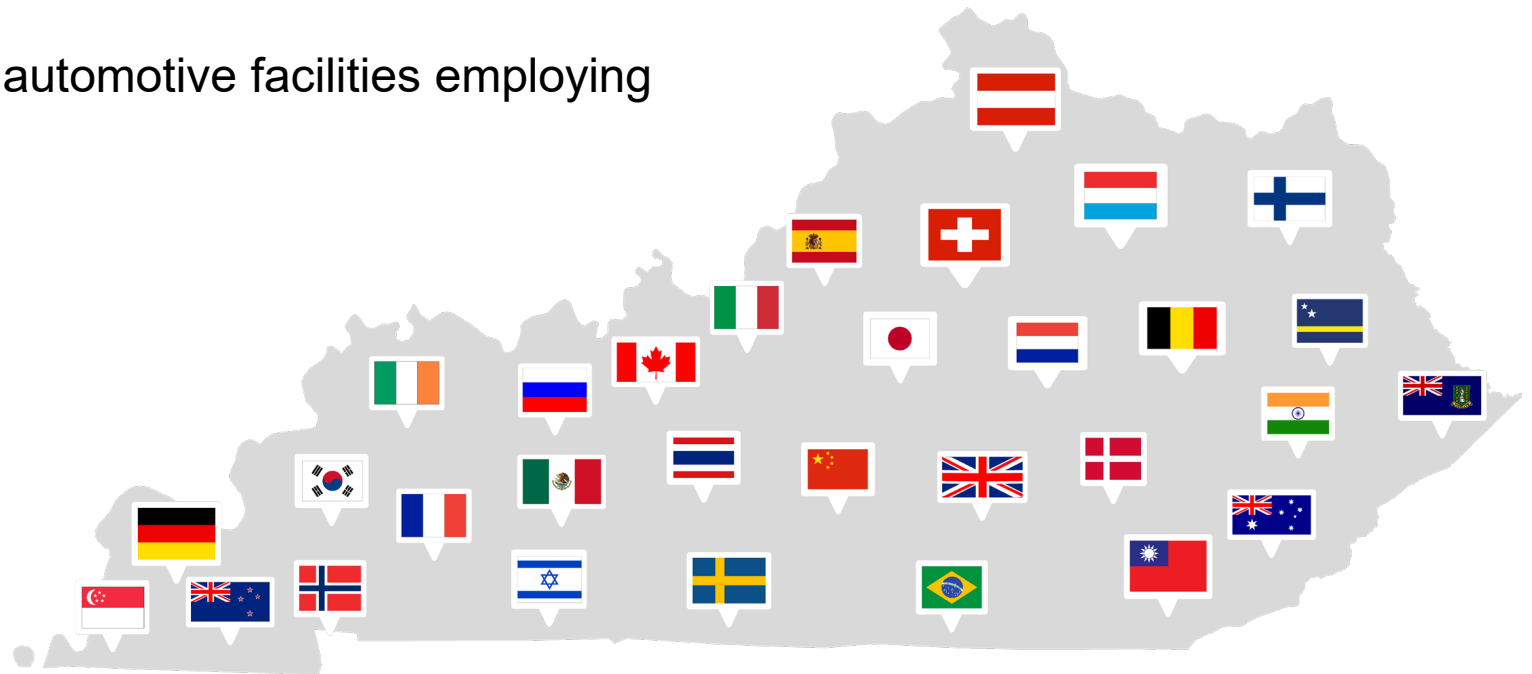
- 4 original equipment manufacturers
- 19 aluminum rolling, drawing & extruding facilities
- 32 metal stamping facilities
- 66 plastic injection molding facilities





# INTERNATIONAL INVESTMENT

- ✓ **515** internationally owned facilities employing **113,000+** workers
- ✓ **32 nations**
- ✓ **5<sup>th</sup> nationally** in percentage of workers employed by an international company
- ✓ **212** internationally-owned automotive facilities employing more than 50,000 workers



# TOP 10 COUNTRIES BY ANNOUNCEMENTS IN KENTUCKY

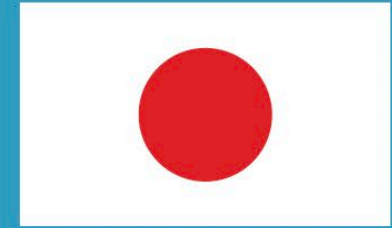
2021

GERMANY



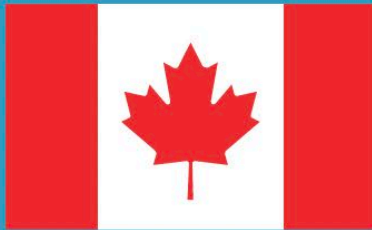
14 PROJECTS · \$413 M · 931 JOBS

JAPAN



13 PROJECTS · \$706 M · 830 JOBS

CANADA



6 PROJECTS · \$202 M · 270 JOBS

MEXICO



4 PROJECTS · \$104 M · 671 JOBS

CHINA



3 PROJECTS · \$530 M · 1,590 JOBS

SWEDEN



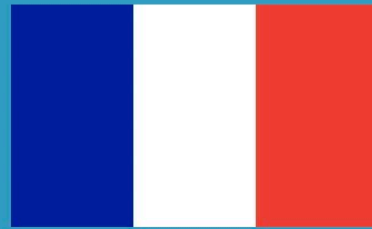
3 PROJECTS · \$28 M · 27 JOBS

ITALY



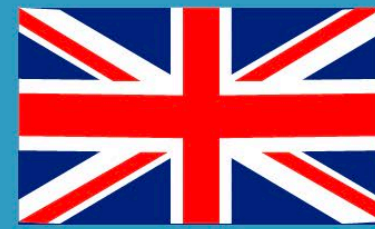
3 PROJECTS · \$15 M · 46 JOBS

FRANCE



2 PROJECTS · \$61 M

UNITED KINGDOM



2 PROJECTS · \$2.2 M · 7 JOBS

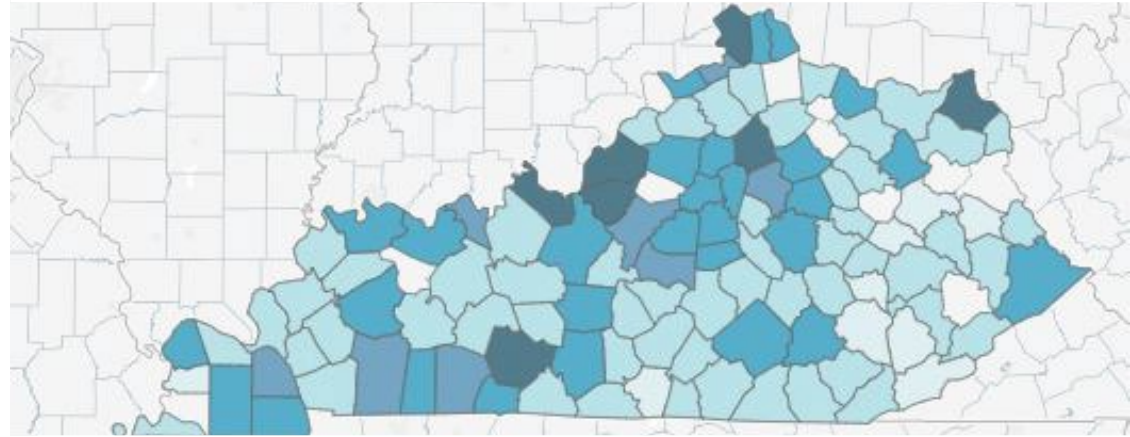
SOUTH KOREA



1 PROJECT · \$5.8 B · 5,000 JOBS

# TRENDS

- EV and battery manufacturing
  - Unprecedented infrastructure needs
  - Team approach across Kentucky
- Long-term partnership
  - Existing industry & community support
  - Workforce recruitment and development
- Construction materials, cost and availability
- Renewables
  - Requirement for manufacturers
  - Interest from solar farm developers





# KY PREPARED MORE GRADE-A SITES & BUILDINGS


- Speed to market
- Team effort to attract investment
- Product Development Initiative Pilot (2019-2022)
  - Nearly \$3 million being invested in 8 communities
  - 1<sup>st</sup> success – Henderson
    - \$175,000 matching grant extends gas line to site on Highway 425 Bypass
- Kentucky Product Development Initiative (HB 745)
  - \$100 million

**TEAM KENTUCKY** Property Results  
377 Total Properties

Sort By: Featured | Descending | PDF | Excel | Print | Share

1 - 30 of 377 Results

**Featured**




**Vacant Land**

**Southwest One Industrial Park**  
Address: 2209 Southwest One Boulevard, ...  
City: Benton  
County: Marshall County  
Zip Code: 42025  
Min Size: 270.60 Acres  
Max Size: 270.60 Acres

[View Details](#)

**Featured**




**Vacant Land**

**John H. Stigall Business Center**  
Address: 99 Corporate Dr, Danville, KY 404...  
City: Danville  
County: Boyle County  
Zip Code: 40422  
Min Size: 110.40 Acres  
Max Size: 221.40 Acres


[View Details](#)

**Special**

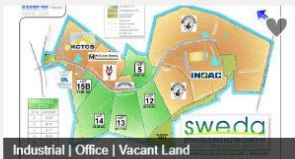


**Begley Properties - Lexington**  
Address: Exit 104, I-75  
City: Lexington  
County: Fayette County  
Zip Code: 40515  
Min Size: 233 Acres  
Max Size: 233 Acres


[View Details](#)



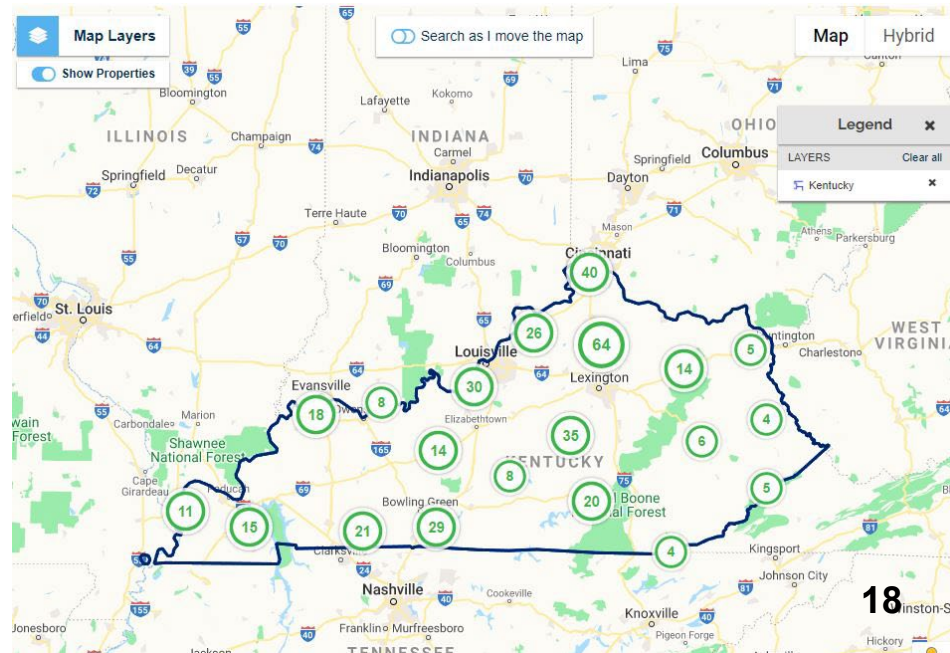
**Vacant Land**



**Industrial | Office | Vacant Land**



**Vacant Land**





# HOW WE CAN HELP

## PROGRAMS

- Incentive programs
- Build-Ready Certification
- Select Kentucky
- Work Ready Communities
- Ky Product Development Initiative
- Opportunity Zones

## SERVICES

- Site evaluation services
- Detailed community data
- Connect you to resources and expertise
- Incentive and training inducements
- Workforce services
- Advocacy

# KY INNOVATION HUBS

**Partnered with private non-profits through a competitive RFP process to create six regional KY Innovation Hubs**



**AWESOME INC.**  
Lexington



**SOAR**  
Pikeville



**BLUE NORTH**  
Covington



**GROWEST**  
Paducah



**AMPLIFY**  
Louisville



C R E A T E

**CRICC/CREATE**  
Bowling Green

[www.kyinnovation.com/hubs/](http://www.kyinnovation.com/hubs/)





# UNIVERSITY PARTNERSHIPS

- **Kentucky Commercialization Ventures (KCV)**
  - Statewide tech transfer office partnership
  - IP and legal advocacy
  - Managed by KSTC, UK and UofL
- **Small Business Innovation Research (SBIR/STTR)**
  - Outreach
  - Accelerators/Assistance – New DOD accelerator
  - Microawards
  - Matching Funds
- **Federal-Funded Translational Research Support**
  - NIH KYNETIC hub for biomedical innovations
  - NSF EPSCoR hub for engineering

# INVESTMENT IN INNOVATION

Kentucky dedicates millions each year to high-tech innovation

## Kentucky Enterprise Fund

- Invests at Pre-seed, Seed, and Series A
- Invests in established venture funds and funds led by emerging managers
- Idea Fund invests in accelerator and pitch competition organizations

<https://www.keyhorse.vc/>

## Commonwealth Seed Capital

- Invests in early-stage Kentucky businesses
- Qualifying business activity includes knowledge-based activity

[https://ced.ky.gov/Entrepreneurship/Commonwealth\\_Seed](https://ced.ky.gov/Entrepreneurship/Commonwealth_Seed)





# INCENTIVES

NEEDED TO “STAY IN THE GAME”



Lowers the cost of doing business to give the new/expanding business a competitive edge



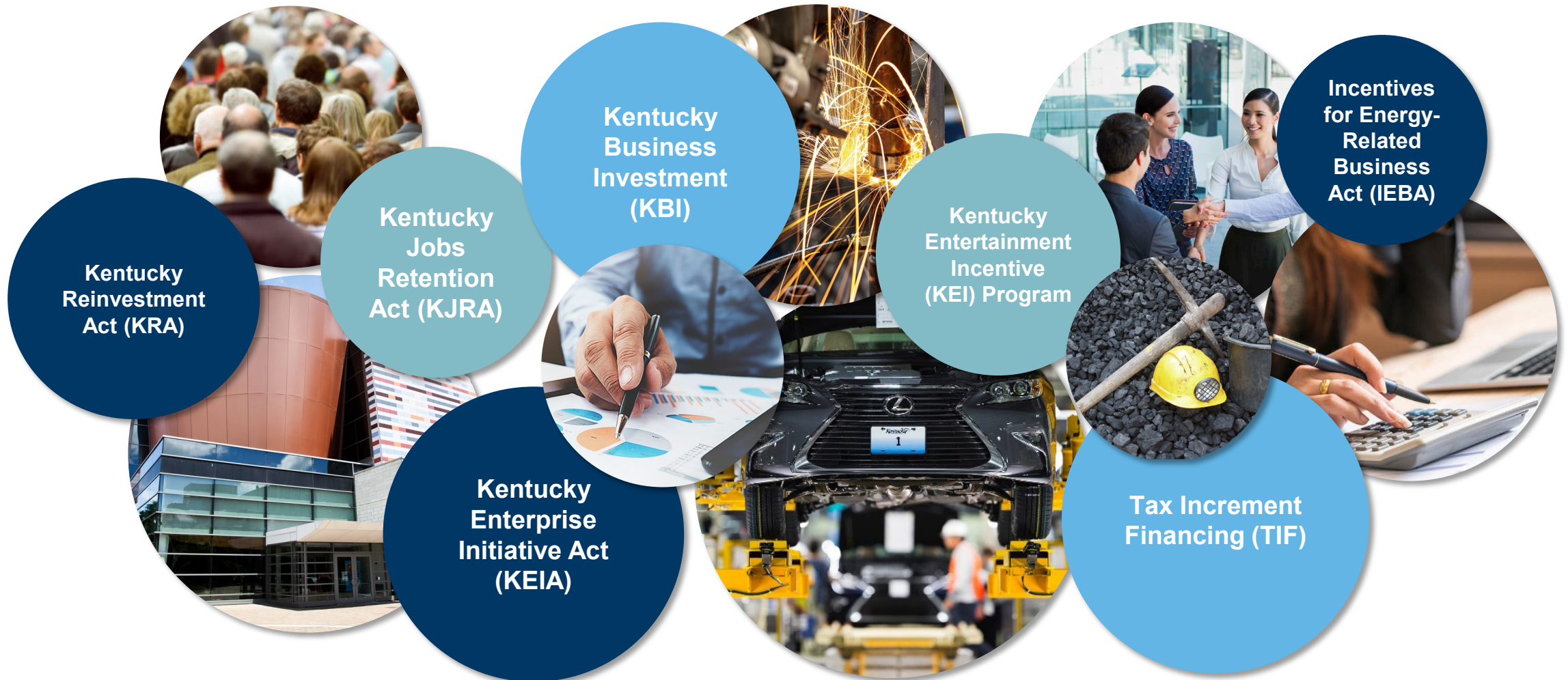
Ensures a company's long-term presence in Kentucky



All 50 states offer financial incentives

# TAX INCENTIVE PROGRAMS

ALL ARE PERFORMANCE-BASED







# KY INNOVATION PROGRAMS

• ENTREPRENEURS • INNOVATORS • INVESTORS

## TAX CREDITS - PERFORMANCE-BASED

- Kentucky Small Business Tax Credit – KSBTC
- Kentucky Selling Farmer Tax Credit – KSFTC
- Kentucky Angel Investment Tax Credit – KAITC
- Kentucky Investment Fund Act – KIFA

[www.kyinnovation.com](http://www.kyinnovation.com)



# CASH PROGRAMS

ALL ARE PERFORMANCE-BASED

- Kentucky Economic Development Finance Authority (KEDFA) Loans and Grants
- High-Tech Investment and Construction Pool
- Economic Development Fund (EDF)
- Kentucky Rural Hospital Loan Program (KRHLP)







# KY INNOVATION PROGRAMS

• ENTREPRENEURS • INNOVATORS • INVESTORS

## CASH - PERFORMANCE-BASED

- Kentucky Small Business Credit Initiative – KSBCI
  - Kentucky Collateral Support Program – KYCSP
  - Kentucky Loan Participation Program - KYLPP
- Export Assistance – STEP Grant
- SBIR/STTR Funding Assistance & Matching Funds Program

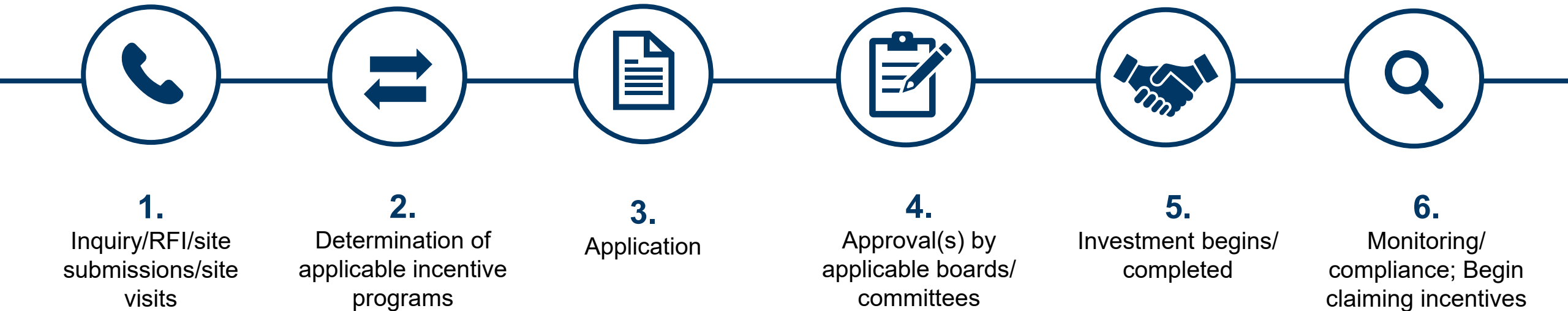
[www.kyinnovation.com](http://www.kyinnovation.com)

# WORKFORCE PROGRAMS

## BLUEGRASS STATE SKILLS CORPORATION (BSSC) PROGRAMS

	Skills Training Investment Credit (STIC)	Grant-in-Aid (GIA)
Eligible Costs	Up to 50% of eligible costs to eligible training costs to eligible companies for specific training activities	
Eligible Trainees	Eligible trainees must be Kentucky residents who are full-time employees of the company and who must be paid at least \$12.51/hour, plus benefits	
Maximum Allowed	\$75,000 per company	
Annual Limitation	\$2.5 million/fiscal year	\$4.3 million/fiscal year
Recovery Method	Corporate income/LLET credits	Cash reimbursement

# KENTUCKY'S STANDARD PROCESS FOR INCENTIVES





# COMPLIANCE MATTERS

Over 1,200 projects with a monitoring status as of June 30, 2022

Tax Incentive Program	# of Projects	Tax Incentive Program	# of Projects	Cash Program	# of Projects
BSSC – STIC	40	KIFA	6	BSSC – GIA	129
IEIA *	2	KIRA *	2	EDF	24
KAITC	171	KJDA *	1	KEDFA Loan/Grant	14
KBI	493	KJRA	3	KRHLP	5
KEIA	160	KRA	37	KSBCI	74
KEI	26	KREDA *	27		
KIDA	5	TIF	31		

\* Program no longer accepting applications

Annual compliance audits from independent CPA firm have been clean.

# 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	289	31,573	25,624	123%	\$26.25	\$21.77	121%
2019	329	38,310	29,078	132%	\$28.12	\$22.33	126%
2020	339	38,368	31,823	121%	\$29.30	\$22.64	129%
2021	239	24,586	22,077	111%	\$30.14	\$22.71	133%
2022	25	2,305	1,711	135%	\$29.29	\$25.63	114%

Based on actual jobs and wages reported in 2019 by companies approved to claim incentives, the estimated payroll for new, full-time Kentucky resident jobs is over \$2.33 billion.

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	\$45,763,607	\$39,143,265	\$18,084,965	46%
2016	\$40,165,915	\$35,248,776	\$20,566,525	58%
2017	\$44,668,701	\$38,468,366	\$24,998,373	65%
2018	\$51,929,951	\$43,845,669	\$29,313,493	67%
2019	\$63,209,986	\$53,820,388	\$28,689,830	53%
2020	\$57,388,832	\$49,721,054	\$24,303,908	49%
2021	\$36,968,357	\$35,586,378	\$17,058,486	48%
<b>Grand Total</b>	<b>\$388,295,968</b>	<b>\$338,501,072</b>	<b>\$184,852,389</b>	

**\*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

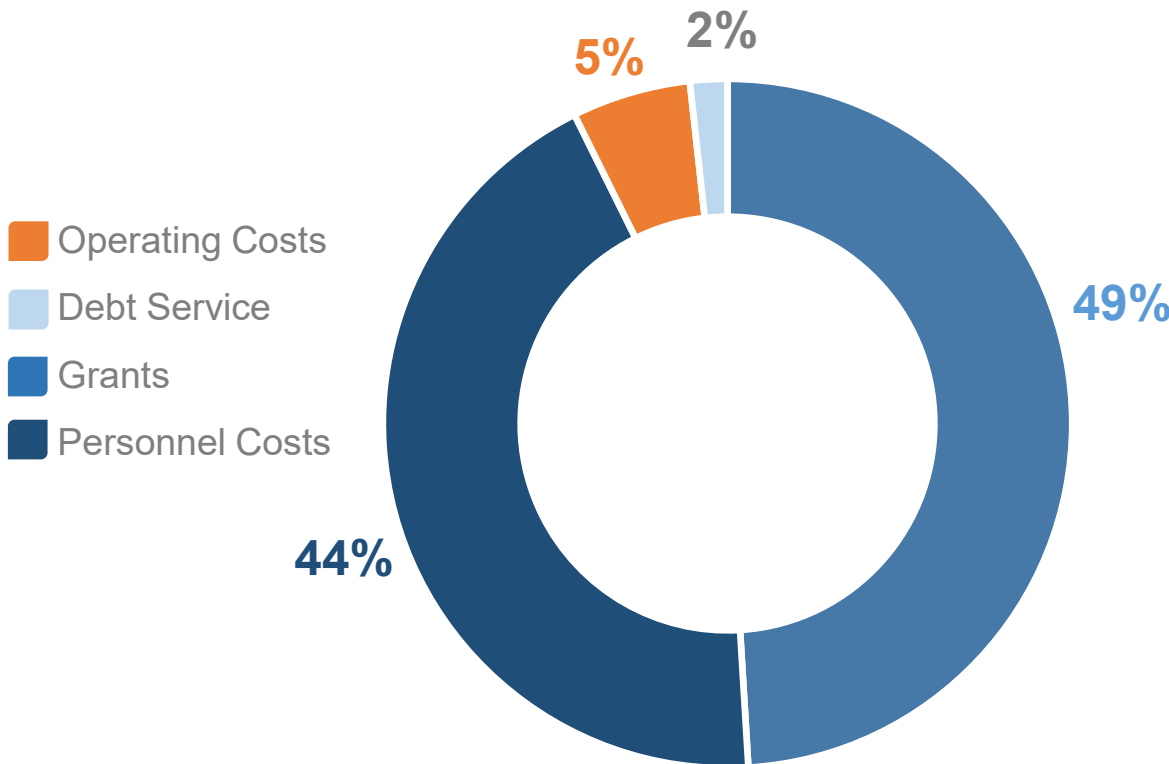
- Federal State Small Business Credit Initiative 2.0
  - Collateral Support
  - Loan Participation
  - Venture Capital
- Western Kentucky Risk Assistance Fund (WKRAF)
- Kentucky Product Development Initiative (KPDI)



# BUDGET – FY 2023

## PROJECTED EXPENDITURES

Excluding Non-Recurring/Line Item Grants



SOURCE OF FUNDS	BUDGET
-----------------	--------

General Fund	\$285,495,200
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Restricted Fund	\$28,044,500
-----------------	--------------

<b>TOTAL</b>	<b>\$313,539,700</b>
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*\* Budget also includes \$301,000 of Federal funding*

EXPENDITURES	BUDGET
--------------	--------

Personnel Costs	\$14,112,800
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Operating Costs	\$1,802,600
-----------------	-------------

Grants – Recurring	\$15,858,300
--------------------	--------------

Debt Service	\$ 566,000
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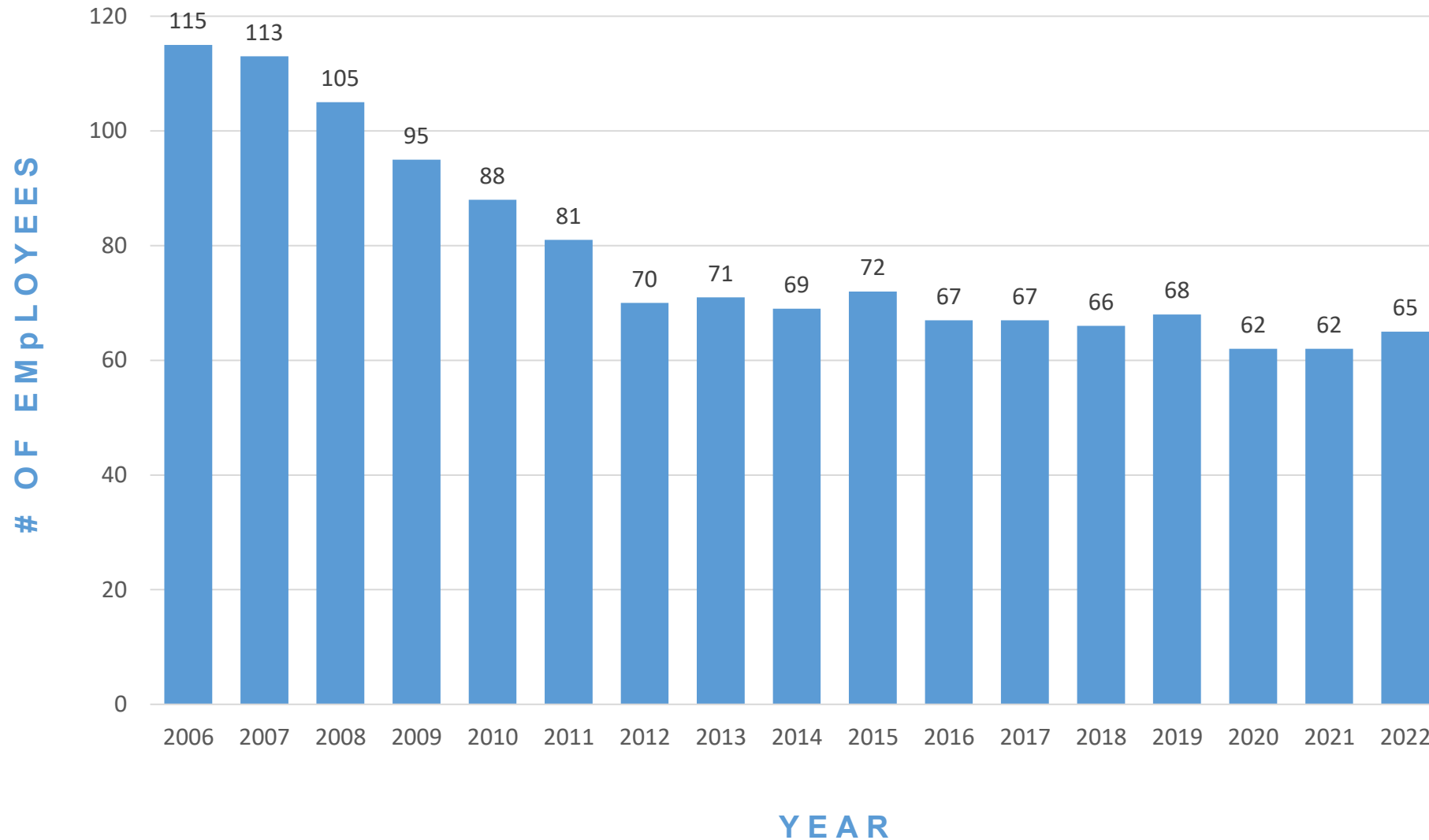
<b>TOTAL</b>	<b>\$32,339,700</b>
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Grants – Non-Recurring/Line Items	\$281,200,000
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<b>TOTAL</b>	<b>\$313,539,700</b>
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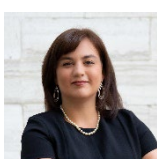
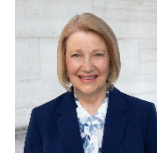
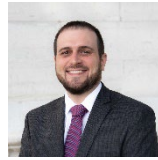
*\* Debt Service pertains to additional appropriations in the capital budget of \$15 million for cash programs (KEDFA Loan, Economic Development Fund and High-Tech Pool programs).*

# CED EMPLOYEE HEADCOUNT



**BUDGET  
CAP: 85**

# CED TEAM





# **Q & A**





# THANK YOU

