



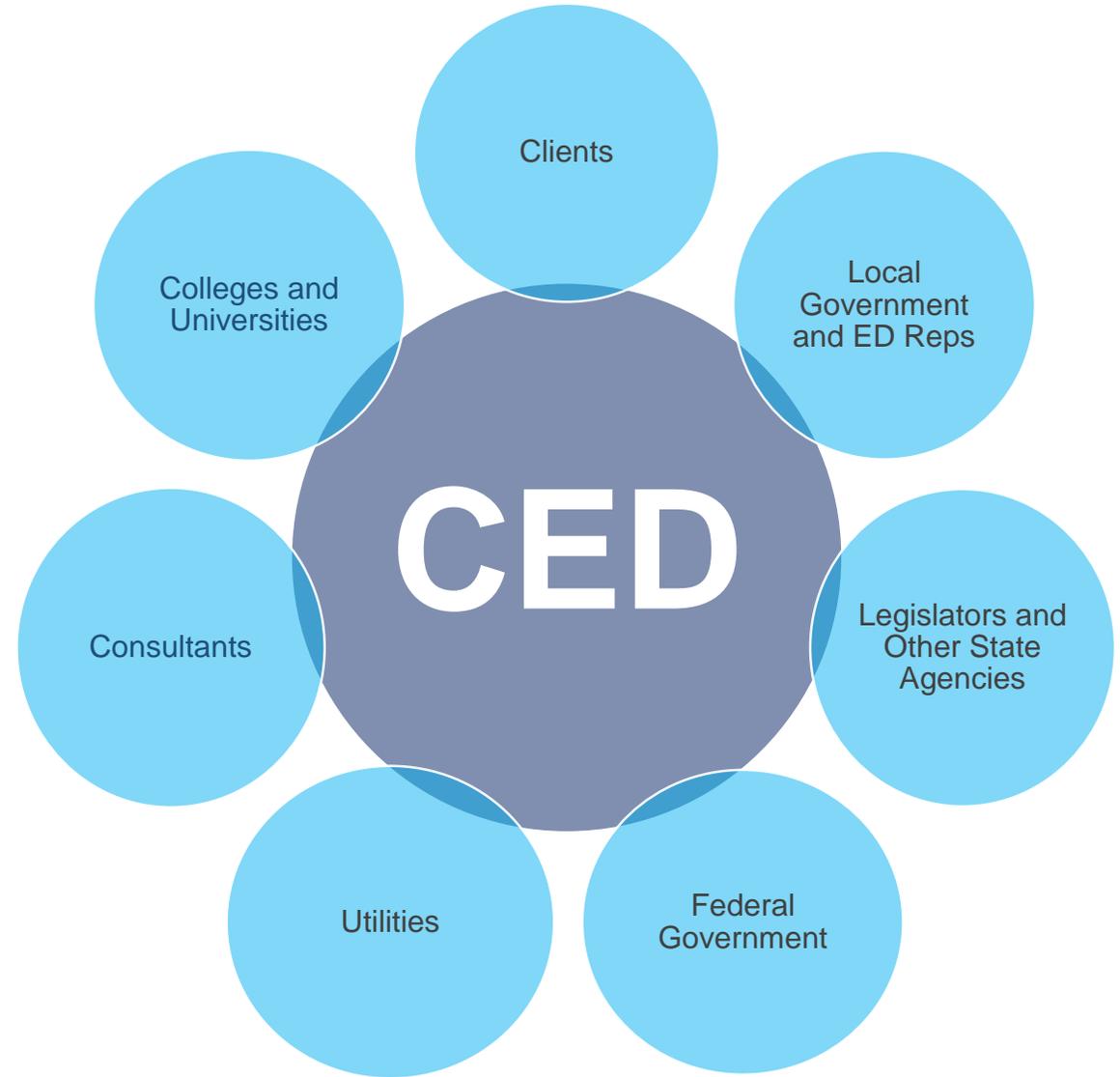
# **BUDGET REVIEW SUBCOMMITTEE**

## **ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL PROTECTION**

August 17, 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



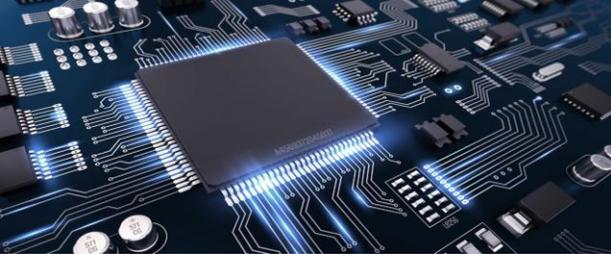
# BUILDING A BETTER KENTUCKY

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





## 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***

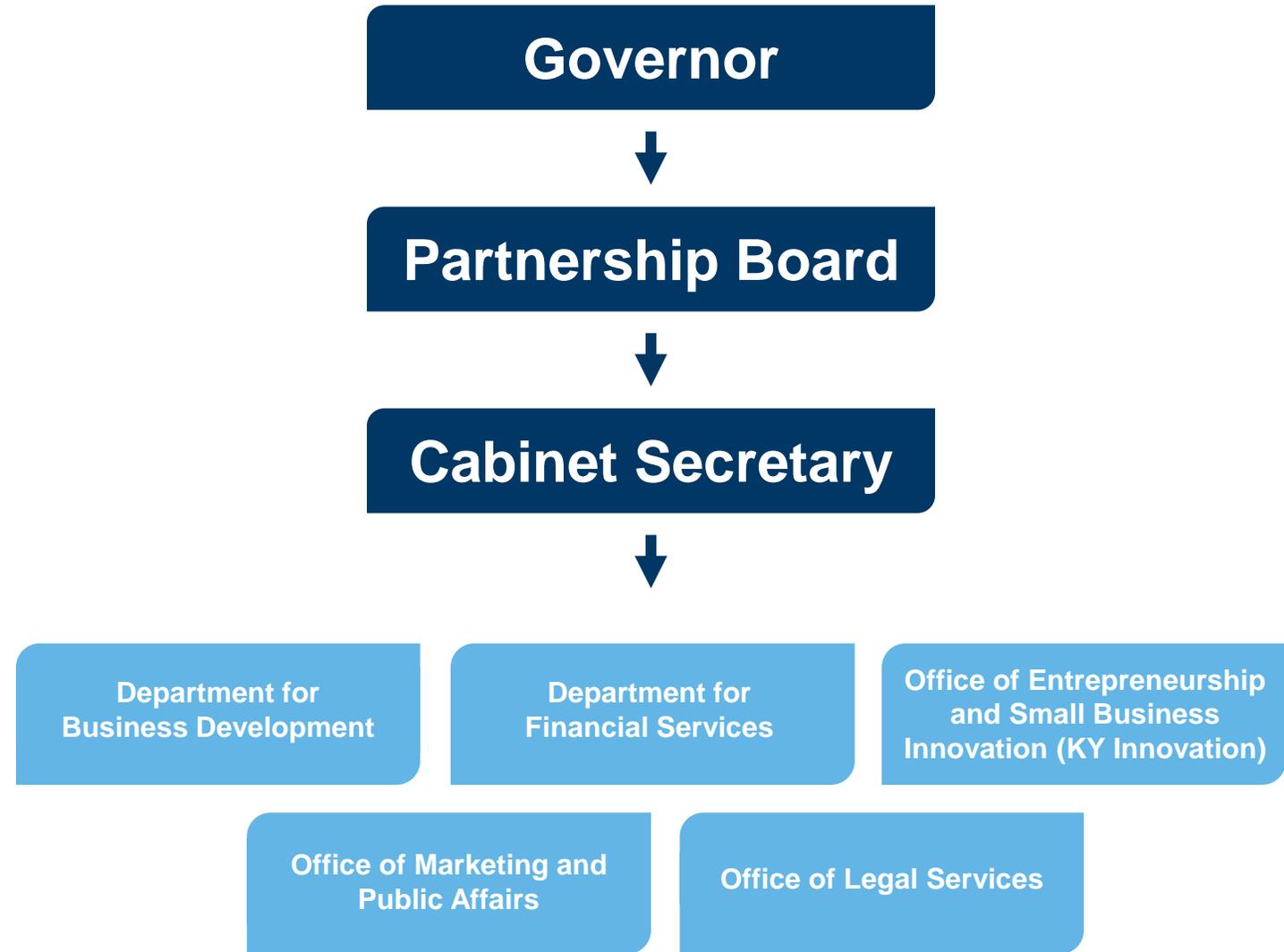
Set the strategy. Develop a disciplined structure, follow process and create a management system. Recognize success.

#### ***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



# KENTUCKY BREAKS RECORDS IN 2021

- Last year, Kentucky shattered the all-time economic development records for investment and job creation:
  - 262 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 \$23.99 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	<b>\$23.99</b>	<b>2021</b>
3	<b>\$21.93</b>	<b>2020</b>
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>\$970M</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>1,600</b>
4. Food, Beverage & Agritech	<b>1,300</b>
5. Logistics & Distribution	<b>1,000</b>

# 2022 YEAR-TO-DATE



9,400-plus new full-time jobs announced



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

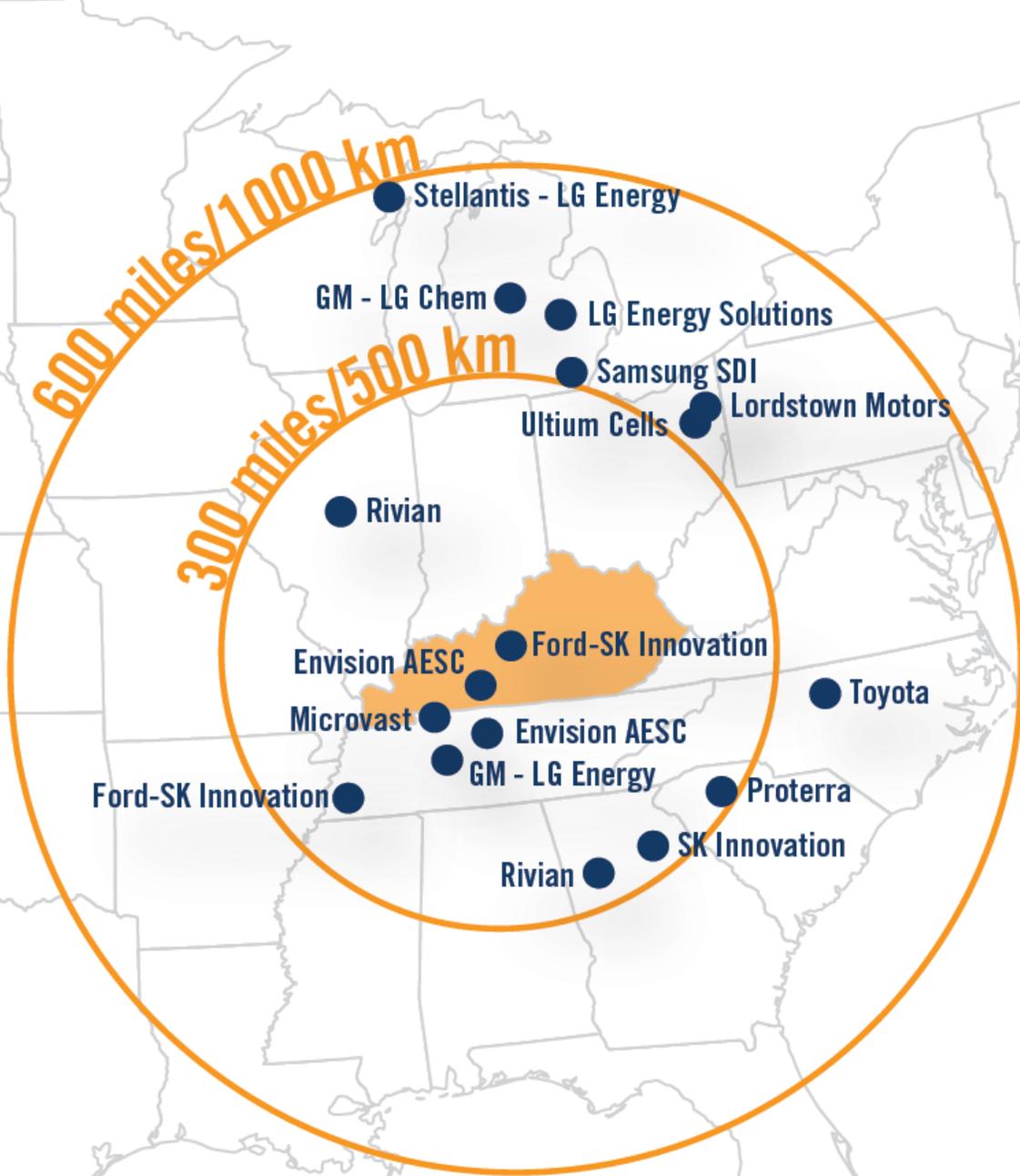


\$5.12 billion announced investment



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**

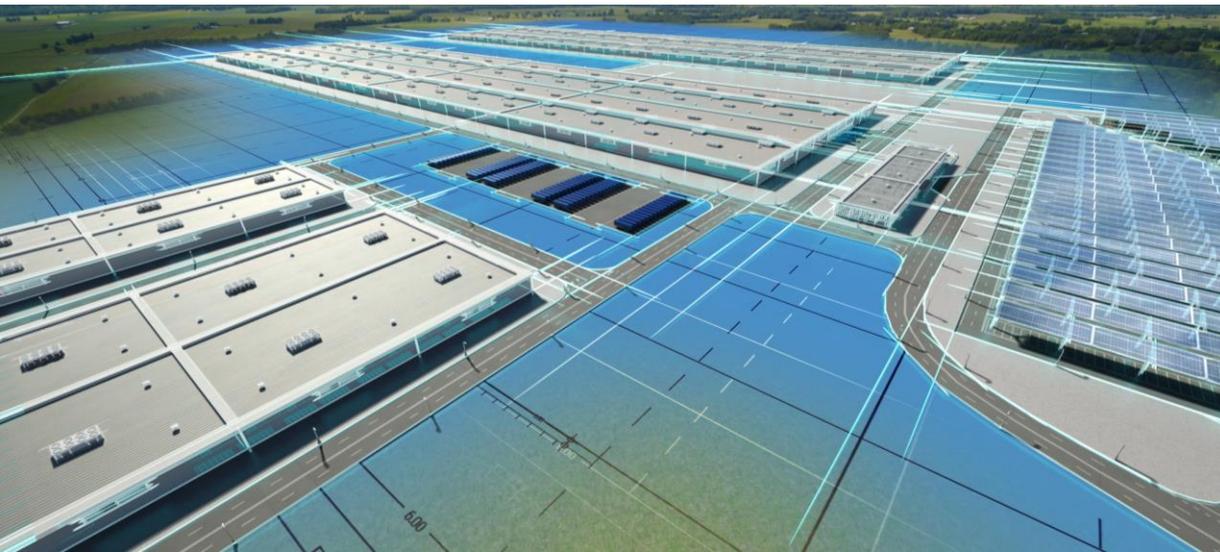
In Kentucky's economy is tied to the automotive industry

**1 out of every 17**

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

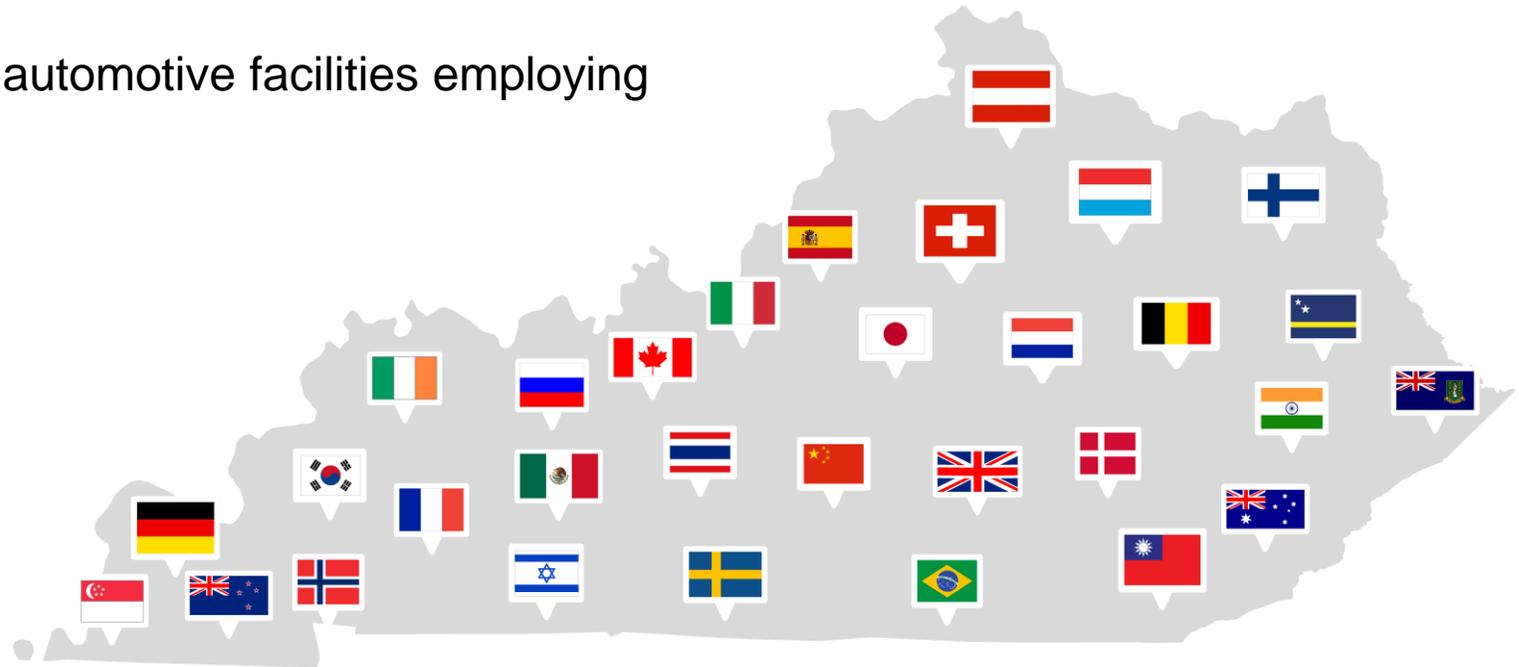
**\$8B+ Announced in EV Investments**

(Since 2021)



# INTERNATIONAL INVESTMENT

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



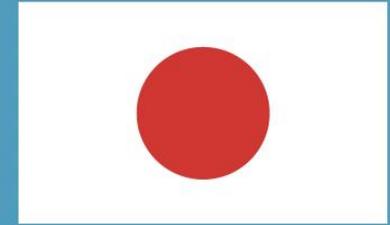
# TOP 10 COUNTRIES BY ANNOUNCEMENTS IN KENTUCKY 2021

**GERMANY**



14 PROJECTS · \$413 M · 931 JOBS

**JAPAN**



13 PROJECTS · \$706 M · 830 JOBS

**CANADA**



6 PROJECTS · \$202 M · 270 JOBS

**MEXICO**



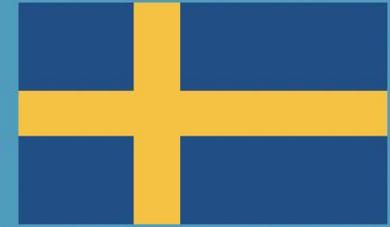
4 PROJECTS · \$104 M · 671 JOBS

**CHINA**



3 PROJECTS · \$530 M · 1,590 JOBS

**SWEDEN**



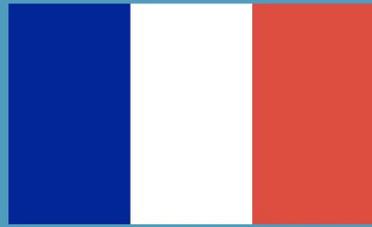
3 PROJECTS · \$28 M · 27 JOBS

**ITALY**



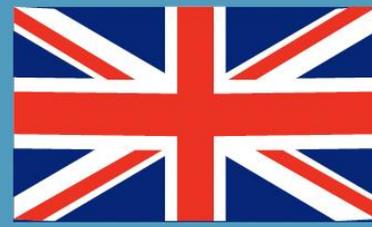
3 PROJECTS · \$15 M · 46 JOBS

**FRANCE**



2 PROJECTS · \$61 M

**UNITED KINGDOM**



2 PROJECTS · \$2.2 M · 7 JOBS

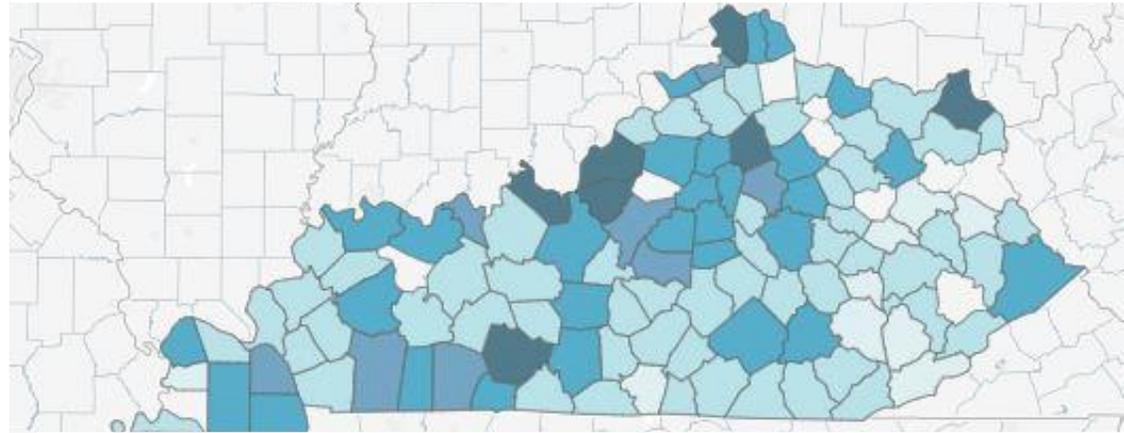
**SOUTH KOREA**



1 PROJECT · \$5.8 B · 5,000 JOBS

# TRENDS

- EV and battery manufacturing
  - Unprecedented infrastructure needs
  - Team approach across Kentucky
- Speed to market
  - 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

**Property Results**  
377 Total Properties

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

« Previous | 1 - 30 of 377 Results | Next »

**Featured**  
SOUTHWEST ONE INDUSTRIAL PARK  
Vacant Land  
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**  
JOHN H. STIGALL BUSINESS CENTER  
Vacant Land  
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

Map Layers | Show Properties | Search as I move the map | Map | Hybrid | Legend | Layers | Clear all | Kentucky



# 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



**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

# 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



Tax  
Increment  
Financing  
(TIF)



Kentucky  
Angel  
Investment  
Tax Credit  
(KAITC)



Kentucky  
Reinvestment  
Act (KRA)



Kentucky  
Investment  
Fund Act  
(KIFA)



Kentucky  
Business  
Investment  
(KBI)

Kentucky  
Entertainment  
Incentive  
(KEI) Program



Kentucky  
Jobs  
Retention  
Act (KJRA)



Kentucky  
Small  
Business  
Tax Credit  
(KSBTC)



Kentucky  
Enterprise  
Initiative Act  
(KEIA)



Kentucky  
Selling Farmer  
Tax Credit  
(KSFTC)



Incentives  
for Energy-  
Related  
Business  
Act (IEBA)

# CASH PROGRAMS

ALL ARE PERFORMANCE-BASED

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



# WORKFORCE PROGRAMS

ALL ARE PERFORMANCE-BASED

## Bluegrass State Skills Corporation (BSSC)

- Grant-in-Aid (GIA)
- Skills Training Investment Credit (STIC)
- Metropolitan Tax Credit





# COMPLIANCE MATTERS

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

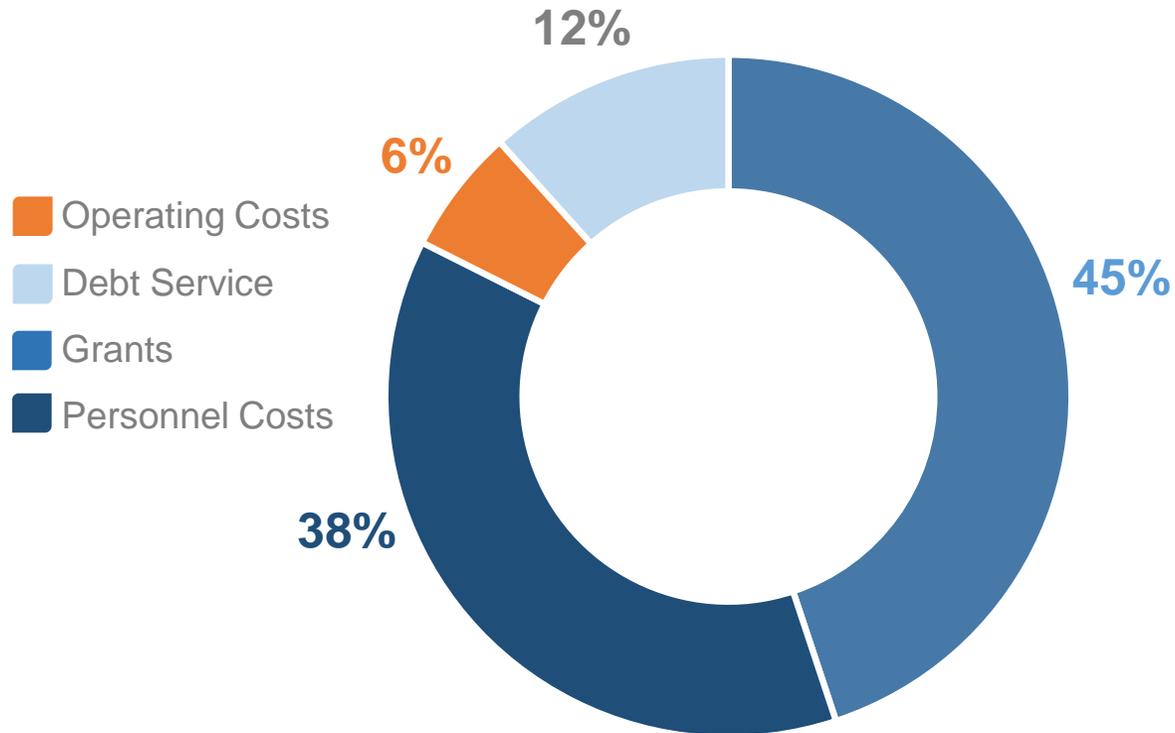
Tax Incentive Program	# of Projects	Tax Incentive Program	# of Projects	Cash Program	# of Projects
BSSC – STIC	40	KIFA	6	BSSC – GIA	129
IEIA *	2	KIRA *	2	EDF	24
KAITC	171	KJDA *	1	KEDFA Loan/Grant	14
KBI	493	KJRA	3	KRHLP	5
KEIA	160	KRA	37	KSBCI	74
KEI	26	KREDA *	27		
KIDA	5	TIF	31		

\* Program no longer accepting applications

Annual compliance audits from independent CPA firm have been clean.

# ACTUAL – FY 2022

## ACTUAL EXPENDITURES Excluding Non-Recurring/Line Item Grants



### SOURCE OF FUNDS ACTUAL

General Fund	\$56,804,130
Restricted Fund	\$2,679,122
<b>TOTAL</b>	<b>\$59,483,252</b>

\* Budget also includes \$354,833 of Federal funds expended

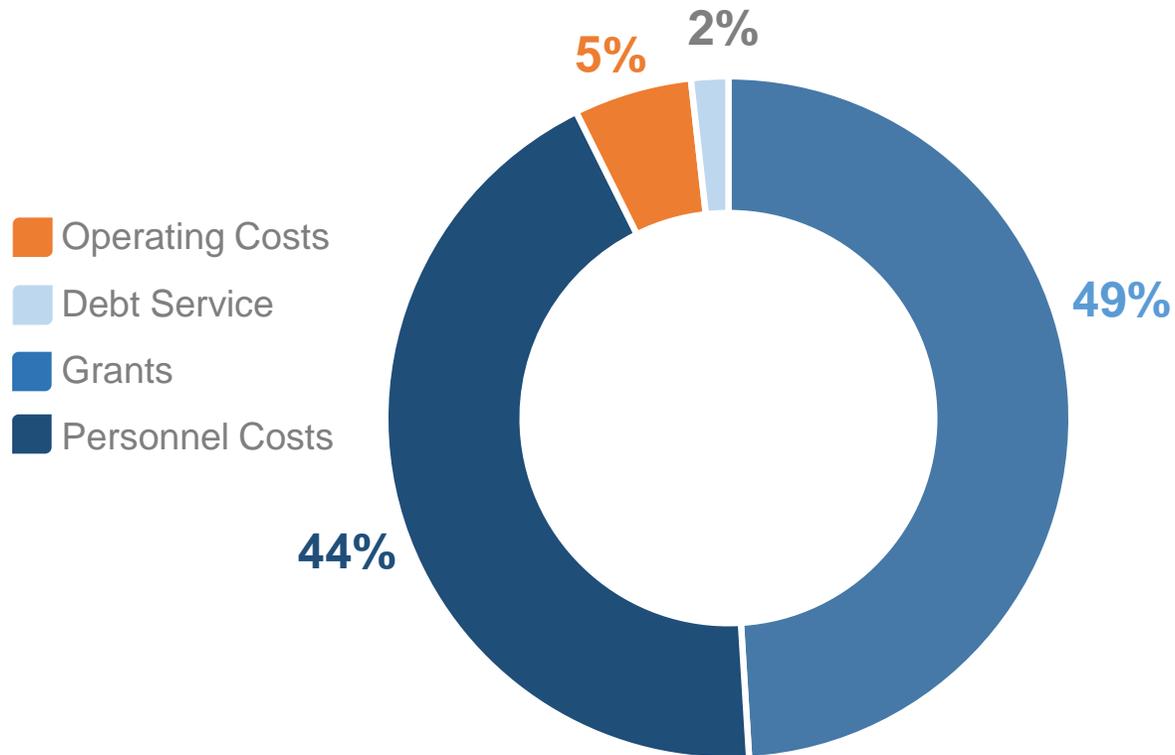
### EXPENDITURES ACTUAL

Personnel Costs	\$10,821,534
Operating Costs	\$1,712,538
Grants – Recurring	\$12,957,080
Debt Service	\$3,352,500
<b>TOTAL</b>	<b>\$28,843,652</b>
Grants – Non-Recurring/Line Items	\$30,639,600
<b>TOTAL</b>	<b>\$59,483,252</b>

\* Debt Service pertains to additional appropriations in the capital budget of \$7.5 million for cash programs and \$35 million for a KEDFA Loan.

# BUDGET – FY 2023

## PROJECTED EXPENDITURES Excluding Non-Recurring/Line Item Grants



### SOURCE OF FUNDS BUDGET

General Fund	\$285,495,200
Restricted Fund	\$28,044,500
<b>TOTAL</b>	<b>\$313,539,700</b>

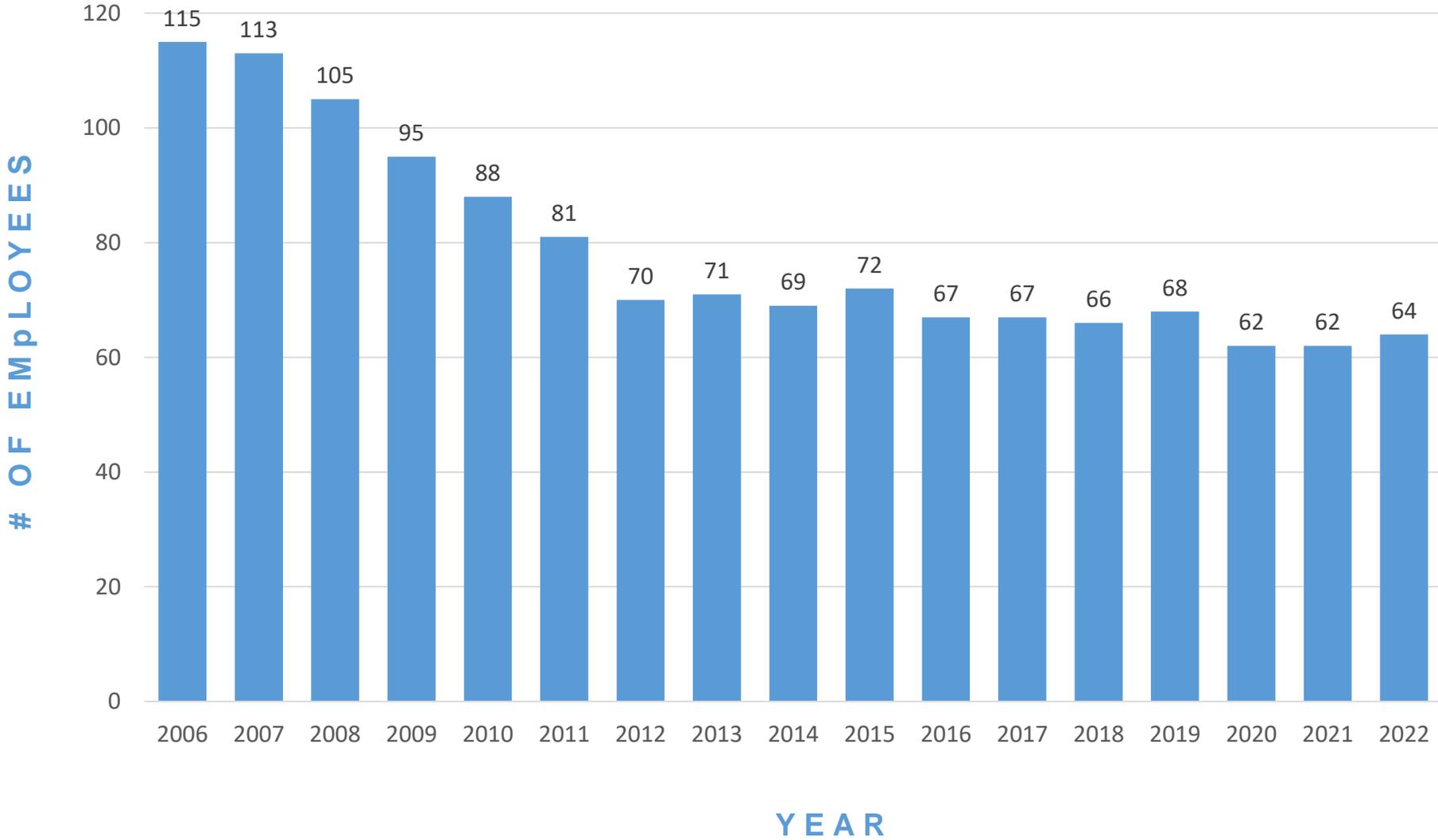
\* Budget also includes \$301,000 of Federal funding

### EXPENDITURES BUDGET

Personnel Costs	\$14,112,800
Operating Costs	\$1,802,600
Grants – Recurring	\$15,858,300
Debt Service	\$ 566,000
<b>TOTAL</b>	<b>\$32,339,700</b>
Grants – Non-Recurring/Line Items	\$281,200,000
<b>TOTAL</b>	<b>\$313,539,700</b>

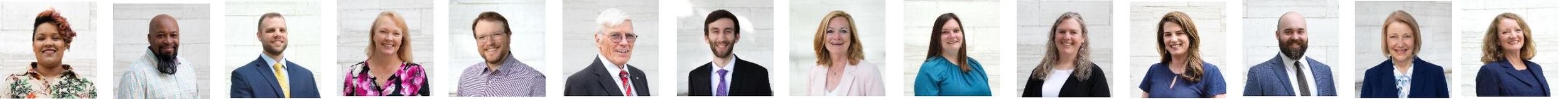
\* Debt Service pertains to additional appropriations in the capital budget of \$15 million for cash programs (KEDFA Loan, Economic Development Fund and High-Tech Pool programs).

# CED EMPLOYEE HEADCOUNT



**BUDGET  
CAP: 85**

# CED TEAM





# **Q & A**



**THANK YOU**

TEAM   
**KENTUCKY.**

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CABINET FOR  
ECONOMIC DEVELOPMENT