



CABINET FOR
ECONOMIC DEVELOPMENT



BUDGET REVIEW SUBCOMMITTEE

August 2, 2023

TOPICS TO BE COVERED



1. Why the Cabinet for Economic Development Exists
2. What we achieved in 2021-2022
3. Operational and Strategic Priorities for 2023
4. How we carry out our Mission
5. Deeper Dive on the EV Transformation & Results
6. Where Kentucky Stands with FDI Results
7. Sprit of Winning with Integrity- Infrastructure is a Key
8. The KPDI Program
9. The Strategy to Build on the Foundation of Success
10. CED by the numbers
11. Airports and New Legislation

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.

WE'RE HERE TO HELP

- The Kentucky Cabinet for Economic Development is the primary point of contact for a business as long as it operates in Kentucky
- Our Cabinet serves as a super collaborator for companies, state, regional and local economic development organizations, all levels of government, utility providers and colleges/universities, among others
- We assist with all facets of an organization's business

ECONOMIC DEVELOPERS OF KENTUCKY

Super Collaborators– with a Spirit of Winning

Why we exist?

Great jobs for neighbors supporting one another to build a better Kentucky with an economy that works for all residents and not just a few

How?

Earn trust, be strategic and a super collaborator in growing jobs, investments and opportunity in all our interdependent communities

Professionalism

- We work through systems
- By definition, we do not make policy, do not create programs, nor make decisions that have the impact of law or regulation
- We are purveyors of opportunity that address holistic needs within an ever changing and complex changing
- We have to be naturally curious, we must be motivated to be problem solvers
- We must embrace accountability...we must be leaders, that thrive on uncertainty



RECORD-BREAKING MOMENTUM

2021 - 2022



34,000+

New full-time jobs announced



\$26.78

2022- Average hourly incentivized wage before benefits




\$21.7B

Announced investment









BlueOvalSK and Envision AESC –
The two largest economic development projects in Kentucky

TOP 5 ANNOUNCEMENTS BY INVESTMENT (2022)

Type	Announcement	Announced Investment	Announced New Jobs
New	 Envision AESC	\$ 2B	2,000
New	 ASCEND ELEMENTS	~\$1B	400+
Existing	 Ford Kentucky Truck Plant Home of the Super Duty / Excursion	\$ 700M	500
New	 SAZERAC	\$ 600M	50
Existing	 amazon Prime Air	\$570M	-

TOP 5 ANNOUNCEMENTS BY JOBS (2022)

Type	Announcement	Announced New Jobs	Announced Investment
New	 Envision AESC	2,000	\$ 2B
New	 TRADER JOE'S	876	\$ 259M
Existing	 Fidelity INVESTMENTS	874	No major investment
Existing	  Kentucky Truck Plant Home of the Super Duty / Excursion	500	\$ 700M
Existing	 MCP MAYFIELD CONSUMER PRODUCTS	465	\$ 26.4M

WAGE GROWTH

A STRATEGIC PRIORITY

In 2022, the average incentivized hourly wage was the second-highest across the past eight years

Rank	Average Hourly Wage	Year Preliminarily Approved
1*	\$28.38	2019
2	\$26.78	2022
3	\$23.99	2021
4	\$21.93	2020
5	\$21.39	2017
6	\$20.94	2016
7	\$20.64	2018
8	\$19.96	2015

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

ENTREPRENEURIAL SUPPORT

2021 – 2022 KY Innovation Hub Totals



900+

New jobs
Added by
served startups



\$170+

Startups
Launched



\$190M

Private capital
Raised by
served startups

SHARED RESPONSIBILITY - SHARED OPPORTUNITY

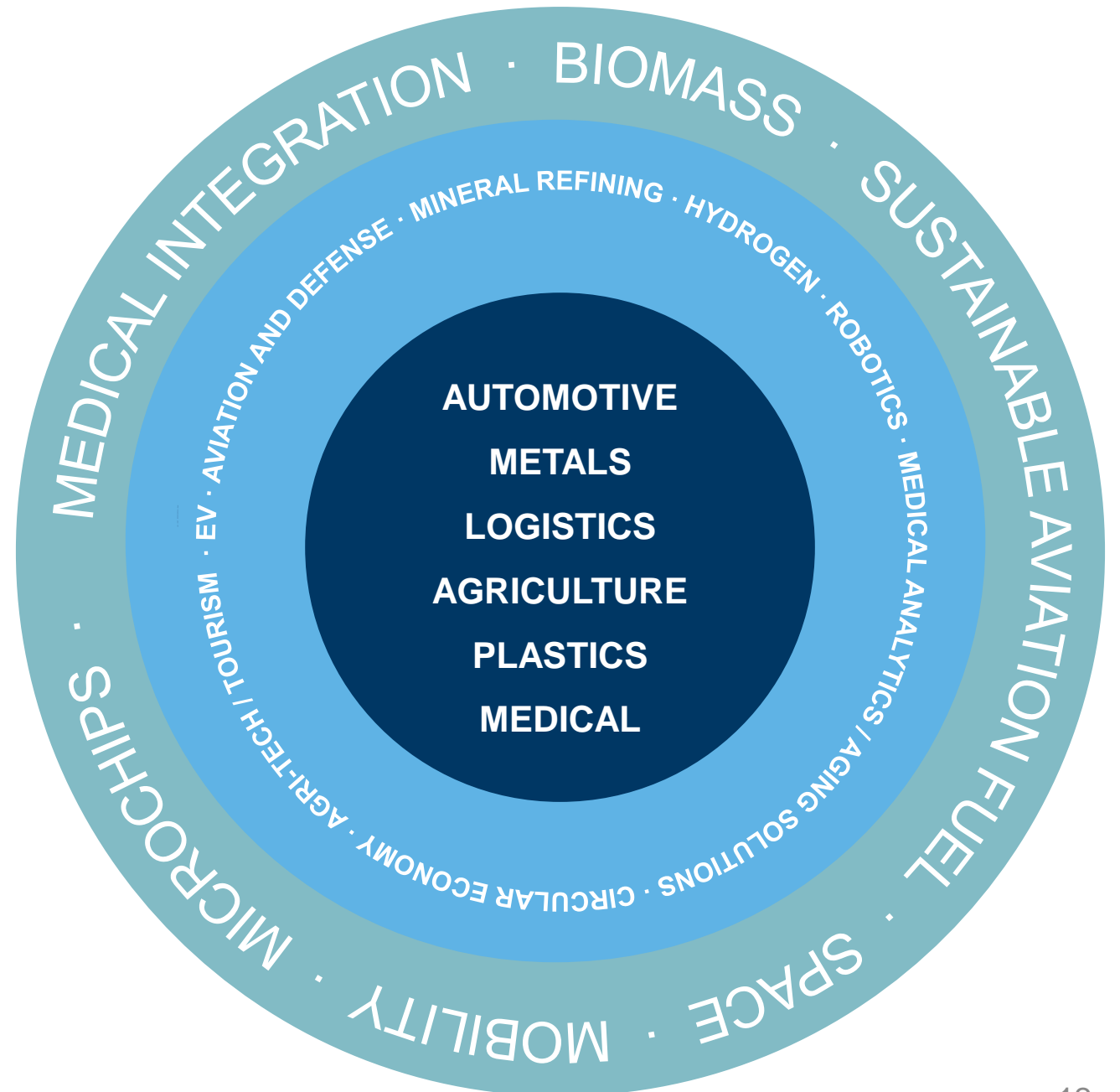
WHY?					
Our Vision	Team Kentucky: Great jobs for neighbors supporting one another to build a better Kentucky with an economy that works for all residents and not just a few				
WHAT?					
Our Mission	Earn trust, be strategic and a super collaborator in growing jobs, investments and opportunity in all our interdependent communities				
Strategic Imperatives	Strategic roadmap for entrepreneurialism, expanding innovation and growing new and existing industry leaders	Link Job growth to programs that inspire everyone to make lifelong learning and earning a values trait	Targeted industry clusters that strengthen the core areas of Kentucky's economy	Shared responsibilities, Shared Regional opportunities	
HOW?					
Operational Priorities	Flawless execution on all announced projects to deliver results. Effective compliance	Polished tool kit and narrative that builds the Kentucky brand globally	Best Service Best Value Best Opportunity	Team Kentucky is a culture that delivers results that matter	
Leadership Behaviors	Lead with Impact: Straight Talk: Bias for action with accountability		<ul style="list-style-type: none"> • Serve • Listen 	<ul style="list-style-type: none"> • Build • Lead 	
Our Values	Respect	Inclusion & Diversity	Teamwork	Spirit of Winning with Integrity	

2023 Performance Goals

- 12,000 new jobs announced
- \$7.5 B new investment
- \$27 average hourly wage without benefits
- 5% increase in Team Kentucky ED/Site media impressions
- 1150 compliance reviews found acceptable
- 575 business applications approved

THE CED PRIORITIZATION

1. Focus on protecting our Core traditional existing industries
2. Extend the Core as ESG, Supply Chain and Geo-Political issues cause disruption
3. Be strategic in moving beyond the Core





HOW WE CAN HELP

SERVICES

- Site evaluation services
- Detailed community data
- Connect you to resources & expertise
- Advocacy

PROGRAMS

- Build-Ready Certification
- Select Kentucky
- Work Ready Communities
- Incentive programs

INCENTIVES

NEEDED TO “STAY IN THE GAME”



Start-up or expansion costs, usually offsets offers from other states to give the new/expanding business a competitive edge in KY



Ensures a company's long-term presence in Kentucky



All 50 states and most foreign governments offer financial incentives


TAX INCENTIVE PROGRAMS

ALL ARE PERFORMANCE-BASED



Tax Increment Financing (TIF)

Kentucky Reinvestment Act (KRA)



Kentucky Entertainment Incentive (KEI) Program



Kentucky Investment Fund Act (KIFA)

Kentucky Business Investment (KBI)



Kentucky Angel Investment Tax Credit (KAITC)

Kentucky Selling Farmer Tax Credit (KSFTC)




Kentucky Small Business Tax Credit (KSBTC)



Kentucky Enterprise Initiative Act (KEIA)



Kentucky Jobs Retention Act (KJRA)



Incentives for Energy-Related Business Act (IEBA)

Programs in dark blue circles have enhanced benefits for projects locating in enhanced incentive counties

KY INNOVATION HUBS

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



AWESOME INC.
Lexington



SOAR
Pikeville



BLUENORTH
Covington



GROWEST
Paducah



AMPLIFY
Louisville



CREATE
CENTRAL REGION ECOSYSTEM FOR ARTS,
TECHNOLOGY, AND ENTREPRENEURSHIP

CREATE
Bowling Green

The Hubs serve as a “front door” resource to innovative startups in their regions and as a partner to local business support organizations.



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

CASH PROGRAMS

ALL ARE PERFORMANCE-BASED

- KEDFA Loans and Grants
- High-Tech Investment and Construction Pool
- Economic Development Fund (EDF)
 - Kentucky Product Development Initiative (KPDI)
- Kentucky Rural Hospital Loan Program (KRHLP)
- Kentucky Small Business Credit Initiative – KSBCI
 - Loan Support Programs
 - Venture Capital Programs
- Western Kentucky Risk Assistance Fund - WKRAF
- 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 1,100 projects with a monitoring status as of June 30, 2023

Tax Incentive Program	# of Projects	Tax Incentive Program	# of Projects	Cash Program	# of Projects
BSSC – STIC	42	KIFA	6	BSSC – GIA	132
IEIA *	2	KIRA *	2	EDF	56
KAITC	21	KJRA	3	KEDFA Loan/Grant	10
KBI	473	KRA	24	KRHLP	7
KEIA	169	KREDA *	13	KSBCI	61
KEI	64	TIF	32		
KIDA	2				

* Program no longer accepting applications

Annual compliance audits from independent CPA firm have been clean.

KENTUCKY IS LEADING THE CHARGE FOR EV

Kentucky is the **No. 1 producer of passenger vehicles per capita** in the United States

\$1 out of every \$11 in Kentucky's economy is tied to the automotive industry

1 out of every 18 U.S. workers in the automotive industry are in Kentucky

Kentucky has established itself as a **national leader in the emerging electric-vehicle sector**

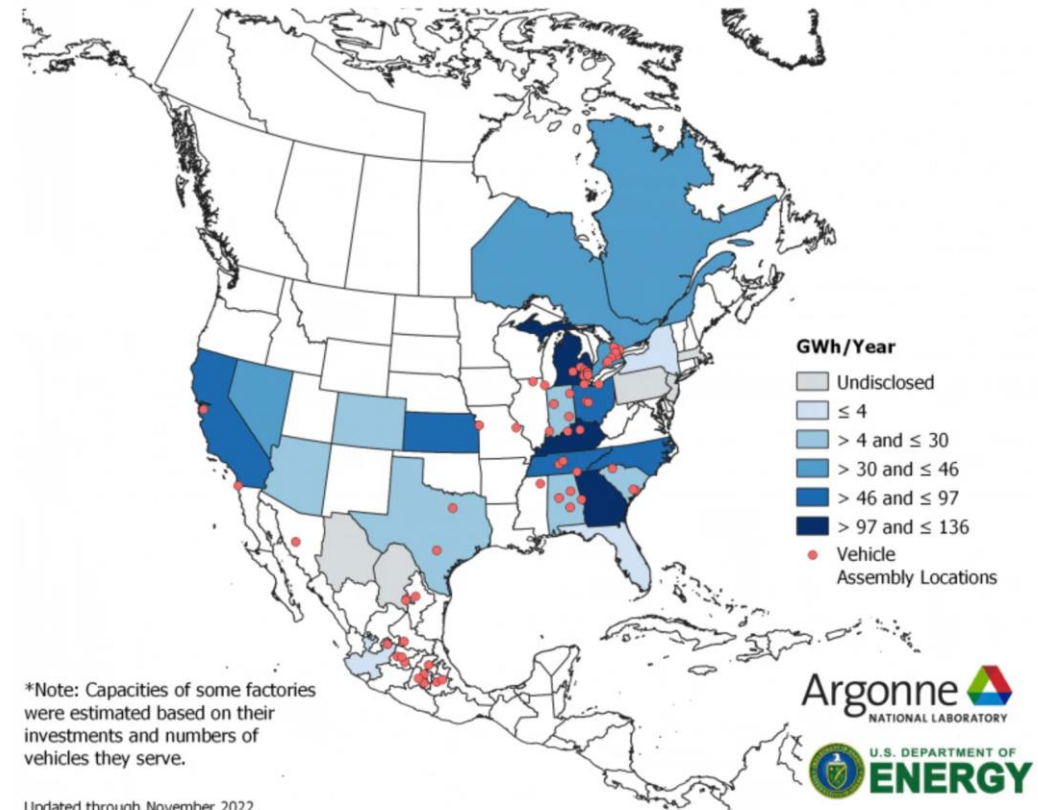
- Battery production
- Battery recycling
- Parts production

According to CNBC, Kentucky is poised to be among three states to **dominate EV battery manufacturing in 2030**

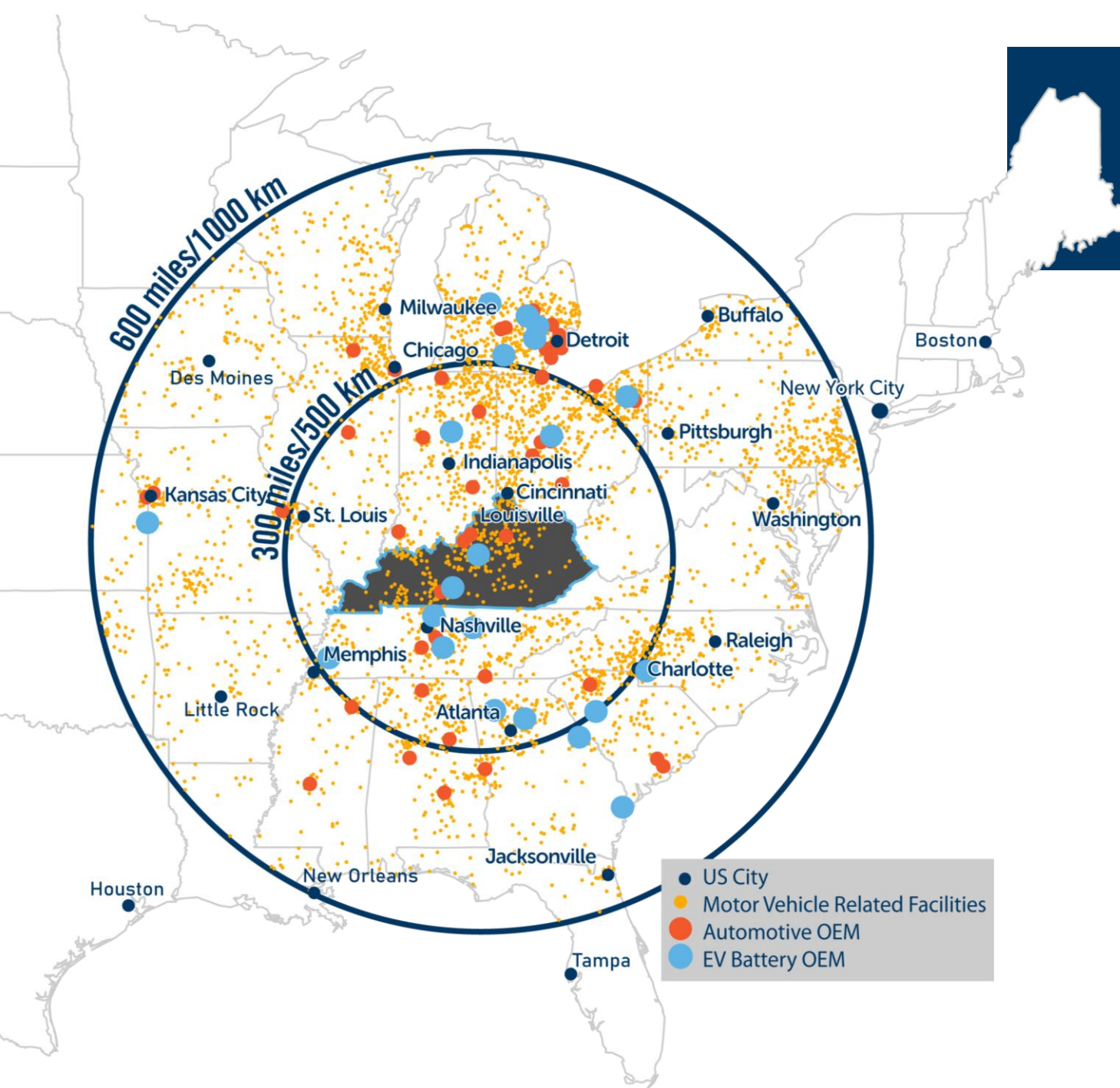
\$10.7 billion in EV-related investments since 2020 and the vast majority by foreign-owned companies

More than **10,000 full-time jobs** announced within the sector

Planned Battery Plant Capacity in North America by 2030



CENTER OF THE U.S. AUTOMOTIVE CORRIDOR



Kentucky is home to four OEMs and more than 550 automotive-related facilities

Ford Motor Co.

- Operated in KY since 1913
- Louisville Assembly Plant opened in 1955
- Ford Truck Plant in Louisville opened in 1969

General Motors

- Opened in Bowling Green in 1981
- Exclusive home to the **Chevrolet Corvette**

Toyota Motor Manufacturing Kentucky

- Opened in Georgetown in 1988
- **Toyota's largest manufacturing operation**

CONNEX KENTUCKY

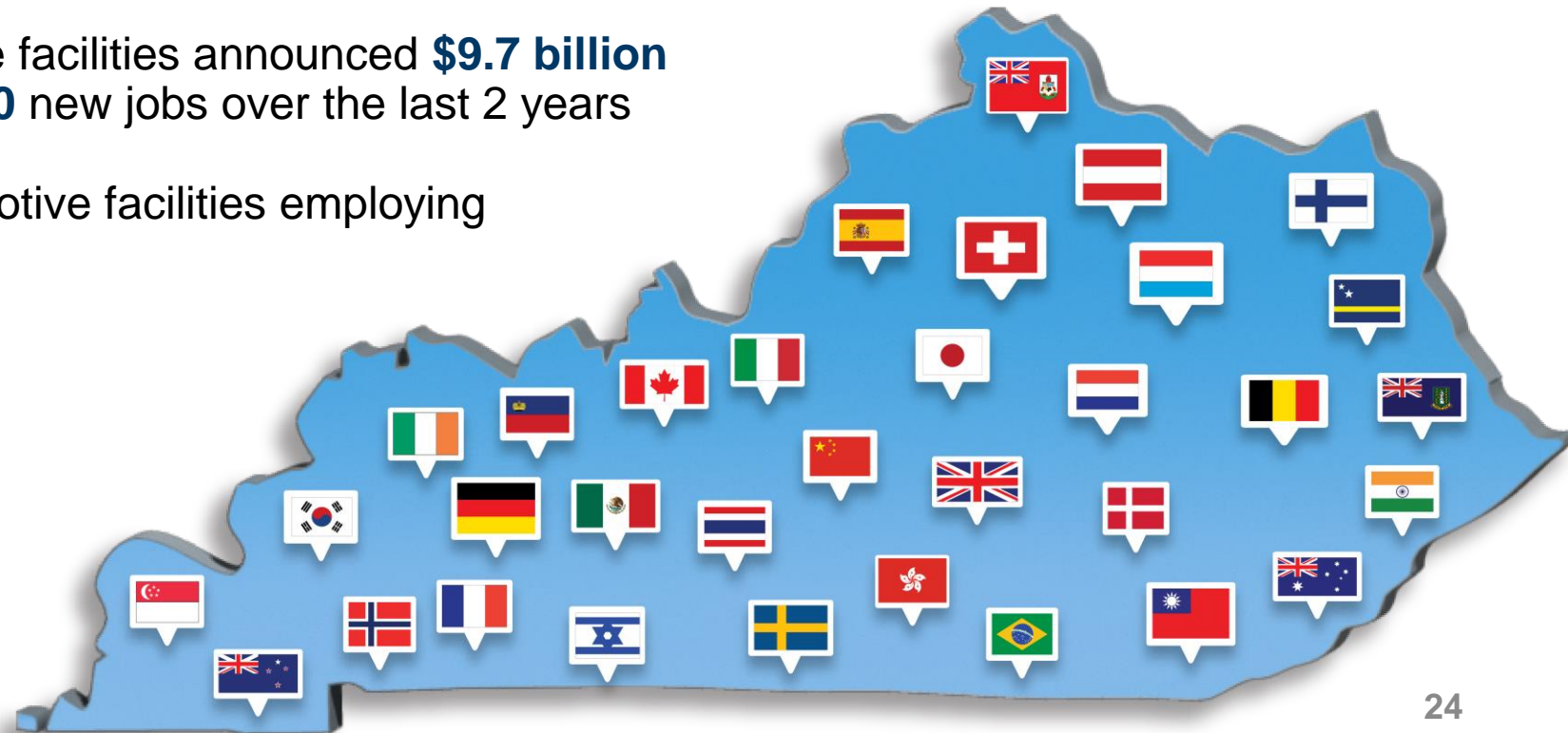
- Kentucky Gov. Andy Beshear recently launched the **Supply Kentucky** initiative with the goal to boost job growth, reduce costs and provide more security in the supply chains of Kentucky companies
- **CONNEX Kentucky** is at the center of this new initiative through a partnership with the Cabinet for Economic Development and Kentucky Association of Manufacturers
- This online platform provides a searchable supply chain database for Kentucky manufacturers
- Connects PRIMES, OEMs and suppliers based on deep data such as equipment, certifications, SBA designation, processes, capabilities and other criteria
- **Free registration** for Kentucky companies
- Learn more at KAM.us.com/home/connexkentucky

CONNEX[™]
KENTUCKY

Powered by  KENTUCKY
ASSOCIATION OF
MANUFACTURERS

INTERNATIONAL INVESTMENT

- ✓ **530+** internationally owned facilities employing more than **114,000** workers
- ✓ **33 nations**
- ✓ **5th nationally** in percentage of workers employed by an international company
- ✓ Internationally-owned automotive facilities announced **\$9.7 billion** investment and more than **10,600** new jobs over the last 2 years
- ✓ **217** internationally-owned automotive facilities employing more than 58,000 workers



TOP 10 COUNTRIES BY ANNOUNCEMENTS IN KENTUCKY

2022

JAPAN



11 PROJECTS · \$2.72 B · 2,367 JOBS

GERMANY



6 PROJECTS · \$43.6 M · 117 JOBS

CANADA



5 PROJECTS · \$34.3 M · 233 JOBS

ITALY



4 PROJECTS · \$29 M · 50 JOBS

FRANCE



4 PROJECTS · \$308.4 M · 64 JOBS

SWEDEN



3 PROJECTS · \$11.4 M · 91 JOBS

SOUTH KOREA



2 PROJECTS · \$288.3 M · 215 JOBS

UNITED KINGDOM



2 PROJECTS · \$11 M · 16 JOBS

LUXEMBOURG



1 PROJECT · \$35.7 M · 91 JOBS

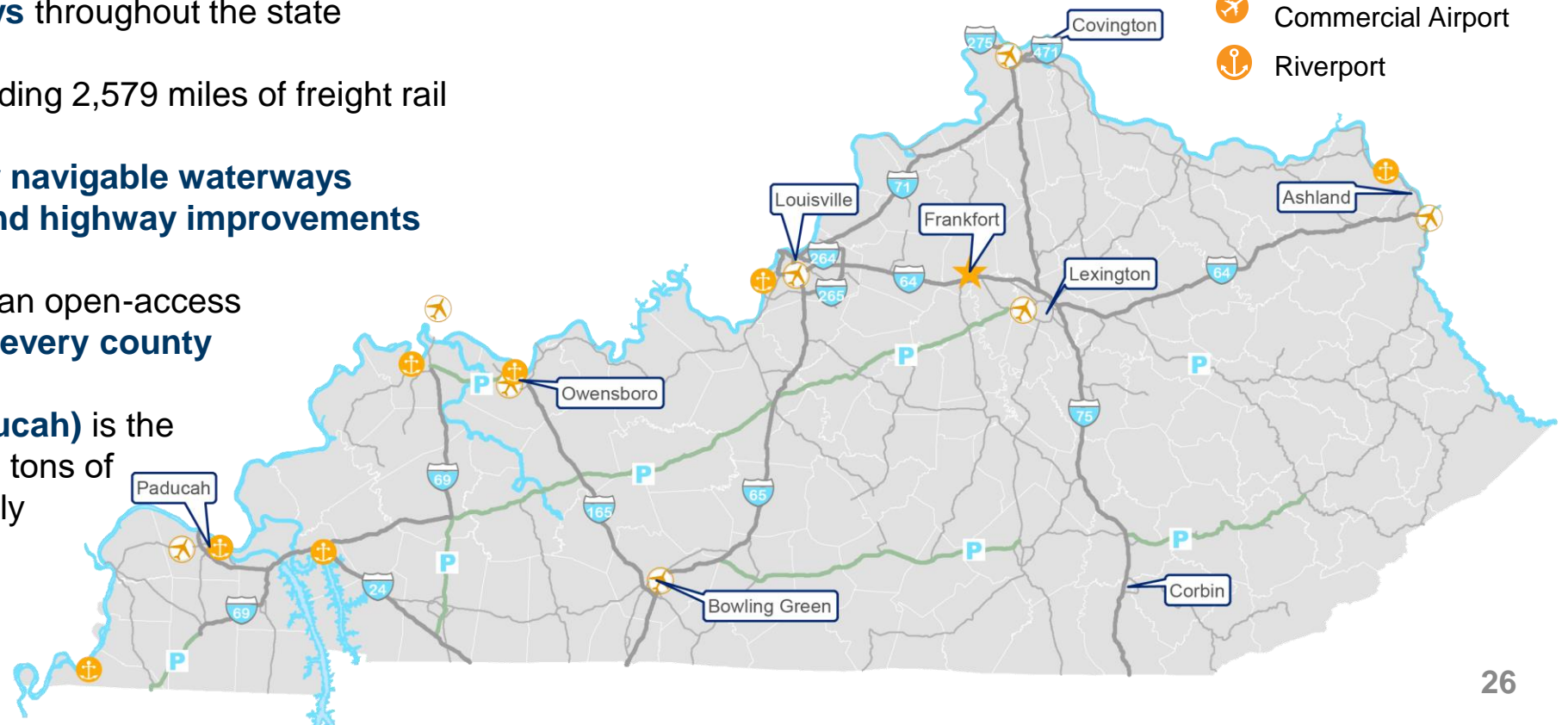
NORWAY



1 PROJECT · \$15 M

INFRASTRUCTURE TO SUPPORT IT ALL

- **3 global air-cargo hubs** UPS, DHL and Amazon
- **6 commercial airports**, including **2 international** and **50+ regional**, with **direct flights to United Kingdom and France**
- **20+ interstates and parkways** throughout the state
- **2,895 miles of railroad**, including 2,579 miles of freight rail
- **1,020 miles of commercially navigable waterways**
- Major investment in **bridge and highway improvements**
- First state in the U.S. to build an open-access **fiber optic cable network in every county**
- **Olmsted Lock (West of Paducah)** is the nation's busiest lock with 73M tons of cargo passing through annually



Spirit of Winning with Integrity in Kentucky:

Success in Economic Development is not about sites alone, rather it is the holistic approach to having a great product to sell that is better than the competition.

Solution: Thanks to the leadership of our Governor and our Legislature, the Kentucky PDI program was created to help raise the bar for Kentucky Communities to develop great products that includes sites to create success befitting the strength of all our interdependent communities in Kentucky.

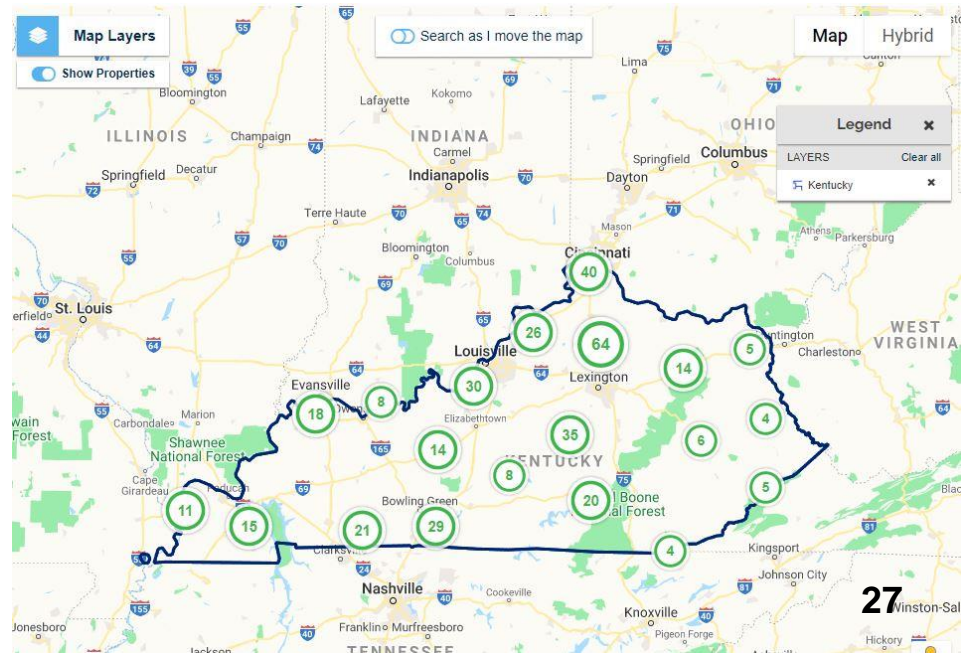
- *Product Development Pilot Initiative (2019-2022)*
- *Kentucky Product Development Initiative (HB 745) \$100 Million*

TEAM KENTUCKY
377 Total Properties
Sort By: Featured | Descending | PDF | Excel | Print | Share

« Previous 1 - 30 of 377 Results Next »

Featured	Featured	Special
 Vacant Land	 Vacant Land	 Special
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	John H. Stigall Business Cente... 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	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

Additional listings shown below the grid include Vacant Land, Industrial | Office | Vacant Land, and another Vacant Land listing.



PILOT PDI & KPDI PROGRAMS

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	Not completed
KPDI – Round 1 (2022-23)	30	\$44,777,463	\$16,815,047	Not completed
<i>TOTAL</i>		<i>\$81,356,981</i>	<i>\$23,611,338</i>	

PROJECTS STILL IN DUE DILIGENCE	# of Projects	Potential Request
KPDI – Round 1 (2022-23)	24	\$17,229,970

TOTAL PDI PILOT SUCCESSES TO DATE

Total Number of Projects Approved	20
Projected Investment	\$36.6 million
Total Approved and/or Disbursed	\$6.4 million

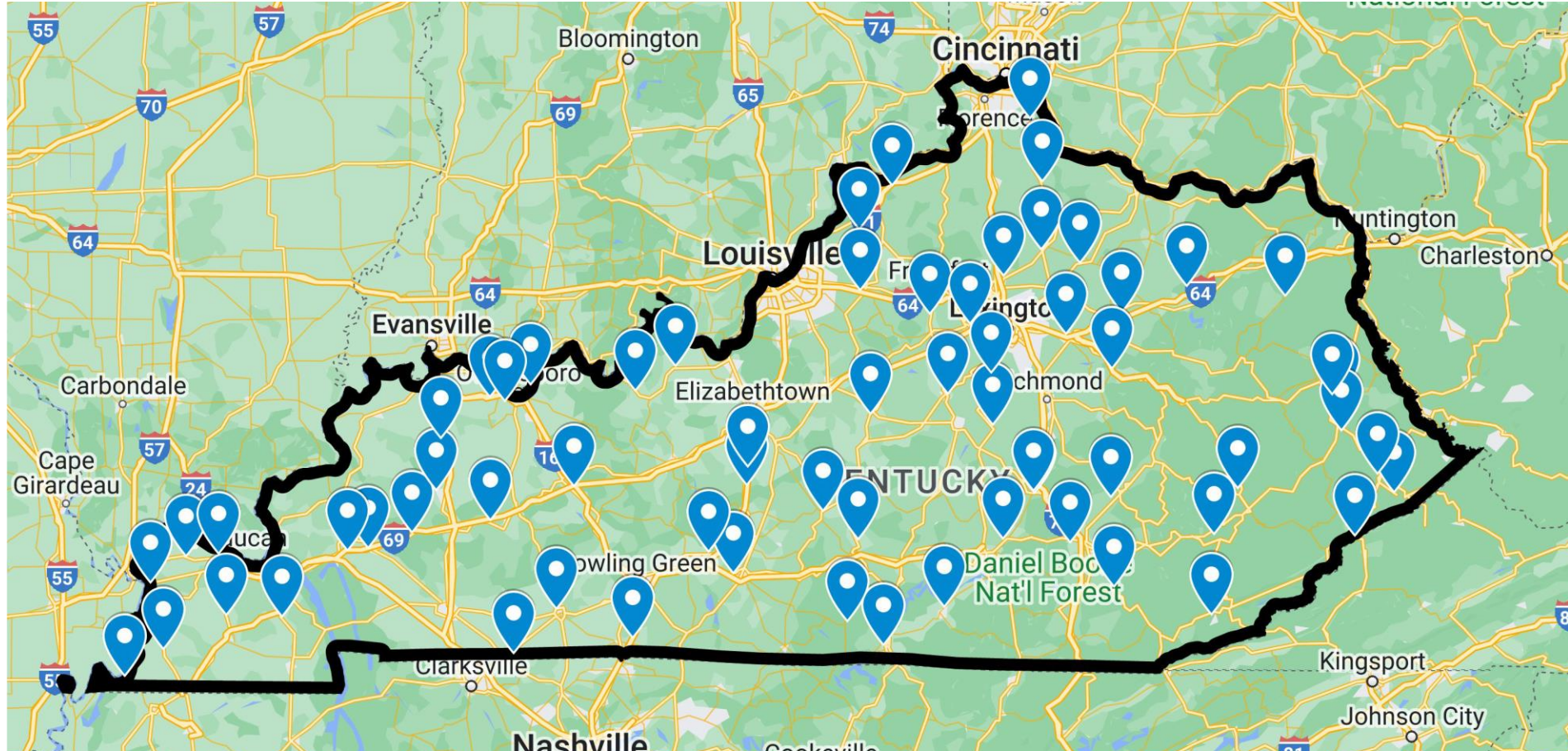
Total Number of Projects Located/Announced	10
Projected Jobs	3,500
Total Projected Investment	\$4.0 billion

KPDI ROUND 2

HB 1 Appropriation	\$100,000,000
Potential Round 1 Funding	\$34,045,017
Round 2 Funding Availability	\$65,954,983

70 Applications received (11 regional projects)
Independent consultant currently reviewing – site visits in September

KPDI ROUND 2 – Letters of Intent



Note: Not all LOIs submitted an application and some projects submitted an application without an LOI

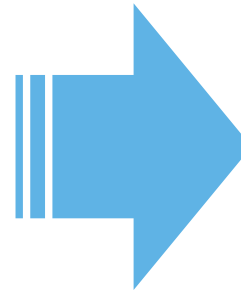
AN OPERATIONAL BLUEPRINT

FOR ECONOMIC DEVELOPMENT



BLUEPRINT DEVELOPMENT PLAN

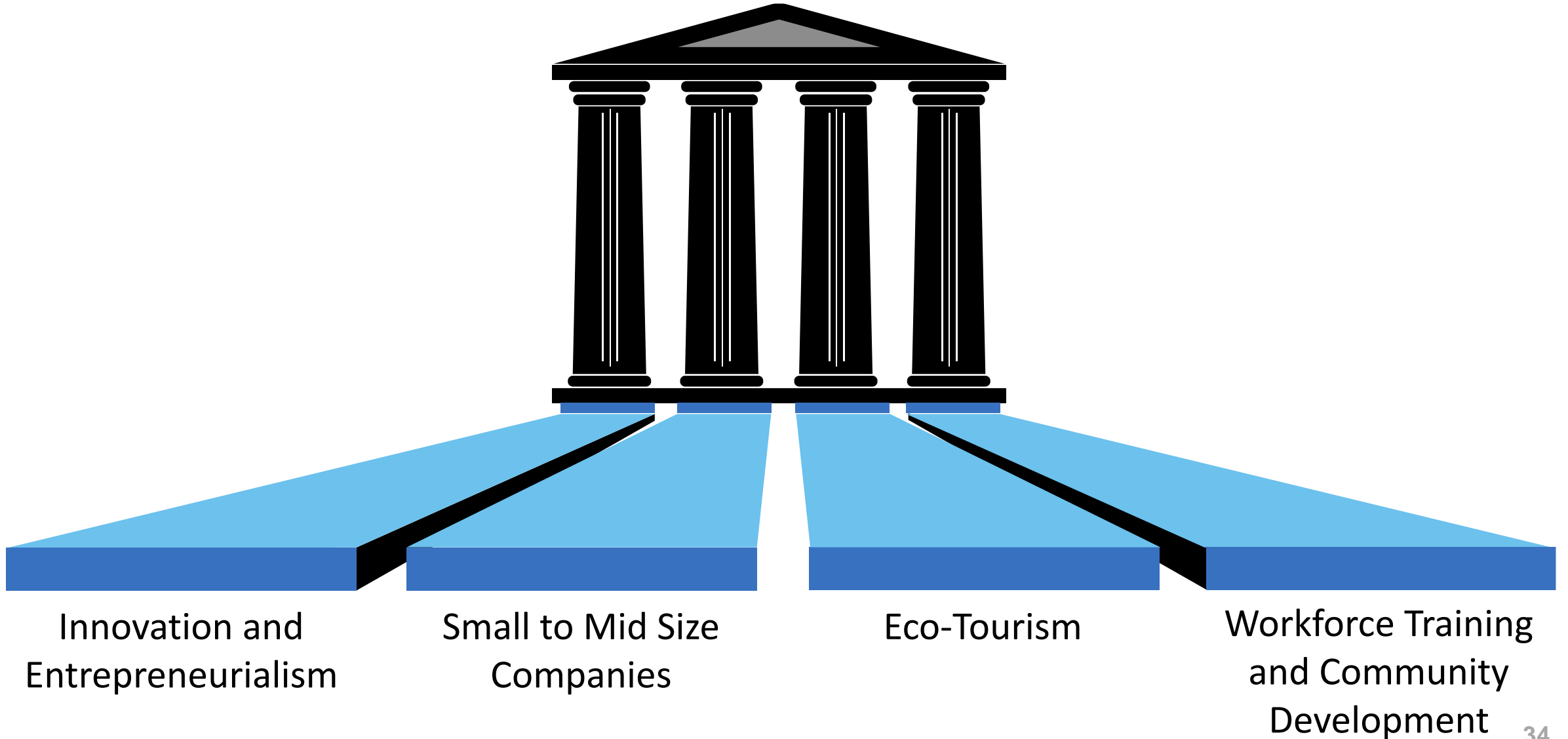
- Consultant-led study involving a steering committee that includes members from the Cabinet for Economic Development, KAED, state agency partners, and other economic development organizations.
- Regional stakeholder engagement with members from structured Government, Education, Business, Utilities, Workforce, and Entrepreneurship organizations.
- Process involves looking at the Economic Development community and what strategic direction it should take working through the structures of government within the framework of global business realities



Final Report

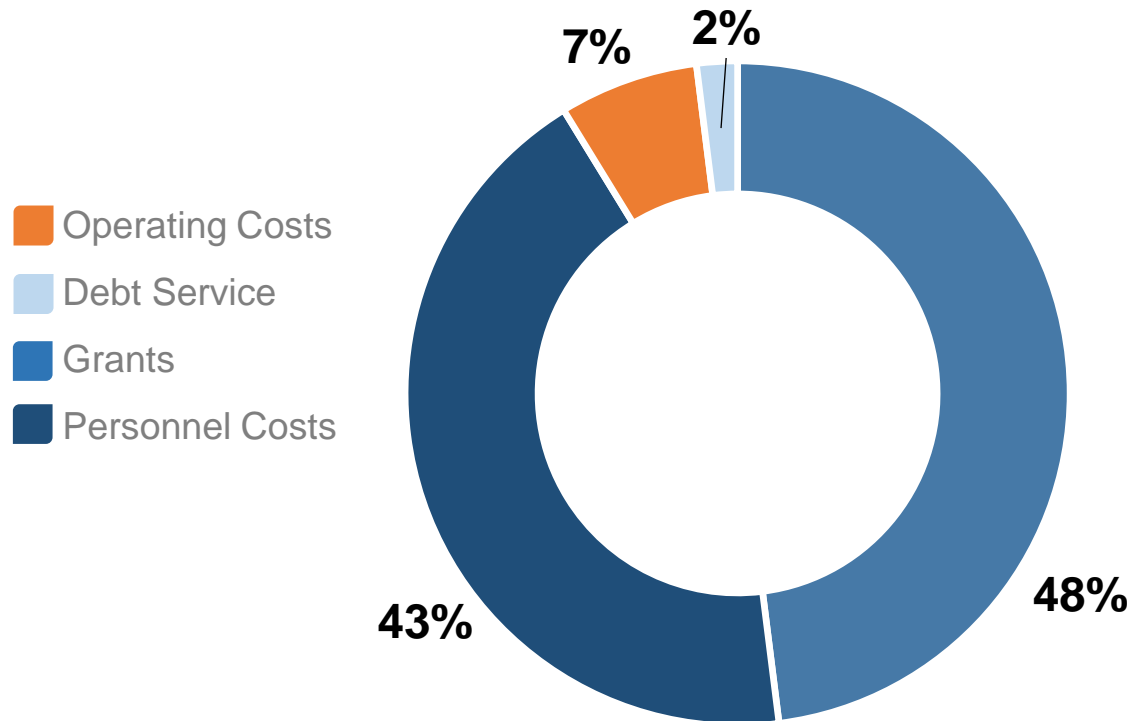
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|----------------------------|---------------------------------|
| ▪ 75 Pages | ▪ State Priorities |
| ▪ 5 Page Executive Summary | ▪ Input From Every Region |
| ▪ Top 10 Recommendations | ▪ Emphasis On Local Flexibility |

Pillars in Any Strategy



ACTUAL – FY 2023

ACTUAL EXPENDITURES Excluding Non-Recurring/Line Item Grants



SOURCE OF FUNDS ACTUAL

General Fund	\$446,502,774
Restricted Fund	\$2,497,516
TOTAL	\$449,000,290

* Federal funds of \$185,916 also expended

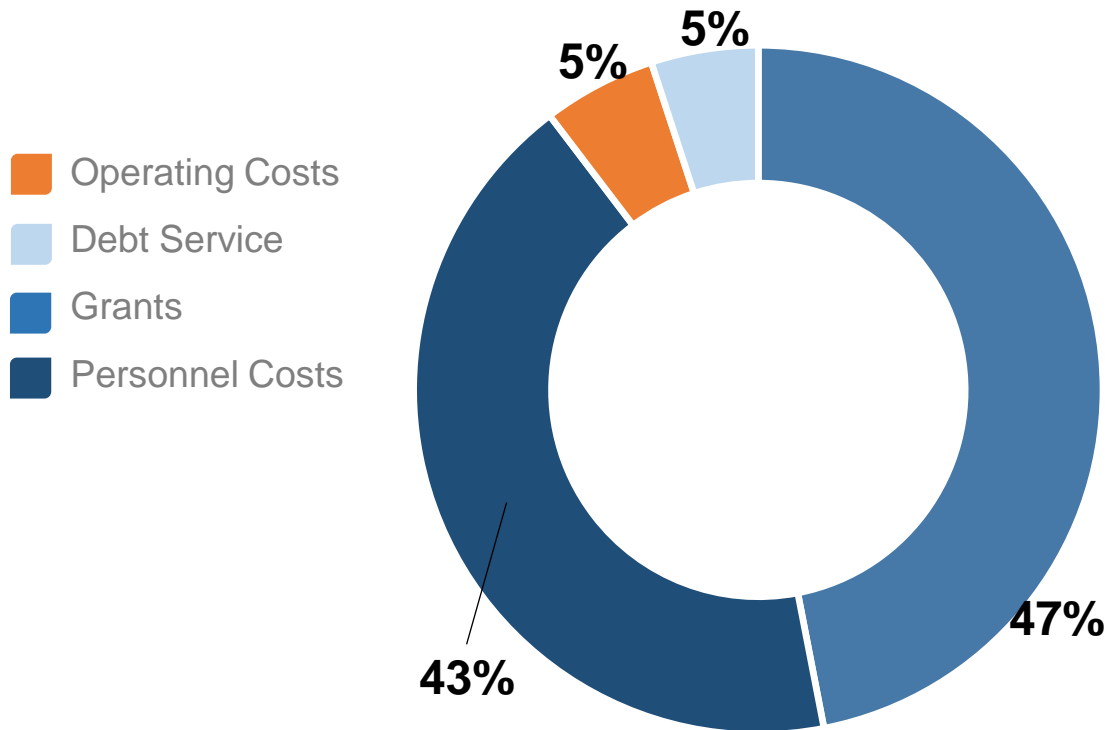
EXPENDITURES ACTUAL

Personnel Costs	\$12,484,085
Operating Costs	\$1,933,719
Grants – Recurring	\$13,696,236
Debt Service	\$566,000
TOTAL	\$28,680,040
Grants – Non-Recurring/Line Items	\$420,320,250
TOTAL	\$449,000,290

* 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).

BUDGET – FY 2024

PROJECTED EXPENDITURES Excluding Non-Recurring/Line Item Grants



SOURCE OF FUNDS BUDGET

General Fund	\$30,482,200
Restricted Fund	\$3,064,400
TOTAL	\$33,546,600

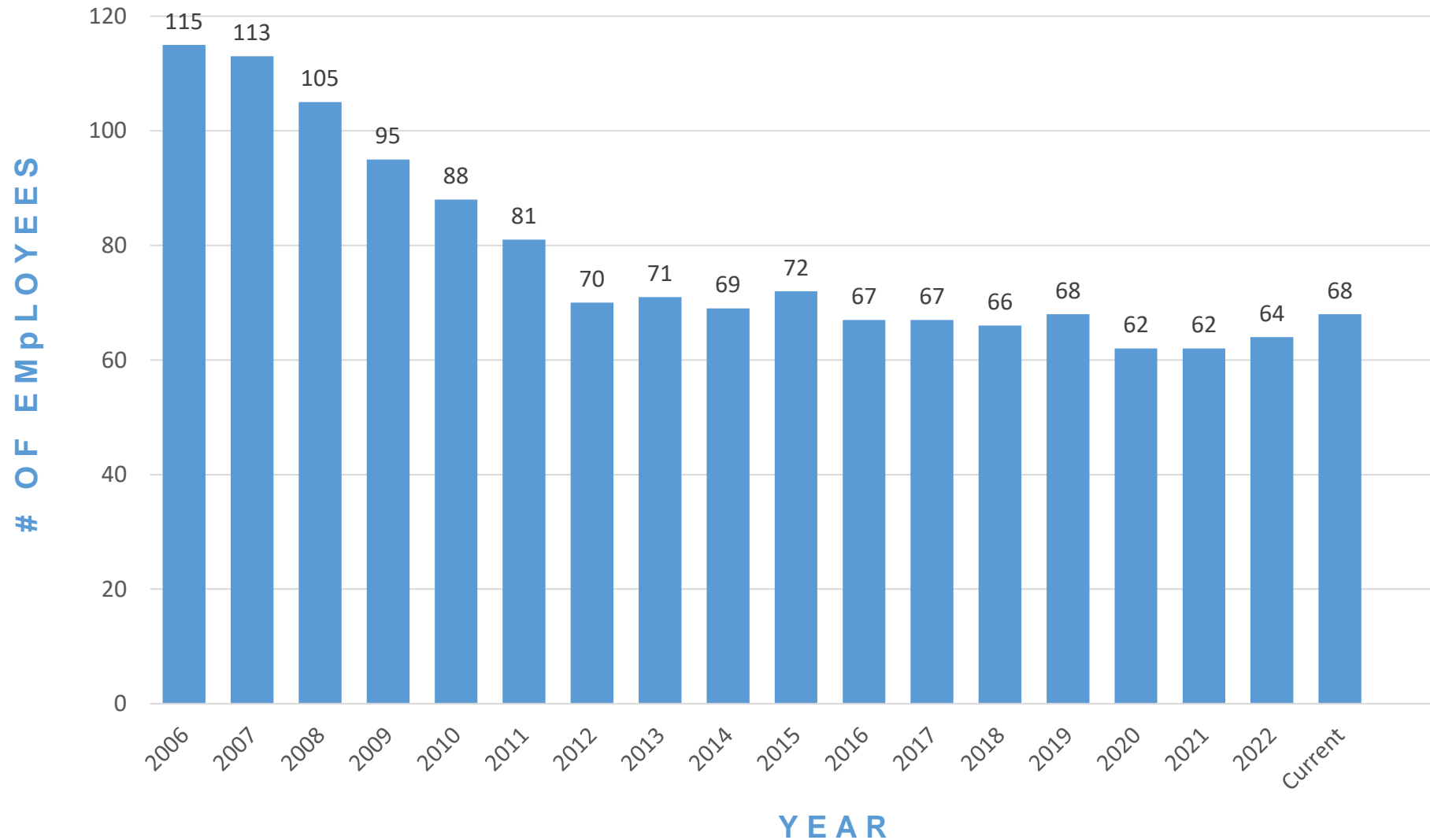
* Budget also includes \$301,000 of Federal funding

EXPENDITURES BUDGET

Personnel Costs	\$14,192,400
Operating Costs	\$1,797,900
Grants – Recurring	\$15,858,300
Debt Service	\$ 1,698,000
TOTAL	\$33,546,600
Grants – Non-Recurring/Line Items	\$0
TOTAL	\$33,546,600

* 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

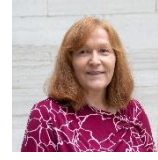


**BUDGET
CAP: 85**

CED TEAM



Kate Hill



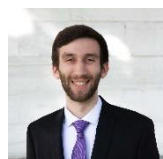
Emma Macy



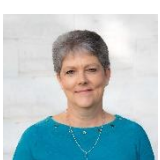
Jansen Hammock



John Buchanon



Lindsey DeRosa



Scott Moseley



William Henderson



Kentucky has:

- 54 General Aviation Airports
- 5 Commercial Service Airports

US Impact

- General aviation supports more than 1.1 million jobs and more than \$246 billion in economic impact a year
- Areas of growth include sustainable aviation fuel (SAF) and technology, advanced air mobility and workforce development
- More than 4,800 public-use airports around the U.S. today can be directly accessed by general aviation
- 2,200 charter flight companies, 4,144 repair stations, 643 pilot schools, 3,383 fixed-base operators and 125,440 airframe specialists
- According to the FAA, the U.S. has more than 680,000 pilots, the majority of whom fly general aviation aircraft
- 46.7 million Americans live more than an hour away from a Level 1 or 2 trauma center
- Medevac fixed-wing aircraft transport 150,000 patients a year to locations not within range of helicopters

The CED has no programs designed for aviation projects, though our tools for businesses that invest in or create Jobs that are tied to an airport may be considered eligible. Benefits are limited to the company, not the airport



Q & A



THANK YOU

TEAM 
KENTUCKY.

CABINET FOR
ECONOMIC DEVELOPMENT