

TEAM  
KENTUCKY®

Your *New*  
Kentucky  
Home

JUNE 3, 2026

# IJC BR SUBCOMMITTEE

*Economic Development, Tourism, & Environmental Protection*

Kentucky Cabinet for Economic Development

# SHARED RESPONSIBILITY - SHARED OPPORTUNITY

WHY?						2026 Goals
<b>Our Vision</b>	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					<b>\$10/\$21.0 Billion Investment</b>
WHAT?						<b>9,000 New Jobs</b>
<b>Our Mission</b>	Earn trust, be strategic and a super collaborator in growing jobs, investments and opportunity in all of our interdependent communities					<b>\$28.75 Avg. Hourly Wage</b>
<b>Strategic Imperatives</b>	A Global Winner in the Automotive Future	A Leader in the US Manufacturing Renaissance	Natural Assets: Capitalize on what makes KY unique, including logistics, hospitality and tourism	Capture our fair share of tomorrow's jobs in business, financial and professional services, including remote work	Invest in high-potential areas like aerospace, agritech and life sciences	<b>15% Team KY ED/Site media Engagement</b>
HOW?						<b>+20% Overall Impressions</b>
<b>Operational Priorities</b>	<b>Competitive products:</b> Best products, proactive marketing and closure mentality	<b>Workforce:</b> Seemless, process driven & measurable clear wins in coordinated efforts on workforce delivery	<b>Entrepreneurism &amp; Innovation:</b> Refresh strategy, focus on results and measure impact of all process partners	<b>Infrastructure:</b> Forward thinking and data driven approach for all industrial sites across KY. GRANT/KPDI delivering results	<b>Placemaking:</b> Create welcoming communities with measurable quality-of-life benefits. Deliver on Opportunity Zones	<b>1,300 Compliance Reviews</b>
<b>Leadership Behaviors</b>	Lead with Impact: Straight Talk: Bias for Action with Accountability		<ul style="list-style-type: none"> <li>• Serve</li> <li>• Listen</li> </ul>	<ul style="list-style-type: none"> <li>• Build</li> <li>• Lead</li> </ul>	Shared Responsibilities Shared Opportunities	<b>\$75 M KEI Approved 26,000 jobs funded</b>
<b>Our Values</b>	Respect	Inclusion & Diversity	Teamwork	Compliance	Spirit of Winning with Integrity	<b>750 Business Applications Approved</b>
						<b>BRE- 100 Facility and 60 County Visits</b>
						<b>Startups Funded - 150 Entrepreneurs Served - 3,600 Private Capital Leveraged - \$50M</b>

# THE ROADMAP

IDENTIFIES 10 SHARED PRIORITIES FOR THE COMMONWEALTH

## 5 PRIORITY SECTORS

*Where Kentucky could focus*



### PRIORITY SECTOR 1

#### **Automotive**

Win the automotive future



### PRIORITY SECTOR 2

#### **Manufacturing**

Be a leader in the U.S. manufacturing renaissance



### PRIORITY SECTOR 3

#### **Natural Assets**

Capitalize on what makes Kentucky unique, including supporting distribution and logistics and hospitality and tourism



### PRIORITY SECTOR 4

#### **Business, Financial, & Professional Services**

Capture Kentucky's fair share of tomorrow's jobs across the Commonwealth, including through remote work



### PRIORITY SECTOR 5

#### **Investing in High-potential Opportunities**

Make intelligent moves to cultivate industry clusters, including aerospace, agritech, and life sciences



## 5 PRIORITY ENABLERS

*What Kentucky could do to win in priority sectors*



### PRIORITY ENABLER 1

#### **Best Products and Services**

Invest to compete in strategic sectors



### PRIORITY ENABLER 2

#### **Workforce**

Partner to develop, energize, and support the workforce of the future



### PRIORITY ENABLER 3

#### **Entrepreneurism & Innovation**

Catalyze ecosystems to build Kentucky's reputation as a "make and ideate," "launch-ready state"



### PRIORITY ENABLER 4

#### **Infrastructure**

Coordinate across Kentucky to accelerate growth



### PRIORITY ENABLER 5

#### **Placemaking**

Synchronize community and business efforts to build welcoming, inclusive, and diverse communities that enhance quality of life

***How Kentucky could  
achieve success***



***Multi-level collaboration across economic developers***

Build winning capabilities and accelerate collaboration across the local, regional, and state-level

# NATIONAL STANDARD FOR TRACKING ECONOMIC DEVELOPMENT PROJECTS

Site Selection Magazine's Governor's Cup rankings are the flagship **national** rankings for project activity.

## ELIGIBLE PROJECT CRITERIA

- Project must be **announced, under construction or completed**
- Project must involve **new construction or renovation** of an existing space
- At least **\$1 million** in investment
- At least **20 new jobs** created



# COMPETITIVENESS IN ECONOMIC DEVELOPMENT

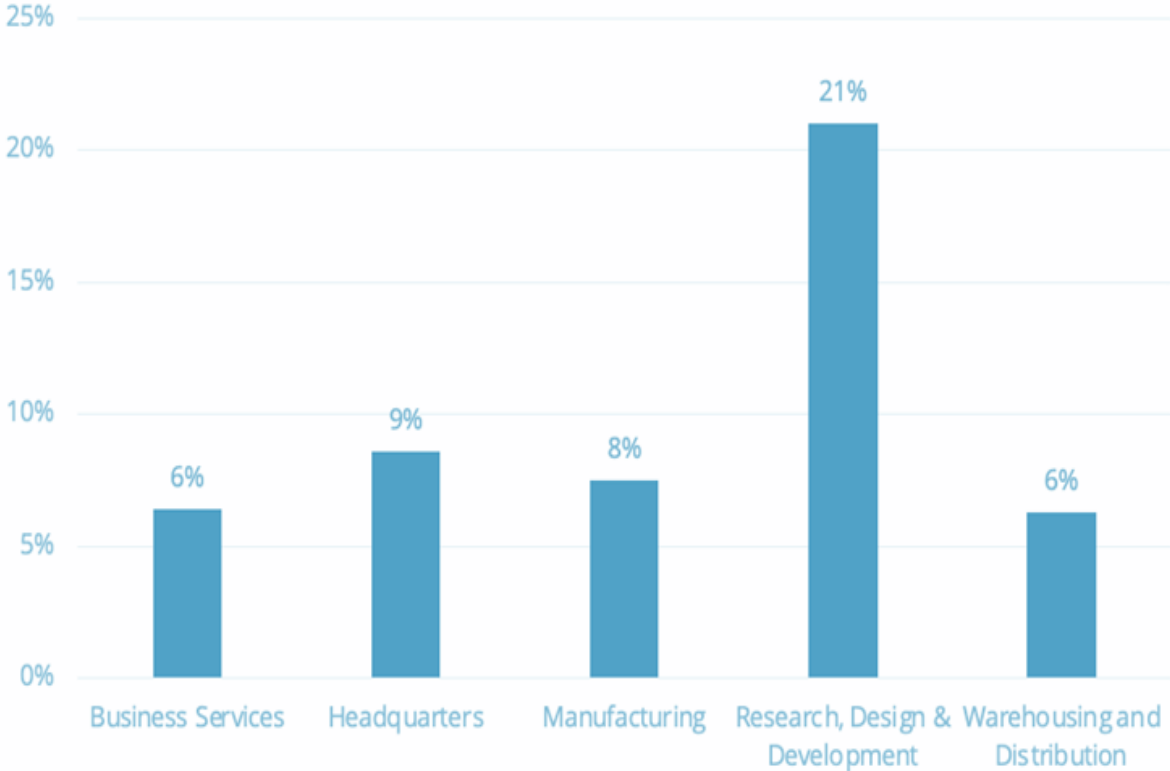
*The race among top states is intensifying, and the stakes have never been higher. In a market where large-scale manufacturing projects are reshaping local economies, consultants say the fundamental site selection criteria are shifting — and only the most adaptable states will keep pace.*

Area Development, 2025

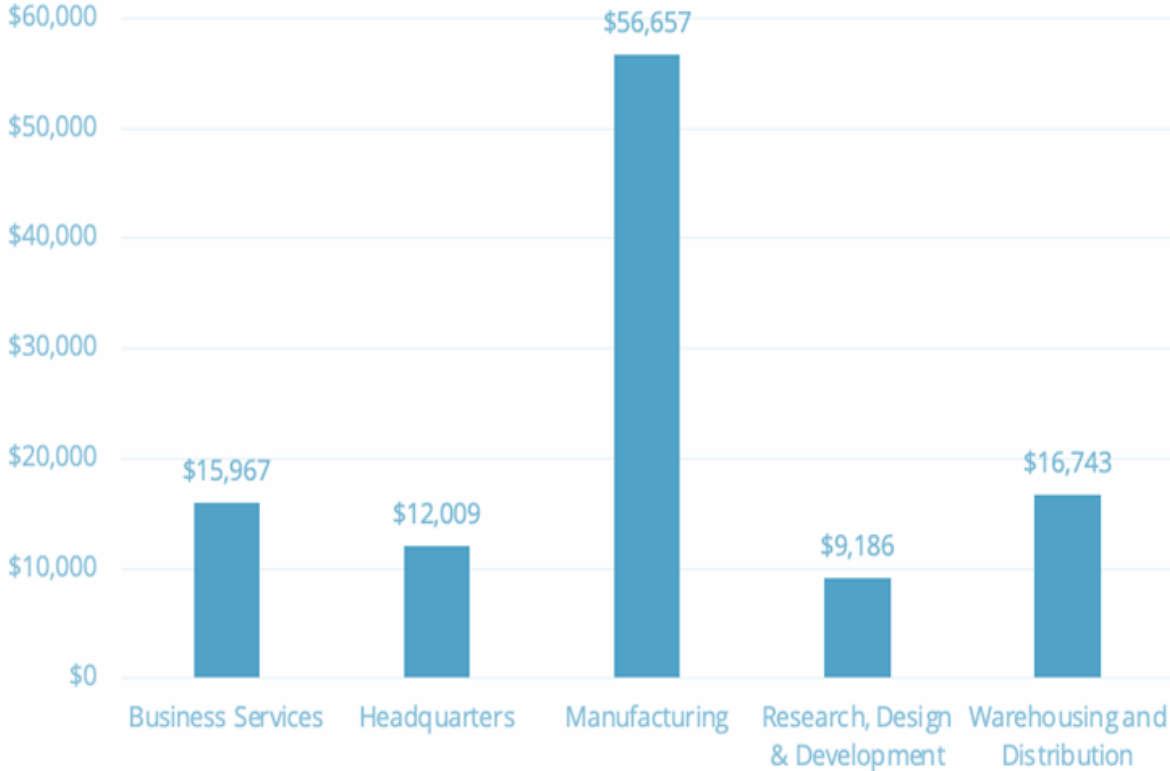
# “ROLE OF INCENTIVES IN JOB CREATION”

OXFORD PARTNERS

Average Incentive Value per Capex



Average Incentive Value per Job



Source: FDI Intelligence (2024)

# KENTUCKY IS WINNING

CONTINUED MOMENTUM

## 2025 SILVER SHOVEL

Area Development named Kentucky a **Silver Shovel Award winner**, celebrating the commonwealth's **exceptional performance in job creation & capital investment** throughout 2024

## 2025 CICI AWARDS

**TOP 15: Community Impact**  
BE&E project in Muhlenberg County

## 2025 PROSPERITY CUP

### TOP 10

Kentucky ranked 6<sup>th</sup> nationally in its 2025 Prosperity Cup ranking, which recognizes state-level economic development agencies for their success in landing capital investment projects.

## 2024 GOVERNOR'S CUP

### TOP 5

Kentucky has once again placed in the top five for economic development projects per capita by **Site Selection magazine**, a placement the state has held during all five years of this administration.

**AREA**  
DEVELOPMENT



**SITE**  
SELECTION  
MAGAZINE

# HOW KENTUCKY IS WINNING

FEWER PROGRAMS, LESS CASH, COMPETITIVE POSITIONING

## **Team Kentucky Speed to Market- Approach**

- Coordination on Federal, State and Local Permitting
- Process Driven to Deliver on Timeed

## **Coordinated & Seamless Workforce Assistance**

- SWATT Provides Structure
- KCTCS is the Fulcrum
- Talent Manager for New and Existing Expansions
- BSSC Funds

## **Investment in Product**

- KPDI Is Paying Off
- Due Diligence Funding to Provide Data
- No Surprises

## **Placemaking, Infrastructure & Local Leadership**

- GRANT has created a Leverage of \$7 to \$1
- Federal grants for Infrastructure
- Turf Meetings and Trust

## **Transportation Advantages**

- #1 State for Air Cargo by weight
- Less than a Days Drive to 54% of Nations Population
- Roads, Air, Rail and Water Modes of Transportation

## **Incentive Offerings that are Clear & Value Added**

- Performance Based
- Remove Obstacles
- Includes Community Support

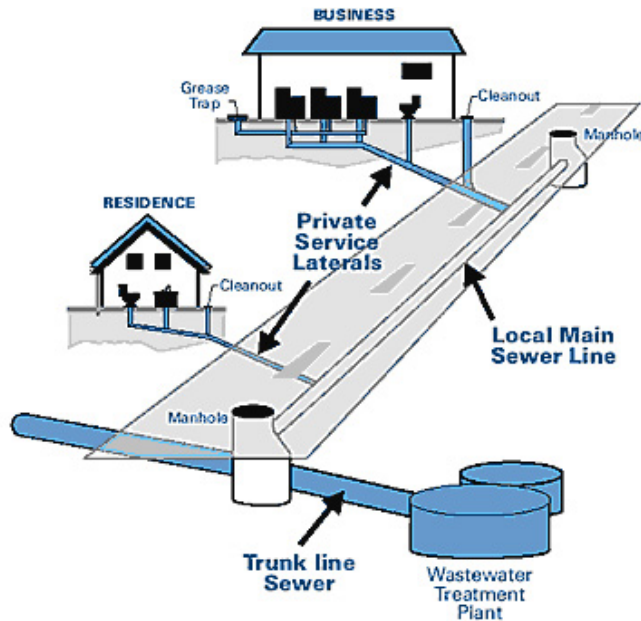
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# ANATOMY OF INCENTIVES



## DIAGRAM OF A SANITARY SEWER SYSTEM



## personal income tax

what is personal income tax?

a percentage of your earnings that is paid to the federal, state and local governments each year. Personal income taxes fund the federal, local, and state governments and public works such as Social Security and Medicare, defense and security, infrastructure and education.



- Added incentives for communities that have not grown in past 5 years
- Wages to be offered relative to top 5 employers in the County
- HR strategy or employer brand that includes advancement and skill-based training
- Benefits offered including gain sharing or performance-based bonuses
- R&D, HQ or high wage business and financial services firm.
- Agricultural related or value-added processors supporting agricultural community
- Leaders within their industry, and/or that supply recognized industry leaders
- Offering a unique and discernable competitive advantage relative to their peers
- High value customer-centric approach, good corporate citizens

# DETERMINING AMOUNT OF INCENTIVES



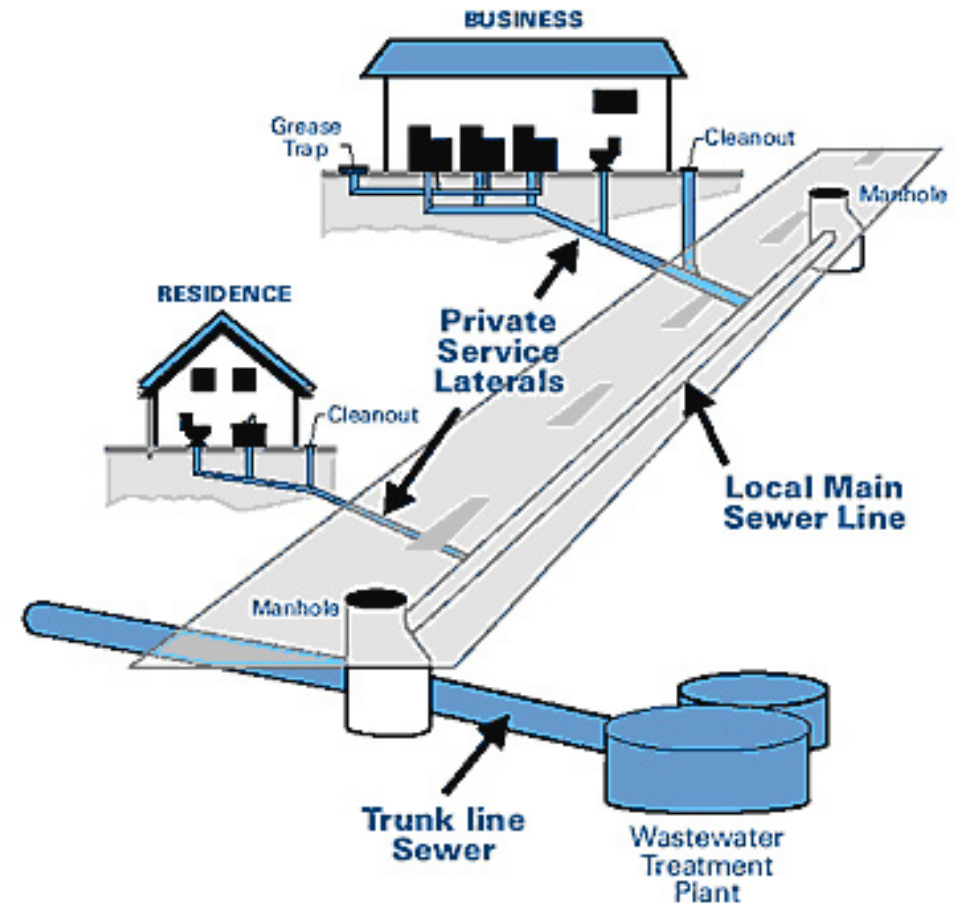
- Always negotiated
- Funds needed to address community, site and or infrastructure
- Previous projects metrics
- Ratios of wages/investment
- Available funding

# CLOSING FUND | EDF FUND

## ANATOMY OF INCENTIVES

- You must have a site to win a project
- Sites Need Infrastructure and Rail Improvements
- CED Strategy- support the site
- Closing Funds and EDF Funds used for Infrastructure, roads and rail
- Funding through a community or industrial authority
- Funding adds value for the community

DIAGRAM OF A SANITARY SEWER SYSTEM



# KEIA SALES TAX EXEMPTION

## ANATOMY OF INCENTIVES

- Construction creates local economic activity and wages for construction workers
- Certain building related materials generates new sales taxes to Kentucky
- **Equipment purchases generates new sales taxes to Kentucky**
- KEIA- Abates some or all of these new sales taxes
- Building and Equipment creates long term value



# RECRUITMENT | TRAINING

## ANATOMY OF INCENTIVES

- Highly valued by a prospective company
- Training & Experience **creates higher demand for the individual**
- Bluegrass State Skill Funding- amount based upon wages, skill and local area



# KBI CREDITS

## ANATOMY OF INCENTIVES

- New and Expanding Businesses Generate New State Corporate Income Taxes
- New and Expanding Companies Hire New Employees
- New Employees Pay New Income Taxes
- New Employees create new sales taxes
- KBI Incentives Are Generated by the Company



### CORPORATE INCOME TAXES



## personal income tax

*what is personal income tax?*

a percentage of your earnings that is paid to the federal, state and local governments each year. Personal income taxes fund the federal, local, and state governments and public works such as Social Security and Medicare, defense and security, infrastructure and education.

# Cabinet for Economic Development COMPLIANCE

ENERGY &  
ENVIRONMENT  
CABINET

REVENUE  
CABINET

EDF

KBI

CLOSING FUND

**1400**  
ACTIVE PROJECTS

KEIA

BSSC

KJRA

WRITTEN INCENTIVE AGREEMENT

JOBS • INVESTMENTS • WAGES • COMMUNITY IMPACT

REPORTS & EXHIBITS

ANNUAL • SEMI-ANNUALLY • QUARTERLY

REMEDIES & ACTIONS

LOSS OF TAX CREDITS • REFUNDS • CORRECTIVE ACTIONS



Name of Entity

Entity Type <input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Pass-through Entity <input type="checkbox"/> General Partnership <input type="checkbox"/> Other	Federal Identification Number _____	Kentucky Corporation/LLET Account Number <i>Must be 9 digits. If 6 digits, must lead with zeros.</i> _____
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Location of Project

Activation Date of KBI Incentive Agreement _____ Mo. _____ Day _____ Yr.	Economic Development Project Number _____
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City

County

A	B	C	D	E	F	G
Taxable Year Ended	Carry Forward Balance (Col. F – Col. G from Prior Year)	Annual Approved Costs	State Wage Assessment Credit Claimed	Local Wage Assessment Credit Claimed	KBI Credit Limitation Col. (B + C) – (D + E)	KBI Credit Claimed on Return
		) – (	+	) =		–
(	+	) – (	+	) =		–
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**Revenue Cabinet Engages in Multiple Facets of Compliance**

# PROGRAM PROCESS

1



**EVALUATION**

Internal process that evaluates programs for Secretary review

*For KPDI, recommendations provided by independent consultant*

2



**APPLICATION**

Application for further review & analysis

*Requires sign off by Secretary of Finance & CED*

3



**APPROVAL**

Submission & approvals by KEDFA

*Required approval from State Property & Buildings Commission & Capital Project & Bond Oversight Committees*

4



**REVIEW**

Legal Review

*Grant agreement required*

5



**INVESTMENT**

Investment begins

*Funds disbursed if terms of agreement are achieved*

6



**AGREEMENT**

Final agreement followed by years of compliance & monitoring

# OVERVIEW

## CLOSING FUND

**At its core, the funding is required to close out a project in which a company chooses Kentucky over other states for creating jobs that fit within the CED strategy for type of industry and above average wages that fit the unique elements of the local community. CED targets opportunities to support public infrastructure, benefiting the company and community.**

### **HB 900**

\$40,000,000 in each fiscal year of the 2026-2028 fiscal biennium to the Economic Development budget unit to be distributed to support approved mega-development projects of at least \$10,000,000, with an exception for certain economic development projects as recommended by the Cabinet based on unique conditions of the county where the project may occur, including but not limited to the population, per capita income, or county wages that are lower than the median for the state.

# OVERVIEW

## KENTUCKY BUSINESS INVESTMENT (KBI) PROGRAM | KRS 154.32

- The Kentucky Business Investment (KBI) Program offers corporate income tax credits and wage assessments for projects meeting specific job, wage, and investment criteria.
- As with all Cabinet administered tax incentive programs, any inducements offered to an eligible company under the KBI program are negotiated by Cabinet for Economic Development officials and subject to approval by the Kentucky Economic Development Finance Authority (KEDFA).
- Incentive requires local support, and is performance based. It can be modified after preliminary approval to support a larger project scope.

### HB 869 Legislative Changes

- Repeal of the existing enhanced incentive county designation
- Creation of a new “Heritage County” designation based on a county population ranking
- Introduction of refundable KBI tax credits:
  - 1.25% for non-heritage counties
  - 2.25% for heritage counties
- Increased wage thresholds:
  - 200% of federal minimum wage (heritage counties)
  - 300% (all other counties)
- Expansion of eligible costs under KBI and inclusion of R&D companies

# APPLICATION REQUIREMENTS

## KENTUCKY BUSINESS INVESTMENT PROGRAM (KBI)

### COMPANIES

A legal entity that has been, or is planning to be, actively engaged within the Commonwealth in:

- Manufacturing
- Agribusiness
- Nonretail service or technology
- Headquarters
- Hospital operations (a facility licensed by CHFS)
- Non-retail service or technology activities
- Coal severing and processing
- Carbon dioxide or hydrogen transmission pipeline
- Alternative fuel, gasification, energy efficient alternative fuels, or renewable energy production

### REQUIREMENTS

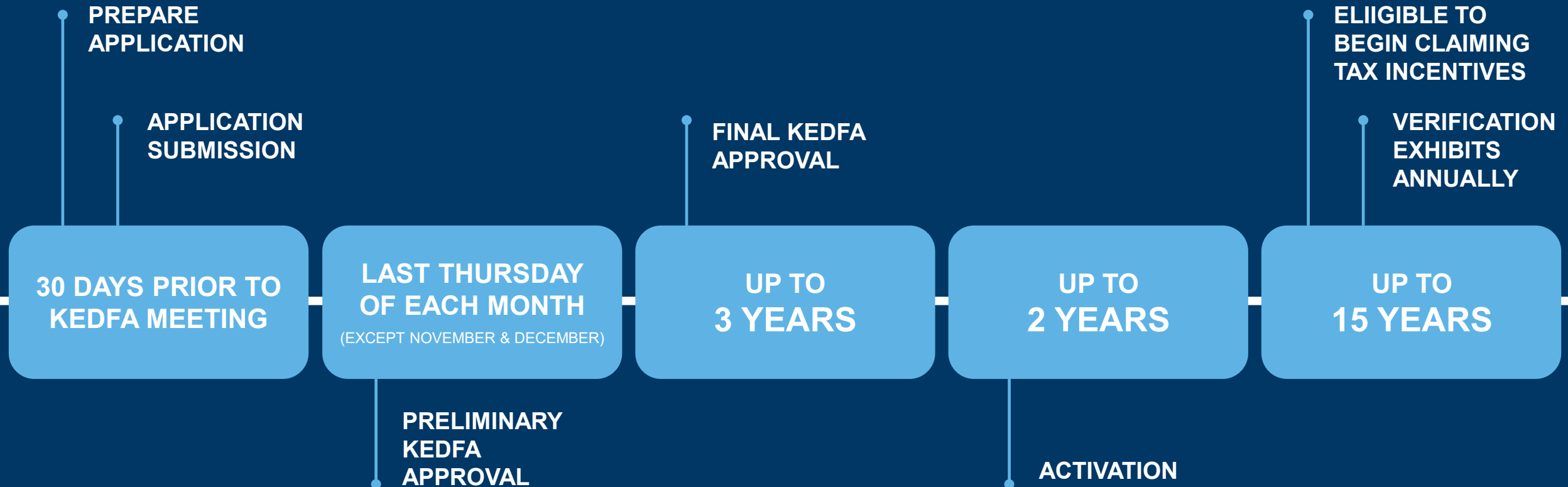
- Create at least 10 new, full-time jobs for Kentucky residents
- Minimum investment of \$100,000 in eligible costs
- Minimum hourly wage and total hourly compensation
- Negotiated job and wage targets

### RECOVERY METHOD

- Corporate income/LLET credits and employee wage assessments for up to 10 or 15 years, depending on location

# TIMELINE

## KENTUCKY BUSINESS INVESTMENT PROGRAM (KBI)



# OVERVIEW

## KENTUCKY ENTERPRISE INITIATIVE ACT (KEIA) PROGRAM | KRS 154.31

- KEIA provides a refund of Kentucky sales and use tax paid by approved companies for building and construction materials permanently incorporated as an improvement to real property.
- It is also available for Kentucky sales and use tax refunds for eligible equipment used for research and development, data processing equipment or flight simulation equipment.
- As with all Cabinet administered tax incentive programs, any inducements offered to an eligible company under the KEIA program are negotiated by Cabinet for Economic Development officials and subject to approval by the Kentucky Economic Development Finance Authority (KEDFA).



# APPLICATION REQUIREMENTS

## KENTUCKY ENTERPRISE INITIATIVE ACT (KEIA) PROGRAM

### COMPANIES

A legal entity that has been, or is planning to be, actively engaged within the Commonwealth in:

- Manufacturing
- Nonretail service or technology activities
- Agribusiness
- Headquarters operations
- Coal severing and processing
- Hospital operations
- Carbon dioxide or hydrogen transmission pipeline
- Alternative fuel, gasification, energy efficient alternative fuels, or renewable energy production
- Operating or developing a tourism attraction in KY

### REQUIREMENTS

- Minimum investment of \$500,000 in eligible costs
- Statutory limit of \$20 million for building fixtures and construction materials, and \$5 million for electronic processing, R&D equipment and flight simulators per fiscal year

### RECOVERY METHOD

- Refund of sales and use tax paid for building fixtures, construction materials, electronic processing equipment, R&D equipment and/or flight simulators

# OVERVIEW

## BLUEGRASS STATE SKILLS CORPORATION

- BSSC is established under KRS 154.12-205 as an independent corporation and political subdivision of the Commonwealth and is administratively attached to the Cabinet for Economic Development.
- Works with qualified companies and educational institutions to support skills upgrade and occupational upgrade training.
- BSSC administers and funds customized business and industry-specific training through agreements for Grant-in-Aid and Skills Training Investment Credit incentives
- BSSC administers the Metropolitan Tax Credit (UPS)
- BSSC acts a broker by coordinating the resources of providers of skills upgrade training, occupational upgrade training and employment services.
- BSSC facilitates the creation of public/private partnerships through education and training programs designed to meet training needs for individual companies and training consortia

# APPLICATION REQUIREMENTS

BLUEGRASS STATE SKILLS CORPORATION

## COMPANIES

A legal entity that has been, or is planning to be, actively engaged within the Commonwealth in:

- Manufacturing
- Nonretail service or technology activities
- Agribusiness
- Headquarters operations
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- Hospital operations
- Carbon dioxide or hydrogen transmission pipeline
- Alternative fuel, gasification, energy efficient alternative fuels, or renewable energy production

## ELIGIBLE TRAINING

- In-house training
- Employee wages
- Instructional materials/supplies
- Equipment
- Educational Institution/Consultant Training
- Consortia/Industry Partnerships

## RECOVERY METHOD

- Grant in Aid – cash grant through reimbursement
- Skills Training Investment Credit – corporate income tax credit

# SCORING

## BLUEGRASS STATE SKILLS CORPORATION

**In order to qualify for BSSC funding, an application must earn a minimum score of 60 points**

### SCORING CRITERIA CONSIDERS

- Company/consortium status – existing number of employees at facility
- Area of need – ranges depending on County where employer is located
- Trainees average hourly wage rate
- Progressive company initiatives:
  - **Consortium/industry partnership**
  - If funding was received in a previous FY
  - Expanding company, adding jobs
  - **Childcare and transportation support for employees**
  - Career growth opportunities – wage increases as a result of training
  - Workforce development initiative participation
  - **Registered apprenticeships**
  - **American Veterans**



**WE APPRECIATE  
THE LEGISLATURE!**

**Good  
News**

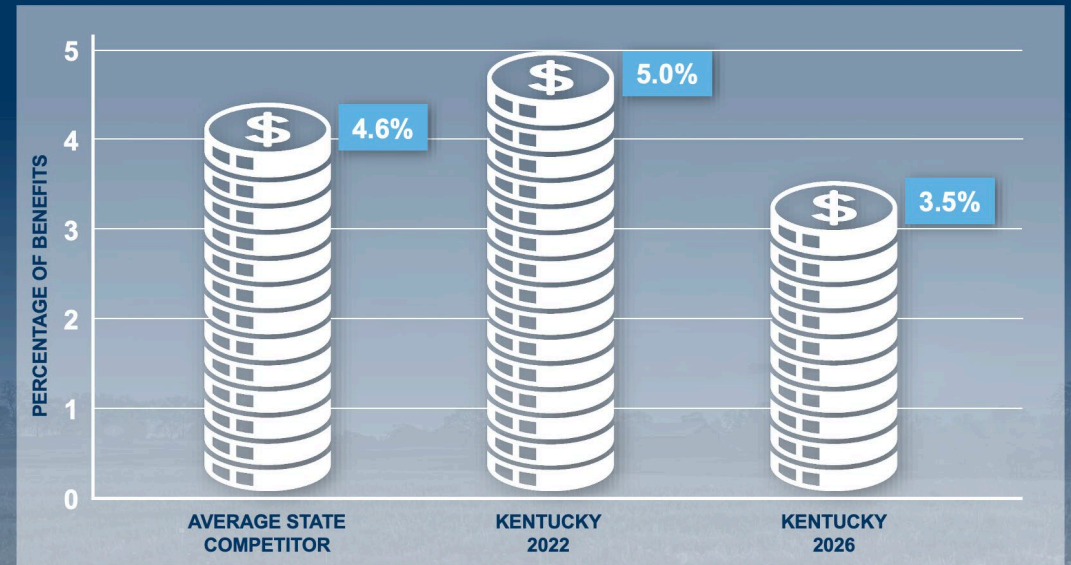
- Differentiated Tools to Help Counties That Have Not Grown—  
Rural and Eastern Counties Focus- *Heritage Communities*
- Addresses KBI Reduction in Value - *Refundability is a Reality*
- Expands Tools for *R&D, HQ and Business Services Attraction*
- *\$80M Closing* and *\$50M KPDI Funding*, *\$100M GRANT Funding*
- Key Change of “But For” Limitation with *90 Day Look Back*
- *Workforce Study* in Rural and Eastern Ky Counties
- *\$5M for High Growth Businesses*
- *\$5M Talent Attraction Program*
- *KJRA* from 1000 jobs to *250 jobs* for Heritage Communities
- *\$10M to Expand Direct Flights* into Louisville and CVG

# REFUNDABILITY

3.5% + 1.25%

- Refundability based on population density calculation under KPDI as follows:
  - **1.25%** of wages for **non heritage** counties: \$1 Million Cap/Year
  - **2.25%** of wages for **heritage counties**: \$ 3 Million Cap/Year
- Doubles the KBI average wage requirement to 200% of federal minimum wage in Heritage counties and 300% in other counties.
- Allow KBI-eligible costs to include costs incurred for a project up to ninety (90) days prior to KEDFA approval.

## KBI STATUS EDF FUNDS BRIDGE THE GAP





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