

## CAPITAL PLANNING ADVISORY BOARD

2026 - 2032

### Capital Planning System Reports

**BRANCH:**

Executive Branch

**CABINET/FUNCTION:**

Cabinet for Economic Development

### MISSION AND PROGRAMS

The Cabinet for Economic Development is the primary state agency in Kentucky responsible for job creation and retention and new investment in the state. Programs administered by the Cabinet are designed to support and promote economic development, primarily by attracting new industries to the state, assisting in the expansion of existing industries, leading a statewide network of support for entrepreneurs, small business owners and knowledge-based start-up entities, and assisting communities in preparing for economic development opportunities.

According to KRS 154.10-010, the Cabinet is governed by the Kentucky Economic Development Partnership (or the Partnership Board), consisting of 14 voting members, two non-voting members and chaired by the Governor. The Partnership Board is responsible for directing and overseeing the Cabinet and adopting a strategic plan. The Ky Economic Development Finance Authority (KEDFA) is a statutorily-created committee under the authority of the Partnership Board. KEDFA is responsible for awarding most of the financial incentives codified in KRS Chapter 154.

The Cabinet consists of the following:

- Office of the Secretary
- Department for Business & Community Development
- Department for Financial Services
- Office of Entrepreneurship & Innovation
- Office of Strategy & Public Affairs
- Office of Legal Services

The main office and majority of staff are located at the Old Capitol Annex, 300 West Broadway, Frankfort. The Cabinet also has foreign representation in Hamburg, Germany and Tokyo, Japan.

The following programs/pools included in the capital budget are administered by the Cabinet:

- 1) The Economic Development Fund (EDF) Program (KRS 154.12-100) (formerly called the Economic Development Bond (EDB) Program) provides grants to companies to underwrite costs associated with locating or expanding a facility in Ky.
- 2) The Ky Economic Development Finance Authority (KEDFA) Pool can be used for direct loans (KRS 154.20-010 to 180), small business loans (KRS 154.12-325 and 330) or other cash incentives.
- 3) The High-Tech Construction/Investment Pools (KRS 154.12-278) are used to build and promote networks of technology-driven and/or research-intensive industries and for projects that support the development of high-tech jobs and knowledge-based companies.

## FUNDING SUMMARY

| <b>Fund Source</b> | <b>2026-2028<br/>Biennium</b> | <b>2028-2030<br/>Biennium</b> | <b>2030-2032<br/>Biennium</b> | <b>Total</b>       |
|--------------------|-------------------------------|-------------------------------|-------------------------------|--------------------|
| General Fund       | 72,000,000                    | 72,000,000                    | 72,000,000                    | 216,000,000        |
| <b>Total</b>       | <b>72,000,000</b>             | <b>72,000,000</b>             | <b>72,000,000</b>             | <b>216,000,000</b> |

  

| <b>Funding by Agency</b> | <b>2026-2028<br/>Biennium</b> | <b>2028-2030<br/>Biennium</b> | <b>2030-2032<br/>Biennium</b> | <b>Total</b>       |
|--------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------|
| Office of the Secretary  | 72,000,000                    | 72,000,000                    | 72,000,000                    | 216,000,000        |
| <b>Total</b>             | <b>72,000,000</b>             | <b>72,000,000</b>             | <b>72,000,000</b>             | <b>216,000,000</b> |

### Abbreviations

SEC - Econ Dev - Office of the Secretary

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### PLAN OVERVIEW

Economic development incentives, including tax incentive programs and cash programs, may be used in negotiations to attract new industries to the state and assist in the expansion of existing industries in Kentucky. Due to the competition among states for projects, more projects are now requesting assistance in the form of cash. The Cabinet for Economic Development's request includes funding for three cash programs: Kentucky Economic Development Finance Authority (KEDFA) programs, Economic Development Fund (EDF) program and Office of Entrepreneurship and Innovation High-Tech Construction and Investment Pool programs.

The KEDFA loan programs have been successfully administered for many years and a large loan pool "cash balance" had been created. Since 2000, a large amount of funds were transferred to the Office of Entrepreneurship and Innovation with a substantial amount returned to the General Fund. Additional funds are critical to rebuild available cash options.

The EDF program provides grants to companies to underwrite costs associated with locating or expanding operations in Kentucky. EDF grants/forgivable loans are made through local government entities to companies that are locating or expanding their operations in Kentucky. Additional future bond funds are critical to keep this program available for future projects. Please note the EDF program is the former Economic Development Bond (EDB) program. Additionally, projects identified through the Kentucky Product Development Initiative (KPDI) program to fund infrastructure projects to communities follow the EDF approval process.

The High-Tech Construction and Investment Pools are part of an overall economic development strategy set forth in the Kentucky Innovation Act of 2000 (HB 572). Codified in KRS 154.12-278(4), the pools are used to build and promote networks of technology driven and/or research-intensive industries and for projects which support the development of high-tech jobs and knowledge-based companies. The Executive Director of the Office of Entrepreneurship and Innovation administers the pools, recommends the projects and determines the distribution of funds within the pools.

Other KEDFA cash is available for unanticipated cash incentives/grants as authorized in the general KEDFA and Partnership Board authorization language. The Partnership Board statute authorizes many forms of loans/grants (KRS 154.10-030). The Partnership Board delegated these authorities to KEDFA per Resolution 92-1. In the current competitive environment, KEDFA should have some flexibility to expend its funds as needed to attract and expand industry.

Activity level and interest in the Commonwealth continues to increase related to economic development. It's the Cabinet's preference to win projects for the Commonwealth and not have to provide any incentive at all. Other states are competing for the same project, though, and incentives are required. Other states have privatized funds and large pools of cash available to attract economic development projects. The Cabinet needs the appropriate tools and resources available to attract new location projects and expansions of existing industries to the Commonwealth.

**CABINET FOR ECONOMIC DEVELOPMENT**  
**Proposed Projects Involving the General Fund (cash or bonds)**  
(amounts in **bold** are the total budget)

**2026-2028 Biennium**

(Projects listed by Cabinet priority; descriptions are from the agency submission)

*For multiple biennia, there has been budget language that allows funds appropriated to these recurring incentive programs be used interchangeably for economic development projects.*

- |                                  |   |                      |
|----------------------------------|---|----------------------|
| <b>1</b>                         | <b>Economic Development Fund (EDF) Program</b>  | <b>24,000,000 GF</b> |
|                                  | <p>Over the life of this program, many Kentucky companies have received grants and/or loans from the EDF pool to underwrite costs associated with locating or expanding their facilities in Kentucky. Additionally, communities have received grants for infrastructure improvements under the Pilot PDI and KPDI programs. The EDF program is critical to continue attracting new businesses to Kentucky, encourage companies to expand their existing operations in Kentucky and for Kentucky communities to have the infrastructure in place for projects to move quickly (speed to market). SEC (GL)</p> <p><u>CPAB Staff Notes</u></p> <ul style="list-style-type: none"><li>• <i>This is a recurring program, which received \$10 million in Bond Fund authorizations in the 2024-2026 and 2022-2024 fiscal biennia.</i></li><li>• <i>Additional Bond Funds of \$24 million are proposed for remaining biennia of this six-year plan.</i></li></ul> |                      |
| <b>2</b>                         | <b>KY Eco.Dev. Finance Authority(KEDFA)</b>   | <b>24,000,000 GF</b> |
|                                  | <p>Over the life of this program, many Kentucky companies have received low interest loans from the KEDFA pool to help underwrite the costs associated with locating a new facility or expanding an existing facility in Kentucky. The future of this program is critical to continue to attract new businesses to and provide assistance to existing businesses in Kentucky. SEC (GL)</p> <p><u>CPAB Staff Notes</u></p> <ul style="list-style-type: none"><li>• <i>This is a recurring program, which received \$10 million in Bond Fund authorizations in the 2024-2026 and 2022-2024 fiscal biennia.</i></li><li>• <i>Additional Bond Funds of \$24 million are proposed for remaining biennia of this six-year plan.</i></li></ul>   |                      |
| <b>3</b>                         | <b>High-Tech Construct/Investment Pools</b>   | <b>24,000,000 GF</b> |
|                                  | <p>Capital is critical to grow the high-tech firms that fuel economic development in the emerging economy. Product development can be expensive and many new firms find it difficult to raise private investment funds. The Cabinet for Economic Development administers the High-Tech Construction/Investment Pools that are used to build and promote innovative-driven and research-intensive industries in Kentucky. SEC (GL)</p> <p><u>CPAB Staff Notes</u></p> <ul style="list-style-type: none"><li>• <i>This is a recurring program, which received \$10 million in Bond Fund authorizations in the 2024-2026 and 2022-2024 fiscal biennia.</i></li><li>• <i>Additional Bond Funds of \$24 million are proposed for remaining biennia of this six-year plan.</i></li></ul>  |                      |
| <b>2026-2028 Biennium Total:</b> |   | <b>72,000,000</b>    |

**CABINET FOR ECONOMIC DEVELOPMENT**  
**Proposed Projects Involving the General Fund (cash or bonds)**  
(amounts in **bold** are the total budget)

**2028-2030 Biennium**

|  |                         |
|--|-------------------------|
| Economic Development Fund (EDF) Program (GL) | 24,000,000              |
| High-Tech Construct/Investment Pools (GL)    | 24,000,000              |
| KY Eco.Dev. Finance Authority(KEDFA) (GL)    | 24,000,000              |
| <b>2028-2030 Biennium Total:</b>             | <hr/> <b>72,000,000</b> |

**2030-2032 Biennium**

|  |                         |
|--|-------------------------|
| Economic Development Fund (EDF) Program (GL) | 24,000,000              |
| High-Tech Construct/Investment Pools (GL)    | 24,000,000              |
| KY Eco.Dev. Finance Authority(KEDFA) (GL)    | 24,000,000              |
| <b>2030-2032 Biennium Total:</b>             | <hr/> <b>72,000,000</b> |