CABINET FOR ECONOMIC DEVELOPMENT
Kentucky Film Office
(Amendment)

307 KAR 1:080. Kentucky Entertainment Incentive Program (Effective July 15, 2026[~~July 1, 2025~~]).

RELATES TO: KRS 154.61-010, 154.61-020, 154.61-030
STATUTORY AUTHORITY: KRS 154.12-280, 154.61-030(5)
CERTIFICATION STATEMENT:
NECESSITY, FUNCTION, AND CONFORMITY: KRS 154.12-280, 154.12-282, 154.61-010, 154.61-020, and 154.61-030 authorize the Kentucky Film Office and Kentucky Film Leadership Council, through the Cabinet for Economic Development and its Secretary, to establish procedures and standards for the Kentucky Entertainment Incentive Program. This administrative regulation establishes the application, criteria, fee structure, and economic analysis to evaluate applications for the KRS Chapter 154.61 incentives.

Section 1. Definitions.
(1) "Above-the-line production crew" is defined by KRS 154.61-010(1).
(2) "Applicant" means an eligible company submitting an application for incentives under KRS 154.61-030.
(3) "Application" means an Application for Kentucky Entertainment Incentive (KEI) for tax incentives filed with the Cabinet pursuant to KRS 154.61-030.
(4) "Approved company" is defined by KRS 154.61-010(3).
(5) "Below-the-line production crew" is defined by KRS 154.61-010(4).
(6) "Cabinet" is defined by KRS 154.61-010(5).
(7) "Certified audit" is defined by KRS 154.61-010(6)
(8) "Commercial" means an advertisement or promotional production created for the purpose of marketing, promoting, or publicizing a product, service, brand, or message, intended for distribution or exhibition on television, digital platforms, streaming services, or other national or multi-regional marketing campaigns. A commercial shall include a live-action component and may incorporate animation, visual effects, or other post-production elements, provided that such live-action component is a material and substantive part of the production.
(9) [~~(7)~~] "Common ownership" means two (2) or more legal entities, such as corporations, limited liability companies, partnerships, and the like, where the:
(a) Entities are owned by the same person;
(b) Same person serves as an officer or director of the entities; or
(c) Majority of one (1) entity is owned by one (1) or more of the other entities.
(10) [~~(8)~~] "Commonwealth" is defined by KRS 154.61-010(7)[~~(6)~~].
(11) [~~(9)~~] "Compensation" is defined by KRS 154.61-010(8)[~~(7)~~].
(12) [~~(10)~~] "Continuous film production" is defined by KRS 154.61-010(9)[~~(8)~~].
(13) [~~(11)~~] "Council" is defined by KRS 154.61-010(10)[~~(9)~~].
(14) [~~(12)~~] "Eligible company" is defined by KRS 154.61-010(12)[~~(11)~~].
(15) [~~(13)~~] "Employee" is defined by KRS 154.61-010(13)[~~(12)~~].
(16) [~~(14)~~] [~~"Enhanced incentive county" is defined by KRS 154.61-010(13).~~]
[~~(15)~~] "Financial interest" means a pecuniary interest that a reasonable person would expect to influence the impartiality of the transaction.
(17) "Heritage county" is defined by KRS 154.61-010(16).
(18) [~~(16)~~] "Kentucky-based company" is defined by KRS 154.61-010(18)[~~(16)~~].
(19) [~~(17)~~] "Kentucky Film Office" or "Office" means the office created by KRS 154.12-280.

(20) [~~(18)~~] "Kentucky vendor" means an individual or entity that:

(a) Sells or rents a type of property of which more than a de minimis amount is regularly held in its inventory in the ordinary course of business in Kentucky, or provides a service not performed at the filming or production site but in Kentucky, which is the subject of the production expenditure, in its ordinary course of business;

(b) Has a physical location in Kentucky with at least one (1) Kentucky resident employee working at the location on a regular basis. Registering with the Kentucky Secretary of State or appointing a registered agent in Kentucky does not establish a physical location in Kentucky for purposes of this definition;

(c) Is registered with the Kentucky Department of Revenue for collection of sales and use tax if required by law;

(d) Has a local Kentucky business license if required by law. The approved company shall be required to obtain a copy of the license from any Kentucky vendor if the total amount of purchases exceeds $50,000 for the vendor during the period considered in the application and approval by the council; and

(e) Provides services rendered on set or within the Commonwealth and:

1. Is identified on the daily production reports; or

2. Can provide other reasonable evidence that these services were rendered within the Commonwealth.

(21) [~~(19)~~] "Negotiated" means an arm's-length transaction between two (2) or more parties who are unrelated and unaffiliated, and entered into voluntarily in an open market where the parties acted in their own self-interest.

(22) [~~(20)~~] "Non-resident" means any individual not meeting the definition of a "resident" under KRS 154.61-010(28)[~~(22)~~].

(23) [~~(21)~~] "Pass-through entity" is defined by KRS 141.010(28).

(24) [~~(22)~~] "Person" is defined by KRS 154.61-010(24)[~~(20)~~].

(25) [~~(23)~~] "Program" means the Kentucky Entertainment Incentive Program established by KRS 141.383, 154.61-020, and 154.61-030.

(26) [~~(24)~~] "Qualifying expenditure" is defined by KRS 154.61-010(25)[~~(21)~~].

(27) [~~(25)~~] "Qualifying Kentucky crew training program" means a training program offered in conjunction with a motion picture or entertainment production, as defined by KRS 154.61-010(20)[~~(18)~~], in partnership with:

(a) An accredited Kentucky educational institution;

(b) A local trade association; or

(c) A regional educational or trade association.

(28) [~~(26)~~] "Qualifying payroll expenditure" is defined by KRS 154.61-010(26)[~~(22)~~].

(29) [~~(27)~~] "Resident" is defined by KRS 154.61-010(28)[~~(23)~~].

(30) "Script" means the written text, synopsis, and visual storyboard of a motion picture or entertainment production, including dialogue, narration, scene descriptions, stage directions, character descriptions, and other written content that serves as the basis for the production.

Section 2. The provisions of this administrative regulation shall be applicable on or after July 15, 2026[~~July 1, 2025~~].

Section 3. Qualifying Payroll Expenditures under the Kentucky Entertainment Incentive Program.

(1) Qualifying payroll expenditures submitted to the Cabinet by an approved company shall only include those expenditures made in Kentucky for services performed in the Commonwealth by above-the-line production crew or below-the-line production crew.

(2) When submitting qualifying payroll expenditures for above-the-line production crew, an approved company shall demonstrate to the Cabinet that the employee's salary was negotiated prior to commencement of the production. Salaries paid to above-the-line

production crew with a financial interest in the approved company shall be disclosed and accompanied by supporting documentation demonstrating the payroll expenditure was reasonable within market rates. Financial interest shall extend to parent companies, subsidiaries, or any other related individuals or entities deriving income, profits, or loss from the approved company. Supporting documentation required under this subsection shall include:

(a) Disclosure of the total payroll expenditure related to the above-the-line production crew member for the project;

(b) A detailed description of the services performed in the Commonwealth, including dates; and

(c) Comparative rates from DGA, WGA, PGA, or other nationally recognized union or guild, as applicable, demonstrating the claimed qualifying payroll expenditure aligns with standard industry rates.

(3) When submitting qualifying payroll expenditures made in the Commonwealth for services performed in the Commonwealth, an approved company shall demonstrate to the Cabinet that the employee rendered the service on-set or otherwise within the Commonwealth. Compensation for services conducted or rendered both in the Commonwealth and outside of the Commonwealth shall only qualify as a qualified payroll expenditure to the extent the service is physically rendered in the Commonwealth. If an approved company is unable to track the cost of the services physically rendered in Commonwealth, then some other reasonable method which approximates the cost of the services rendered in the Commonwealth may be used to determine the amount attributable to the Commonwealth subject to adjustment by the Cabinet.

(4) For purposes of qualifying payroll expenditures attributable to an employee's salary or compensation, the includable amount shall not exceed the employee's annual salary and compensation divided by 365 then multiplied by the number of days upon which the employee actually performed services within the Commonwealth directly in connection with the motion picture or entertainment production. The approved company shall identify and document the specific dates on which such services were performed. No day for which salary or compensation is claimed for a particular employee shall overlap with any day for which incentivization is sought for that same employee's salary or compensation in connection with any other motion picture or entertainment production.

(5) Failing to provide documentation if requested by the Cabinet shall result in expenditures being disqualified and the claimed qualifying payroll expenditure being excluded.

Section 4. Qualifying Expenditures under the Kentucky Entertainment Incentive Program.

(1) An approved company submitting qualifying expenditures to the Cabinet shall only include expenditures made in the Commonwealth for one (1) or more of the categories listed in KRS 154.61-010(25)(a)(1) through (9)[~~KRS 154.61-010(21)(a)(1) through (9)~~].

(2) Expenditures shall be considered made in the Commonwealth if they are made to a Kentucky vendor.

(3) Expenditures shall not be considered to be made in the Commonwealth if those expenditures are paid to a Kentucky vendor acting as a conduit, waypoint, or pass-through entity solely to enable the purchases or rentals to qualify as qualifying expenditures.

(4) Expenditures made to persons with common ownership or a financial interest with an approved company shall be accompanied by supporting documentation demonstrating the expenditure was reasonable within market rates. Common ownership shall extend to parent companies, subsidiaries, or any other related individuals or entities deriving income, profits, or loss from the approved company. Supporting documentation required under this subsection shall include:

(a) Disclosure of ~~[disclose]~~ the total value of goods and services provided for the project as well as a breakdown of all the related party transactions;

(b) Detailed itemization and description of the services and goods included within the expenditure; and

(c) At least two (2) competitive bids from unrelated vendors within the motion picture or entertainment production's geographic region. ~~[Common ownership shall extend to parent companies, subsidiaries, or any other related individuals or entities deriving income, profits, or loss from the approved company.]~~

(5) Records submitted in support of a claimed qualifying expenditure shall contain sufficient detail to enable the Cabinet or office to verify the specific services, equipment, or facilities invoiced were directly utilized in connection with the motion picture or entertainment production. General descriptions, summary categories, or grouped charges that do not identify the specific services, equipment, or facilities provided shall result in the disqualification of the claimed qualifying expenditure.

(6) Goods, equipment, or other tangible assets purchased outside of the Commonwealth shall not qualify as qualifying expenditures. To the extent such goods, equipment, or other assets are included within the same invoice as other expenditures that may properly qualify under this section, that invoice shall have sufficient itemization for the Cabinet or office to exclude those out-of-state goods, equipment, or other assets. If an out-of-state vendor provides on-set services within the Commonwealth in conjunction with out-of-state goods, equipment, or other assets to be utilized in a motion picture or entertainment production, only the on-set services provided by the out-of-state vendor within the Commonwealth may qualify. Failure to separately itemize non-qualifying expenditures shall result in the disqualification of the entirety of the claimed qualifying expenditure.

(7) For goods, equipment, or other tangible assets, the following shall apply:

(a) For office, production, post-production, or effects equipment, including computers, hardware, printers, and similar items, the qualifying expenditure shall be the lesser of the net cost after any resale proceeds or twenty (20) percent of the original purchase price.

(b) For all other assets with an original purchase price exceeding $5,000, the qualifying expenditure shall be limited as follows:

1. If sold, the lesser of net cost after resale or twenty (20) percent of the original purchase price;

2. If retained, donated, or otherwise disposed of without sale, no more than twenty (20) percent of the original purchase price;

3. If destroyed as part of production, up to one hundred (100) percent of cost, provided sufficient documentation is maintained.

(c) For costumes, props, set pieces, and other non-fixed assets used in national touring productions of a Broadway show, only the portion of the cost attributable to use within the Commonwealth shall qualify, based on a reasonable allocation supported by production records and documentation.

(8) Failing to provide documentation ~~[if]~~requested by the Cabinet shall result in expenditures being disqualified and the claimed qualifying expenditure being excluded.

Section 5. Application Requirements.

(1) Applicants seeking incentives under the program shall submit an Application for Kentucky Entertainment Incentive (KEI) to the Cabinet that includes:

(a) The name and address of the applicant;

(b) Verification that the applicant is a Kentucky-based company;

(c) The preliminary production script or a detailed synopsis of the script;

(d) The locations where the filming or production will occur;

(e) The anticipated date on which filming or production shall begin in Kentucky;

(f) The anticipated date on which the applicant will complete incurring expenditures in Kentucky;

(g) The total anticipated qualifying expenditures;

(h) The total anticipated qualifying payroll expenditures for resident and nonresident above-the-line crew by county;

(i) The total anticipated qualifying payroll expenditures for resident and nonresident below-the-line crew by county;

(j) The address of a Kentucky location at which records of the production will be kept;

(k) An affirmation that if not for the incentive offered under this subchapter, the eligible company would not film or produce the production in the Commonwealth;

(l) Proof of funding for the project. An applicant shall provide documentation demonstrating a minimum of~~[Proof shall demonstrate]~~ fifty (50) percent~~[of funds raised through the following:]~~

~~[1.] [IATSE Bonds, SAG Bonds, Completion Bonds;]~~

~~[2.] [Payroll statements;]~~

~~[3.] [Bank statements;]~~

~~[4.] [Financing or funding contracts; or]~~

~~[5.] [Commitment letters, where the applicant shall:]~~

~~[a.] [Demonstrate twenty-five (25) percent]~~of committed funds are held in an escrow account under the applicant's name identified as for the purpose of the motion picture or entertainment production with an accompanying~~[; and]~~

~~[b.] [Present a balance sheet and]~~ letter from an accredited financial institution~~[, attorney, or accountant holding the funds]~~.

(m) Whether the applicant has a distribution contract for the project and supporting plans and documentation regarding distribution;

(n) Whether the applicant has previously received approval for incentives under the program, and, if so, specification of the year of the approval and amount of incentives received in each year. This information shall include incentives received by any other entity with common ownership or any individual with a financial interest in the applicant. Common ownership shall extend to parent companies, subsidiaries, or any other related individuals or entities deriving income, profits, or loss from the applicant;

(o) The number of resident and nonresident above-the-line and below-the-line production crew members included by the applicant, or any other entity with common ownership or any individual with a financial interest in the applicant, on a previous application. This information shall include:

1. The date of the application;
2. Whether the application was approved;
3. The dates upon which the crew members were or are to be utilized; and
4. Each crew member's role in the production;

(p) Any deal memoranda between applicants and key personnel;

(q) A detailed episode-by-episode synopsis and committed talent;

(r) A detailed breakdown of the project's budget including all estimated line items used to support claimed qualifying payroll expenditures and qualifying expenditures. All budget line items shall be reasonable and within market rates;

(s) A detailed explanation of timing of the production if there are commonly held or financially interested applicants with overlapping personnel; and

(t) Whether there are one (1) or more qualifying Kentucky crew training programs offered in conjunction with the project.

(2) The office shall review applications on a project basis. For purposes of this administrative regulation, a television program may consist of a pilot episode or an entire season of a series. A television program shall not be divided into individual episodes or groups of episodes for purposes of establishing separate projects. ~~[Applicants shall~~

~~submit a completed application no later than thirty (30) calendar days prior to the date upon which applicant seeks to have the application reviewed by the council.]~~

(3) Within thirty (30)~~[twenty (20)]~~ calendar days of receiving an application, the office shall notify the applicant:

(a) That the office received the application;

(b) Whether, upon initial review, the applicant appears to meet the criteria of an eligible company or whether the office requires additional verification or documentation; and

(c) That either:

1. Based upon the annual allocated funds for the program, enough uncommitted incentives remain in the program's calendar year to move forward with an economic analysis~~[, ranking of the application, and notification to the council]~~; or

2. Based upon the remaining annual allocated funds for the program, the office will not move forward with the application.

Section 6. Incentive Awards. To effectuate the purposes of the program set forth in KRS 154.61-020(1), the amount of incentive awards approved for all applicants in any single quarter of the calendar year~~[month]~~, not otherwise meeting the definition of continuous film production, shall be limited to no more than twenty-five (25) percent~~[$10 million]~~ of the total annual tax credit cap under KRS 154.61-020(4). If the amount of incentive awards approved does not meet the twenty-five (25) percent~~[$10 million]~~ limitation set forth in this subsection, the remainder shall carry forward to the subsequent quarter of the calendar year~~[month]~~. The council may elect to commit more than this quarterly~~[monthly]~~ allocation if a project:

(1) Has anticipated qualifying expenditures and payroll expenditures that exceed this amount; and

(2) Commitment of incentives to the project is supported by the economic analysis set forth in Section 7 of this administrative regulation.

Section 7. Economic Analysis.

(1) The Cabinet shall conduct an economic analysis of each application.

(2) The analysis shall evaluate each application on the:

(a) Percentage of spend in the Commonwealth in relation to the total amount anticipated to be spent on a project, favoring a higher percentage of the total budget allocated within Kentucky;

(b) Relative percentage of total production costs associated with above-the-line and below-the-line production crew costs, favoring a higher percentage of below-the-line production crew;

(c) Percentage of project filming or production in heritage~~[enhanced incentive]~~ counties, favoring a higher percentage of project filming or production in heritage counties;

(d) Number of anticipated employed Kentucky residents compared to the total above-the-line and below-the-line production crew, favoring a higher percentage of employed Kentucky residents;

(e) Amount of time filming or production will occur in Kentucky, favoring a higher number of days filming in Kentucky;

(f) Presence of a distribution contract, favoring the presence of a distribution contract;

(g) Percentage of funding secured, favoring fully secured funding;

(h) Total amount of incentives sought compared to the number of Kentucky-based above-the-line and below-the-line production crew members employed;

(i) Percentage of incentives sought attributable to non-Kentucky-based production crew members, favoring a lower percentage of incentives attributable to non-Kentucky-based production crew; ~~[and]~~

(j) Previous participation in the program, favoring those applicants with a demonstrated record of success with the program; and

(k) Availability of one (1) or more qualifying Kentucky crew training programs offered in conjunction with the project.

(3) The Cabinet shall conduct an economic analysis of each application submitted under the program based upon the program's purposes set forth in KRS 154.61-020(1)(a) through (d). Analysis shall prioritize applications with more Kentucky-based jobs, committed funding, spend to Kentucky-based vendors and residents, qualifying Kentucky crew training programs, and overall economic benefit to Kentucky in relation to the total amount of proposed spend on a project or incentives sought by an eligible company.

(4) For a national touring production of a Broadway show produced in Kentucky in accordance with KRS 154.61-010(18)(a)2., the number of anticipated employed Kentucky residents identified in subsection (2)(d) of this section shall include the number of Kentucky-based jobs at the production's performance venue supported by the production.

(5) Applications scoring fewer than sixty (60) of the available points shall be denied for failing to have an economic analysis in support of the project.

(6) Upon completion of the project, submission of qualifying expenditures and qualifying payroll expenditures, and submission of a certified audit report~~[certification of eligible expenditures by an independent certified public accountant]~~, the Cabinet may reduce the approved incentive amount to an approved company based upon the variation between the approved company's application for incentives and actual expenditures submitted to the Cabinet.

(7) Applications scoring higher than ninety (90) of the available points based upon a minimum combined total of $7,500,000 in qualifying payroll expenditures and qualifying expenditures shall result in the application being designated as a high-impact motion picture or entertainment production.

Section 8. Certified audit. Any motion picture or entertainment production shall submit a certified audit to the Cabinet and office conducted in accordance with the Kentucky Entertainment Incentive Program Certified Audit Guidelines and all other applicable laws and regulations applicable thereto.

Section 9. Fees. Applicants seeking incentives under the program shall include with their application:

(1) A nonrefundable application fee in the amount of:

(a) $250 if the total amount of qualifying expenditures and qualifying payroll expenditures is less than$50,000;

(b) $500 if the total amount of qualifying expenditures and qualifying payroll expenditures is between $50,000 and $100,000; or

(c) $1,000 if the total amount of qualifying expenditures and qualifying payroll expenditures is more than $100,000; and

(2) An administrative fee of one-half of one percent (0.5%) of the estimated amount of tax incentive sought or $500, whichever is greater; and~~[.]~~

(3) A nonrefundable fee of $2,000 for expenses incurred as a result of preparation of the tax incentive agreement.

Section 10. ~~[Section 9.]~~ Incorporation by Reference.

(1) "Application for Kentucky Entertainment Incentive (KEI)", July 2026~~[September 2025]~~, is incorporated by reference.

(2) "The Kentucky Entertainment Incentive Program Certified Audit Guidelines," July 2026, is incorporated by reference.

(3) ~~[(2)]~~ This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Cabinet for Economic Development, Mayo-Underwood Building, 500 Mero Street, 5th Floor, Frankfort, Kentucky 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m. or online at https://kentucky.location.pro/incentive~~[https://cedky.com/cdn/1980_KEI_Application_9-2025_CED_Sample.pdf]~~.

COMPILER'S NOTE: 2025 RS HB 6, enacted by the General Assembly on March 27, 2025, altered the information to be provided at the time an administrative regulation is filed. Aside from formatting changes necessary to upload the regulation into the LRC's publication application, this regulation has been published as submitted by the agency.

307 KAR 1:080
JEFF NOEL, Secretary

APPROVED BY AGENCY: July 15, 2026
FILED WITH LRC: July 15, 2026 at 11:15 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on September 21, 2026, at 11:00 a.m. Eastern Time/10:00 a.m. Central Time at the Cabinet for Economic Development, Mayo Underwood Building, 500 Mero Street, Frankfort, Kentucky 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through September 30, 2026. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Matthew Wingate, General Counsel, Cabinet for Economic Development, Mayo Underwood Building, 500 Mero Street, 5th Floor, Frankfort, Kentucky 40601, phone: (502) 782-1948, fax (502) 564-3256, email: matthew.wingate@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person:Matthew Wingate, Phone Number: (502) 782-1948, Email: matthew.wingate@ky.gov

Subject Headings:Economic Development, Loans and Credit, Fees

(1) Provide a brief summary of:

(a) What this administrative regulation does:
This administrative regulation establishes the application, criteria, fee structure, certified audit, and economic analysis to evaluate applications for the Kentucky Entertainment Incentive Program pursuant to KRS 154.61-010 through 15.61-030.

(b) The necessity of this administrative regulation:
This administrative regulation is necessary to administer the Kentucky Entertainment Incentive Program and Kentucky Film Office as required by statute.

(c) How this administrative regulation conforms to the content of the authorizing statutes:
This administrative regulation conforms to the content of the authorizing statutes by establishing the application process and review criteria and requirements for the Kentucky Entertainment Incentive Program.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:
This administrative regulation assists with the effective administration of the statutes by establishing a framework for prioritizing applications based upon the purpose of the Kentucky Entertainment Incentive Program statutes.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:
This amendment provides additional safeguards to public funds by setting forth standard criteria for applications and including statutorily required audit guidelines.

(b) The necessity of the amendment to this administrative regulation:
This amendment is required due to the passage of 2026 SB 324 during the 2026 Regular Session of the General Assembly, as codified in 2026 Ky. Acts ch. 194.

(c) How the amendment conforms to the content of the authorizing statutes:
This amendment updates the new definitions and requirements set forth in 2026 Ky. Acts ch. 194.

(d) How the amendment will assist in the effective administration of the statutes:
This administrative regulation assists with the effective administration of the statutes by establishing a framework for prioritizing applications based upon the purpose of the Kentucky Entertainment Incentive Program statutes and the changes implemented in 2026 Ky. Acts ch. 194.

(3) Does this administrative regulation or amendment implement legislation from the previous five years?Yes, it implements 2026 Ky. Acts ch. 194 (SB 324).

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:
the regulation will assist persons and entities applying for incentives under the Kentucky Film Office’s statutory program, the Kentucky Entertainment Incentive

Program.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment:

Regulated entities will be able to participate in the Kentucky Entertainment Incentive Program through the established process.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):

regulated entities applying for the Kentucky Entertainment Incentive Program will remit the fees as specified in 2026 Ky. Acts ch. 194 (SB 324).

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):

Applicants may become qualified for incentives under the Kentucky Entertainment Incentive Program where such incentives have been approved by the Kentucky Film Leadership Council.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

No expenses or an unknown amount will be incurred.

(b) On a continuing basis:

No expenses or an unknown amount will be incurred.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:

Pursuant to KRS 154.61-020, the total tax incentive amount of the Kentucky Entertainment Incentive Program is $75,000,000. Sources of funding for staffing are provided from General Funds provided to the Cabinet and restricted funds from application fees as set by KRS 154.61-030(5) and two and one-half percent (2.5%) of the transient room tax collected pursuant to KRS 142.400, up to the maximum amount of five hundred thousand dollars ($500,000) in each fiscal year, for the period beginning July 1, 2025, and ending June 30, 2028, as set by KRS 154.12-280(4) and modified by 2026 Ky. Acts 194 (SB 324).

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

Neither an increase in fees nor funding will be necessary to implement this administrative regulation.

(9) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

this regulation establishes the fees set forth in KRS 154.12-280(3), 154.61-030(4)(s), and 154.61-030(5).

(10) TIERING: Is tiering applied?

Tiering is not used as the application and fees apply to the same classes of individuals and entities.

FISCAL IMPACT STATEMENT

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation.
KRS 154.12-280, 154.61-010, 154.61-020, and 154.61-030.

(2) Identify the promulgating agency and any other affected state units, parts, or divisions:
Cabinet for Economic Development, Kentucky Film Office, other agencies have not been identified.

(a) Estimate the following for the first year:

Expenditures:Expenditures will depend on the number of applications and projects submitted, which is currently unknown. As the Kentucky Entertainment Incentive program is already in place, no additional expenditures are anticipated.

Revenues:Revenues will depend on the number of applications and projects submitted, which is currently unknown. As the Kentucky Entertainment Incentive program, no additional revenues are anticipated.

Cost Savings:Cost will depend on the number of applications and projects submitted, which is currently unknown. As the Kentucky Entertainment Incentive program, no additional costs are anticipated.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?
The Cabinet does not expect a change to revenues or cost savings in subsequent years.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts):
N/A

(a) Estimate the following for the first year:

Expenditures:The Cabinet does not anticipate expenditures as a result of this administrative regulation.

Revenues:The Cabinet does not anticipate revenues as a result of this administrative regulation.

Cost Savings:The Cabinet does not anticipate cost savings as a result of this administrative regulation.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?
The Cabinet does not expect a change to revenues or cost savings in subsequent years.

(4) Identify additional regulated entities not listed in questions (2) or (3):
Additional regulated entities include applicants to the Kentucky Cabinet for Economic Development's economic incentive programs.

(a) Estimate the following for the first year:

Expenditures:The Cabinet does not anticipate expenditures as a result of this administrative regulation.

Revenues:The Cabinet does not anticipate revenues as a result of this administrative regulation.

Cost Savings:The Cabinet does not anticipate cost savings as a result of this administrative regulation.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?
Expenditures: The Cabinet does not anticipate expenditures as a result of this administrative regulation. Revenues: The Cabinet does not anticipate revenues as a result of this administrative regulation. Cost Savings: The Cabinet does not anticipate cost savings as a result of this administrative regulation.

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation:
The administrative regulation implements the application process and review criteria and requirements for the Kentucky Entertainment Incentive Program. The administrative regulation does not create a fiscal impact.

(b) Methodology and resources used to determine the fiscal impact:
N/A.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). ($500,000 or more, in aggregate)
: The administrative regulation will not have a major economic impact – as defined by KRS 13A.010 – on regulated entities.

(b) The methodology and resources used to reach this conclusion:
This administrative regulation does not create a fiscal impact.