

154.34-110 Purpose of subchapter -- Expenditure and employment retention requirements for recovery of costs and tax incentives -- Legislative findings -- Annual report.

- (1) The purpose of this subchapter is to provide a means for the Commonwealth to promote job retention by providing incentives for existing businesses to reinvest in existing operations in Kentucky for eligible companies.
- (2) (a) To qualify for the incentives provided in this subchapter, an approved company shall:
 1. Incur eligible equipment and related costs of at least one million dollars (\$1,000,000) for leased projects and at least two million five hundred thousand dollars (\$2,500,000) for all other reinvestment projects;
 2. Agree to maintain a full-time employment base of at least eighty-five percent (85%) at the facility on the date of preliminary approval; and
 3. Not have been awarded incentives under Subchapter 26 of this chapter for a period of at least five (5) years prior to applying for incentives under this subchapter.
- (b) An approved company meeting the expenditure and employment retention requirements established by this subsection shall be eligible to recover up to fifty percent (50%) of the amount expended for eligible equipment and related costs. The actual amount that an approved company may recover shall be negotiated with the authority, and may be less than the maximum amount for which the approved company is eligible.
- (3) An approved company shall be eligible for incentives under this subchapter as follows: tax incentives of up to one hundred percent (100%) of the Kentucky income tax imposed under KRS 141.020 or 141.040 and the limited liability entity tax imposed under KRS 141.0401 on the income, Kentucky gross profits, or Kentucky gross receipts of the approved company generated by or arising from the eligible project, as set forth in KRS 154.34-120.
- (4) The General Assembly finds and declares that:
 - (a) The general welfare and material well-being of the citizens of the Commonwealth depend in large measure upon the reinvestment and development of existing industry in the Commonwealth;
 - (b) It is in the best interest of the Commonwealth to induce reinvestment in existing facilities of eligible companies within the Commonwealth in order to advance the public purposes of relieving unemployment by preserving jobs that may be lost if not for the incentives to be offered by the authority to approved companies, and by preserving and creating sources of tax revenues for the support of public services provided by the Commonwealth; and
 - (c) The authority prescribed by this subchapter and the purposes to be accomplished under this subchapter are proper governmental and public purposes for which public moneys may be expended.
- (5) On or before November 1, 2021, and each November 1 thereafter, the authority shall submit an overview report to the Interim Joint Committee on Appropriations

and Revenue and the Governor on the success or failure of each completed project in order to determine the effectiveness of the program. The report shall include but not be limited to the following information:

- (a) The number of applications receiving preliminary approval during the fiscal year;
- (b) The number of final approvals issued during the fiscal year;
- (c) The total amount of eligible equipment and other costs projected by the approved company at preliminary approval;
- (d) The total amount of eligible equipment and other costs actually incurred by the approved company at final approval;
- (e) The total number of full time jobs required to be preserved or retained as a result of the reinvestment project;
- (f) The total actual number of full-time jobs reported by the reinvestment project as being preserved or retained on an annual basis;
- (g) The maximum approved costs that may be recovered by the approved companies for the reinvestment projects; and
- (h) The location of the reinvestment projects receiving preliminary and final approval during the fiscal year.

Effective: June 29, 2021

History: Amended 2021 Ky. Acts ch. 185, sec. 126, effective June 29, 2021. -- Created 2009 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 2, effective June 26, 2009.

Legislative Research Commission Note (6/26/2009). 2009 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 7, provides that, notwithstanding the amendments contained in Sections 1 to 6 of that Act (which includes this statute), "all reinvestment projects preliminarily approved on or after the effective date of this Act shall not be eligible for final approval until July 1, 2010"; and 2009 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 8, provides that, notwithstanding the amendments in Sections 1 to 6 of that Act or the repeals in Section 114 of that Act, "all reinvestment projects preliminarily or finally approved prior to the effective date of this Act shall be governed by Subchapter 34 of KRS Chapter 154 as it existed prior to the effective date of this Act."