

### **154.31-010 Definitions for subchapter.**

As used in this subchapter:

- (1) "Agreement" means an agreement entered into pursuant to KRS 154.31-030 between the authority and an approved company;
- (2) "Alternative fuel production" has the same meaning as in KRS 154.32-010;
- (3) "Approved company" means an eligible company that has received approval from the authority for a sales and use tax incentive under this subchapter;
- (4) "Approved recovery amount" means the maximum sales and use tax incentive recoverable by an approved company as established in the agreement;
- (5) "Authority" means the Kentucky Economic Development Finance Authority;
- (6) "Carbon dioxide or hydrogen transmission pipeline" has the same meaning as in KRS 154.32-010;
- (7) "Coal severing and processing" means activities resulting in the eligible company being subject to the tax imposed by KRS Chapter 143;
- (8) "Department" means the Department of Revenue;
- (9) "Economic development project" means:
  - (a) 1. The acquisition or construction of a new facility; or  
2. The expansion or rehabilitation of an existing facility; or
  - (b) The installation and equipping of a facility;  
by an eligible company at a specific site in the Commonwealth to be used in an activity conducted by the approved company;
- (10) "Electronic processing" means the use of technology having electronic, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities, now in existence or later developed to perform a service or technology activity;
- (11) (a) "Eligible company" means any corporation, limited liability company, partnership, limited partnership, sole proprietorship, business trust, or other legal entity with a proposed economic development project that is primarily engaged in or planning to be engaged in one (1) or more of the following activities within the Commonwealth:
  1. Manufacturing;
  2. Nonretail service or technology activities;
  3. Agribusiness;
  4. Headquarters operations;
  5. Alternative fuel, gasification, energy-efficient alternative fuel or renewable energy production;
  6. Carbon dioxide or hydrogen transmission pipelines;
  7. Coal severing and processing;
  8. Hospital operations; or
  9. In operating or developing a tourism attraction.
- (b) "Eligible company" does not include any company whose primary activity to be conducted within the Commonwealth is forestry, fishing, the provision of

utilities, construction, wholesale trade, retail trade, real estate, rental and leasing, educational services, food services, or public administration services;

- (12) "Eligible expenses" means the amount expended for:
- (a) Building and construction materials permanently incorporated as an improvement to real property as part of an economic development project; or
  - (b) Equipment used for research and development or electronic processing at an economic development project;
- if the Kentucky sales and use tax imposed by KRS Chapter 139 is paid on the purchase of the materials or equipment at the time of purchase;
- (13) "Energy-efficient alternative fuel production" has the same meaning as in KRS 154.32-010;
- (14) (a) "Equipment" means tangible personal property which is subject to depreciation under Sections 167 and 168 of the Internal Revenue Code, including assets which are expensed under Section 179 of the Internal Revenue Code, and that is used in the operation of a business.
- (b) "Equipment" does not include any tangible personal property used to maintain, restore, mend, or repair machinery or equipment, consumable operating supplies, office supplies, or maintenance supplies;
- (15) "Gasification process" has the same meaning as in KRS 154.32-010;
- (16) "Headquarters" means the principal office where the principal executives of the entity are located and from which other personnel, branches, affiliates, offices, or entities are controlled;
- (17) "Hospital" has the same meaning as in KRS 154.32-010;
- (18) "Manufacturing" has the same meaning as in KRS 154.32-010;
- (19) "Nonretail service and technology" has the same meaning as in KRS 154.32-010;
- (20) "Project term" means the time for which an agreement shall be in effect. The project term shall be established in the agreement and shall not exceed seven (7) years;
- (21) "Renewable energy production" has the same meaning as in KRS 154.32-010;
- (22) (a) "Research and development" means experimental or laboratory activity that has as its ultimate goal the development of new products, the improvement of existing products, the development of new uses for existing products, or the development or improvement of methods for producing products.
- (b) "Research and development" does not include testing or inspection of materials or products for quality control purposes, efficiency surveys, management studies, consumer surveys or other market research, advertising or promotional activities, or research in connection with literary, historical, or similar projects; and
- (23) "Tourism attraction" has the same meaning as tourism attraction project in KRS 148.851.

**Effective:** June 29, 2023

**History:** Amended 2023 Ky. Acts ch. 75, sec. 21, effective June 29, 2023. -- Amended 2021 Ky. Acts ch. 185, sec. 117, effective June 29, 2021. -- Amended 2018 Ky. Acts ch. 199, sec. 30, effective July 14, 2018. -- Created 2009 (1st Extra. Sess.) Ky. Acts

ch. 1, sec. 20, effective June 26, 2009.