

154.25-030 Jobs retention project agreement -- Requirements, limitations, and permitted inducements.

- (1) The authority, upon adoption of its final approval, may enter into, with any approved company, an agreement with respect to the jobs retention project. The terms and provisions of each agreement, including the amount of approved costs, the amount of the inducement, the job maintenance requirement, and any limitations the authority may deem necessary, shall be determined by negotiations between the authority and the approved company, except that each agreement shall include the following provisions:
 - (a) The amount the approved company may recover through inducements under this subchapter for the initial project, which shall be a negotiated percentage not to exceed fifty percent (50%) of eligible costs. However, the authority may negotiate an increase in the percentage such that both the initial project and any supplemental projects are eligible for seventy-five percent (75%) of eligible costs upon approval of a supplemental project. The adjustment to the initial project shall be made on the total approved costs and any credits taken prior to the addition of a supplemental project shall then be subtracted from that increased amount of approved costs. Neither the initial project nor any supplemental project shall ever be eligible for inducements greater than seventy-five percent (75%) of the eligible costs. The authority shall negotiate a maximum allowable inducement for each year of the agreement, and the approved company may not recover inducements above that maximum in any year during the term of the agreement, except that the annual maximum allowable inducement may be exceeded if a carry-forward of unused inducements from previous years exists. Any carry-forward of unused inducements will lapse upon maturity or termination of the agreement;
 - (b) A provision that sets the activation date for the initial project within three (3) years of the final approval. Prior to the activation date, the authority may extend the time for the completion of the jobs retention project and compliance with the required investment upon request of the approved company for good cause; however, the ten (10) year period for the term of the agreement shall begin from the activation date. No inducements from the jobs retention project shall be available, other than the transferred credits provided for under subsection (2) of this section, until activation. Upon activation, the balance of transferred credits shall expire;
 - (c) A provision that states that within three (3) months of the completion of the jobs retention project, the approved company shall document the actual cost of the project in a manner acceptable to the authority. The authority may employ an independent consultant or utilize technical resources to verify the cost of the project. The approved company shall reimburse the authority for the cost of the consultant;
 - (d) A provision that establishes a minimum required number of full-time jobs that must be maintained at the site of the jobs retention project and filled with residents of the Commonwealth subject to Kentucky income tax and states that the authorized inducements may be suspended at the discretion of the

authority from the date of noncompliance until the date compliance is reestablished if the approved company's employment falls below the established minimum employment requirement. If the company does not increase the number of full-time employees at the site who are residents of the Commonwealth and subject to Kentucky income tax sufficiently to meet the minimum employment requirement within one (1) year from the date of the initial suspension, the remaining unused inducements may be terminated at the discretion of the authority;

- (e) A provision that gives the authority discretion to suspend or terminate the authorized inducements for any failure to comply with the terms of the agreement; and
 - (f)
 - 1. A provision that provides the term shall not be longer than the earlier of:
 - a. The date on which the approved company has received inducements or withheld assessments equal to the amount that the company may recover under paragraph (a) of this subsection; or
 - b. Ten (10) years from the activation date.
 - 2. The term in subparagraph 1. of this paragraph may be extended to a period longer than ten (10) years upon:
 - a. The approved company demonstrating that less than seventy-five percent (75%) of the incentives awarded under the agreement will be claimed during the term of the agreement; or
 - b. The addition of a supplemental project as negotiated and approved by the authority.
 - 3. An extension of the term shall not amend any provision of the agreement impacting the scope of the project or the maximum amount of incentives awarded under the agreement.
- (2) In consideration of the execution of the agreement, during the time the agreement is in effect, which time shall commence on the date of the agreement, the approved company may be permitted the following inducements:
- (a) Beginning on the effective date of the jobs retention agreement, which shall also be the date of final approval, if the approved company has a balance of unused approved costs on a previously existing and active incentive agreement approved by the authority pursuant to KRS Chapter 154, the approved company may impose wage assessments on employees whose jobs are at the facility where the project defined in the previously existing incentive agreement was located. The wage assessments may be imposed as provided in KRS 154.25-040, and shall be available in an amount up to the balance of transferred credits from the previously existing project.
 - 1. The transferred credits shall only be available to the approved company until the activation date, the term from the original incentive agreement expires, or the balance of transferred credits is exhausted, whichever occurs first; and
 - 2. Should the approved company exercise this option, the incentive agreement from which the credits were transferred shall be terminated

upon transfer and all parties shall be released from their obligations thereunder.

- (b) After the activation date:
 - 1. A one hundred percent (100%) credit against the taxes imposed by KRS 141.020, 141.040, and 141.0401 that would otherwise be owed by the approved company, in the approved company's taxable year, as determined under KRS 141.402, on the taxable income, Kentucky gross receipts, or Kentucky gross profits of the approved company generated by or arising from the jobs retention project. The ordering of credits shall be as provided in KRS 141.0205; and
 - 2. The aggregate assessment withheld by the approved company as provided in KRS 154.25-040 in each year after the activation date;
- (c) The tax credits allowed to the approved company shall be equal to the lesser of the total amount of the tax liability or the amount that the company may recover under subsection (1)(a) of this section that has not yet been recovered, reduced by any recovery through the collection of assessments subject to the annual maximum inducements authorized pursuant to subsection (1)(a) of this section. The credit shall be allowed for each taxable year of the approved company during the term of the agreement and for which a tax return of the approved company is filed until the amount that the company may recover under subsection(1)(a) of this section has been received through a combination of credits and assessments, if the company elects to impose assessments. The approved company shall not be required to pay estimated tax payments as prescribed under KRS 141.044 or 141.305 on income, Kentucky gross profits, or Kentucky gross receipts from the jobs retention project. One hundred eighty (180) days after the filing of the tax return of the approved company, the Department of Revenue shall certify to the authority the state tax liability for the preceding taxable year of the approved company and the amount of any tax credits taken pursuant to this section;
- (d) Prior to execution of the agreement, the eligible company shall secure from all local governmental authorities responsible for collecting local occupational license fees a resolution or order of the local governmental entities acknowledging and consenting to the termination or partial termination of the receipt of local occupational license fees on wages subject to the agreement paid by the approved company on behalf of its employees to the local government entities;
- (e) If more than one (1) local occupational license fee is imposed upon the employees of the approved company, the assessment imposed upon the employees shall be credited against the local occupational license fee and shall be apportioned to each local occupational license fee according to each local occupational license fee's proportion to the total of all local occupational license fees for such employees. No credit or portion thereof shall be allowed against any local occupational license fee imposed by or dedicated solely to a local board of education; and
- (f) If, in any taxable year of the approved company during which the agreement

is in effect, the assessment collected from the wages of the employees exceeds the expended portion of the amount that the approved company may recover under paragraph (a) of this subsection, or exceeds the annual maximum negotiated by the authority, the assessment collected from the wages of the employees shall cease for the remainder of that taxable year of the approved company. The approved company shall resume normal personal income tax and occupational license fee withholdings from the employees' wages for the remainder of that taxable year, and the approved company shall remit to the Commonwealth and applicable local jurisdictions their respective shares of the excess assessment collected on the withholding filing date for employees' wages next succeeding the first date when the approved company collected excess assessments.

- (3) The jobs retention agreement and inducements available pursuant thereto shall not be transferable or assignable by the approved company without the expressed written consent of the authority.

Effective: April 27, 2026

History: Amended 2026 Ky. Acts ch. 198, sec. 10, effective April 27, 2026. -- Amended 2012 Ky. Acts ch. 23, sec. 2, effective July 12, 2012. -- Created 2007 Ky. Acts ch. 91, sec. 3, effective March 23, 2007.

Legislative Research Commission Note (3/23/2007) Although subsection (1)(b) of 2007 Ky. Acts ch. 91, sec. 3, refers to "transferred credits provided for under Section 3 of this Act, "it appears from context and on advice of the drafter that the reference should have been to "transferred credits provided for under subsection (2) of this section." The Reviser of Statutes has made this change pursuant to KRS 7.136.