

154.32-020 Incentives to induce location of economic development projects in the Commonwealth -- Purposes -- Requirements -- Summary of incentives available -- Legislative findings.

- (1) The purposes of this subchapter are:
 - (a) To provide incentives for eligible companies and to encourage the location or expansion of manufacturing facilities, agribusiness operations, nonretail service or technology facilities, headquarters operations, alternative fuel production facilities, gasification production facilities, energy-efficient alternative fuel production facilities, renewable energy production facilities, carbon dioxide or hydrogen transmission pipelines, coal severing and processing, and hospital operations in the Commonwealth to advance the public purposes of:
 1. Creation of new jobs that, but for the incentives offered by the authority, would not exist within the Commonwealth;
 2. Creation of new sources of tax revenues for the support of public services provided by the Commonwealth;
 3. Improvement in the quality of life for Kentucky citizens through the creation of sustainable jobs with higher salaries; and
 4. Providing an economic stimulus to bolster in-state production of vital medications and personal protective equipment; and
 - (b) To provide balanced incentives for companies that locate in heritage counties in recognition of the depressed economic conditions in those counties and the increased need for the growth and development caused by the depressed economic conditions.
- (2) To qualify for the incentives provided by subsection (3) of this section, an approved company shall:
 - (a) Incur eligible costs of at least one hundred thousand dollars (\$100,000);
 - (b) Create at least ten (10) new full-time jobs and maintain an annual average number of at least ten (10) new full-time jobs; and
 - (c)
 1. Pay at least ninety percent (90%) of all new full-time employees whose jobs were created as a result of the economic development project a minimum wage of at least two hundred percent (200%) of the federal minimum wage in heritage counties, and three hundred percent (300%) of the federal minimum wage in any other counties throughout the term of the economic development project; and
 2. Provide employee benefits for all new full-time jobs equal to at least fifteen percent (15%) of the minimum wage requirement established by subparagraph 1. of this paragraph. If the eligible company does not provide employee benefits equal to at least fifteen percent (15%) of the minimum wage requirement established by subparagraph 1. of this paragraph, the eligible company may still qualify for incentives if it provides the full-time employees hired as a result of the economic development project total hourly compensation equal to or greater than one hundred fifteen percent (115%) of the minimum wage requirement

established in subparagraph 1. of this paragraph through increased hourly wages combined with employee benefits; or

- (d) Produce vital medications, personal protective equipment, or equipment necessary to produce personal protective equipment.
- (3) (a) The incentives available under this subchapter are as follows:
- 1. Tax credits 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 economic development project, as set forth in KRS 141.415 and 154.32-070;
 - 2. Authorization for the approved company to impose a wage assessment against the gross wages of each new employee subject to the Kentucky income tax as provided in KRS 154.32-090; and
 - 3. An approved company receiving preliminary approval after July 1, 2026, may receive, in addition to the inducements provided under subparagraphs 1. and 2. of this paragraph, an income tax credit as provided under KRS 154.32-070.
- (b) Notwithstanding any provision of law to the contrary, for any economic development project with an eligible investment of more than two hundred million dollars (\$200,000,000), the authority may authorize approval to the economic development project based upon terms and incentives applicable to economic development project locating in a heritage county.
- (4) The General Assembly hereby finds and declares that the authority granted in this subchapter and the purposes accomplished hereby are proper governmental and public purposes for which public moneys may be expended, and that the inducement of the location of economic development projects within the Commonwealth is of paramount importance to the economic well-being of the Commonwealth.

Effective: April 27, 2026

History: Amended 2026 Ky. Acts ch. 198, sec. 14, effective April 27, 2026. -- Amended 2023 Ky. Acts ch. 75, sec. 23, effective June 29, 2023. -- Amended 2021 Ky. Acts ch. 185, sec. 119, effective June 29, 2021. -- Amended 2019 Ky. Acts ch. 172, sec. 3, effective March 26, 2019. -- Amended 2018 Ky. Acts ch. 199, sec. 34, effective July 14, 2018. -- Created 2009 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 10, effective June 26, 2009.