

1 AN ACT relating to economic development, making an appropriation therefor, and  
2 declaring an emergency.

3 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

4 ➔SECTION 1. SUBCHAPTER 21 OF KRS CHAPTER 154 IS ESTABLISHED,  
5 AND A NEW SECTION THEREOF IS CREATED TO READ AS FOLLOWS:

6 *The General Assembly finds and declares that the purpose of Sections 1 to 8 of this Act*  
7 *is to support economic development and job growth across this Commonwealth. In*  
8 *enacting this legislation, it is the intention of the General Assembly to enable the*  
9 *Cabinet for Economic Development to enter into a partnership with the Kentucky*  
10 *Association for Economic Development for the purposes of this program, herein*  
11 *known as the Kentucky Product Development Initiative, and to administer program*  
12 *funds to achieve this purpose.*

13 ➔SECTION 2. A NEW SECTION OF SUBCHAPTER 21 OF KRS CHAPTER  
14 154 IS CREATED TO READ AS FOLLOWS:

15 *As used in Sections 1 to 8 of this Act:*

16 *(1) "Cabinet" means the Cabinet for Economic Development;*

17 *(2) "Eligible grant recipient" means a grant applicant that is a local government or*  
18 *an economic development authority in an economic development district in this*  
19 *Commonwealth that is engaged in an eligible project;*

20 *(3) "Eligible project" means an economic development project that is initiated on*  
21 *publicly owned property or on property on which a public entity has an option to*  
22 *purchase or lease, and that satisfies the evaluation criteria in Section 7 of this*  
23 *Act; and*

24 *(4) "Eligible use" means the authorized purpose for which an awarded grant may be*  
25 *used. "Eligible use" includes an expenditure in any of the following categories or*  
26 *some combination thereof:*

27 *(a) Due diligence study;*

1       **(b) Property acquisition;**

2       **(c) Infrastructure extension or improvement;**

3       **(d) Site preparation work; or**

4       **(e) Road improvement.**

5       ➔SECTION 3. A NEW SECTION OF SUBCHAPTER 21 OF KRS CHAPTER  
6 154 IS CREATED TO READ AS FOLLOWS:

7       **(1) The Kentucky Product Development Initiative is hereby established under the**  
8       **cabinet. The cabinet shall partner with the Kentucky Association for Economic**  
9       **Development to administer the program.**

10      **(2) In order to administer the program the cabinet shall:**

11      **(a) Authorize the Kentucky Association for Economic Development to contract**  
12      **with a third party to perform its duties in the administration of the program;**

13      **(b) Create and make available a standardized grant application on an annual**  
14      **basis pursuant to Section 6 of this Act;**

15      **(c) Develop a standardized scoring system pursuant to Section 8 of this Act;**

16      **(d) Review the proposed grant recipients submitted by the Kentucky Association**  
17      **for Economic Development;**

18      **(e) Verify the eligibility of the proposed grant recipients;**

19      **(f) Verify that the proposed grant recipient seeks grant money for an eligible**  
20      **use prior to awarding the grant;**

21      **(g) Approve the grant recipients from the recommendations made by the**  
22      **Kentucky Association for Economic Development and award grants**  
23      **matching the selected grant recipient's contribution to its eligible project on**  
24      **a dollar-for-dollar basis up to one million dollars (\$1,000,000);**

25      **(h) Verify that the grant recipient completes the eligible project; and**

26      **(i) Administer the fund created in Section 4 of this Act to achieve the**  
27      **program's purpose.**

1 **(3) The cabinet shall promulgate administrative regulations in accordance with KRS**  
2 **Chapter 13A to effectuate Sections 1 to 8 of this Act.**

3 ➔SECTION 4. A NEW SECTION OF SUBCHAPTER 21 OF KRS CHAPTER  
4 154 IS CREATED TO READ AS FOLLOWS:

5 **(1) There is hereby established in the State Treasury a restricted fund to be known as**  
6 **the Kentucky product development initiative fund. The fund shall consist of**  
7 **moneys appropriated by the General Assembly.**

8 **(2) The fund shall be administered by the cabinet.**

9 **(3) Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of**  
10 **the fiscal year shall not lapse but shall be carried forward to the next fiscal year.**

11 **(4) Any interest earnings of the fund shall become part of the fund and shall not**  
12 **lapse.**

13 **(5) Moneys deposited in the fund are hereby appropriated for the purposes set forth**  
14 **in Sections 1 to 8 of this Act and shall not be appropriated or transferred by the**  
15 **General Assembly for any other purpose.**

16 **(6) The cabinet shall disburse moneys from the fund to the selected grant recipients**  
17 **and the amount of each grant shall match the selected grant recipient's**  
18 **contribution to the eligible project on a dollar-for-dollar basis up to one million**  
19 **dollars (\$1,000,000) pursuant to subsection (2)(g) of Section 3 of this Act.**

20 ➔SECTION 5. A NEW SECTION OF SUBCHAPTER 21 OF KRS CHAPTER  
21 154 IS CREATED TO READ AS FOLLOWS:

22 **(1) To participate in the Kentucky Product Development Initiative, grant applicants**  
23 **shall submit an application to the Kentucky Association for Economic**  
24 **Development in accordance with administrative regulations promulgated by the**  
25 **cabinet pursuant to Section 3 of this Act.**

26 **(2) If a grant applicant is selected as a grant recipient, it shall comply with any**  
27 **reporting requirements deemed necessary by the cabinet to verify that the**

1 awarded grant goes toward an eligible use.

2 (3) If the selected grant recipient fails to comply with subsection (2) of this section or  
3 uses the awarded grant money for any purpose other than an eligible use, the  
4 selected grant recipient shall forfeit and be liable to the cabinet for the full award  
5 amount.

6 ➔SECTION 6. A NEW SECTION OF SUBCHAPTER 21 OF KRS CHAPTER  
7 154 IS CREATED TO READ AS FOLLOWS:

8 (1) In the implementation of the Kentucky Product Development Initiative, the  
9 Kentucky Association for Economic Development shall:

10 (a) Process the grant applications;

11 (b) Determine whether a grant applicant is an eligible grant recipient and  
12 seeking a grant for an eligible use;

13 (c) Evaluate the project site cited or proposed by each grant applicant in  
14 accordance with the program's evaluation model described in Section 7 of  
15 this Act;

16 (d) Score each grant applicant's project pursuant to the scoring system  
17 described in Section 8 of this Act;

18 (e) Provide detailed feedback to all grant applicants after the project site  
19 evaluation and project score are completed;

20 (f) Rank the grant applicants:

21 1. In a manner that prioritizes the greatest return on investment,  
22 workforce creation, and relative positive impact on the community;  
23 and

24 2. Based on the project site evaluation and subsequent project score  
25 described in Sections 7 and 8 of this Act;

26 (g) Compile a list of proposed grant recipients whose eligible project  
27 demonstrates a high level of investment potential if a grant is made, as

1 revealed by the evaluation, scoring, and ranking process described in this  
 2 section and Sections 7 and 8 of this Act;

3 (h) Submit the proposed grant recipients and their ranking to the cabinet for  
 4 final selection of the grant recipients; and

5 (i) Compile an annual report for the cabinet conveying the following  
 6 information about the program:

7 1. A list of all the program applicants;

8 2. A list of all applicants who were not selected;

9 3. Trends found in feedback given to applicants who were not selected;

10 4. Eligibility of the properties cited in the grant applications; and

11 5. Any other information requested by the cabinet.

12 (2) The Kentucky Association for Economic Development may contract with a third  
 13 party to assist with the grant applicant site evaluations, scoring, and ranking  
 14 described in this section and Sections 7 and 8 of this Act.

15 ➔SECTION 7. A NEW SECTION OF SUBCHAPTER 21 OF KRS CHAPTER  
 16 154 IS CREATED TO READ AS FOLLOWS:

17 (1) The Kentucky Association for Economic Development shall evaluate each  
 18 applicant's eligible project according to the criteria described in this section and  
 19 Section 8 of this Act for the purposes of compiling a score for the eligible project  
 20 and project site pursuant to Section 8 of this Act.

21 (2) The Kentucky Association for Economic Development shall evaluate the project  
 22 site according to the requirements in the following five (5) categories:

23 (a) Property availability as described in subsection (3) of this section;

24 (b) Property development ability as described in subsection (4) of this section;

25 (c) Zoning availability as described in subsection (5) of this section;

26 (d) Transportation accessibility as described in subsection (6) of this section;

27 and

1 (e) Utility adequacy as described in subsection (7) of this section.

2 (3) The property that the eligible project occupies or is proposed to occupy shall be  
3 available. Property shall be deemed available for the purposes of this program if  
4 the property is:

5 (a) Publicly owned; or

6 (b) Under option for sale or lease to a public entity as evidenced by legal  
7 documentation containing the material terms of the sale or lease.

8 (4) The property that the eligible project occupies or is proposed to occupy shall be  
9 developable. Property shall be deemed developable if:

10 (a) The acreage intended for development is clearly defined by either:

11 1. The grant applicant; or

12 2. An engineering partner during or after a site visit, if the applicant is  
13 unable to define the developable acreage; and

14 (b) The property is free of impediments to development, or a known impediment  
15 can be mitigated by a grant applicant. A property is free of impediments if  
16 it:

17 1. Is located outside of the one hundred (100) year and five hundred  
18 (500) year flood zone;

19 2. Is free of recognized environmental conditions;

20 3. Is free of wetlands;

21 4. Is free of state and federally threatened and endangered species;

22 5. Is free of areas of archaeological or historical significance; and

23 6. Possesses soils compatible with the grant applicant's intended  
24 development.

25 (5) The property that the eligible project occupies or is proposed to occupy shall be  
26 appropriately zoned for the intended use or shall be able to be rezoned within  
27 ninety (90) calendar days. The properties surrounding the grant applicant's

1 project site shall be zoned so they are compatible with the grant applicant's  
 2 intended development and use of the project site.

3 (6) The property that the eligible project occupies or is proposed to occupy shall be  
 4 directly served or able to be rail-served or served by a road or roads that are  
 5 compatible with the intended use of the property. If the property is marketed as  
 6 rail-served, the property shall be deemed rail-served if:

7 (a) The grant applicant provides documentation from the rail provider that  
 8 evinces that rail infrastructure exists and the rail provider actually provides  
 9 rail service; or

10 (b) If the rail service does not exist at the time of the grant application, the  
 11 grant applicant provides documentation from the rail provider that evinces  
 12 that the project site will be able to be rail-served within twelve (12) months.

13 (7) The property that the eligible project occupies or is proposed to occupy shall have  
 14 access to adequate utilities and shall be served or able to be served by the  
 15 following:

16 (a) Electric infrastructure;

17 (b) Natural gas;

18 (c) Water infrastructure and a public water system;

19 (d) Wastewater infrastructure and a public wastewater treatment plant,  
 20 excluding a septic wastewater treatment system; and

21 (e) Fiber telecommunications infrastructure.

22 ➔SECTION 8. A NEW SECTION OF SUBCHAPTER 21 OF KRS CHAPTER  
 23 154 IS CREATED TO READ AS FOLLOWS:

24 (1) The cabinet, in partnership with the Kentucky Association for Economic  
 25 Development, shall develop a scoring system for the project and the project site  
 26 proposed by each grant applicant based on the total projected return on  
 27 investment, the workforce development, and the relative positive impact in the

1       community.

2       (2) The cabinet shall develop a scoring system that includes a:

3           (a) Score in each category as specified by the cabinet in subsection (3) of this  
4           section; and

5           (b) Total weighted score, which is the average of the scores in each category.

6       (3) The scoring system shall include but is not limited to:

7           (a) Projected return on investment the project will yield, which includes an  
8           assessment of the:

9               1. Likelihood of project completion at the applicant's proposed site, both  
10               with the cabinet's funding and without;

11               2. Projected gross economic impact of the proposed project on the  
12               community;

13               3. Projected number of jobs created by the proposed project and  
14               subsequent impact on the community; and

15               4. Return on investment, which is a determination of the cost of the job  
16               based on the cost expended by the cabinet if it awards the requested  
17               grant amount to the applicant;

18           (b) Impact on workforce development, including an assessment of objective  
19           workforce data for the community in which the project is located; and

20           (c) Relative positive impact the project will have on the surrounding  
21           community.

22       ➔Section 9. This Act may be cited as the Kentucky Product Development  
23 Initiative Act.