

1 AN ACT relating to economic development.

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

3 ➔Section 1. KRS 154.21-015 is amended to read as follows:

4 As used in KRS 154.21-010 to 154.21-040:

5 (1) "Cabinet" means the Cabinet for Economic Development;

6 (2) "Eligible grant recipient" means a grant applicant that is a local government or an
7 economic development authority in an economic development district in this
8 Commonwealth that is engaged in an eligible project;

9 (3) "Eligible project" means an economic development project *with available*
10 *matching funds for the project on a dollar-for-dollar basis* that is *either:*

11 *(a) Initiated on publicly owned property;* or

12 *(b) If the project's eligible use includes property acquisition or a due diligence*
13 *study, then the property shall come with either a:*

14 *1. Legally binding letter of intent or option for the sale to an eligible*
15 *grant recipient; or*

16 *2. Sale agreement for the sale to an eligible grant recipient*~~on property~~
17 ~~with a letter of intent or sale agreement for the sale to an eligible grant~~
18 ~~recipient with available matching funds for the project on a dollar for-~~
19 ~~dollar basis and that satisfies the evaluation criteria in KRS 154.21-035];~~

20 (4) "Eligible use" means the authorized purpose for which an awarded grant may be
21 used depending on the source of funds from the Commonwealth. "Eligible use"
22 may include but is not limited to expenditure in any of the following categories or
23 some combination thereof:

24 (a) Due diligence study;

25 (b) Property acquisition;

26 (c) Infrastructure extension or improvement;

27 (d) Site preparation work;

1 (e) Building construction or renovation; or

2 ~~(f)(e)~~ Road improvement; and

3 (5) "Regional project" means an eligible project that is proposed by eligible grant
4 recipients residing in different counties in this Commonwealth who submit a single
5 grant application as co-applicants.

6 ➔Section 2. KRS 154.21-020 is amended 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. The cabinet's administration of the
10 program includes but is not limited to the following:

11 (a) Creating and making available a standardized grant application and regional
12 grant application;

13 (b) Adopting~~Developing~~ a standardized scoring system pursuant to KRS
14 154.21-040;

15 (c) Reviewing the applications and proposals submitted by the proposed grant
16 recipients;

17 (d) Verifying the eligibility of the proposed grant recipients;

18 (e) Verifying that the proposed grant recipient seeks grant money for an eligible
19 project prior to prioritizing and recommending the eligible grant recipient and
20 eligible project to the cabinet; and

21 (f) Awarding grants to selected eligible grant recipients in two (2) rounds of
22 funding.

23 (2) Upon receipt of eligible grant recipients and eligible project recommendations and
24 prioritization from the Kentucky Association for Economic Development and the
25 third-party independent site selection consultant, the cabinet shall verify and
26 process the eligible grant recipients and eligible project recommendations with the
27 intent to approve and award grants matching the selected grant recipient's

1 contribution to its eligible project on a dollar-for-dollar basis, under the economic
 2 development fund program pursuant to KRS 154.12-100~~[, up to ten percent (10%)~~
 3 ~~of the total funds appropriated to the Kentucky Product Development Initiative by~~
 4 ~~the General Assembly].~~

5 (3) (a) Prior to the first round of grant awards, the cabinet shall allocate a percentage
 6 of the total funds appropriated to this program by the General Assembly to
 7 each county in the Commonwealth. When awarding grants in the first round
 8 of funding, the cabinet shall not award grants to an eligible grant recipient or a
 9 group of eligible grant recipients in excess of the amount allocated to the
 10 county in which it or they are located, except when pooled pursuant to
 11 subsection (4) of this section. The allocation shall be made according to the
 12 following calculations:

- 13 1. For all counties except Jefferson County, the percentage of the fund
 14 each county is eligible to receive shall be **determined by each county's**
 15 **proportion of the state's population based on the most recent federal**
 16 **decennial census;**~~[the percentage of the state population that the~~
 17 ~~county's total population makes up, then multiplied by two (2); and]~~
- 18 2. For Jefferson County, the percentage of the fund it shall be eligible to
 19 receive **shall be determined by the county's proportion of the state's**
 20 **population based on the most recent federal decennial census, which**
 21 **shall be discounted by fifty percent (50%); and**~~[is the percentage of the~~
 22 ~~state population that Jefferson County's total population makes up]~~
- 23 **3. The maximum funding available for an approved development project**
 24 **is two million dollars (\$2,000,000) per county except as permitted by**
 25 **subsection (4) of this section.**

26 (b) If there are funds available after the first round of grant awards, the cabinet
 27 shall initiate a second round of grant awards through the Kentucky Product

1 Development Initiative. Any remaining funds available for program use shall
2 be pooled and available to eligible grant recipients from all counties on a first-
3 come, first-served basis, but each county's eligible allocation shall not exceed
4 two million dollars (\$2,000,000) except as permitted by subsection (4) of this
5 section.

6 (4) For selected eligible grant recipients that are involved in a regional project, the
7 cabinet may pool the potential allocation of funds available for each county
8 represented by the eligible grant recipients for the grant amount awarded. For
9 example, if a county that is eligible for up to ten percent (10%) of the program
10 funds based on the calculations in subsection (3) of this section partners with a
11 county that is eligible for five percent (5%) of the program funds based on the
12 calculations in subsection (3) of this section, then the total allocation for the
13 regional project that the cabinet may award is fifteen percent (15%).

14 (5) Grant applicants *that have received discretionary mega-development project*
15 *funding* ~~located in a county that participates in the Rural Project Development~~
16 ~~Initiative~~ shall be disqualified from participation in the Kentucky Product
17 Development Initiative.

18 ➔Section 3. KRS 154.21-035 is amended to read as follows:

19 (1) The Kentucky Association for Economic Development shall evaluate each
20 applicant's eligible project according to the criteria described in this section and
21 KRS 154.21-040 for the purposes of compiling a recommendation and score for the
22 eligible project and project site pursuant to KRS 154.21-040.

23 (2) The Kentucky Association for Economic Development and the third-party
24 independent site selection consultant shall consider the requirements in the
25 following five (5) categories in the evaluation of proposed projects:

- 26 (a) Property availability as described in subsection (3) of this section;
27 (b) Property development ability as described in subsection (4) of this section;

- 1 (c) Zoning availability as described in subsection (5) of this section;
- 2 (d) Transportation accessibility as described in subsection (6) of this section; and
- 3 (e) Utility adequacy as described in subsection (7) of this section.
- 4 (3) The property that the eligible project occupies or is proposed to occupy shall be
- 5 available. Property shall be deemed available for the purposes of this program if the
- 6 property is:
- 7 (a) Publicly owned; or
- 8 (b) **If the project's eligible use includes property acquisition or a due diligence**
- 9 **study, then the property shall come with either a:**
- 10 **1. Legally binding letter of intent or option for the sale to an eligible**
- 11 **grant recipient; or**
- 12 **2. Sale agreement for the sale to an eligible recipient**~~Property with a~~
- 13 ~~letter of intent or sale agreement for the sale to an eligible grant~~
- 14 ~~recipient~~.
- 15 (4) The property that the eligible project occupies or is proposed to occupy shall be
- 16 developable. Property shall be deemed developable if:
- 17 (a) The acreage intended for development is clearly defined by either:
- 18 1. The grant applicant; or
- 19 2. An engineering partner during or after a site visit, if the applicant is
- 20 unable to define the developable acreage; and
- 21 (b) The property is free of impediments to development, or a known impediment
- 22 can be mitigated by a grant applicant. A property is free of impediments if it:
- 23 1. Is located outside of the one hundred (100) year and five hundred (500)
- 24 year flood zone;
- 25 2. Is free of recognized environmental conditions;
- 26 3. Is free of wetlands;
- 27 4. Is free of state and federally threatened and endangered species;

- 1 5. Is free of areas of archaeological or historical significance; and
- 2 6. Possesses soils compatible with the grant applicant's intended
- 3 development.
- 4 (5) The property that the eligible project occupies or is proposed to occupy shall be
- 5 appropriately zoned for the intended use or shall be able to be rezoned within ninety
- 6 (90) calendar days. The properties surrounding the grant applicant's project site
- 7 shall be zoned so they are compatible with the grant applicant's intended
- 8 development and use of the project site.
- 9 (6) The property that the eligible project occupies or is proposed to occupy shall be
- 10 directly served by a road or roads that are compatible with the intended use of the
- 11 property. Additionally, if the property is marketed as rail-served, the property shall
- 12 be deemed rail-served if:
- 13 (a) The grant applicant provides documentation from the rail provider that
- 14 evinces that rail infrastructure exists and the rail provider actually provides
- 15 rail service; or
- 16 (b) If the rail service does not exist at the time of the grant application, the grant
- 17 applicant provides documentation from the rail provider that evinces that the
- 18 project site will be able to be rail-served within twelve (12) months.
- 19 (7) The property that the eligible project occupies or is proposed to occupy shall have
- 20 access to adequate utilities and shall be served or able to be served by the
- 21 following:
- 22 (a) Electric infrastructure;
- 23 (b) Natural gas;
- 24 (c) Water infrastructure and a public water system;
- 25 (d) Wastewater infrastructure and a public wastewater treatment plant, excluding
- 26 a septic wastewater treatment system; and
- 27 (e) Fiber telecommunications infrastructure.