

# FREE CONFERENCE COMMITTEE REPORT

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The Free Conference Committee on **HB 13** has met as provided in the Rules of the House and Senate and hereby reports the following to be adopted:

\_\_\_\_\_ GA X SCS \_\_\_\_\_ HCS

For the above-referenced bill, with these amendments (if applicable):

Committee (list by chamber and number): \_\_\_\_\_;

Floor (list by chamber and number): \_\_\_\_\_; and

The following Free Conference Committee action:

On page 1, after line 3, delete all provisions and insert the following in lieu thereof:

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

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

- (1) "Cabinet" means the Cabinet for Economic Development;
- (2) **"County population ranking" means the score of each county determined by the cabinet under Section 3 of this Act;**
- (3) "Eligible grant recipient" means a grant applicant that is a local government or an economic development authority in an economic development district in this Commonwealth that is engaged in an eligible project;
- ~~(4)(3)~~ "Eligible project":
  - (a) Means an economic development project **initiated on a property that meets the availability requirements in subsection (3) of Section 4 of this Act; and**
  - (b) **Requires local matching funds based on the county population ranking** ~~with available matching funds for the project on a dollar for dollar basis that is either:~~
    - ~~(a) initiated on publicly owned property; or~~
    - ~~(b) If the project's eligible use includes property acquisition or a due diligence study,~~

1 then the property shall come with either a:

2 1. ~~Legally binding letter of intent or option for the sale to an eligible grant~~  
3 ~~recipient; or~~

4 2. ~~Sale agreement for the sale to an eligible grant recipient];~~

5 ~~(5)~~~~(4)~~ "Eligible use":

6 **(a)** Means the authorized purpose for which an awarded grant may be used depending on  
7 the source of funds from the Commonwealth; **and** ~~["Eligible use"]~~

8 **(b)** May include ***expenditures*** ~~but is not limited to expenditure] in any of the following~~  
9 categories or some combination thereof:

10 ~~1.~~~~(a)~~ Due diligence study;

11 ~~2.~~~~(b)~~ Property acquisition;

12 ~~3.~~~~(c)~~ Infrastructure extension or improvement;

13 ~~4.~~~~(d)~~ Site preparation work;

14 ~~5.~~~~(e)~~ Building construction or renovation; or

15 ~~6.~~~~(f)~~ Road improvement; ~~and]~~

16 **(6) "Population density":**

17 **(a) Means the number of persons per square mile of a county;**

18 **(b) Is calculated by dividing the total county population by the square miles in the**  
19 **county;**

20 **(c) Is determined by using the population estimate from the most recent available five**  
21 **(5) year American Community Survey as published by the United States Census**  
22 **Bureau; and**

23 **(d) Is used to rank each county in descending order, with the county having the largest**  
24 **population density receiving a rank of one (1) and the county with the smallest**  
25 **population density receiving a rank of one hundred twenty (120);**

26 ~~(7)~~~~(5)~~ "Regional project" means an eligible project that is proposed by eligible grant  
27 recipients residing in different counties in this Commonwealth who submit a single grant

1 application as co-applicants; and

2 **(8) "Ten (10) year percentage change in population":**

3 **(a) Means the percentage change in population within a county;**

4 **(b) Is determined by comparing the population estimate from the most recent available**  
 5 **five (5) year American Community Survey as published by the United States**  
 6 **Census Bureau to the same survey ten (10) years prior to the most recent available**  
 7 **survey; and**

8 **(c) Is used to rank each county in descending order, with the county having the largest**  
 9 **positive percentage change in population receiving a rank of one (1) and the**  
 10 **county with the largest negative percentage change receiving a rank of one**  
 11 **hundred twenty (120).**

12 ➔Section 2. KRS 154.21-020 is amended to read as follows:

13 (1) The Kentucky Product Development Initiative of 2022 is hereby established under the  
 14 cabinet. The cabinet shall partner with the Kentucky Association for Economic  
 15 Development to administer the program. The cabinet's administration of the program  
 16 includes but is not limited to the following:

17 (a) Creating and making available a standardized grant application and regional grant  
 18 application;

19 (b) Adopting a standardized scoring system pursuant to KRS 154.21-040;

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

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

22 (e) Verifying that the proposed grant recipient seeks grant money for an eligible project  
 23 prior to prioritizing and recommending the eligible grant recipient and eligible project  
 24 to the cabinet; ~~and~~

25 (f) Awarding grants to selected eligible grant recipients in two (2) rounds of funding;  
 26 and

27 **(g) Compiling and submitting the following information, no later than November 1,**

2024, and annually thereafter until the authorized appropriation is spent or returned, for each application approved by the Kentucky Economic Development Finance Authority related to the Kentucky Product Development Initiative of 2022 to the Legislative Research Commission and the Interim Joint Committee on Appropriations and Revenue:

1. The name of the applicant, a description of the eligible project, and the location of each proposed project for which an application was received;

2. The date the application was approved by the Kentucky Economic Development Authority;

3. The amount of funding authorized for each project approved;

4. The total amount of funding disbursed for each project approved; and

5. The round of funding for which each project received approval.

(2) Upon receipt of eligible grant recipients and eligible project recommendations and prioritization from the Kentucky Association for Economic Development and the third-party independent site selection consultant, the cabinet shall verify and process the eligible grant recipients and eligible project recommendations with the intent to approve and award grants matching the selected grant recipient's contribution to its eligible project on a dollar-for-dollar basis, under the economic development fund program pursuant to KRS 154.12-100.

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

1. For all counties except Jefferson County, the percentage of the fund each

1 county is eligible to receive shall be determined by each county's proportion of  
2 the state's population based on the most recent federal decennial census;

3 2. For Jefferson County, the percentage of the fund it shall be eligible to receive  
4 shall be determined by the county's proportion of the state's population based on  
5 the most recent federal decennial census, which shall be discounted by fifty  
6 percent (50%); and

7 3. The maximum funding available for an approved development project is two  
8 million dollars (\$2,000,000) per county except as permitted by subsection (4) of  
9 this section.

10 (b) If there are funds available after the first round of grant awards, the cabinet shall  
11 initiate a second round of grant awards through the Kentucky Product Development  
12 Initiative. Any remaining funds available for program use shall be pooled and  
13 available to eligible grant recipients from all counties on a first-come, first-served  
14 basis, but each county's eligible allocation shall not exceed two million dollars  
15 (\$2,000,000) except as permitted by subsection (4) of this section.

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

23 (5) Grant applicants that have received discretionary mega-development project funding shall  
24 be disqualified from participation in the Kentucky Product Development Initiative.

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

27 *(1) The Kentucky Product Development Initiative of 2024 is hereby established under the*

1 cabinet. The cabinet shall partner with the Kentucky Association for Economic  
2 Development to administer the program. The cabinet's administration of the program  
3 includes:

4 (a) Creating and making available a standardized grant application and regional grant  
5 application;

6 (b) Adopting a standardized scoring system pursuant to KRS 154.21-040;

7 (c) Reviewing the applications and proposals submitted by the proposed grant  
8 recipients;

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

10 (e) Verifying that the proposed grant recipient seeks grant money for an eligible  
11 project prior to prioritizing all eligible projects;

12 (f) Determining the county's population ranking under subsection (3) of this section;

13 (g) Awarding grants to selected eligible grant recipients in multiple rounds of funding;  
14 and

15 (h) Compiling and submitting the reports required by subsections (3) and (5) of this  
16 section.

17 (2) Upon receipt of eligible grant recipients and eligible project recommendations and  
18 prioritization from the Kentucky Association for Economic Development and the third-  
19 party independent site selection consultant, the cabinet shall verify and process the  
20 eligible grant recipients and eligible project recommendations with the intent to approve  
21 and award grants under the economic development fund program pursuant to KRS  
22 154.12-100 and based on the following criteria:

23 (a) Consideration of whether the eligible grant recipient had received a grant award  
24 from the Kentucky Product Development Initiative of 2022 under Section 2 of this  
25 Act; and

26 (b) The matching funds for the selected grant recipient's contribution to its eligible  
27 project based on the county population ranking determined under subsection (3) of

1 this section.

2 (3) (a) On or before June 1, 2024, and no later than June 1 every two (2) years thereafter,  
3 the cabinet shall determine a county population ranking for each county by adding  
4 the following two (2) factors:

5 1. The population density ranking; and

6 2. The ten (10) year percentage change in population ranking.

7 (b) The required local match for each county shall be as follows:

8 1. Eligible projects in counties where the county population ranking is greater  
9 than or equal to one hundred ninety-three (193) shall provide a minimum  
10 amount of local matching funds equal to ten percent (10%) of the project  
11 cost;

12 2. Eligible project in counties where the county population ranking is less than  
13 one hundred ninety-three (193) but greater than or equal to one hundred  
14 forty-five (145) shall provide a minimum amount of local matching funds  
15 equal to twelve and one-half percent (12.5%) of the project cost;

16 3. Eligible project in counties where the county population ranking is less than  
17 one hundred forty-five (145) but greater than or equal to ninety-seven (97)  
18 shall provide a minimum amount of local matching funds equal to fifteen  
19 percent (15%) of the project cost;

20 4. Eligible project in counties where the county population ranking is less than  
21 ninety-seven (97) but greater than or equal to forty-nine (49) shall provide a  
22 minimum amount of local matching funds equal to seventeen and one-half  
23 percent (17.5%) of the project cost;

24 5. Eligible project in counties where the county population ranking is less than  
25 forty-nine (49) shall provide a minimum amount of local matching funds  
26 equal to twenty percent (20%) of the project cost; and

27 6. For eligible projects requesting due diligence as an eligible use, the due

1 diligence must be completed prior to acquisition of the site. If the due  
2 diligence result leads to the decision to not purchase the site, then the cabinet  
3 may expend up to two hundred thousand dollars (\$200,000) with no local  
4 matching funds required. If the amount to be reimbursed by the cabinet  
5 exceeds two hundred thousand dollars (\$200,000), the cabinet shall report to  
6 the Interim Joint Committee on Appropriations and Revenue, or the Senate  
7 Standing Committee on Appropriations and Revenue and the House Standing  
8 Committee on Appropriations and Revenue, within five (5) days of the  
9 disbursement. The report shall include the name and county location of the  
10 eligible project approved, the amount of the grant awarded, the amount of the  
11 funding disbursed for due diligence and the extenuating circumstances  
12 related to the due diligence study.

13 (c) On or before July 1, 2024, and no later than July 1 every two (2) years thereafter,  
14 the cabinet shall report to the Legislative Research Commission and the Interim  
15 Joint Committee on Appropriation and Revenue the following information for each  
16 county:

17 1. The county name;

18 2. The population density ranking for that county;

19 3. The ten (10) year percentage change in population ranking for that county;

20 and

21 4. The county population ranking for that county.

22 (d) When awarding grants in this initiative, the cabinet shall not award grants to:

23 1. An eligible grant recipient or a group of eligible grant recipients in excess of  
24 the amount allocated to the county in which the county is located, except  
25 when pooled pursuant to subsection (4) of this section; or

26 2. An eligible grant recipient that received a grant award from the Kentucky  
27 Product Development Initiative of 2022 prior to all other eligible grant



1 recipients receiving a grant award from the Kentucky Product Development  
2 Initiative of 2024 if the eligible project scores are equal to or above the score  
3 of an eligible project from an eligible grant recipient who received a grant  
4 award from the Kentucky Product Development Initiative of 2022 under KRS  
5 154.21-040, and in the case where the scores are equal, discretion by the  
6 Kentucky Association for Economic Development and the cabinet shall be  
7 used.

8 (e) The maximum funding available for an approved development project is two  
9 million dollars (\$2,000,000) per county, except as permitted by subsection (4) of  
10 this section.

11 (f) If there are funds available after the first round of grant awards of the Kentucky  
12 Product Development Initiative of 2024, the cabinet shall initiate additional rounds  
13 of grant awards.

14 (4) (a) For selected eligible grant recipients that are involved in a regional project, the  
15 cabinet may pool the potential allocation of funds available for each county  
16 represented by the eligible grant recipients for the grant amount awarded.

17 (b) A county that is an eligible grant recipient involved in a regional project shall  
18 provide that county's local matching funds based on the county population ranking  
19 determined under subsection (3) of this section and each county's local matching  
20 funds may be pooled as described in paragraph (a) of this subsection.

21 (5) Beginning no later than November 1, 2024, and annually thereafter until the authorized  
22 appropriation is spent or returned, the cabinet shall compile and submit a report for each  
23 application approved by the Kentucky Economic Development Finance Authority for the  
24 Kentucky Product Development Initiative of 2024. The report shall be electronically  
25 delivered to the Legislative Research Commission and the Interim Joint Committee on  
26 Appropriations and Revenue and contain the following information:

27 (a) The name of the applicant, a description of the eligible project, and the location of

- 1            *each proposed project for which an application was approved;*  
 2            *(b) The date the application was approved by the Kentucky Economic Development*  
 3            *Finance Authority;*  
 4            *(c) The amount of funding authorized for each project approved;*  
 5            *(d) The total amount of funding disbursed for each project approved; and*  
 6            *(e) The round of funding for which each project received approval.*  
 7            *(6) The Kentucky Product Development Initiative of 2024 shall begin July 1, 2024.*

8            ➔Section 4. KRS 154.21-035 is amended to read as follows:

- 9            (1) The Kentucky Association for Economic Development shall evaluate each applicant's  
 10            eligible project according to the criteria described in this section and KRS 154.21-040 for  
 11            the purposes of compiling a recommendation and score for the eligible project and project  
 12            site pursuant to KRS 154.21-040.
- 13            (2) The Kentucky Association for Economic Development and the third-party independent site  
 14            selection consultant shall consider the requirements in the following five (5) categories in  
 15            the evaluation of proposed projects:
- 16            (a) Property availability as described in subsection (3) of this section;  
 17            (b) Property development ability as described in subsection (4) of this section;  
 18            (c) Zoning availability as described in subsection (5) of this section;  
 19            (d) Transportation accessibility as described in subsection (6) of this section; and  
 20            (e) Utility adequacy as described in subsection (7) of this section.
- 21            (3) The property that the eligible project occupies or is proposed to occupy shall be available.  
 22            Property shall be deemed available for the purposes of this program;
- 23            *(a)* If the property is ~~is~~  
 24            ~~(a)~~ publicly owned; or  
 25            (b) If the project's eligible use includes property acquisition or a due diligence study, *In*  
 26            *this situation the application shall include one (1) of the following*~~[, then the~~  
 27            ~~property shall come with either a]:~~

- 1           1. A legally binding letter of intent or option for the sale to an eligible grant  
2           recipient; or
- 3           2. An~~[Sale]~~ agreement for the sale to an eligible recipient.
- 4 (4) The property that the eligible project occupies or is proposed to occupy shall be  
5 developable. Property shall be deemed developable if:
- 6 (a) The acreage intended for development is clearly defined by either:
- 7           1. The grant applicant; or
- 8           2. An engineering partner during or after a site visit, if the applicant is unable to  
9           define the developable acreage; and
- 10 (b) The property is free of impediments to development, or a known impediment can be  
11 mitigated by a grant applicant. A property is free of impediments if it:
- 12           1. Is located outside of the one hundred (100) year and five hundred (500) year  
13           flood zone;
- 14           2. Is free of recognized environmental conditions;
- 15           3. Is free of wetlands;
- 16           4. Is free of state and federally threatened and endangered species;
- 17           5. Is free of areas of archaeological or historical significance; and
- 18           6. Possesses soils compatible with the grant applicant's intended development.
- 19 (5) The property that the eligible project occupies or is proposed to occupy shall be  
20 appropriately zoned for the intended use or shall be able to be rezoned within ninety (90)  
21 calendar days. The properties surrounding the grant applicant's project site shall be zoned  
22 so they are compatible with the grant applicant's intended development and use of the  
23 project site.
- 24 (6) The property that the eligible project occupies or is proposed to occupy shall be directly  
25 served by a road or roads that are compatible with the intended use of the property.  
26 Additionally, if the property is marketed as rail-served, the property shall be deemed rail-  
27 served if:

- 1 (a) The grant applicant provides documentation from the rail provider that evinces that  
2 rail infrastructure exists and the rail provider actually provides rail service; or  
3 (b) If the rail service does not exist at the time of the grant application, the grant  
4 applicant provides documentation from the rail provider that evinces that the project  
5 site will be able to be rail-served within twelve (12) months.
- 6 (7) The property that the eligible project occupies or is proposed to occupy shall have access to  
7 adequate utilities and shall be served or able to be served by the following:
- 8 (a) Electric infrastructure;  
9 (b) Natural gas;  
10 (c) Water infrastructure and a public water system;  
11 (d) Wastewater infrastructure and a public wastewater treatment plant, excluding a septic  
12 wastewater treatment system; and  
13 (e) Fiber telecommunications infrastructure.

14 ➔Section 5. Whereas it is critical to ensure the continuing economic progress by the  
15 Commonwealth through the immediate implementation of this Act related to the Kentucky  
16 Product Development Initiative of 2024, an emergency is declared to exist, and this Act takes  
17 effect on July 1, 2024."  
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**Senate Members**

**House Members**

\_\_\_\_\_  
Sen. Christian McDaniel

\_\_\_\_\_  
Rep. Adam Bowling

\_\_\_\_\_  
Sen. Amanda Mays Bledsoe

\_\_\_\_\_  
Rep. Jason Petrie

\_\_\_\_\_  
Sen. David P. Givens

\_\_\_\_\_  
Rep. Steven Rudy

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Sen. Reginald Thomas

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Rep. Rachel Roberts

The above-named members, in separate votes by house, all concur in the provisions of this report.

DATE

April 15, 2024

For Clerk's Use:

Adopted: \_\_\_\_\_

Repassage Vote: \_\_\_\_\_