

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

6 *(1) As used in this section:*

7 *(a) "Eligible recipient" means:*

8 *1. A nonprofit corporation organized under 26 U.S.C. sec. 501(c);*

9 *2. A city or county government; or*

10 *3. An industrial development authority located in a rural county;*

11 *(b) "Eligible use" means financing support to an eligible recipient:*

12 *1. To assist with compliance risk mitigation for new markets tax credits;*

13 *or*

14 *2. Issue low-interest loans to eligible recipients to assist with*

15 *construction of new buildings or renovation of existing buildings for*

16 *lease to target wage economic development projects where a recipient*

17 *will serve as a lessor;*

18 *(c) "Fund" means the rural building and job creation revolving fund*

19 *established in this section;*

20 *(d) "Rural county" means a county having a county population ranking score*

21 *greater than or equal to ninety-seven (97), as determined by the cabinet*

22 *under KRS 154.21-017; and*

23 *(e) "Target wage" means wages paid to residents of a rural county that are*

24 *greater than or equal to three hundred percent (300%) of the federal*

25 *minimum wage.*

26 *(2) (a) There is hereby established the rural building and job creation revolving*

27 *fund. The authority shall deploy the funds to an eligible recipient for an*

1 eligible use.

2 (b) The cabinet shall administer the fund.

3 (c) The fund shall consist of loan repayments, proceeds from financial
4 instruments, appropriations, contributions, donations, gifts, or federal
5 funds.

6 (d) Notwithstanding KRS 45.229, any moneys remaining in the fund at the
7 close of the fiscal year shall not lapse but shall be carried forward into the
8 succeeding fiscal year.

9 (3) The cabinet shall determine the terms and conditions of the agreements deploying
10 moneys from the fund, monitor performance of the economic development
11 projects, and secure reasonable collateral.

12 (4) By November 1, 2026, and May 1, 2027, and each November 1 and May 1
13 thereafter, the cabinet shall prepare a report of the rural building and job
14 creation revolving fund to be submitted to the Governor and the Legislative
15 Research Commission for referral to Interim Joint Committee on Appropriations
16 and Revenue, and shall also make the report available on the cabinet's website.
17 The annual report shall include but not be limited to the following:

18 (a) A summary of the eligible loan applications received and relevant statistics
19 relating to actions taken by the cabinet and loans awarded, including the
20 applicant, loan amount, administrative costs, associated fees, and the
21 purpose of the funding;

22 (b) The current balance of the fund;

23 (c) Recommendations regarding appropriations to the fund for the upcoming
24 fiscal year; and

25 (d) Recommendations for legislation or policy actions needed to facilitate
26 greater receipt of grant funding to eligible loan applicants.

27 ➔SECTION 2. A NEW SECTION OF SUBCHAPTER 12 OF KRS CHAPTER

1 154 IS CREATED TO READ AS FOLLOWS:

2 **(1) The cabinet shall work closely with the workforce liaison appointed by the**
3 **president of the Kentucky Community and Technical College System to:**

4 **(a) Promote jobs created in the Commonwealth as a result of economic**
5 **development incentive programs; and**

6 **(b) Provide support with the goal of recruitment and placement of system**
7 **students and graduates into new job and workforce training opportunities**
8 **as they are made available within the Commonwealth.**

9 **(2) The cabinet shall work closely with the system and involve it in policy discussions**
10 **and planning that may have an effect on community members, system staff, and**
11 **students.**

12 ➔Section 3. The Cabinet for Economic Development’s various incentive
13 programs play a vital role in supporting economic development and job growth
14 throughout the Commonwealth. To ensure companies operating within the
15 Commonwealth’s border counties are not negatively impacted by employees residing in
16 adjacent states and to encourage companies operating in adjacent states to hire Kentucky
17 residents, the cabinet is encouraged to conduct a feasibility and impact study on interstate
18 reciprocity between state economic development programming. The study shall at a
19 minimum identify any existing models, identify the potential economic impacts of such
20 an arrangement between Kentucky and adjacent states, assess the feasibility and cost
21 implications of implementing those models, and provide recommendations. The cabinet
22 shall collaborate with the Center for Economic and Entrepreneurial Development at
23 Murray State University to establish the scope of the study. If the cabinet completes such
24 a study, it shall be submitted to the Interim Joint Committee on Economic Development
25 and Workforce Investment by December 1, 2028.

26 ➔Section 4. Notwithstanding KRS 45.229, the balance of the General Fund
27 appropriation authorized in 2022 Ky. Acts ch. 199, Part I, B., 1., (12) shall not lapse and

1 shall carry forward. Projects considered for KPDI funding shall meet the requirements
2 under KRS 154. 21-017.

3 ➔Section 5. Whereas rural areas of Kentucky have been impacted by high
4 unemployment, an emergency is declared to exist, and this Act takes effect upon its
5 passage and approval by the Governor or upon its otherwise becoming a law.