

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2026 REGULAR SESSION**

**MEASURE**

2026 BR NUMBER 469

HOUSE BILL NUMBER 869 HCS 1

**TITLE** AN ACT relating to economic development, making an appropriation therefor, and declaring an emergency.

**SPONSOR** Representative Adam Bowling

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  
 LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE  STATE EMPLOYEE HEALTH PLAN IMPACT

APPROPRIATION UNIT(S) IMPACTED:

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED \_\_\_\_\_

<b>FISCAL ESTIMATES</b>	<b>2025-2026</b>	<b>2026-2027</b>	<b>2027-2028</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>		(\$2,000,000) Minimum	(\$2,000,000) Minimum	(\$2,000,000) Minimum
<b>EXPENDITURES</b>		Indeterminable	Indeterminable	Indeterminable
<b>NET EFFECT</b>		See Explanation	See Explanation	See Explanation

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** The measure proposes a new refundable, nontransferable income tax and limited liability tax credit for companies with approved economic development projects under the Kentucky Jobs Retention Act Program and the Kentucky Business Investment Program. The credit is equal to 1.5 percent of the wages paid to full-time employees who are subject to Kentucky income tax and maintained at an economic development project located in a heritage county. Heritage counties are determined, based on population ranking, by the Cabinet for Economic Development (CED). The total credits that can be claimed by all approved companies in both programs is capped at \$2 million per taxable year.

The measure also expands parts of the Bluegrass State Skills Corporation, the Kentucky Jobs Retention Act Program, and the Kentucky Business Investment Program, to incentivize economic development projects to locate in heritage counties.

The measure amends the Kentucky Product Development Initiative of 2024 to specify and increase the maximum funding available for an economic development project located in a heritage county.

The measure requires the CED to collaborate and partner with the Kentucky Community and Technical College System (KCTCS) to promote jobs created by incentive programs and promote new job and workforce training opportunities.

The measure encourages the CED to conduct a feasibility and impact study and to partner with Murray State University to determine the scope of the study.

**FISCAL EXPLANATION:** The refundable, nontransferable income tax and limited liability tax credit is expected to decrease General Fund revenue by \$2 million in FY 27, FY 28, and subsequent years.

Increasing the financial incentives within the Bluegrass State Skills Program, Kentucky Jobs Retention Act Program, and the Kentucky Business Investment Program, is also expected to reduce General Fund revenues. It is unknown if any additional economic development projects will occur in a heritage county based on the amendments to these incentives.

Amending the maximum amount of funding available for an economic development project in a heritage county for the Kentucky Product Development Initiative is not expected to have a state fiscal impact.

Requiring the CED to collaborate and partner with the KCTCS may increase personnel or operating costs to implement this provision of the measure.

**DATA SOURCE(S):** LRC Staff

**PREPARER:** Cynthia Brown, Jon Roenker, Mariah Derringer-Lackey **NOTE NUMBER:** 115

**REVIEW:** JMR **DATE:** 3/11/2026