

Legislative Alert

KY ENACTS KENTUCKY BUSINESS INVESTMENT (KBI) PROGRAM

The professionals at Atlas Insight are industry leaders in the field of corporate site selection and incentive procurement. Our managing partners have extensive experience in all corporate sectors, and have consulted on many sensitive projects for some of the world's largest corporations. We strive for excellence in every client we serve.

For more information, please contact:

Brian P. Corde
Managing Partner
(732) 410-4568
bcorde@atlasinsight.com

Kathy Mussio
Managing Partner
(732) 610-1750
kmussio@atlasinsight.com

Atlas Insight assists companies from all industry sectors and geographies to negotiate and secure tax credits and incentives for business investment and job creation; and choose locations for all types of business facilities that meet the long-term needs of those operations, while helping to achieve overall corporate goals.



Details of New Legislation:

On June 26th, 2009, the Kentucky Governor signed House Bill 3 into law creating the Kentucky Business Investment (KBI) Program. The KBI will serve as Kentucky's primary Economic Development tool for new job creation. It replaces several existing programs including KREDA, KJDA, KIDA and KEOZ.

The KBI program may be used by companies engaged in manufacturing, agribusiness, nonretail service or technology or for a regional HQ operation. To qualify, a company must create at least 10 new jobs, invest at least \$100,000 and meet wage thresholds. The incentive is designed to help companies recover eligible project costs through income tax credits and wage assessments based on new employee payroll. Projects located within an "enhanced county" may be eligible to recoup up to 100% of the project costs over a period of up to 15 years, while other projects may receive up to \$20,000 per new job created over a period of up to 10 years. The actual value of the incentive must be negotiated with the Kentucky Economic Development Finance Authority (KEDFA).

The program will allow Kentucky to remain competitive with neighboring states which offer similar job creation programs. Since the incentive may be conveyed via a wage assessment (up to 5% of an employee's wage), even companies in a NOL position can benefit from the incentive. The KBI Program is competitive and requires a several part application/approval process. It also requires participation from the local municipality.

Other Legislative Changes

Other legislative changes enacted as a result of HB3 include:

- Kentucky Reinvestment Act (KRA) Program has been expanded to include all manufacturing companies, not just automotive. The program now offers tax credits to cover costs associated with skills upgrades in addition to equipment upgrades. This program does not require job creation.
- Kentucky Enterprise Initiative Act (KEIA) Program now allows for sales tax exemptions for up to 7 years, up from the previous limit of 30 months. Electronic Processing equipment in excess of \$50,000 now also qualifies.
- Sales tax rebate program for companies in IT, computer or data processing industries. A company can qualify for a sales tax rebate for capital investment projects exceeding \$100 million at a single location.

Recommended Action:

If your company is considering Kentucky as the site of a new project, or for an expansion of an existing facility, then Atlas Insight is prepared to help qualify and guide you through this discretionary and negotiated application and approval process.