



2021 LEGISLATIVE UPDATE

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DISCLAIMER

- This is a general high-level discussion
- For specific requirements please refer to the current statutes, regulations and guidelines



MODERNIZED KENTUCKY BUSINESS INVESTMENT PROGRAM (SB 162)

- **Remote Work:** Allow counting of any KY resident or person who pays KY individual income tax (i.e. TN residents working in KY) if they are working 35 hours and job created as a result of the project
- **Expanded Industries:** Now includes coal severing and processing, hospital operations and PPE/vital medication production



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CREATED CONSISTENCY IN KENTUCKY ENTERPRISE INITIATIVE ACT – KEIA (SB 162)

- Aligned Eligible Industries with definitions in KBI program to include coal severing and processing, hospital operations and PPE/Vital Medication production.



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MODERNIZED KENTUCKY REINVESTMENT ACT – KRA (SB 162)

- **Aligned Eligible Industries:** Same as KBI and KEIA. Previously only manufacturing.
- **Included Remote Workers:** Same as KBI – over 35 hours per week and pay KY Individual Income Tax
- **Set Minimums/Approved Costs** – \$1M in eligible costs and at least \$2.5M total, 3 years to complete project, 20% cap



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MODERNIZED BLUEGRASS STATE SKILLS CORP AND STIC/GIA CREDITS (SB 162)

- **Aligned Eligible Industries:** Added coal, hospitals
- **Increased Incentive:** Up to \$2K per employee and \$200K per approved company for each fiscal year
- **Redefined Roles:** Removes BSSC's certification of training providers and removes Educational Institutions from applicant role



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CREATED NEW CRYPTOCURRENCY INCENTIVES

- **HB 230** – Sales and Use Tax Exemption for big projects (200KW hours per month). Program managed by Finance Cabinet/Dept. of Revenue.
- **SB 255** – Redefines IEIA program to IEBA program. Provides for broad set of potential incentives for cryptocurrency projects with a minimum of \$1M investment. Very strict rules around program.



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MODERNIZED ENTREPRENEURSHIP AND INNOVATION PROGRAMS (SB 162)

- Renamed the Commission on Small Business Advocacy as the **Commission on Small Business Innovation and Advocacy** and the Office of Entrepreneurship as the **Office of Entrepreneurship and Small Business Innovation**.
- Added Reference to SBIR/STTR in Science and Technology Statute



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MODERNIZED ENTREPRENEURSHIP AND INNOVATION PROGRAMS (SB 162)

- **KY Innovation Act:** Moved Kentucky Innovation Act Funds/Programs from CPE to CED, combined all funds into single Kentucky Enterprise Fund and imposed requirement for 20% investments in rural/opportunity zone areas
- **Regional Hubs:** Streamlined Regional Innovation Hub Program



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KENTUCKY ANGEL INVESTING TAX CREDIT PROGRAMS (SB 162)

- **Angel Tax Credit (Fund):** \$3M in credits per year. Expands eligible industries, caps any fund from getting more than \$1M per year, and reduces credit amount from 40-25% for non-distressed investments.
- **Angel Tax Credit (Individual):** \$3M in credits per year. Expanded eligible entities/investments and allows single-member LLCs



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FILM CREDIT MOVES TO CED (HB 249)

- Program moved from TAH to CED
- \$75M/year in credits
- Regulations/guidelines are being developed

WEST END ECONOMIC OPPORTUNITY PARTNERSHIP CREATED (HB 321, 556)

- **HB 321** - creates a local area development district in the West End of Louisville, which contains 9 historically black neighborhoods. Funds overseen by a newly-formed West End Opportunity Partnership. Caps property taxes for residents.
- **HB 556** - provides for \$10M appropriation for the development district once \$20M is raised from the City of Louisville and Private contribution.



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OTHER LEGISLATION

- HB 415 – Direct shipping of alcohol to consumers
- SB 120 – Allows pari-mutuel wagering
- HB 278 - allows businesses who received PPP loans to deduct expenses paid with loan monies from their taxes (conforms to federal law)



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