

Eligible companies benefit from a variety of state and local incentive programs created to provide a competitive business environment. Northern Kentucky Tri-ED works directly with companies and consultants to create a customized approach for your new expansion or existing location.

## **New and Expanding Industry Incentive Programs**

### **Kentucky Business Investment (KBI) Program**

Provides income tax credits and wage assessments to new and existing agribusinesses, regional and national headquarters, manufacturing companies, and non-retail service or technology related companies that locate or expand operations in Kentucky.

### **Kentucky Enterprise Initiative Act (KEIA)**

For new or expanded service or technology, manufacturing, or tourism attraction project in Kentucky. KEIA provides a refund of sales and use tax paid by approved companies for building and construction materials permanently incorporated as an improvement to real property. It is also available for Kentucky sales and use tax refunds for eligible equipment used for research and development, data processing equipment.

### **Direct Loan Program (KEDFA)**

KEDFA encourages economic development business expansion and job creation by providing business loans to supplement financing. The Direct Loan Program provides loans at below-market interest rates (subject to the availability of state revolving funds) for fixed asset financing for agribusiness, tourism, industrial ventures, or the service industry. Retail projects are not eligible.

### **Industrial Revenue Bonds – IRB**

IRBs issued by state and local governments in Kentucky can be used to finance manufacturing projects and their warehousing, major transportation and communication facilities, most health care facilities, and mineral extraction and processing projects. For more about IRB Procedures.

### **Community Development Block Grants Loans (CDBG) – [Link](#)**

Federally funded low interest loans made available through the Department for Local Government.

## **Job Retention Incentive Programs**

### **Kentucky Reinvestment Act (KRA)**

Provides tax credits to an existing Kentucky company engaged in manufacturing and related functions on a permanent basis for a reasonable period of time that will be investing in eligible equipment and related costs of at least \$2,500,000.

### **Kentucky Industrial Revitalization Act (KIRA)**

Investments in the rehabilitation of manufacturing or coal mining and processing operations that are in imminent danger of permanently closing or that have closed temporarily may qualify for tax credits. An eligible company shall also include one that has closed but resumes mining operations. Eligible entities include manufacturing companies that save or create 25 jobs and coal mining and processing companies that intend to employ a minimum of 500 persons and have a raw production of at least three million tons from the economic revitalization project facility.

## Workforce Training Programs

### Bluegrass State Skills Corporation Skills Training Investment Credit

Provides credit against Kentucky income tax to existing businesses that sponsor occupational or skills upgrade training programs for the benefit of their employees.

### Bluegrass State Skills Corporation Grant Reimbursement Program

Provides matching grant funds for customized business and industry-specific training programs.

## Tax Increment Financing Program

Tax Increment Financing (TIF) is an economic development tool to use future gains in taxes to finance the current improvements that will create those gains. The state participates with local governments and eligible agencies in three TIF programs:

- Real Property Ad Valorem Tax Revenues
- Signature Projects
- Mixed-Use Redevelopment in Blighted Urban Areas

## Local Incentive Programs in Northern Kentucky

Northern Kentucky Tri-ED facilitates local government participation in incentive proposals for economic development projects. Coupled with state incentives for eligible companies, Northern Kentucky offers a low cost business environment perfect for your company's next expansion.

Incentives vary by municipality and may include:

- A reduction of the Occupational License Fee ("payroll tax") for firms that meet minimum job creation / payroll requirements
- Property Assessment Moratoriums
- Small business grants, such as facade improvement grants
- TIF Districts

Northern Kentucky Tri-ED will work with you to model all applicable incentives based upon location, anticipated job creation, payroll and capital investment.

## Foreign Trade Zone

A Foreign Trade Zone (FTZ) located in Boone County offers duty-deferral savings that assist firms that import

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goods from foreign countries. Communities in Northern Kentucky will consider additional FTZ's for qualified projects or developments.

For more information, contact the [Port of Greater Cincinnati Development Authority](#).

## **Kentucky Innovation Network @ Northern Kentucky Incentives**

[The Kentucky Innovation Network @ Northern Kentucky](#), a division of Northern Kentucky Tri-ED, works collaboratively with several organizations that provide funding assistance to fast-growth, high-tech companies. Since the program began in 2001, the Network has assisted more than 400 clients and spurred more than over \$200 million in investments.

The Kentucky Enterprise Fund, Rural Innovation Fund and Kentucky New Energy Ventures Fund are a series of seed stage capital funds that focus on the early stage commercialization of a technology-based product or process. By encouraging the commercialization of innovative ideas, these funds foster competitive, profitable companies that create high paying jobs and wealth in Kentucky. The funds are managed by the [Kentucky Science and Technology Corporation \(KSTC\)](#).

The Network also assists in preparing clients for Angel Capital, Venture Capital, and traditional bank financing.

### **Kentucky Small Business Credit Initiative (KSBCI) – [Link](#)**

Designed to generate jobs and increase the availability of credit by reducing the risks participating lenders assume when making loans to small businesses. Using three distinct credit enhancement programs, KSBCI will help lenders finance creditworthy small businesses that would typically fall just outside of their normal lending guidelines. Please click here for a listing of approved projects.

### **Small Business Loan Program**

The Small Business Loan Program is designed to help small businesses acquire funding needed to start or grow their small business. A small business must be engaged in manufacturing, agribusiness, or service and technology. Loan funds may be used to acquire land and buildings, purchase and install equipment, or for working capital. The minimum loan amount is \$15,000 and the maximum is \$100,000. The approved company must create one new full-time job within one year of the loan closing. KEDFA can fund up to 100 percent of the project costs and the loan can be used in conjunction with other lenders. The term of the loan can range from 3-10 years.

### **The Kentucky Small Business Tax Credit (KSBTC) – [Link](#)**

The KSBTC program is designed to encourage small business growth and job creation by providing a nonrefundable tax credit to eligible businesses hiring one or more eligible individuals and investing at least \$5,000 in qualifying equipment or technology. With certain exceptions, most for-profit businesses with 50 or fewer full-time employees are considered eligible for this program. The KSBTC program is limited to allocating a total of \$3 million in tax credits per state fiscal year.

### **U.S. Small Business Administration – [Link](#)**

Federal agency that provides a number of guaranteed loan and other financial assistance programs to small businesses.

### **Angel Investment Tax Credit – [Link](#)**

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The Kentucky Angel Investment Tax Credit offers tax credits of up to 50 percent of an investment in Kentucky small businesses. Prior to investment, both the investor and small business must submit applications for certification. Each investment must be certified in advance as well. Refer to the Kentucky Angel Investment Tax Credit Fact Sheet for program details and qualifying criteria.

### **SBIR-STTR Matching Funds Program – [Link](#)**

The Cabinet will match, on a competitive basis, Phase 1 and Phase 2 federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards received by Kentucky high-tech small businesses and those willing to become Kentucky-based businesses. This includes matching Phase 1 federal awards up to \$150,000 to support the exploration of the technical merit or feasibility of an idea or technology, and up to \$500,000 of federal Phase 2 awards, which support full-scale research and development.

### **Commonwealth Seed Capital LLC – [Link](#)**

Commonwealth Seed Capital, LLC, (CSC) is an independent fund that makes debt or equity investments in early-stage Kentucky business entities to facilitate the commercialization of innovative ideas and technologies.

Investments are typically made in these specified innovation areas: health and human development; information technology and communications; bioscience; environmental and energy technologies; and materials science and advanced manufacturing.

CSC invests in companies that have a significant Kentucky presence, the prospect for substantial growth, and the potential to generate an appropriate rate of return. For more information, contact:

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### **Kentucky Enterprise Fund – [Link](#)**

The Kentucky Enterprise Fund provides seed-stage capital to Kentucky-based companies that are commercializing a technology-based product or process. The funds exist to stimulate private investment in Kentucky-based technology companies with high growth potential. The Kentucky Science and Technology Corporation administers the funds under contract with the Council on Postsecondary Education.