



FINANCIAL INCENTIVES

Benefits are available for all types of companies - new, existing and relocating; regional and national headquarters; back-office; distribution and supply chain; manufacturing; and research and development. Both Indiana and Kentucky have generous business incentives and financial programs.

Beyond the available state incentives, each local governmental entity with taxing authority also has the ability to offer tax abatement incentives for new and expansion of existing businesses. The individual project's new job creation and value of new real property and equipment are important factors.



KENTUCKY AND INDIANA OFFER STATE TAX INCENTIVES

Incentives for both Kentucky and Indiana counties are executed at the state level. The local community in which the business will locate will engage the state representatives and facilitate the execution of the incentives. GLI will make the initial introductions and help to get the process started.

Companies must be:

Creating at least 10 new jobs

Investing at least \$100,000 in the project

There are several tax incentive programs for various industries on both sides of the river. Business and service industries usually consider the main incentive programs. There are other incentives for companies related to workforce and skills training that a company may consider once they have moved here. The following serves as an initial resource:

KENTUCKY

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.

INDIANA

Economic Development for a Growing Economy (EDGE) Tax Credit

Provides incentive to businesses to support jobs creation, capital investment and to improve the standard of living for Indiana residents.

Hoosier Business Investment Tax Credit (HBITC)

Provides incentive to businesses to support jobs creation, capital investment and to improve the standard of living for Indiana residents

Skills Enhancement Fund (SEF)

Provides assistance to businesses to support training and upgrading skills of employees required to support new capital investment.



NEW AND EXPANDING INDUSTRY

Kentucky Business Investment (KBI) Program

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Direct Loan Program (KEDFA)

Provides loans at below-market interest rates (subject to the availability of state revolving loan funds) for fixed asset financing for agribusiness, tourism, industrial ventures, or the service industry. Retail projects are not eligible.

Industrial Revenue Bonds - IRB

Can be used to finance manufacturing projects and their warehousing areas, major transportation and communication facilities, most health care facilities, and mineral extraction and processing projects.

Community Development Block Grants Loans - CDBG

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

JOB RETENTION

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.

HIGH-TECH

SBIR-STTR Matching Funds Program

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.

Commonwealth Seed Capital LLC

An independent, non-profit fund that makes debt or equity investments in early-stage Kentucky business entities to facilitate the commercialization of innovative ideas and technologies.

Kentucky Enterprise Fund and Rural Innovation Fund

Provide seed-stage capital to Kentucky-based companies that are commercializing a technology-based product or process.

ENERGY AND ENVIRONMENT

Kentucky New Energy Ventures Fund

Provides seed stage capital to support the development and commercialization of alternative fuel and renewable energy products, processes, and services in Kentucky.

Incentives for Energy Independence Act - IEIA

Requires a capital investment of at least \$25 million for an alternative fuel facility using biomass, or an investment of at least \$100 million for an alternative fuel facility using coal, as its primary feedstock.

Kentucky Environmental Stewardship Act (KESA)

For companies manufacturing products that have a substantial positive impact on human health and the environment.



SMALL BUSINESS

Kentucky Small Business Credit Initiative (KSBCI)

Designed to generate jobs and increase the availability of credit by reducing the risks participating lenders assume when making loans to small businesses.

Small Business Loan Program

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.

The Kentucky Small Business Tax Credit (KSBTC)

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.

U.S. Small Business Administration

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

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.

WORKFORCE TRAINING

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 (TIF)

Tax Increment Financing (TIF)

The state participates with local governments and eligible agencies in three TIF programs: Real Property Ad Valorem Tax Revenues, Signature Projects, and Mixed-Use Redevelopment in Blighted Urban Areas.

AGRI-BUSINESS OPPORTUNITIES

Kentucky Agricultural Development Fund

Provides incentives for innovative proposals that increase net farm income, stimulates markets for Kentucky agricultural products, creates new ways to add value to Kentucky agricultural products, and explores new opportunities for Kentucky farmers.

Kentucky Agricultural Finance Corporation

Provides capital access for agricultural diversification and infrastructure projects.

OTHER BUSINESS INCENTIVES AND FINANCIAL PROGRAMS

Kentucky Investment Fund Act - KIFA

EB-5 Immigrant Investor

EB-5 is an opportunity for immigrants to invest in the United States in exchange for green card eligibility for themselves and qualifying family members.

TOURISM DEVELOPMENT

Tourism Development Act

Provides developers of approved new or expanding tourism projects the ability to recover up to 25 percent of the project's development costs over a 10-year term.

Kentucky Film Incentive

Provides qualifying applicants the ability to recover up to 20 percent of qualified expenditures through a refundable income tax credit. Qualifying applicants must invest a minimum of \$50,000 for documentaries and national touring Broadway shows, \$200,000 for commercials, \$500,000 for full-length films.



Economic Development for a Growing Economy (EDGE) Tax Credit

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Hoosier Business Investment Tax Credit (HBITC)

Provides incentive to businesses to support jobs creation, capital investment and to improve the standard of living for Indiana residents

Skills Enhancement Fund (SEF)

Provides assistance to businesses to support training and upgrading skills of employees required to support new capital investment.

Industrial Development Grant Fund (IDGF)

Provides assistance to municipalities and other eligible entities as defined under I.C. 5-28-25-1 for eligible public infrastructure costs.

Headquarters Relocation Tax Credit

Provides a tax credit to corporations that relocate their headquarters to Indiana. The credit is assessed against the corporation's state tax liability.

Industrial Recovery Tax Credit

Also known as DINO for older buildings it benefits, provides an incentive for companies to invest in former industrial facilities requiring significant rehabilitation or remodeling expenses.

Venture Capital Investment Tax Credit

Improves access to capital for fast growing Indiana companies by providing individual and corporate investors an additional incentive to invest in early stage firms.

R & D Tax Credit

Provides an incentive for business investment in Indiana by providing a credit against state tax liability for qualified company research expenses. The R&D tax credit (also known as the Research Expense tax credit) is based on the increase in Indiana R&D over the prior three-year base.

Patent Income Exemption

Certain income derived from qualified patents (utility patents and plant patents) and earned by a taxpayer are exempt from taxation.

Community Revitalization Enhancement District Tax Credit

Entitles a taxpayer to a credit against the taxpayer's state and local tax liability for qualified investments made within a CReED designated under Ind. Code 36-7-13.

Capital Access Program

The Program provides businesses with access to capital by encouraging lenders who participate in the program to make loans they may not otherwise make.

