



Kentucky Economic Development Finance Authority (KEDFA) Kentucky Industrial Revitalization Act (KIRA)

Companies approved under the Kentucky Industrial Revitalization Act (KIRA) may receive state income tax credits, Kentucky Corporation License Fee credits, and job assessment fees for up to ten (10) years limited to seventy-five percent (75%) of the costs of the rehabilitation or construction of buildings and the refurbishing or purchasing of machinery and equipment.

Project Requirements

- Investments in the rehabilitation of manufacturing or agribusiness operations that are in imminent danger of permanently closing or that have closed temporarily may qualify for tax incentives, where 25 jobs are created or maintained.
- Investments in the rehabilitation of coal mining and processing facilities that have closed, been temporarily suspended, or severely reduced that employ, or 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 may qualify for tax incentives.

Additional Points

- When approved by a local taxing jurisdiction, the approved company can levy a job assessment fee of up to five percent (5%) of the gross wages of each employee subject to Kentucky individual income tax whose job is preserved or created by the approved project.
- State participation limited to four percent (4%), with local participation limited to one percent (1%).
- The employee receives credits for the fees against state income taxes and local occupational taxes so there is no negative impact on the employee.

The Process

- The company makes application to the Kentucky Economic Development Finance Authority (KEDFA).
 - A local letter of support is required to be submitted with the application.
 - The company must provide a detailed description of the facility, including its productivity, efficiency and financial stability; explain in detail why it intends to close the facility and set out its alternatives; or, provide a description of the potential for resumption of operations at a coal mining and processing facility; as applicable.
- The total amount of incentive available to a project is negotiated with the Cabinet.
- KEDFA preliminarily approves the company and enters into a memorandum of agreement with the company that sets forth the maximum incentives available under KIRA.
- An independent consultant (as contracted by the Cabinet) is hired **at the company's expense** to verify that closure of the company is imminent without these incentives. The consultant is required to present the final report of findings to KEDFA.
- A public hearing will be conducted to receive comments from the public regarding the project.



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- A Revitalization Agreement is approved by KEDFA that authorizes the KIRA incentives for the company.
 - The company may begin claiming incentives and the ten year term of the agreement begins on the date of final approval.
- The company has five years from the date of final approval by KEDFA to complete its project and provide KEDFA with documentation in connection with the project's costs.

Fees

There is a \$500 non-refundable application fee payable upon submission of the KIRA application. Fees which the company may expect to incur as a result of final approval include an administrative fee equal to 1/10 of 1 percent of the final KIRA amount authorized in the Revitalization Agreement. In addition, the company will incur legal fees necessary for the preparation of the Revitalization Agreement.

(KRS 154.01-010; 154.26-010 to 154.26-100; 141.310; 141.350 and 141.403)

Contact: Chuck Willis
Kentucky Cabinet for Economic Development
Department of Financial Incentives
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601
Phone: 502.564.4554 ext. 3332
Fax: 502.564.7697
Email: Chuck.Willis@ky.gov

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