

Just the Facts:

Kentucky Product Development Initiative (KPDII) Program of 2026

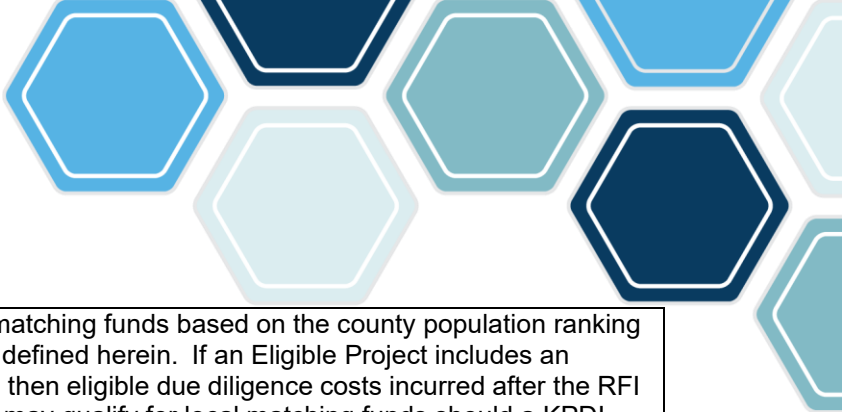
July 2026

This fact sheet provides an overview of the Kentucky Product Development Initiative (KPDII) Program of 2026. For a full discussion of the program requirements, please see KRS 154.21. As with all incentive programs administered by the Cabinet for Economic Development (Cabinet), any inducements offered to an eligible project under the KPDII program are negotiated by Cabinet officials and subject to approval by the Kentucky Economic Development Finance Authority (KEDFA).

Applicants with potential site and infrastructure improvement projects resulting in increased economic development opportunities for Kentucky may seek funding assistance for the proposed project through the KPDII Program of 2026. The Cabinet will work with the Kentucky Association for Economic Development (KAED) and its third-party independent site selection consultant to administer the KPDII Program of 2026. Please note the KPDII Program of 2026 is a competitive process and meeting Evaluation Criteria or being the sole Eligible Project applying from a given county does not guarantee funding.

Key Program Definitions

Economic Development Project	Investment in site and infrastructure improvements that could result in an opportunity for an entity engaged in one or more of the following activities: <ul style="list-style-type: none">• Manufacturing• Agribusiness• Headquarters operations• Nonretail service or technology activities• Coal severing and processing• Hospital operations• Alternative fuel, gasification, energy-efficient alternative fuels or renewable energy production• Carbon dioxide transmission pipeline
Eligible Grant Recipient	A grant applicant that is a local government or an economic development authority in an economic development district in Kentucky that is engaged in an Eligible Project.
Eligible Project	An Economic Development Project that is initiated on: <ul style="list-style-type: none">• Publicly owned property OR• Either of the following only if the Eligible Use includes property acquisition or due diligence study:<ul style="list-style-type: none">○ Property with a legally binding letter of intent or option for the sale to an Eligible Grant Recipient○ Property with a sale agreement for the sale to an Eligible Grant Recipient



	The Eligible Project requires local matching funds based on the county population ranking and satisfies the evaluation criteria defined herein. If an Eligible Project includes an Eligible Use of property acquisition, then eligible due diligence costs incurred after the RFI deadline submission date to KAED may qualify for local matching funds should a KPDI funding award occur.
Eligible Use	<p>The authorized purpose for which an awarded grant may be used depends on the source of funds from the Commonwealth. Eligible Use may include expenditures in any of the following categories or some combination thereof:</p> <ul style="list-style-type: none"> • Due diligence studies <ul style="list-style-type: none"> ○ Must validate the property is free from impediments listed in the Property Development Ability evaluation criteria • Property acquisition <ul style="list-style-type: none"> ○ Appraisal required to be provided • Infrastructure extension or improvement • Site preparation work • Building construction or renovation • Road improvement
Heritage County	A county where the county population ranking scores greater than or equal to ninety-seven (97).
Regional Project	An Eligible Project that is proposed by Eligible Grant Recipients residing in different counties in Kentucky who submit a single grant application as co-applicants. If a regional industry authority is considering an application, then the regional industrial authority must already be in existence and will be required to provide the articles of incorporation and interlocal agreement.

County Population Ranking and Required Local Match

KRS 154.21-017 requires the Cabinet to calculate the County Population Ranking on or before June 1, 2024 and no later than June 1 every two (2) years thereafter. The County Population Ranking is determined by adding the population density ranking to the ten (10) year percentage change in population ranking (both terms defined in statute). The dollar amount of the required local match is calculated as the sum of the following calculation for each participating county:

Requested KPDI Program of 2026 Funding X Local Required Match %

For a Regional Project - Add % of local match required divide by number of counties.
 Example - Five counties participating in a regional project. 72.5% / 5 counties = 14.5% local match required.

Requested KPDI Program of 2026 Funding X 14.5% = \$ Local Match Required.

County	% of Local Match Required
County A	17.5%
County B	15%
County C	15%
County D	10%
County E	15%

The table below details the required local match for each county according to the County Population Ranking:

Ranking >= 193 Local Match of 10% Required	Ranking < 193 and >= 145 Local Match of 12.5% Required		Ranking < 145 and >= 97 Local Match of 15% Required		Ranking < 97 and >= 49 Local Match of 17.5% Required	Ranking < 49 Local Match of 20% Required
Ballard	Bell	Robertson	Adair	Morgan	Allen	Anderson
Breathitt	Bracken	Rockcastle	Bourbon	Muhlenberg	Barren	Boone
Butler	Caldwell	Todd	Breckinridge	Nicholas	Bath	Boyle
Carlisle	Carter	Trigg	Carroll	Owen	Boyd	Bullitt
Crittenden	Casey	Trimble	Christian	Pendleton	Calloway	Daviess
Cumberland	Clay	Wayne	Edmonson	Perry	Campbell	Fayette
Elliott	Clinton	Webster	Fleming	Russell	Clark	Franklin
Hickman	Estill	Union	Floyd	Washington	Gallatin	Jefferson
Knott	Fulton		Graves		Garrard	Jessamine
Leslie	Green		Grayson		Grant	Kenton
Lewis	Harlan		Greenup		Hardin	Laurel
Livingston	Jackson		Hancock		Hart	Madison
Magoffin	Knox		Harrison		LaRue	Nelson
Owsley	Lawrence		Henderson		Marshall	Oldham
Wolfe	Lee		Henry		McCracken	Scott
	Letcher		Hopkins		Meade	Shelby
	Martin		Johnson		Mercer	Spencer
	McCreary		Lincoln		Montgomery	Warren
	McLean		Logan		Powell	Woodford
	Menifee		Lyon		Pulaski	
	Monroe		Marion		Rowan	
	Ohio		Mason		Simpson	
	Pike		Metcalfe		Taylor	
					Whitley	

Regional projects require the county's local matching funds to be pooled for each county.

Due Diligence Projects

For Eligible Projects requesting due diligence as an Eligible Use, the due diligence must be completed prior to acquisition of the property. If the due diligence results leads to the recommendation not to acquire the property, then the Cabinet may fund up to \$200,000 with no local matching funds required.



Evaluation Criteria

The KPDI program may not be available for Eligible Projects that have previously received economic development incentives, including TIF or loan funding. Eligible Projects should have substantial preliminary work completed and be prepared to proceed with the project within two (2) months of funding approval. Additionally, Eligible Projects will be required to provide invoices and proof of payment for the expenditures and investment incurred. Thus, in-kind services are not permissible documentation for matching funds or disbursement requests.

The KAED and its third-party independent site selection consultant will consider the following requirements in the evaluation of the proposed projects:

- Property availability
- Property development ability
- Zoning availability
- Transportation accessibility
- Utility adequacy

Property Availability

The property that the Eligible Project currently occupies or is proposed to occupy is available. The property is deemed available if it meets one of the following conditions:

- Publicly owned
- Either of the following only if the Eligible Use includes property acquisition or due diligence study:
 - Property with a legally binding letter of intent or option for the sale to an Eligible Grant Recipient
 - Property with a sale agreement for the sale to an Eligible Grant Recipient

Property Development Ability

The property that the Eligible Project currently occupies or is proposed to occupy is developable. The property is deemed developable if it meets the following conditions:


- Acreage intended for development is clearly defined by either of the following:
 - Grant applicant OR
 - Engineering partner during or after a site visit if the applicant is unable to define the developable acreage
- Property is free of impediments to development or a known impediment can be mitigated by a grant applicant. A property is free of impediments if it meets the following:
 - Located outside of the 100 year and 500 year flood zone
 - Free of recognized environmental conditions
 - Free of wetlands
 - Free of state and federally threatened and endangered species
 - Free of areas of archaeological or historical significance
 - Possesses soils compatible with the grant applicant's intended development

Zoning Availability

The property that the Eligible Project currently occupies or is proposed to occupy is appropriately zoned for the intended use or will be able to be rezoned within 90 calendar days. The properties surrounding the grant applicant's project site are zoned so they are compatible with the grant applicant's intended development and use of the project site.

Transportation Accessibility

The property that the Eligible Project currently occupies or is proposed to occupy is directly served by a road or



roads that are compatible with the intended use of the property. The property will be deemed rail-served if it meets one of the following conditions:

- Grant applicant provides documentation from the rail provider that evidences the rail infrastructure exists and the rail provider actually provides rail service
- If rail service does not exist at the time of application, the grant applicant provides documentation from the rail provider that evidences the project site will be able to be rail-served within 12 months

Utility Adequacy

The property that the Eligible Project currently occupies or is proposed to occupy has access to adequate utilities and is served or able to be served by the following:

- Electric infrastructure
- Natural gas
- Water infrastructure and a public water system
- Wastewater infrastructure and a public wastewater treatment plant, excluding a septic wastewater treatment system
- Fiber telecommunication infrastructure

Scoring Criteria

The KAED and its third-party independent site selection consultant shall develop a scoring system for the project and project site proposed by each grant applicant based on the total projected return on investment, key workforce characteristics and the relative positive impact in the community. The scoring system shall include a total weighted score, which is the average of the scores in each of the following categories:

- Projected return on investment the project will yield, which includes an assessment of the following:
 - Likelihood of project completion at the applicant's proposed site, both with and without the potential funding from the Cabinet
 - Projected gross economic impact of the proposed project on the community
 - Projected number of jobs created by the proposed project and subsequent impact on the community
 - Determination of the cost of the job based on the cost expended by the Cabinet if it awards the requested grant amount to the applicant
- Key workforce characteristics, including an assessment of objective workforce data for the community in which the project is located
- Relative positive impact the project will have on the surrounding community

Funding Maximums

The Cabinet may recommend approval of grants by KEDFA through the Kentucky Product Development Initiative (KPD I) program for Eligible Projects with Eligible Grant Recipients for Eligible Uses. The maximum funding authorized by the General Assembly to fund the KPD I Program of 2026 is \$25,000,000 per fiscal year.

The KPD I Program of 2026 is a competitive process and is meant to be transformative. Meeting evaluation criteria or being the sole applicant in a county does not guarantee funding. Actual awards for eligible applicants are determined by the results of the Scoring Criteria and prioritization as provided by the third-party independent site selection consultant.



Maximum Funding Available

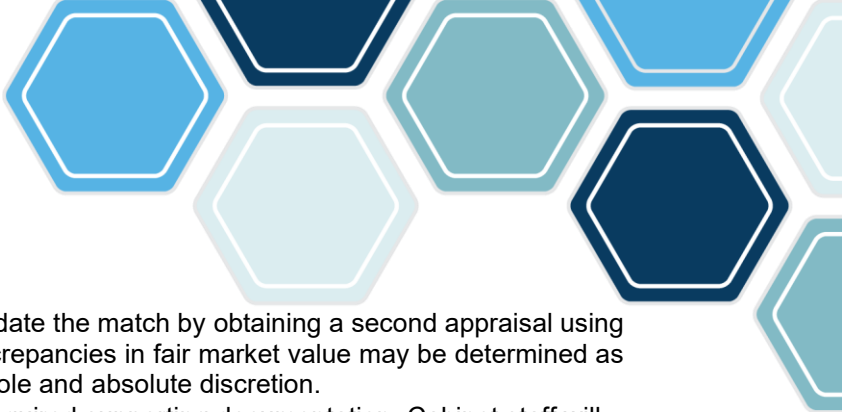
The maximum KPDI Program of 2026 funding available for each Eligible Project is \$2,500,000 in a heritage county and \$2,000,000 in any other county, except if the Eligible Project is participating in a Regional Project. Regional Projects may pool the potential allocation of funds available for each county to determine the potential maximum KPDI Program of 2026 funding available. Additionally, the maximum funding available for each county shall not exceed \$2,500,000 in a heritage county and \$2,000,000 in any other county, per round.

The Process – KAED and its Third-Party Independent Site Selection Consultant

- A template letter of intent and Request for Information (RFI) spreadsheet will be released with separate deadlines for submission.
- Eligible Grant Recipients with a potential Eligible Use for an Eligible Project will submit a letter of intent providing an overview of the proposed project.
 - Eligible Grant Recipients with a potential Eligible Use for a Regional Project will submit a single letter of intent providing an overview of the proposed project.
- Eligible Grant Recipients with a potential Eligible Use for an Eligible Project will submit a completed “RFI spreadsheet” and supporting documentation providing details of the proposed project.
 - If the requested use of KPDI Program of 2026 funds is for property acquisition, due diligence studies and appraisals shall be provided for review and acceptance to verify the property is developable.
 - Eligible Grant Recipients with a potential Eligible Use for a Regional Project will submit a single application and supporting documentation providing details of the proposed project.
 - **Please note a KPDI Program of 2026 funding award is not guaranteed if an RFI spreadsheet is submitted. The Eligible Grant Recipient may begin incurring costs for the Eligible Project after the RFI spreadsheet deadline submission date to KAED at its own risk, and is not guaranteed. Should a KPDI Program of 2026 funding award occur, costs incurred for the Eligible Project after the RFI spreadsheet submission date to KAED may be considered eligible for matching funds and reimbursement.**
- Each RFI spreadsheet and supporting documentation will be subject to the following process by the independent site selection consultant:
 - Reviewed to determine it meets the evaluation criteria
 - Scored based on the scoring criteria
 - Prioritized based on the greatest return on investment, workforce creation and relative positive impact on the community
- A list of recommended projects will be provided to the Cabinet for consideration of grant application for funds.
 - RFI spreadsheet and supporting documentation related to each recommended project will be provided to Cabinet staff.
- Detailed feedback to all proposed projects submitting an RFI spreadsheet will be provided.
- An annual report will be prepared and submitted to the Cabinet including the following information:
 - Listing of all applicants and proposed Eligible Uses
 - Identify applicants selected and not selected for recommendation to the Cabinet
 - Trends found in feedback given to applicants who were not selected for recommendation
 - Any other information requested by the Cabinet

The Process – Cabinet KPDI-EDF Application and Approval Process

- After the list of recommended projects is provided, Cabinet staff will provide a KPDI-EDF application to each project under consideration for funding.
 - The Cabinet will perform due diligence and review eligibility requirements and work with the applicant to identify the appropriate Grantee (local government entity to flow the funds through) and the Beneficiary for the project (Eligible Grant Recipient).
 - For property acquisition at a discounted sales price that is offered as matching dollars and has an estimated fair market value appraisal report prepared by a certified Kentucky real



estate appraiser, the Cabinet may validate the match by obtaining a second appraisal using an appraiser of its own selection. Discrepancies in fair market value may be determined as the Cabinet deems appropriate at its sole and absolute discretion.

- Upon receipt of a completed application with required supporting documentation, Cabinet staff will prepare a draft KEDFA board report.
 - A local resolution from the Grantee is required to be attached to the KPDI-EDF application.
 - Draft KEDFA board report will be provided to Grantee and Beneficiary for review and acceptance to terms and conditions.
- Once the draft KEDFA board report is accepted, the Cabinet’s legal counsel will be engaged to draft the grant agreement.
 - Draft grant agreement will be provided to Grantee and Beneficiary for review.
 - Upon receipt of the executed grant agreement from the Grantee and Beneficiary, a recommendation and concurrence letter will be prepared and signed by the Cabinet’s Secretary and the Secretary of the Finance and Administration Cabinet.
 - After required documentation is received, the Application will be presented to KEDFA for approval.
- If KEDFA approval occurs, the project will be submitted to the State Property and Buildings Commission and the Capital Projects and Bond Oversight Committee for approvals.
- After approval by all three boards/committees is received, the Secretary of the Cabinet and the Secretary of the Finance and Administration Cabinet sign the agreement, and copies will be provided to the Grantee and Beneficiary.
- In accordance with the grant agreement, disbursement requests may be submitted monthly requesting funds to be disbursed on a reimbursement basis.
 - Invoices, proof of payment, matching funds, progress reports and other supporting documentation will be required to be submitted with each request.
 - Annual reports will be requested to obtain information on projects that may have located on the property involved in the infrastructure improvements funded with KPDI Funds.
- Upon review and approval of documentation, funds will be disbursed to the Grantee to provide to the Beneficiary.

.....
To learn more, contact:
Kylee Palmer
Kylee.Palmer@ky.gov
Phone: (502) 564-7670
.....