



Compendium of key analyses for Kentucky

Collaborative Blueprint created by and for Kentucky's Economic Developers

December 2023



Overview of this document

This document contains the following from the Collaborative Blueprint deliverables:

- Economic overview of Kentucky, focusing on 5 parts: Sectors & Firms, Talent & Human capital, Capital & Innovation, Infrastructure, Business climate, and Economic Development Operating Capabilities
- The Economic Development Operating Capabilities section provides an overview of Kentucky's economic development incentive toolkit and performance compared to competitor states.
- Where applicable, the levers are analyzed through multiple lenses: state-wide, geographic breakdown, and by demographic group
- Data as of Dec 2023

Analyses were completed against a 6 part framework



- 1 Sectors & Firms**
- 2 Talent & Human capital**
- 3 Capital & Innovation**
- 4 Infrastructure**
- 5 Business climate**
- 6 Economic Development Operating Capabilities**

Where applicable, the levers are analyzed through multiple lenses: **state-wide, geographic breakdown, and by demographic group**

6. Economic Development Operating Capabilities

Contents

1 Overview of incentives

2 Kentucky incentive analysis by sector

1. Overview: Core elements of a high-performing state economic development function



Example EDOs



2. Best-in-class “product” offerings can span the deal life cycle

NOT EXHAUSTIVE

	Pre-deal	During deal				Non-financial incentives		Post-deal
Incentive type	Proactive investment  Site development	Financial incentives  Tax incentives  Subsidies  Grants  Loans & loan guarantees				 Expedited permitting  Talent services & support		 Aftercare Ongoing support
Overview	Ongoing investments in site readiness, maintenance (e.g., of land and infrastructure), and placemaking	Direct offsets to company’s capital investment and/or operating costs, as well as related investments the company makes in surrounding community (e.g., investment in public infrastructure)				Services and programs offered to company to facilitate investments and accelerate project’s success		Relationship building and maintaining aimed at helping future expansion

1. Attracting businesses can involve different financial incentives

Not exhaustive

 More complex



Tax incentives



Subsidies



Grants



Loans and loan guarantees

Description

Temporary reduction or elimination of taxes, in the form of tax abatement, tax credit, tax refund, and others

Form of business expense reduction, which could be in the form of discount or direct payment to supplier

Non-refundable funds that are usually conditional upon meeting certain qualifications and targeted for specific uses

Repayable financial aid from the State; Government expects repayment

Most applicable investment context

Small, mid-sized, and large enterprises

Small, mid-sized enterprises

Small, mid-sized, and large enterprises

Small, mid-sized enterprises

Risk profile

Low risk with a high degree of investment stability

Low risk with a high degree of investment stability

Low risk with a high degree of investment stability

High risk

Investment focus

Capital investment (mainly in the US)
Regional and local development

Workforce expansion/retention
Operations/financing
Capital investment

Anchor and large capital investments
Regional and local development

Operations/financing

Incentive examples

Tax abatement (e.g., property tax, corporate tax), tax refund, payment in lieu of taxes, tax increment financing

Training support, reduced utility bills, jobs credits, workforce development, talent attraction

Direct cash grants









Forgivable loans, low-interest loans

Degree of complexity



1. CAPEX and OPEX intensive industries prioritize tax and subsidy incentives; smaller-scale industries may need capital financing support

Not exhaustive

	 Tax incentives	 Subsidies	 Grants	 Loans and loan guarantees
Fiscal and accounting considerations	No direct impact in State's bud-get given that business support is foregone revenue rather than a direct cash expense on the budget ¹	Increased cash expenditure for Government but often registered under different expense categories (e.g., education, infrastructure, etc.). Monetary value to a company can be greater than actual expenditure by Government ²	Most expensive form of business support as there is no expectation for repayment and the grant is registered as a direct cash expenditure on the State's budget	Loans register as a cash expenditure in the budget, but assets do not decrease as they are offset by an increase in accounts receivable given expectation for repayment (actual cost to government can vary based on repayment rate)
Implications for emerging sector priorities for Kentucky	Large scale operations industries (e.g., Auto/EV, Manufacturing sectors, Distribution & Logistics, and Aerospace within Innovation)	High OPEX industries (e.g., Auto/EV, Manufacturing sectors, Distribution & Logistics, and Life Sciences within Innovation)	Focus point for all industries	Smaller scale, fewer financing option companies (e.g., small Business, professional, & financial services players, AgriTech & Life Sciences start-ups)
Direct cost to government				

1. Impact is decreased revenue only in the event that the company would have opened operations in the State without the business support
 2. i.e., company receives a full reduction in a specific cost but cost to government is only the cost of providing that service to the company




1. Kentucky's financial incentive toolkit emphasizes income tax incentives























































Not exhaustive



Incentive program	Tax incentives	Sales and use tax	Grants	Loans and loan guarantees	Other
Kentucky Economic Development Finance Authority	Income tax Kentucky Business Investment <ul style="list-style-type: none"> Up to 100% of corporate income tax credits and up to 4% of wage assessment incentives to new and existing businesses in target industries that locate or expand in Kentucky and invest \$100K+ Up to 10-15 years Kentucky Reinvestment Act <ul style="list-style-type: none"> Up to 100% of corporate income tax credits for businesses that incur eligible equipment and related costs of at least \$1-\$2.5M (related to a qualifying Reinvestment Project) Up to 10 years Kentucky Small Business Tax Credit <ul style="list-style-type: none"> Up to \$25K in state income tax credit for eligible small businesses that have hired and sustained at least one new job in the last year and purchased \$5K+ in qualifying equipment or technology Carryforward up to 5 years Kentucky Angel Investment Tax Credit <ul style="list-style-type: none"> Up to 40% of confirmed investment amount in individual tax credit for qualified angel investor who invests in a qualified small business Carryforward up to 15 years 	Sales and use tax Kentucky Enterprise Initiative Act <ul style="list-style-type: none"> Up to \$5-20M in refund of Kentucky sales and use tax paid for building and construction materials permanently incorporated as an improvement to real property, or equipment used for R&D, data processing, or flight simulation for eligible companies that make a minimum investment of \$500K Up to 7 years 	Grants N/A	Loans and loan guarantees KEDFA Direct Loan <ul style="list-style-type: none"> Between \$25K-\$500K in loans at below-market interest rates for fixed asset financing for agribusiness, tourism, industrial ventures, or the service industry, to encourage business expansion and job creation Up to 20 years 	Other Tax Increment Financing <ul style="list-style-type: none"> Between \$10M and \$200M in financing for infrastructure improvements for a project by earmarking future tax gains resulting from the development for improvements in TIF development areas Up to 30 years
	Bluegrass State Skills Cooperation Skills Training Investment Credit <ul style="list-style-type: none"> Up to 50% of eligible training costs (or up to \$75K) in corporate income tax credit to existing businesses that sponsor occupational or skills upgrade training programs for the benefit of their employees Carryforward up to 3 years 				

1. Kentucky has a robust incentives toolkit, with few gaps relative to peer and competitor states

 Direct funding/support through dedicated program
  Funded indirectly or some funding available but not robust
  Not funded / not available

Incentive type							Peer sample program	KY Strengths and Challenges
	Land / sites							Tennessee Site Development Grant: grants of up to \$2M for improving certified sites and preparing other sites to achieve certification
R&D							Georgia R&D Tax Credit: Available to companies increasing their qualified research spending, can be used to offset up to 50% of next income tax liability	Research facility tax credit: 5% tax credit on construction of research facilities, refund on sales tax for purchase of R&D equipment through KY Enterprise Initiative Act (KEIA)
Job creation							Georgia Job Tax Credit: provides a credit ranging from \$1,250 to \$4,000 per year for 5 years for every new job created	Main job creation program KY Business Initiative has industry-focused eligibility which may impede the flexibility of the programs, job targets are low or negotiable
Expansion							JobsOhio Growth Fund (~\$17M/year): Provides capital for expansion projects (land, building, machinery, software development) to companies, with job retention or creation requirement	KY Enterprise Initiative Act offers incentives for KY companies for physical / capital expansion, no job expansion requirements
Retention							Peers spend on average 2% of incentives dollars on job retention (GA, OH, TX spend 0-1%, TN spends 6%)	KY spends 3% of incentives dollars on job retention, KY Reinvestment Act (KRA) requires 85% job retention
Talent							Texas Skills Development Fund (\$30M, FY2021): assists Texas public community and technical colleges finance customized job training for their local businesses	Workforce training credits offered through Bluegrass State Skills Cooperation, Apprenticeship programs and scholarships through Education and Labor Cabinet
Small business							Texas Product Development and Small Business Incubator Fund (\$435K, FY2021): revolving loan program financed through bond issuances, aids in development, production and commercialization of new or improved products	Multiple programs offer support for entrepreneurship and small businesses, lacking targeted support for minority and/or women-owned businesses
Technical assistance							Georgia's easy-to-navigate Small Business website includes assistance for starting, growing and financing a businesses, mentoring, education, coworking spaces, as well as dedicated pages for women, minority, youth, and veteran owned businesses	KY Business One Stop provides information and resources for business owners

1. Select insights from Kentucky's financial incentive analysis

January 2021 – September 2023

Select insights

Kentucky incentives are predominantly tax credits while peers utilize a greater share of grants/subsidies: By total deal count, 94% of Kentucky's incentives were deployed as tax credits, the highest among peers. In comparison, OH and SC deployed 70%+ of incentives as grants/subsidies

Incentives are focused on attraction: Kentucky ranks 4th among peers in share of incentives going to attraction projects (86% vs 96% for GA) and 14% going to expansion projects

Kentucky's deals are efficient and have greater overall employment impact than peers: Kentucky's incentives are more efficient than competitive peers (e.g., TN, NC, GA)¹, which means the Commonwealth gets more capex and jobs per incentive \$; compared to peers, Kentucky:

- Creates the greatest number of new jobs as a share of employment (2.5% vs next highest of 1.8% in IN)
- Ranks 6 out of 8 peers in total incentives (\$1.7B) between 2021 and YTD 2023, and in the top 5 for incentives as a share of GDP, incentive to capex, and incentives to jobs
- For attraction deals, Kentucky is most efficient for incentives per capex and 2nd most efficient on incentives per jobs compared to competitive peers (excluding AR)

Incentives are concentrated in auto / manufacturing-focused counties, and deal efficiency varies by region: Regions with auto and manufacturing footprint have received highest share of incentive spend, which are among Kentucky's least efficient deals (e.g., Hardin County, \$5.8B investment from Ford and Christian County, \$1B investment from Ascend)

EV battery is Kentucky's least efficient sector, though the Commonwealth is still more efficient than peers: Kentucky's incentives are efficient across most priority sectors² (see next page for more details); however, EV Battery, the sector with the most incentives, has the highest incentive to capex and job ratios, though Kentucky is more efficient than all EV battery peers for both capex and jobs, indicating the competitiveness of this sector and higher incentives per job

Potential implications

Today, Kentucky is efficient in incentive delivery across sectors and competed to peers

However, Kentucky may need to increase incentive investments, develop a broader toolkit (e.g., more grants / subsidies), and further tailor incentives to priority sectors to prepare for increasing competitiveness in priority sectors like EV, where competitor states are increasing investment^{3, 4}

Similarly, Kentucky may have to invest more to win deals in high priority regions – which could lead to less deal efficiency – in to ensure all parts of the Commonwealth benefit from deals

1. Peers excluding Arkansas, since 76% of the states deals are for expansion

2. Auto/EV, aerospace, distribution & logistics, materials, food & beverage

3. Based on research from Tim Bartik, senior economist at the WE Upjohn Institute for Employment Research, who noted that capital intensive industries could receive up to \$100K per job (vs average incentives of \$50K). Financial Times, Feb 2023

4. Michigan passed a bill to invest \$1.5B in incentives for EVs

1. Select insights from Kentucky's financial incentive analysis in emerging priority sectors

January 2021 – September 2023

Strategic sector theme	Emerging priority sector	Select insights
Automotive future	Auto/EV	<ul style="list-style-type: none"> Kentucky deployed \$32M in incentives (~2% of top peer) and received \$664M in CAPEX (~10% of top peer), and had highest capex and job efficiency compared to peers
	EV battery	<ul style="list-style-type: none"> Kentucky deployed \$960M in incentives (~25% of top peer) and received \$8.7B in CAPEX (~75% of top peer) while creating the highest relative net new share of jobs (~.4% of total employment) and seeing highest capex and job efficiency compared to peers However, these deals were the least efficient compared to other emerging priority sectors in KY
Manufacturing	Materials	<ul style="list-style-type: none"> Kentucky deployed \$84M in incentives (~5% of top peer) and received \$2.9B in CAPEX (~10% of top peer), and had highest job efficiency and second highest capex efficiency
	Food & beverage	<ul style="list-style-type: none"> Kentucky deployed \$84M in incentives (~30% of top peer) and received highest CAPEX investment of \$3.4B, with highest relative net new share of jobs (~.1% of total employment) and highest capex efficiency
Natural assets	Distribution & logistics	<ul style="list-style-type: none"> Kentucky deployed the highest amount of incentives of \$42M and received highest CAPEX investment of \$78M, with capex and job efficiency on par with peer average
Innovation	Aerospace	<ul style="list-style-type: none"> Kentucky deployed \$6M in incentives (~5% of peers) and received \$106M in CAPEX investment (~12%), with highest capex efficiency

1. Compared to majority of peers, Kentucky deploys a greater proportion of tax incentives and smaller proportion of grants/subsidies

Incentives by type, 2021-2023 YTD

Number of deals and % breakdown

	Grant/Subsidy		Tax ¹		Loans		Total deals
South Carolina	116	72%	2	1%	39	24%	162
Ohio	674	71%	209	22%	118	12%	947
North Carolina	312	69%	25	6%	70	16%	450
Tennessee	146	62%	33	14%	56	24%	234
Georgia	60	40%	19	13%	78	52%	150
Indiana	74	13%	499	91%	41	7%	549
Arkansas	4	13%	2	6%	22	71%	31
Alabama	10	12%	36	43%	26	31%	84
Kentucky	5	1%	425	94%	22	5%	451



Kentucky utilizes diversified incentive offerings but offers the third largest share of loans compared to peers

Kentucky offers third lowest share of grants/subsidies compared to peers

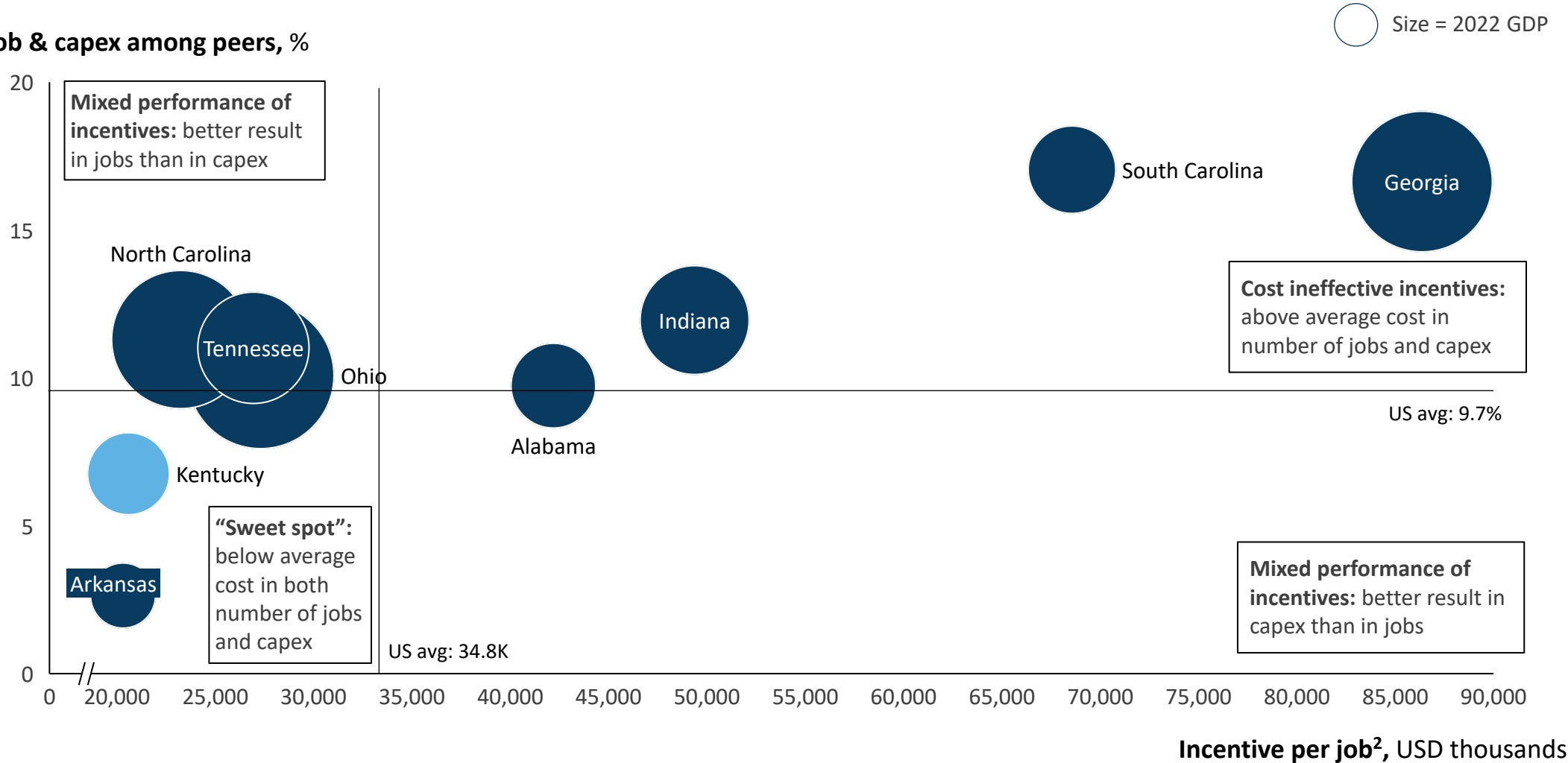
1. Includes tax credits and abatements

1. Kentucky offers lower incentives per CAPEX and per job relative to nearly all peers and US average

All deal types: Incentive per capex ratio v. incentive per job, January 2021 – September 2023

Incentive per job & capex among peers, %

Incentive per capex ratio¹, %

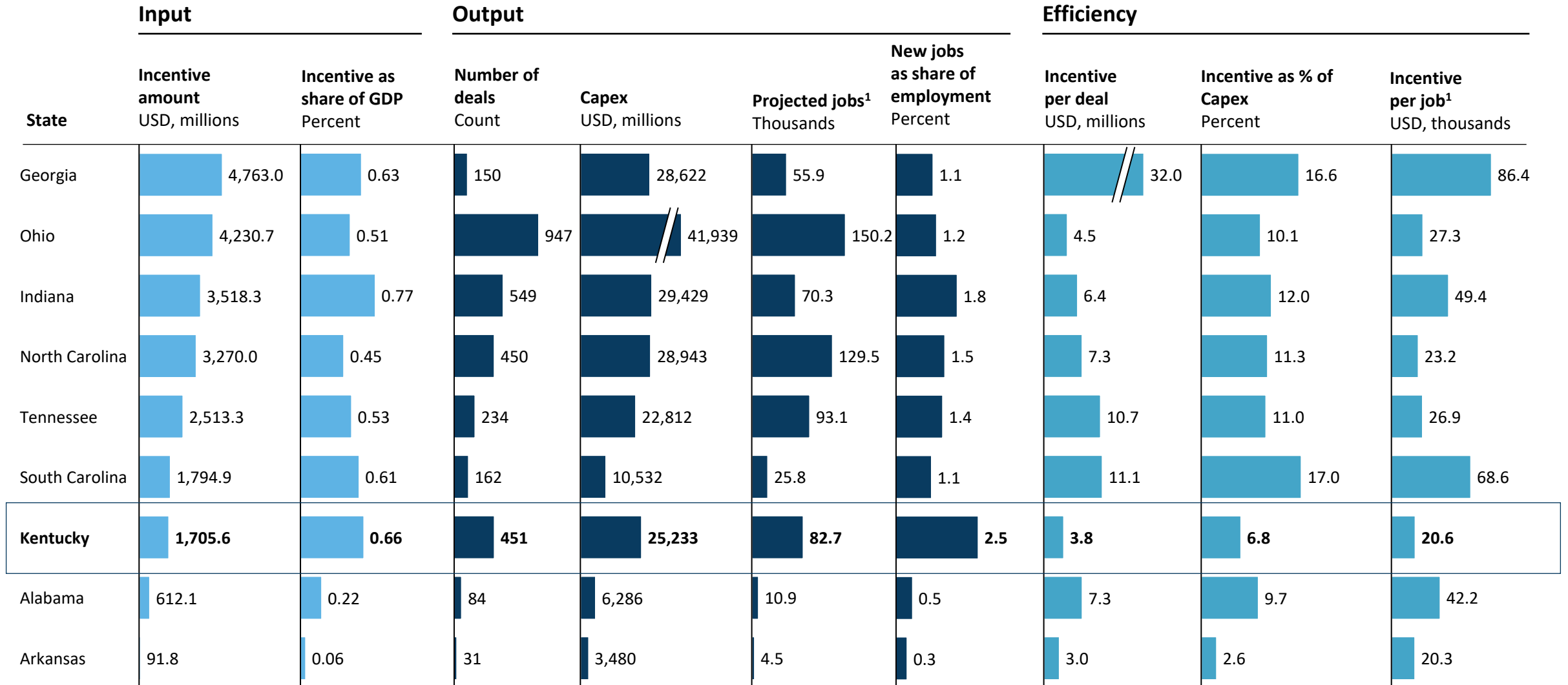


1. Incentive per capex measures total incentives divided by sum of capital expenditures occurring as a result of private sector investment
 2. Incentive per job measures total incentives divided by sum of jobs created and retained through private sector investment

Source: FDI Intelligence Incentives Flow, accessed 9/21/2023, Data as of Dec 2023

1. Compared to its peers, Kentucky has created highest relative net new jobs and has second highest capex and job incentive efficiency

Incentive deal analysis, January 2021 – September 2023



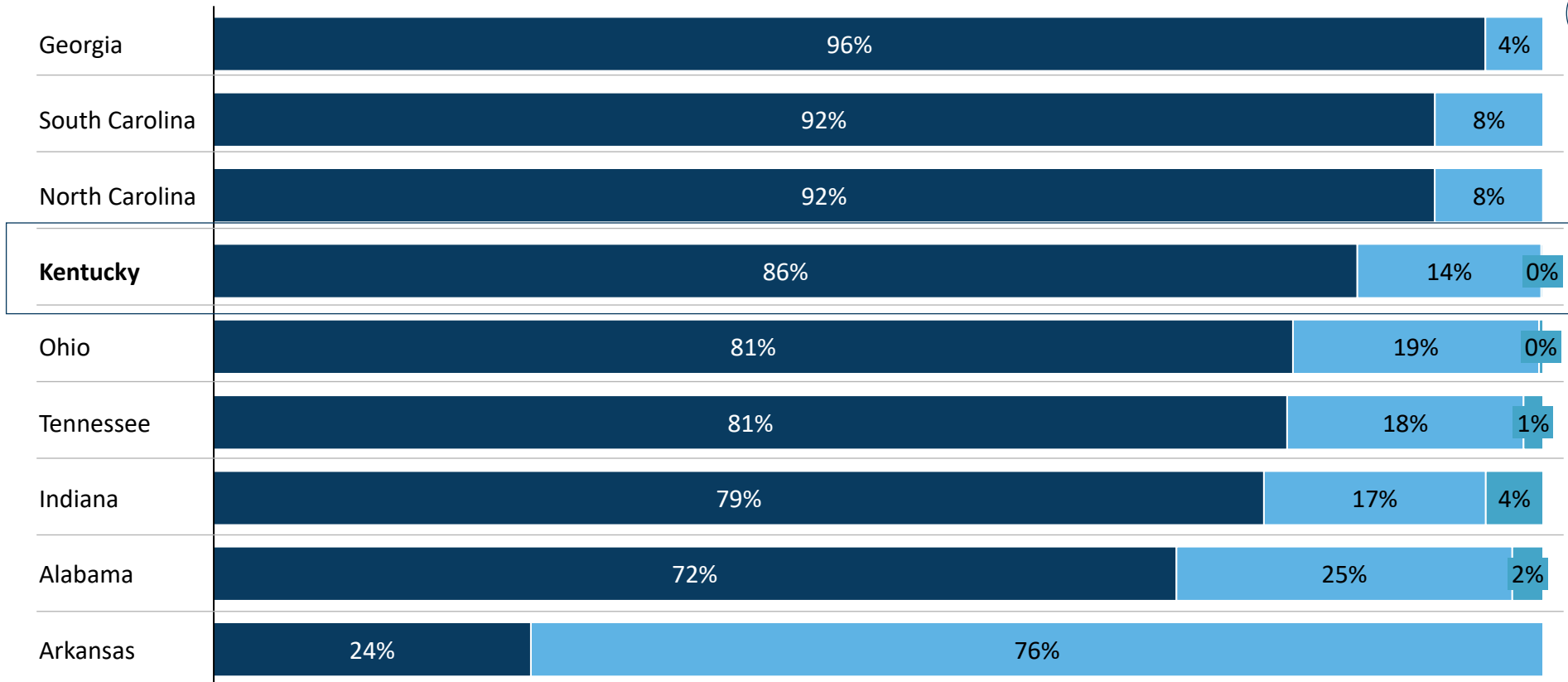
1. New and retained jobs

Source: FDI Intelligence Incentives Flow, accessed 9/21/2023, Data as of Dec 2023

1. Kentucky ranks 4th among peers in share of incentives going toward attraction deals

Incentives by project type, January 2021 - September 2023
 Percentage of incentive \$ amount breakdown

■ Attraction deal ■ Expansion deal ■ Retention deal

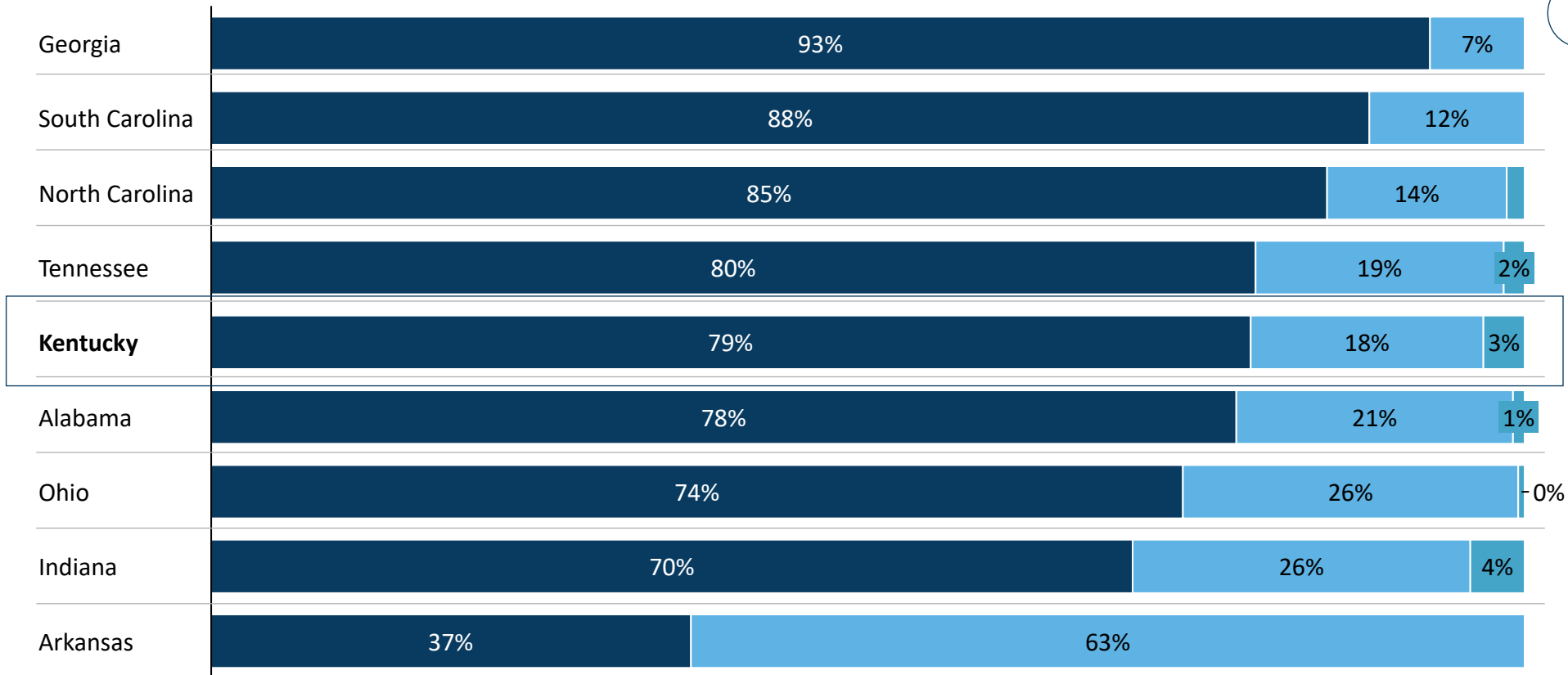


84% of Kentucky's incentives spend goes toward attraction deals

1. Historically, Kentucky had more expansion and retention deals

Incentives by project type, January 2018-September 2023
 Percentage of incentive \$ amount breakdown

■ New project ■ Expansion ■ Retention



Over the past 5 years, 79% of Kentucky's incentives spend has gone toward new projects

1. For attraction deals, Kentucky deploys tax incentives while peers utilize grants or a combination of grants and tax incentives

Incentives by type, 2021-2023 YTD

Number of deals and % breakdown

	Grant/Subsidy		Tax ¹		Loans		Total deals
South Carolina	69	91%	1	1%	1	1%	76
Georgia	46	87%	12	23%	1	2%	53
North Carolina	145	80%	20	11%		0%	182
Tennessee	58	78%	16	22%	2	3%	74
Arkansas	2	67%	1	33%		0%	3
Ohio	95	46%	125	60%	5	2%	208
Indiana	37	23%	158	99%	3	2%	160
Alabama	6	21%	17	59%		0%	29
Kentucky	3	1%	227	100%	2	1%	227



Kentucky offers the 2nd lowest proportion of grant/subsidy incentives for new deals compared to peers, and the 2nd highest share of loans

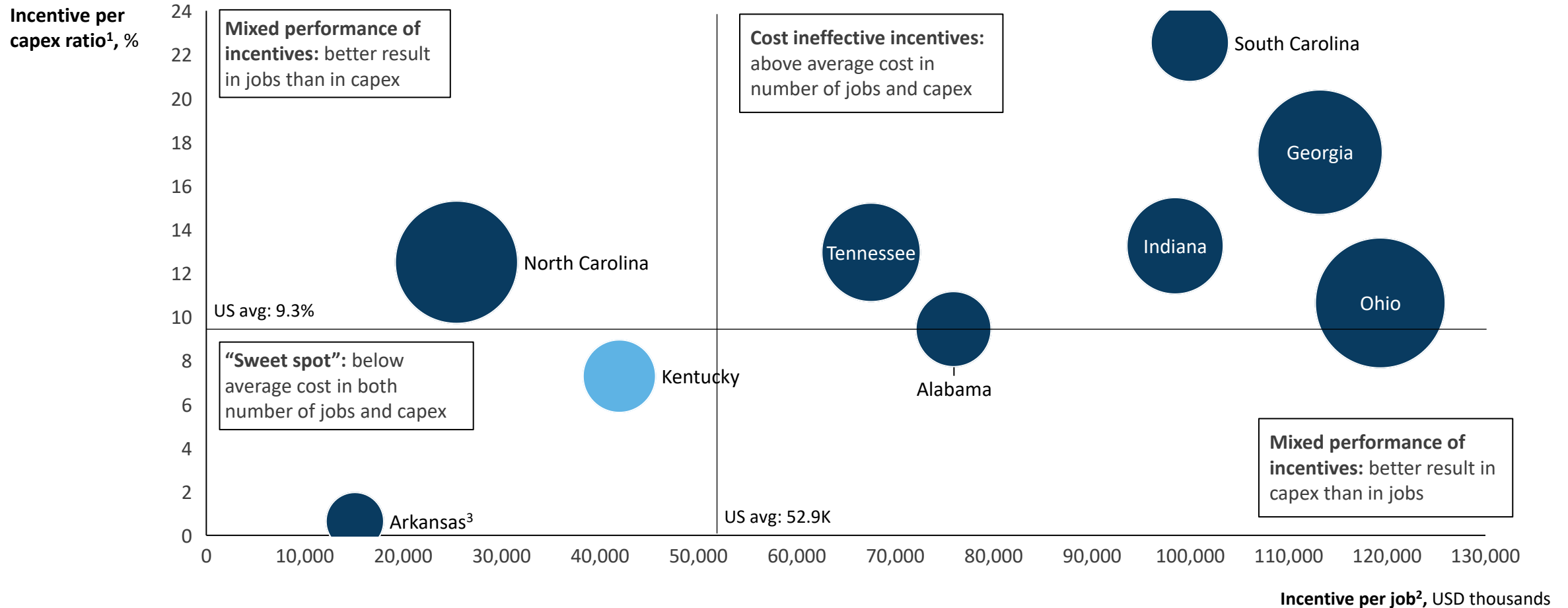
1. Includes tax credits and abatements

1. For attraction deals, Kentucky offers lower incentives per capex and per job relative to nearly all peers and US average

New deals: Incentive per capex ratio v. incentive per job, January 2021 – September 2023

Incentive per job & capex among peers, %

○ Size = 2022 GDP



1. Incentive per capex measures total incentives divided by sum of capital expenditures occurring as a result of private sector investment

2. Incentive per job measures total incentives divided by sum of jobs created and retained through private sector investment

3. 76% of Arkansas projects are retention projects

Source: FDI Intelligence Incentives Flow, accessed 9/21/2023, Data as of Dec 2023

1. For expansion deals, states utilize a mix of incentive types, while Kentucky relies mostly on tax incentives

Incentives by type, 2021-2023 YTD

Number of deals and % breakdown

	Grant/Subsidy		Tax ¹		Loans		Total deals
Ohio	574	80%	85	12%	117	16%	721
North Carolina	167	63%	5	2%	73	27%	267
Tennessee	89	57%	15	10%	53	34%	156
South Carolina	47	55%	1	1%	39	45%	86
Georgia	14	14%	7	7%	77	79%	97
Indiana	35	9%	336	88%	39	10%	383
Alabama	4	7%	18	33%	26	48%	54
Arkansas	2	7%	1	4%	22	79%	28
Kentucky	2	1%	205	92%	22	10%	222



Expansion deal funding mechanisms vary more widely than new deal funding, some states rely heavily on tax incentives for expansion (Kentucky, Indiana), while others (Tennessee, South Carolina) utilize more grants/subsidies

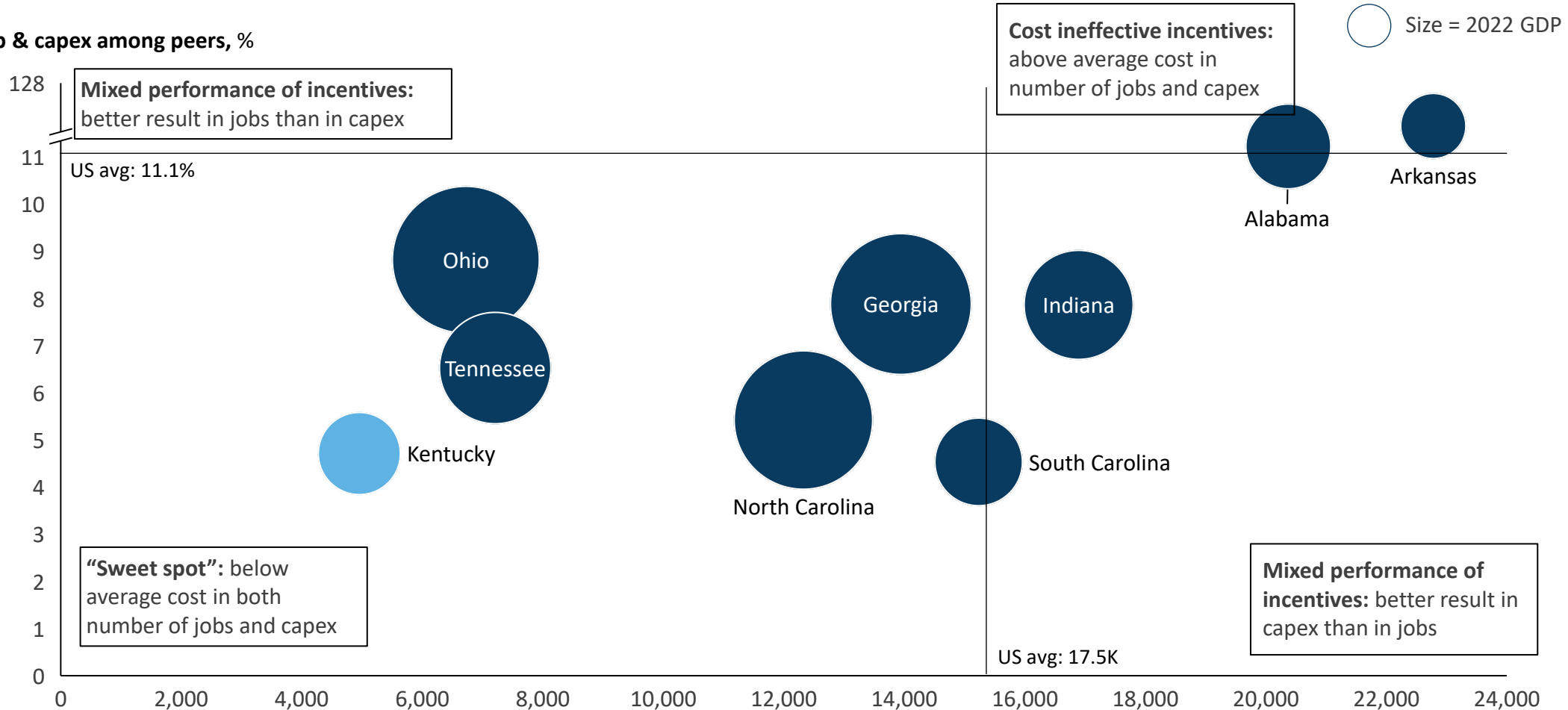
1. Includes tax credits and abatements

1. For expansion deals, Kentucky offers the lowest incentives per job and lower incentive per capex relative to most peers

Expansion deals: Incentive per capex ratio v. incentive per job, January 2021 – September 2023

Incentive per job & capex among peers, %

Incentive per capex ratio¹, %



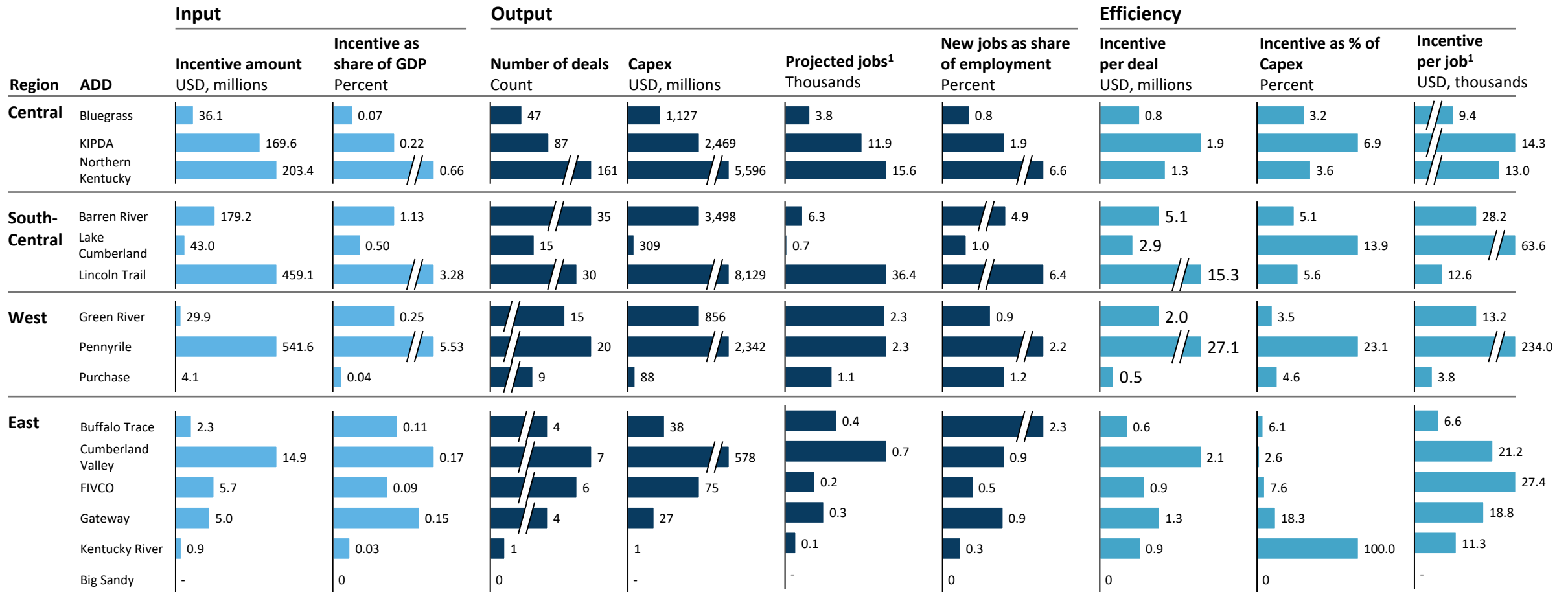
Incentive per job², USD thousands

1. Incentive per capex measures total incentives divided by sum of capital expenditures occurring as a result of private sector investment
 2. Incentive per job measures total incentives divided by sum of jobs created and retained through private sector investment

Source: FDI Intelligence Incentives Flow, accessed 9/21/2023, Data as of Dec 2023

1. In Kentucky, deal activity and efficiency varies by region

Incentive deal analysis, January 2021 – September 2023



1. New and retained jobs

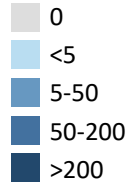
Source: FDI Intelligence Incentives Flow, accessed 9/21/2023

1. Incentive investments vary with heavy auto and manufacturing counties receiving a higher share

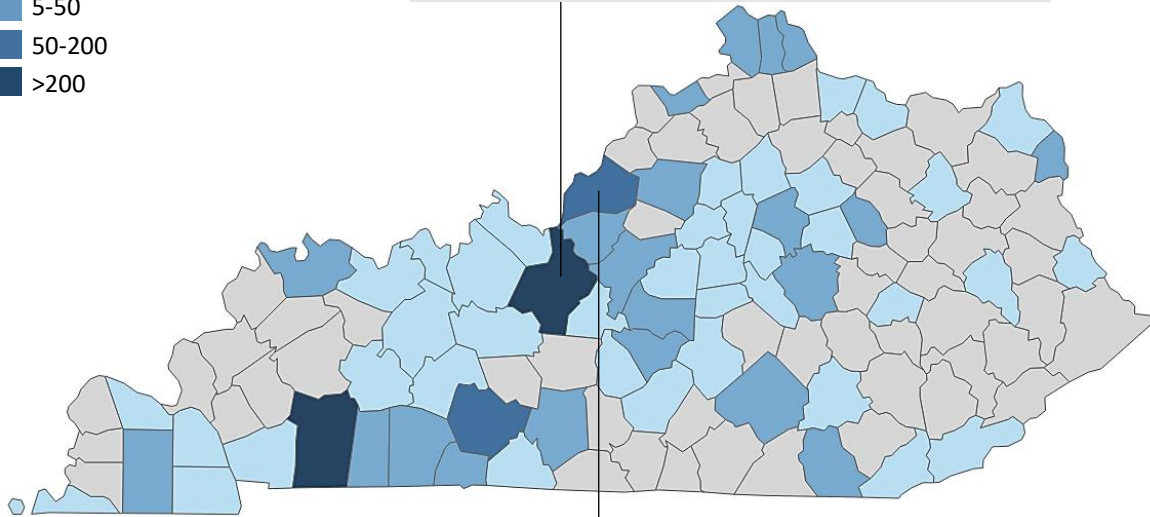
January 2021 – September 2023

Incentives spend per county¹

Incentive amt., \$M



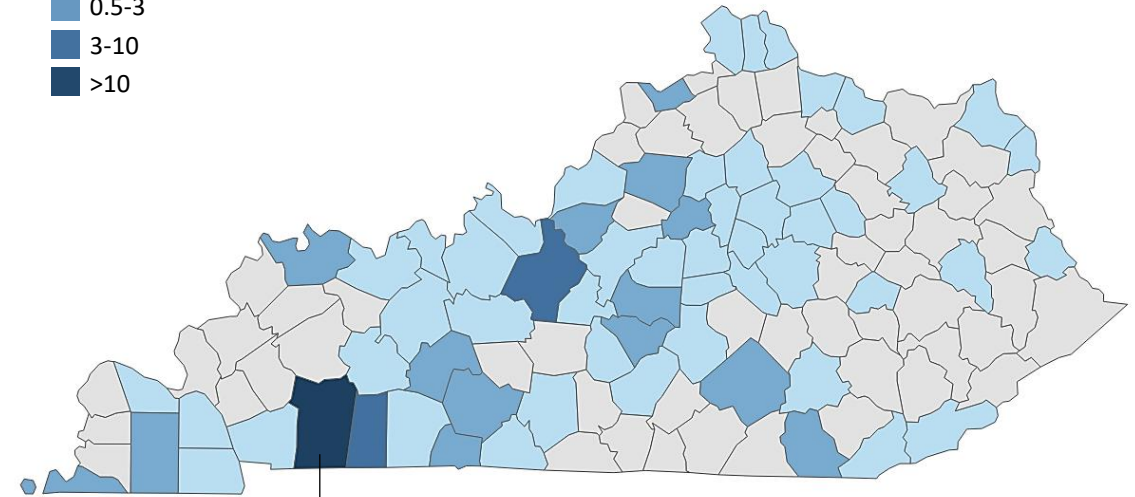
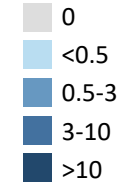
Hardin County: A \$430M deal with **Ford** to manufacture batteries for its new line of EVs generated 5.5K jobs and \$5.8B capex (2021)



Jefferson County: Received ~\$120M in incentives and had the highest level of job creation – 7.6K new jobs
A third of total incentives spend in the county were toward one deal valuing \$40M with **GE**, generating 1K new jobs and \$450M in capex (2021)

Incentives spend as a % of GDP, by county²

Incentive % of GDP



Christian County: Received the most incentives relative to county GDP, driven by 2022 deal valued at nearly \$500M with **Ascend Elements** (battery mfg), which created 400 new jobs and \$1B in capex; this was among Kentucky's least efficient deals

1, 2. Excludes deals that involve multiple counties

Source: FDI Intelligence Incentives Flow, accessed 9/21/2023, Data as of Dec 2023

Contents

1 Overview of incentives

2 Kentucky incentive analysis by sector

2. Tailored peer state selection for Kentucky’s financial incentive analysis in priority sectors

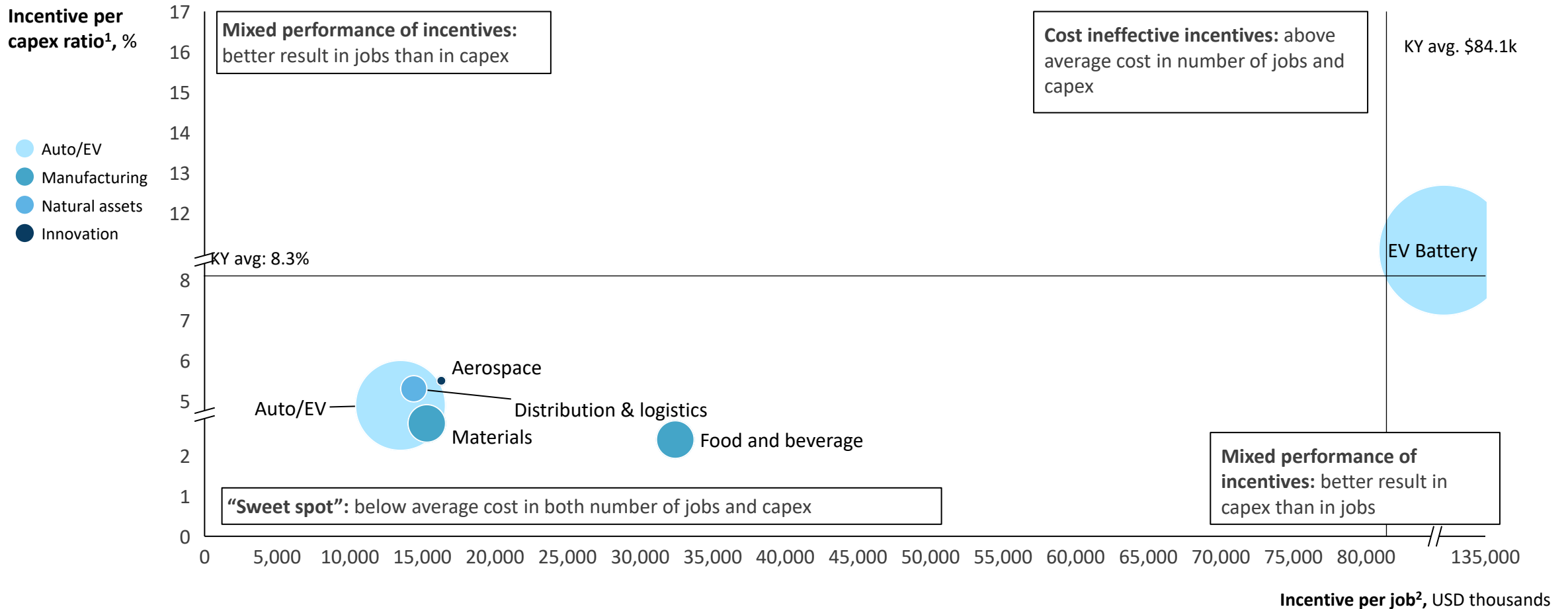
January 2021 – September 2023

Strategic sector theme	Priority sector	Top 5 peers by gross size of incentives in sector
Automotive future	Auto/EV	Georgia, North Carolina, South Carolina, Tennessee, Ohio
	EV battery	Georgia, North Carolina, Indiana, Michigan, Nevada
Manufacturing	Materials	Indiana, New York, Texas, West Virginia, Louisiana
	Food & beverage	New York, Texas, Washington, Iowa, Alabama
Natural assets	Distribution & logistics	Indiana, New York, Tennessee, Louisiana, Ohio
Innovation	Aerospace	North Carolina, California, Connecticut, Illinois, Indiana

2. Kentucky's EV battery deals are the largest and least efficient among priority sectors

Deals by sector: Incentive per capex ratio v. incentive per job, January 2021 – September 2023

Incentive per job & capex among peers, %

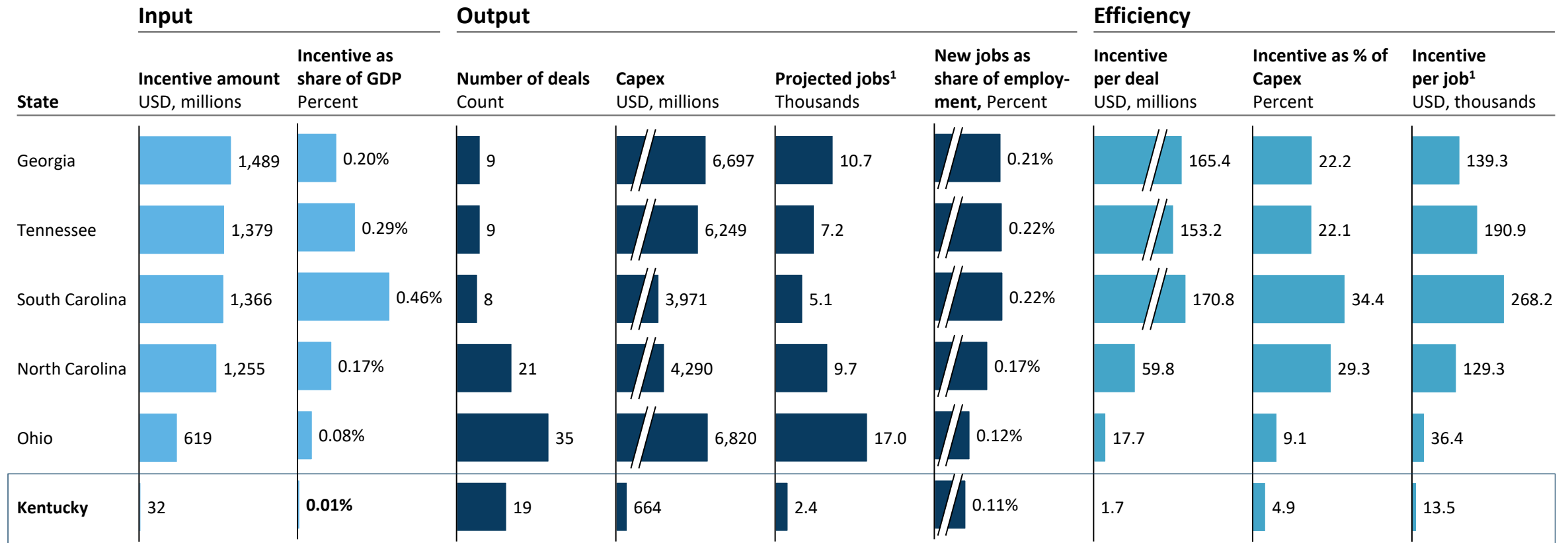


1. Incentive per capex measures total incentives divided by sum of capital expenditures occurring as a result of private sector investment
 2. Incentive per job measures total incentives divided by sum of jobs created and retained through private sector investment

Source: FDI Intelligence Incentives Flow, accessed 9/21/2023, Data as of Dec 2023

2. Auto/EV: Kentucky's incentives are significantly smaller per deal and are the most capex and job efficient compared to peers

Incentive deal analysis, January 2021 – September 2023



Kentucky deployed lowest absolute value of incentives compared to peers

Kentucky received 1/10th of the CAPEX investment in Georgia and Tennessee; net new job creation in Kentucky was ½ of top-performing peers

Kentucky's incentives per deal were the smallest in absolute value and the most efficient per dollar of Capex and job

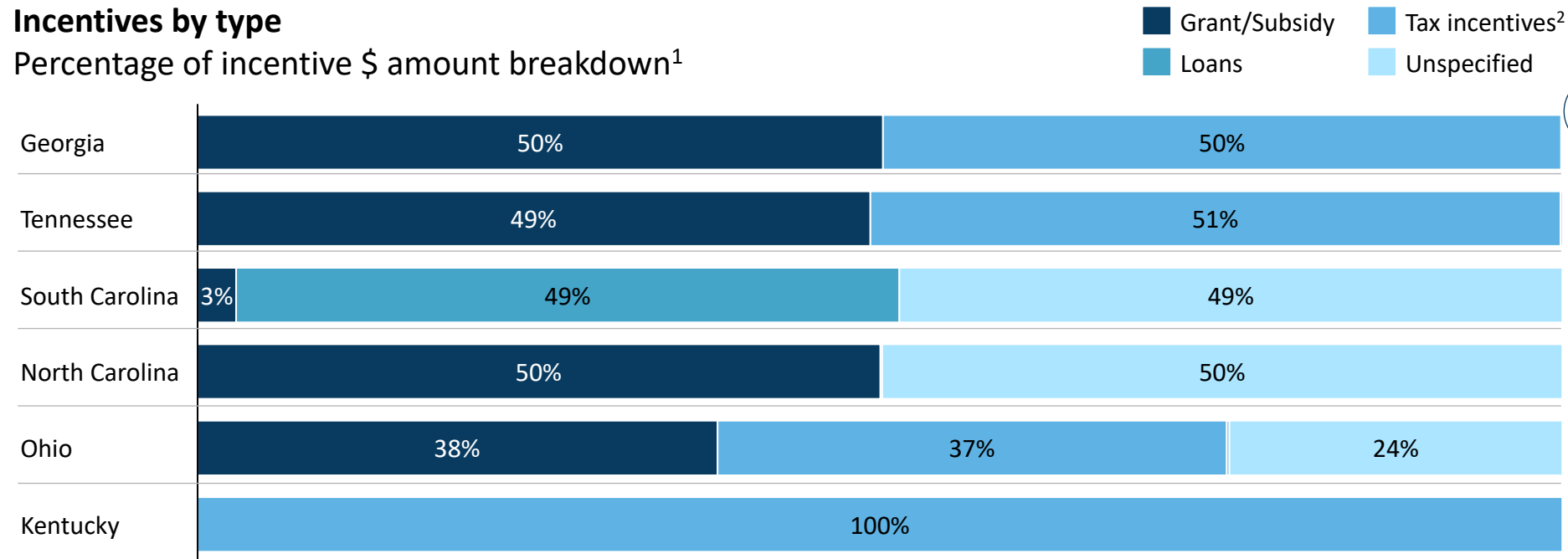
1. New and retained jobs

2. Auto/EV: Kentucky has deployed tax incentives for Auto/EV deals while peers have leveraged a combination of financial incentive types

Incentive deal analysis, January 2021 – September 2023

Incentives by type

Percentage of incentive \$ amount breakdown¹



While peers use a broader range of incentive types for auto/EV deals, Kentucky has deployed tax incentives

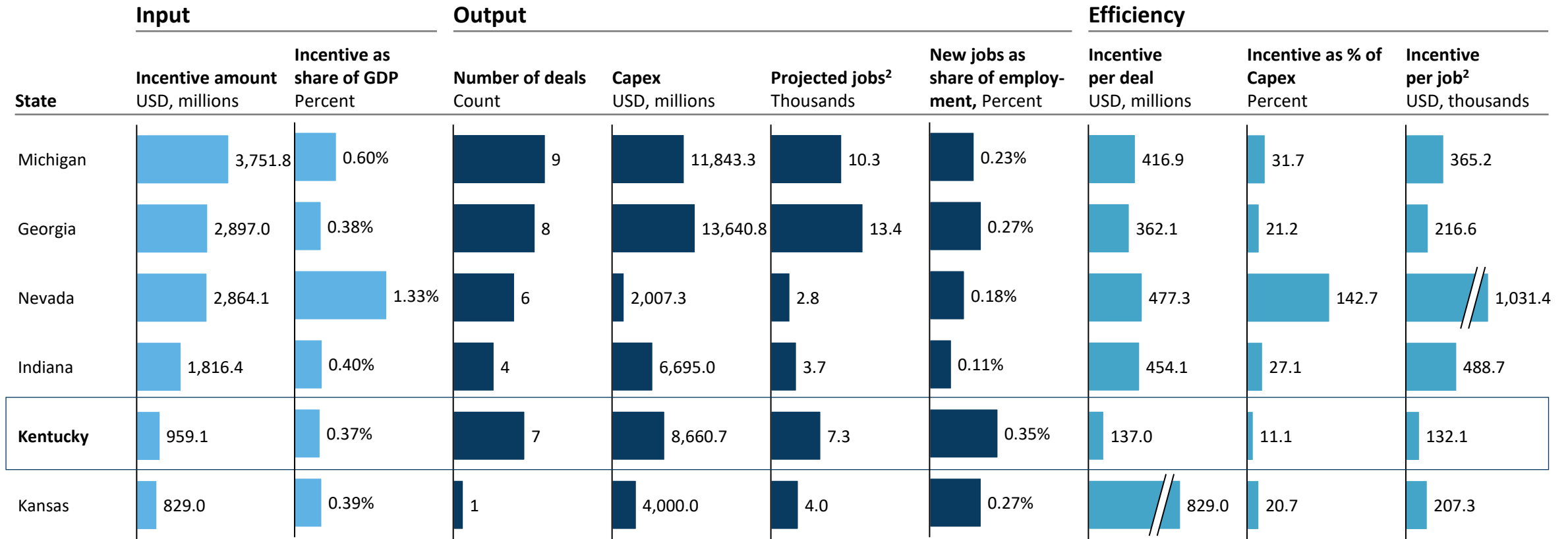
1. Incentive deals may use more than one type of incentives program, so dollars may be double counted across incentive types

2. Includes tax credits and abatements

Source: FDI Intelligence Incentives Flow, accessed 9/21/2023, Data as of Dec 2023

2. EV Battery:¹ Kentucky has seen highest relative increase in new jobs and has the most capex and job efficient incentives compared to peers

Incentive deal analysis, January 2021 – September 2023



Kentucky deployed second lowest absolute value of incentives compared to peers

Kentucky ranked third among peers for number of deals and CAPEX investment, yet created the highest relative share of new jobs compared to peers

Kentucky's incentives per deal were the smallest in average value compared to peers

1. Includes EV Battery/EV Assembly joint projects

2. New and retained jobs

Source: FDI Intelligence Incentives Flow, accessed 9/21/2023, Data as of Dec 2023

2. Auto/EV and EV Battery: Multiple states have earmarked funds for EV/battery manufacturing and advanced mobility technology deployment

✔ Vehicle incentives
✔ Battery incentives
✔ Vehicle and battery incentives
✔ Technology deployment

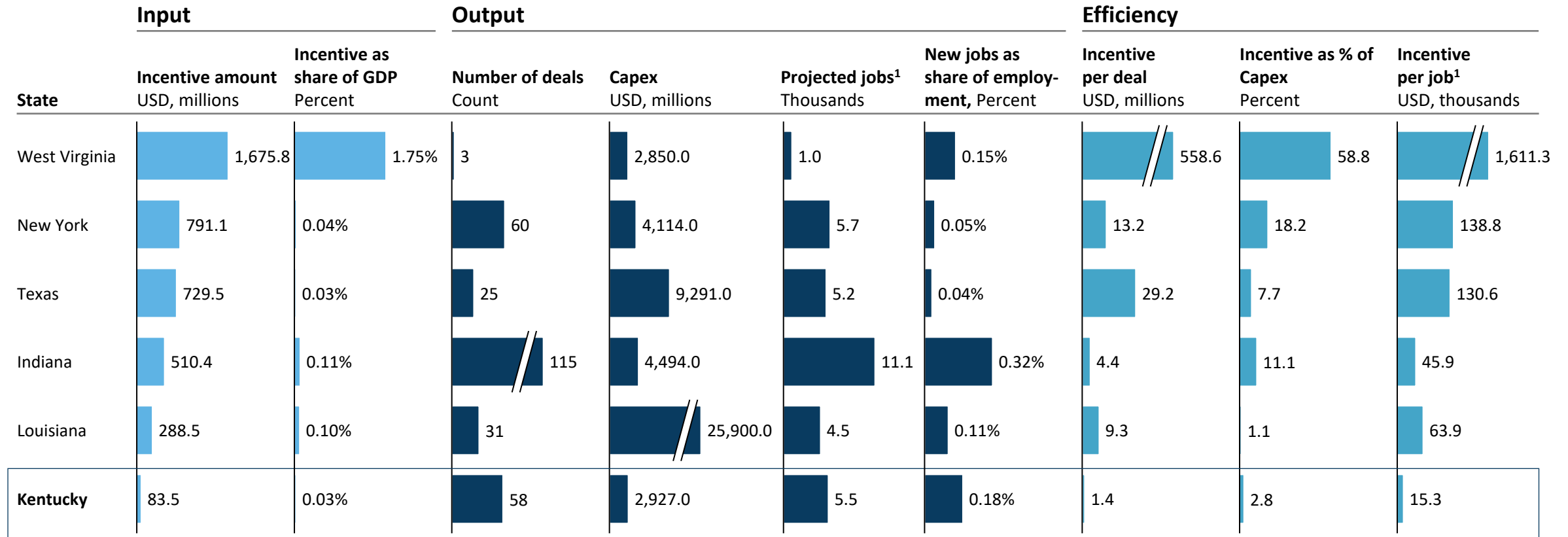
Auto/EV peer state

State	Incentive type	Description
California	✔	Advanced Transportation Tax Exclusion – Sale and tax exclusion for manufacturers of transportation products, components, or systems that reduce pollution and energy use and promote economic development
Georgia	✔	Alternative Fuel and Advanced Vehicle Job Creation Tax Credit – Annual tax credit for up to 5 years based on new jobs created for businesses that manufacture alternative energy products for use in battery, biofuel, and electric vehicle enterprises
Illinois	✔	Reimagining Energy and Vehicles Act – Tax incentives program, including up to 100% of income tax, 5 year sales tax exemption on building materials, and 10 year exemption on utilities aimed at attracting companies all along electric vehicle and renewables supply chain
Michigan	✔	Michigan Mobility Funding Platform – Provides grants to mobility and electrification companies looking to deploy technology solutions focused on sustainability, equity and multimodal transportation
Nevada	✔	Electric Vehicle Manufacturer Franchise Exemption – Regulation that exempts vehicle manufacturers from selling through franchised dealers if they produce cars powered solely by at least one electric motor
New Mexico	✔	Alternative Fuel and Advanced Vehicle System Manufacturing Incentive – Provides credit against combined reporting taxes for manufacturers of alternative energy products such as fuel cell vehicle systems and electric and hybrid EVs
South Carolina	✔	Battery Manufacturing Tax Incentive – Reduces taxable fair market value of manufacturing machinery and equipment purchased for use at a renewable energy manufacturing facility by 20% of the original cost
Wisconsin	✔	Vehicle Battery and Engine Research Tax Credits – Annual tax credit equal to 11.5% of expenses incurred on research focused on batteries for hybrid electric vehicles or improving internal combustion engine design and production processes

Michigan also leverages the **Critical Industry Program**, an incentive program for manufacturers creating or retaining qualified jobs as a result of a technological shift in product or production – which may be relevant to auto suppliers retooling their plants to transition from ICE to EV components

2. Materials: Kentucky's incentives are significantly smaller per deal and are the most capex efficient compared to peers

Incentive deal analysis, January 2021 – September 2023



Kentucky deployed lowest absolute value of incentives compared to peers

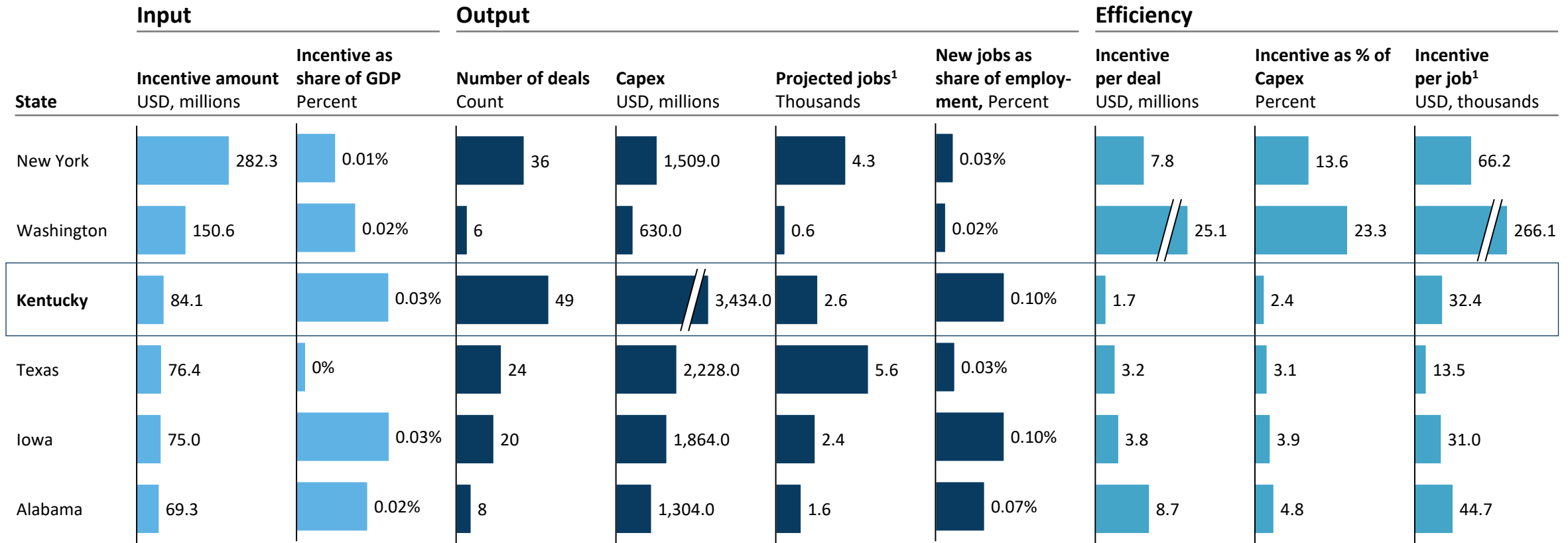
Kentucky received second lowest CAPEX investment yet created the second highest absolute share of new jobs compared to peers

On average, Kentucky's incentives per deal were the smallest in value compared to peers

1. New and retained jobs

2. Food and beverage: Kentucky received highest capex investment while deploying most capex effective incentives compared to peers

Incentive deal analysis, January 2021 – September 2023



Kentucky deployed an average incentive to GDP ratio compared to peers

Kentucky received the highest CAPEX investment and created the highest absolute share of new jobs compared to peers (on par with Iowa)

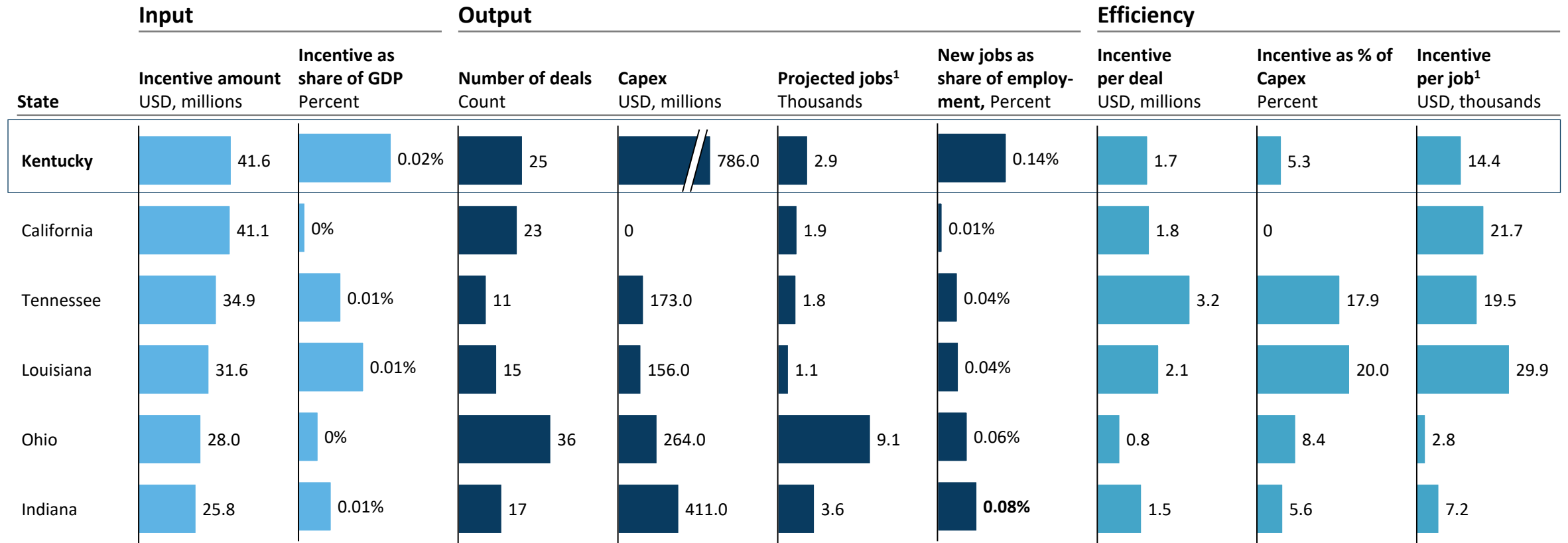
On average, Kentucky's incentives per deal were the smallest in value compared to peers

1. New and retained jobs

Source: FDI Intelligence Incentives Flow, accessed 9/21/2023, Data as of Dec 2023

2. Distribution and logistics: Kentucky deployed most incentives, receiving highest capex investment and relative new jobs compared to peers

Incentive deal analysis, January 2021 – September 2023



Kentucky deployed the highest value of incentives compared to peers

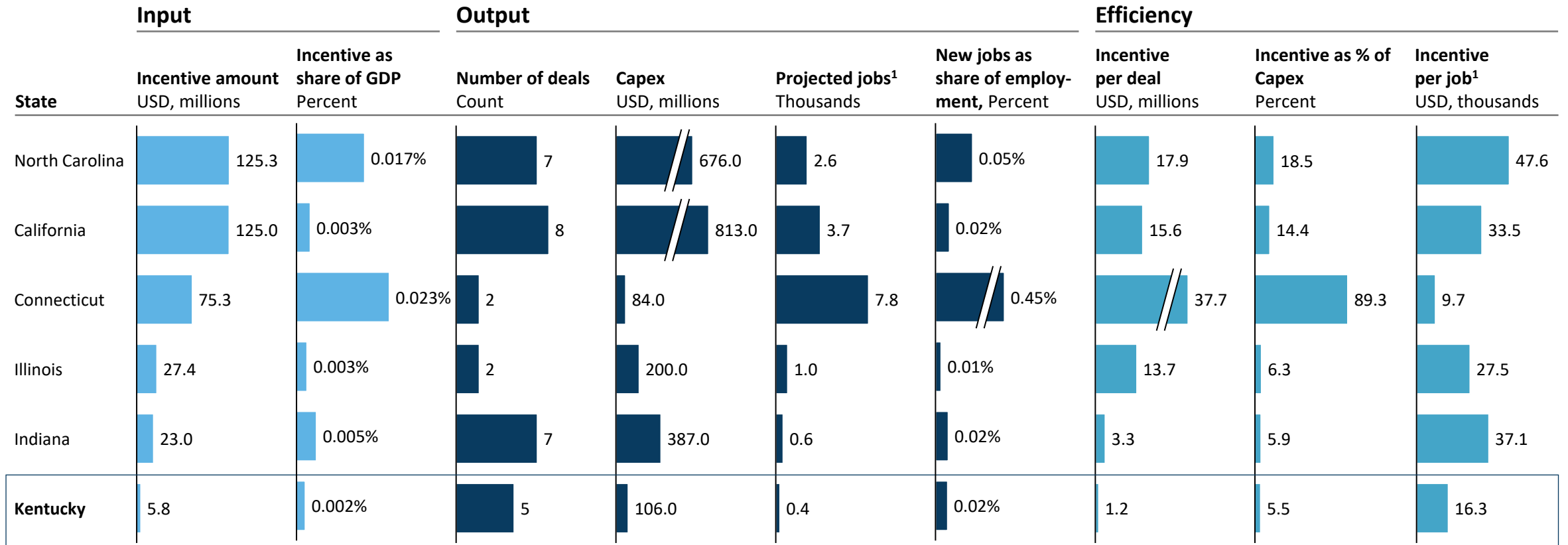
Kentucky received the highest CAPEX investment and created the highest absolute share of new jobs compared to peers

Kentucky's average value of incentive per deal was on par with peer average

1. New and retained jobs

2. Aerospace: Kentucky's incentives were the smallest on average and most capex and job efficient compared to peers

Incentive deal analysis, January 2021 – September 2023



Kentucky deployed an average incentive to GDP ratio compared to peers

Kentucky deal count was on par with peer average (5); Kentucky received the third smallest CAPEX investment

On average, Kentucky's incentives per deal were the smallest in value compared to peers

1. New and retained jobs