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JUNE 4<sup>th</sup>, 2026

# KBI Statute Updates

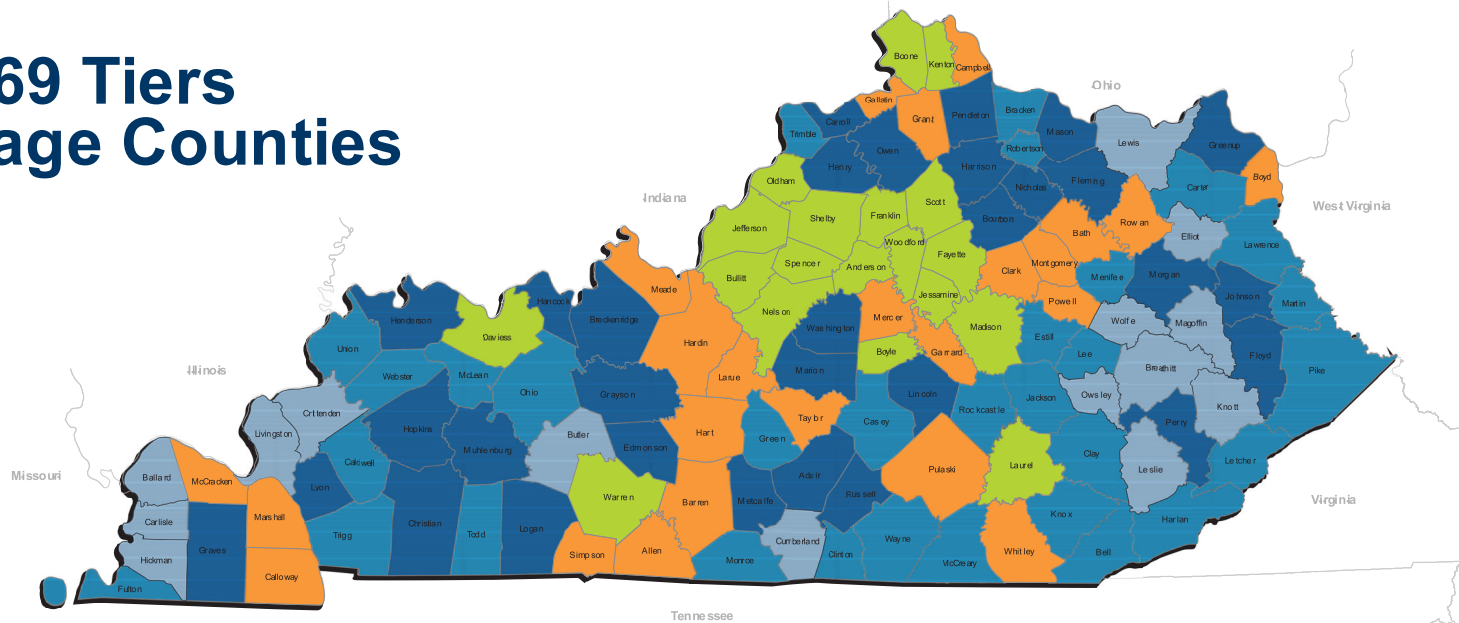
*And other legislative changes!*

Kristina Slattery & Kylee Palmer  
Kentucky Cabinet for Economic Development

# Good News

- Differentiated Tools to Help Counties That Have Not Grown– Rural and Eastern Counties Focus- *Heritage Communities*
- Addresses KBI Reduction in Value - *Refundability is a Reality*
- Expands Tools for *R&D, HQ and Business Services Attraction*
- *\$80M Closing* and *\$50M KPDI Funding*, *\$100M GRANT Funding*
- Key Change of “But For” Limitation with *90 Day Look Back*
- *Workforce Study* in Rural and Eastern Ky Counties
- *\$5M for High Growth Businesses*
- *\$5M Talent Attraction Program*
- *KJRA* from 1000 jobs to *250 jobs* for Heritage Communities
- *\$10M to Expand Direct Flights* into Louisville and CVG

# HB 869 Tiers Heritage Counties



Heritage Counties	
Tier 1	Tier 2
<ul style="list-style-type: none"> <li>Ballard</li> <li>Breathitt</li> <li>Butler</li> <li>Carlisle</li> <li>Crittenden</li> <li>Cumberland</li> <li>Elliott</li> <li>Hickman</li> <li>Knott</li> <li>Leslie</li> <li>Lewis</li> <li>Livingston</li> <li>Magoffin</li> <li>Owsley</li> <li>Wolfe</li> </ul>	<ul style="list-style-type: none"> <li>Bell</li> <li>Bracken</li> <li>Caldwell</li> <li>Carter</li> <li>Casey</li> <li>Clay</li> <li>Clinton</li> <li>Estill</li> <li>Fulton</li> <li>Green</li> <li>Harlan</li> <li>Jackson</li> <li>Knox</li> <li>Lawrence</li> <li>Lee</li> <li>Letcher</li> <li>Martin</li> <li>McCreary</li> <li>McLean</li> <li>Menifee</li> <li>Monroe</li> <li>Ohio</li> <li>Pike</li> <li>Robertson</li> <li>Rockcastle</li> <li>Todd</li> <li>Trigg</li> <li>Trimble</li> <li>Wayne</li> <li>Webster</li> <li>Union</li> </ul>
Tier 3	Tier 4
<ul style="list-style-type: none"> <li>Adair</li> <li>Bourbon</li> <li>Breckinridge</li> <li>Carroll</li> <li>Christian</li> <li>Edmonson</li> <li>Fleming</li> <li>Floyd</li> <li>Graves</li> <li>Grayson</li> <li>Greenup</li> <li>Hancock</li> <li>Harrison</li> <li>Henderson</li> <li>Henry</li> <li>Hopkins</li> <li>Johnson</li> <li>Lincoln</li> <li>Logan</li> <li>Lyon</li> <li>Marion</li> <li>Mason</li> <li>Metcalfe</li> <li>Morgan</li> <li>Muhlenberg</li> <li>Nicholas</li> <li>Owen</li> <li>Pendleton</li> <li>Perry</li> <li>Russell</li> <li>Washington</li> </ul>	<ul style="list-style-type: none"> <li>Allen</li> <li>Barren</li> <li>Bath</li> <li>Boyd</li> <li>Calloway</li> <li>Campbell</li> <li>Clark</li> <li>Gallatin</li> <li>Garrard</li> <li>Grant</li> <li>Hardin</li> <li>Hart</li> <li>LaRue</li> <li>Marshall</li> <li>McCracken</li> <li>Meade</li> <li>Mercer</li> <li>Montgomery</li> <li>Powell</li> <li>Pulaski</li> <li>Rowan</li> <li>Simpson</li> <li>Taylor</li> <li>Whitley</li> </ul>
Tier 5	
<ul style="list-style-type: none"> <li>Anderson</li> <li>Boone</li> <li>Boyle</li> <li>Bullitt</li> <li>Daviess</li> <li>Fayette</li> <li>Franklin</li> <li>Jefferson</li> <li>Jessamine</li> <li>Kenton</li> <li>Laurel</li> <li>Madison</li> <li>Nelson</li> <li>Oldham</li> <li>Scott</li> <li>Shelby</li> <li>Spencer</li> <li>Warren</li> <li>Woodford</li> </ul>	



# OVERVIEW

## KENTUCKY BUSINESS INVESTMENT (KBI) PROGRAM | KRS 154.32

- The Kentucky Business Investment (KBI) Program offers corporate income tax credits and wage assessments for projects meeting specific job, wage, and investment criteria.
- As with all Cabinet administered tax incentive programs, any inducements offered to an eligible company under the KBI program are negotiated by Cabinet for Economic Development officials and subject to approval by the Kentucky Economic Development Finance Authority (KEDFA).
- Incentive requires local support, and is performance based. It can be modified after preliminary approval to support a larger project scope.

# APPLICATION REQUIREMENTS

## KENTUCKY BUSINESS INVESTMENT PROGRAM (KBI)

### COMPANIES

A legal entity that has been, or is planning to be, actively engaged within the Commonwealth in (No Changes):

- Manufacturing
- Agribusiness
- Nonretail service or technology
- Headquarters
- Hospital operations (a facility licensed by CHFS)
- Non-retail service or technology activities
- Coal severing and processing
- Carbon dioxide or hydrogen transmission pipeline
- Alternative fuel, gasification, energy efficient alternative fuels, or renewable energy production
- Research & Development

### REQUIREMENTS

- Create at least 10 new, full-time jobs for Kentucky residents
- Minimum investment of \$100,000 in eligible costs
- Minimum hourly wage and total hourly compensation
- Negotiated job and wage targets

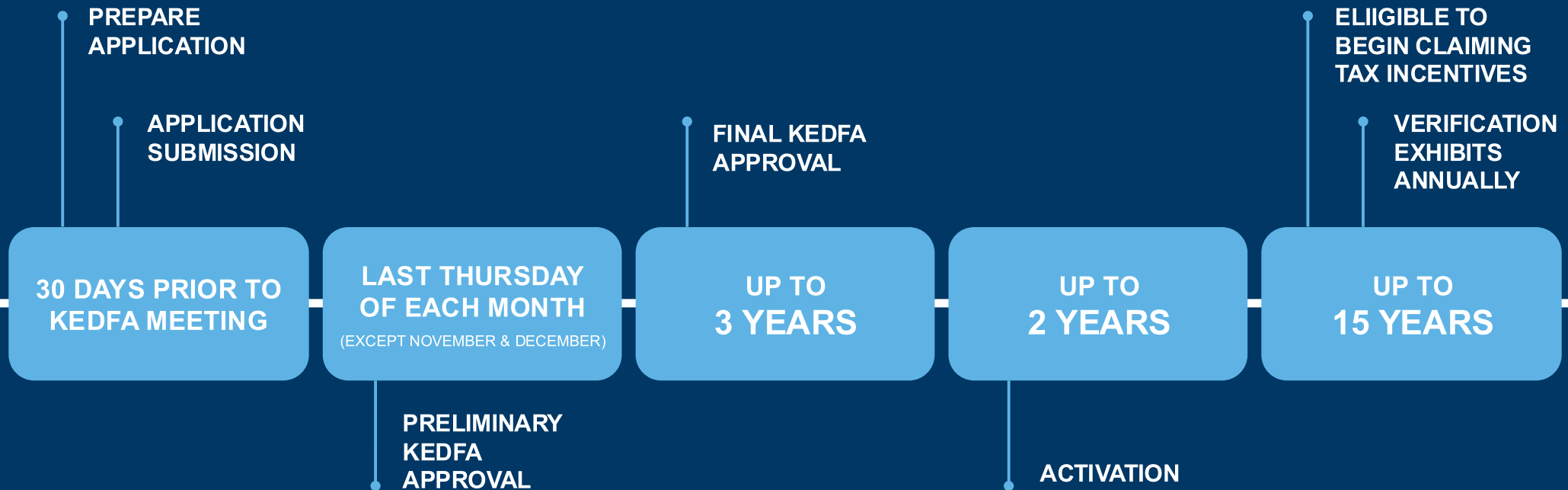
### RECOVERY METHOD

- Corporate income/LLET credits and employee wage assessments for up to 10 or 15 years, depending on location

*\*HB 869: Statutory minimum requirement: 200% of federal minimum wage in heritage counties and 300% in any other counties*

# TIMELINE

## KENTUCKY BUSINESS INVESTMENT PROGRAM (KBI)



# LEGISLATIVE UPDATES

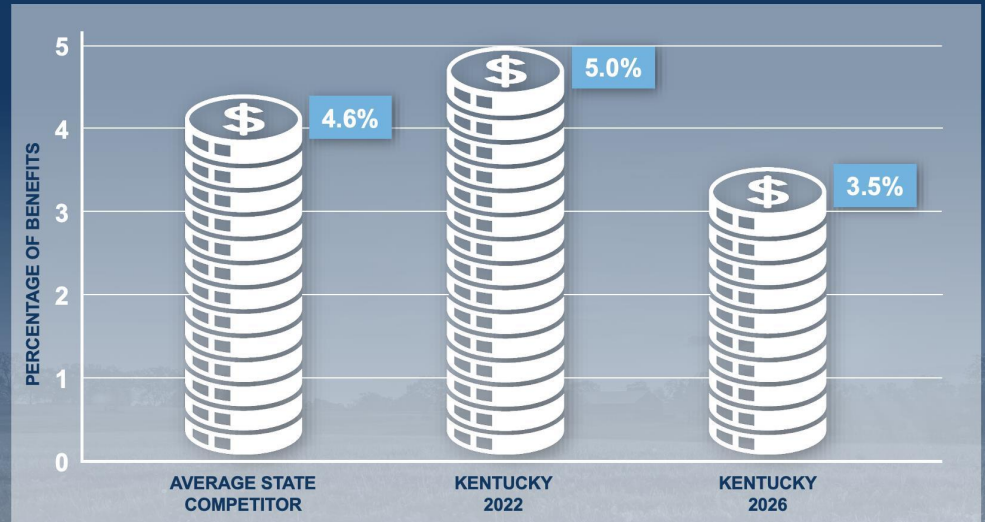
KENTUCKY BUSINESS INVESTMENT (KBI) PROGRAM | KRS 154.32

- Repeal of the existing enhanced incentive county designation
- 90 day look back on "but for"
- Creation of a new "Heritage County" designation based on a county population ranking
- Increased wage thresholds:
  - 200% of federal minimum wage (heritage counties) \$14.50 without benefits
  - 300% (all other counties) \$21.75 without benefits
- Expansion of eligible costs under KBI (recurring software, computer equipment)
- Inclusion of R&D companies
- Removes \$20,000 cap for equipment per job
- Extends existing agreements for up to five years for companies to fully realize the previously negotiated wage credit benefit following the reduction in KY personal income tax rates.
- Introduction of refundable KBI tax credits with annual statutory limit, **for select projects.**
  - 1.25% for other counties
  - 2.25% for heritage counties
  - Annual statutory limit (\$1M Other and \$3M Heritage Counties)

# REFUNDABILITY

3.5% + 1.25%

## KBI STATUS EDF FUNDS BRIDGE THE GAP



- Refundability based on population density calculation under KBI as follows:
  - **1.25%** of wages for **other** counties: \$1 Million Cap/Year
  - **2.25%** of wages for **heritage counties**: \$3 Million Cap/Year

# REFUNDABILITY

## CRITERIA FOR OTHER COUNTY CONSIDERATION

- Wages offered shall meet or exceed the highest average wages among the county's top five comparable employers
- Strong workforce development strategy including advancement opportunities and skills-based training
- Benefits package, including gain sharing/performance bonuses, competitive with top regional employers
- Job creation target generally equal to 1/10th of 1% of county population, with flexibility for strategic projects
- Preference for industry leaders, key suppliers, R&D, HQ, financial services, and value-added agricultural operations
- Demonstrated competitive advantage and strong long-term growth potential
- Commitment to community engagement and corporate citizenship
- Clear strategic fit for the Kentucky facility within overall company operations
- Full local participation in the KBI Program

# REFUNDABILITY

## CRITERIA FOR HERITAGE COUNTY CONSIDERATION

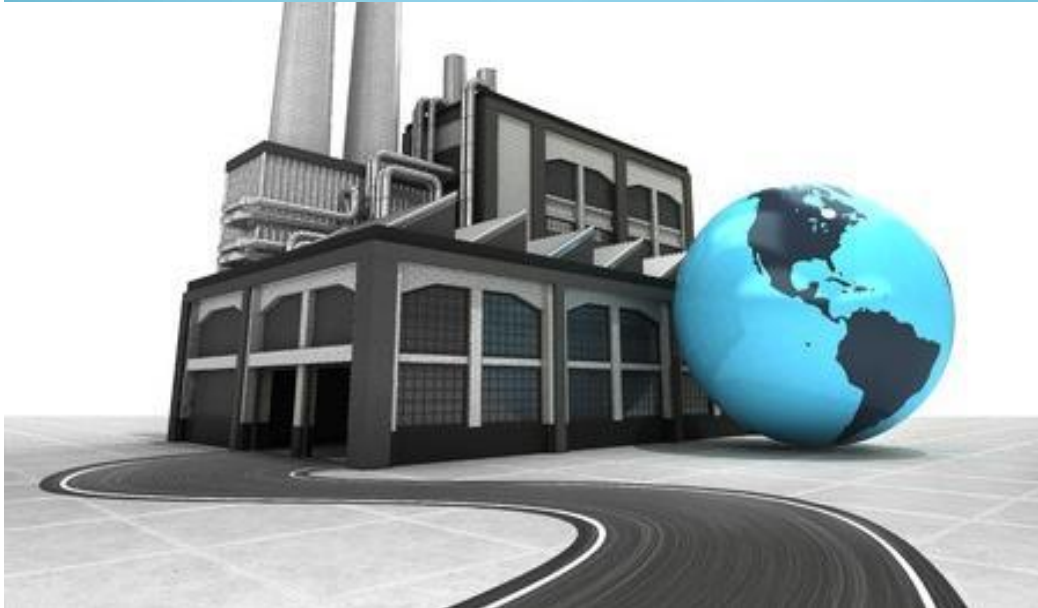
- Wages to be offered to employees shall be equal to or greater to the highest average wages of the workforce of the top 3 employers in the county based on similar types of activity, with examples of being good corporate citizens in the communities in which they operate.
- Company shall have a strategy or employer brand that includes advancement and skill-based training programs, successful use of state and federal training programs.
- Value of benefits offered to employees, including gain sharing or performance-based bonuses shall be deemed on par with employees of the top 3 employers in county.
- Number of jobs to be created should be approximately 1/10<sup>th</sup> of 1% of County population, unless average wages are deemed above the wages of the top 3 employers in the area, representing an R&D, HQ or high wage business and financial services firm.
- Agricultural supply chain or value-added food processors to local agricultural county shall be granted exceptions to the above criteria in so long as material benefit to the agricultural county can be ascertained.



## Kentucky Jobs Retention Act

Lowers threshold for existing companies in Heritage Counties to go from **1,000 jobs to 250 jobs for eligibility**

- Reduces minimum investment requirement for heritage counties from \$100 million to \$25 million
- Extends existing KJRA agreements for up to five years for companies to fully realize the previously negotiated wage credit benefit following the reduction in KY personal income tax rates.



# LPF

LEVELING THE  
PLAYING FIELD

## HERITAGE COUNTIES BENEFITS

### Kentucky Product Development Initiative (KPDI) - KRS 154.21

- *Adjusts maximum eligible funding for approved projects located in Heritage counties from \$2,000,000 to \$2,500,000 to recognize increased development costs*

### Investing in Training Programming: Bluegrass State Skills Corporation

- *Increases maximum training credits allowed from \$2,000 to \$4,500 per trainee for companies located in Heritage counties*
- *\$2,000 to \$3,500 per trainee for companies located in all other counties. Adjustment **does not** increase total allocation of credits under program.*
- *Target sustainable training operations & increased flexibility to meet company workforce needs.*
- *Despite increase in per trainee amount, annual cumulative dollar allocation of BSSC did not change*

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