



Kentucky Cryptocurrency Mining Projects

Informational Document

Looking for Potential Sites?

With Select Kentucky, an online site-selection tool provided by the Kentucky Cabinet for Economic Development and powered by Zoom Prospector, companies and consultants can search Kentucky's available sites and buildings. Select Kentucky includes energy-related data layers, which can overlay relevant data for a specific project, including substation location, electric service areas, generation and substations, transmission lines, renewables availability and megawatt capacity. Visit selectkentucky.com

Utility Providers

As cryptocurrency/data center projects generally create high power demand, utility providers across Kentucky are often the best place to begin an inquiry. Each utility partner has its own business development team to assist with availability of pricing, megawatt capacity per site, incentive programs each utility offers and more. Listings on selectkentucky.com provide the name of the electric utility provider serving each site. For a map of electric distribution service areas, visit: https://psc.ky.gov/agencies/psc/images/Electric_Service_Areas_Wall_Map.pdf.

Sustainability Resources

Kentucky is building a greener energy profile and working to increase sustainability. The Kentucky Energy and Environment Cabinet houses programs and resources to maximize the green footprint of cryptocurrency projects. Two development-related programs moving these efforts forward are the Kentucky Brownfield Redevelopment Program and the Abandoned Mined Lands Pilot Program. Additionally, the Energy and Environment Cabinet's Solar Site Suitability mapping tool can filter and display mine sites with the most potential for reuse and project development.

- Kentucky Brownfield Redevelopment Program: <https://eec.ky.gov/Environmental-Protection/brownfields/Pages/default.aspx>
- Abandoned Mined Lands Pilot Program: <https://eec.ky.gov/Natural-Resources/Mining/Abandoned-Mine-Lands/Pages/default.aspx>
- Solar Site Suitability mapping tool: <https://solar-siting-potential-in-kentucky-kygis.hub.arcgis.com/pages/results>

CED Incentive Programs

The Kentucky Cabinet for Economic Development offers three incentive programs applicable to cryptocurrency mining, including the Kentucky Business Investment (KBI) program, the Kentucky Enterprise Initiative Act (KEIA) and the Incentives for Energy-related Businesses Act (IEBA). All are performance-based incentive programs. While IEBA is designed for cryptocurrency projects, KBI and KEIA both encompass cryptocurrency mining activities and generally have less rigorous eligibility requirements but with more limited exemption provisions. For example, spending may begin after preliminary approval instead of after additional approvals. Links to brief fact sheets providing key highlights are below.



Program	Overview	Incentive
KBI	<p>Eligible companies include manufacturing, non-retail service or technology, agribusiness, headquarter operations, hospital operations, coal severing & processing, alternative fuel, gasification, energy-efficient alternative fuels, renewable energy production, and carbon dioxide transmission pipelines.</p> <p>Requires minimum of 10 new jobs created, minimum wage requirements and minimum capital investment of \$100,000. Job and wage targets are also negotiated.</p> <p>Spending may begin after preliminary approval.</p> <p>Fact Sheet: https://cedky.com/cdn/1740_KBIFactSheet.pdf?64</p>	<p>The following incentive may be available for up to 10-15 years (depending on location):</p> <ol style="list-style-type: none"> a. Wage assessment b. Corporate income tax and LLET credit
KEIA	<p>Eligible companies are the same as KBI plus companies operating or developing a tourism attraction.</p> <p>Requires minimum capital investment of \$500,000 in eligible costs, including construction materials and building fixtures, and at least \$50,000 for electronic processing equipment (if seeking incentives).</p> <p>Spending may begin after approval.</p> <p>Fact Sheet: https://cedky.com/cdn/1740_keia.pdf?64</p>	<p>Provides a one-time refund of the sales & use taxes paid on the following:</p> <ol style="list-style-type: none"> a. Construction materials & building fixtures (\$20 million annually available) b. R&D, electronic processing and flight simulation equipment (\$5 million annually available)
IEBA	<p>Eligible companies include cryptocurrency facilities.</p> <p>Requires minimum capital investment of \$1,000,000.</p> <p>Spending may begin after preliminary approval, final approval and the activation date of the incentive agreement. For sales and use tax purposes, no purchases made prior to the activation date are eligible for refund per KRS 154.27-070.</p> <p>Fact Sheet: https://cedky.com/cdn/1740_IEBA.pdf</p>	<p>The following incentive may be available for up to 25 years:</p> <ol style="list-style-type: none"> a. Wage assessment b. Corporate income tax and LLET credit c. Sales & use tax refund on tangible personal property used to construct/upgrade facility, including cryptocurrency equipment



Kentucky Department of Revenue Incentive Program

The Department of Revenue also offers a sales and use tax exemption and utility gross receipts tax exemption based on kilowatts used. To qualify, the project must use at least 200,000 kilowatt-hours per month specific to the mining equipment. If the eligible equipment is not separately metered and all electricity is purchased exempt, the project must separately report and pay applicable taxes on the portion of electricity purchased and used for purposes other than to power the commercial mining computing system. Apply at: [https://revenue.ky.gov/Forms/51A900%20\(7-21\).pdf](https://revenue.ky.gov/Forms/51A900%20(7-21).pdf).

After submission of the application, the Department will send an authorization letter for each applicable tax approved for the exemption. The project must forward a copy of the letter(s) to each electricity provider for the exemption to begin. Additionally, the project must file a report annually with the Department by Nov. 1 detailing the amounts of the applicable taxes exempted from the electricity purchases for the previous fiscal year (July 1 through June 30).

Project Example

Blockware Mining provides an example of a successful and well-executed cryptocurrency project in Kentucky. Blockware Mining, a tech-based company specializing in cryptocurrency mining, received preliminary approval under the KBI program in January 2021 to incentivize construction of a data center in Paducah and creation of 10 full-time jobs. The project provides a framework to navigate the steps and determine when and how to involve appropriate entities. Two articles below describe the project and process in more detail:

- a. <https://epaducah.com/news/article/blockware-mining-announces-paducah-location>
- b. https://www.paducahsun.com/news/cryptocurrency-projects-power-economic-development-efforts/article_8bbc4898-9a25-57d4-8f10-b170c6514032.html

Contact

After working through the above items, please contact CED at: <https://ced.ky.gov/>