



# Kentucky Hospital Incentives

## Informational Document

### Incentive Programs

The Kentucky Cabinet for Economic Development (CED) offers incentive programs applicable to hospital operations, including the Kentucky Business Investment (KBI) program, the Kentucky Enterprise Initiative Act (KEIA), the Kentucky Reinvestment Act (KRA), the Kentucky Rural Hospital Loan Program (KHRLP), and Bluegrass State Skills Corporation (BSSC) for workforce training incentives. Hospitals are eligible companies provided the facility is licensed by the Cabinet for Health and Family Services under KRS Chapter 216B for the operation of a hospital and the basic services provided by a hospital. Links to brief fact sheets providing key highlights are below.

Program	Overview	Incentive
KBI	Requires minimum of 10 new, full-time jobs created, minimum wage requirements and minimum capital investment of \$100,000. Job and wage targets are also negotiated.  Spending may begin after preliminary approval.  Fact Sheet: <a href="https://cedky.com/cdn/1740_KBIFactSheet.pdf">https://cedky.com/cdn/1740_KBIFactSheet.pdf</a>	The incentives may be available for up to 10-15 years (depending on location) through: <ul style="list-style-type: none"><li>• wage assessment and/or</li><li>• corporate income tax and LLET credit</li></ul>
KEIA	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).  Spending may begin after approval.  Fact Sheet: <a href="https://cedky.com/cdn/1740_keia.pdf">https://cedky.com/cdn/1740_keia.pdf</a>	Provides a one-time refund of the sales & use taxes paid on: <ul style="list-style-type: none"><li>• construction materials &amp; building fixtures (\$20 million annually available) and/or</li><li>• R&amp;D, electronic processing and flight simulation equipment (\$5 million annually available)</li></ul>
KRA	Requires minimum eligible reinvestment into equipment and related cost expenditures (excludes repair or replacement due to normal wear or usage) of at least \$1,000,000 for leased projects (rent costs not eligible) and \$2,500,000 for all other projects. Requires at least 85 percent of the full-time employment level to be maintained at the facility.	The incentive may be available for up to 10 years through corporate income tax and LLET credit. May not claim more than 20% of the incentive in any year.



	<p>Spending may begin after preliminary approval with the investment required prior to final approval, which must be within three years of preliminary approval.</p> <p>Fact Sheet:  <a href="https://cedky.com/cdn/1740_KRAFactSheet.pdf">https://cedky.com/cdn/1740_KRAFactSheet.pdf</a></p>	
KRHLP	<p>An eligible Rural Hospital is a hospital located within a county of the Commonwealth having a population of less than 50,000 according to the most recent annual estimates of the resident population issued by the United States Census Bureau and is a facility licensed by the Cabinet for Health and Family Services under KRS Chapter 216B for the operation of a hospital.</p> <p>To qualify, a Rural Hospital may request a loan for any of the following needs:</p> <ul style="list-style-type: none"> <li>• To maintain or upgrade the existing Rural Hospital's facilities</li> <li>• To maintain or increase the current staff of the Rural Hospital</li> <li>• To provide health care services that are not currently available to citizens</li> </ul> <p>Spending may occur after approval.</p> <p>Guidelines:  <a href="https://cedky.com/cdn/1740_KRHLPguidelines.pdf">https://cedky.com/cdn/1740_KRHLPguidelines.pdf</a></p>	<p>Loan amounts ranging from \$25,000 to \$1,000,000 per hospital facility (total program funding available is \$20 million) with a term of up to 20 years, subject to the life of the collateral. Interest rate of 1% and collateral is required.</p>
BSSC	<p>Training a minimum of 3 employees on upgrading work skills and occupational instruction. Training must occur within one year of the approval date. Maximum incentive amount may equal the lesser of:</p> <ul style="list-style-type: none"> <li>• 50% of eligible training costs</li> <li>• \$75,000</li> <li>• \$2,000 x number of eligible trainees</li> </ul> <p>Fact Sheet:  <a href="https://cedky.com/cdn/142_GIA_STIC_Fact_Sheet.pdf">https://cedky.com/cdn/142_GIA_STIC_Fact_Sheet.pdf</a></p>	<p>Incentives may be available through:</p> <ul style="list-style-type: none"> <li>• corporate income tax and LLET credit (\$2.5 million annually available) and/or</li> <li>• cash grant reimbursement (\$4.3 million annually available)</li> </ul>

**Contact**

Please contact CED at: <https://ced.ky.gov/> with any questions.