

*This fact sheet provides an overview of the KEIA program. For a full discussion of the program requirements, please see KRS 154.20-200 through 154.20-216. As with all state administered tax incentive programs, any inducements offered to an eligible company under the KEIA program are negotiated by Cabinet for Economic Development officials.*

## **Eligible Companies**

Any business entity that establishes a new or expanded service or technology, manufacturing, or tourism attraction activity in Kentucky.

## **Eligible Projects**

The project must involve a minimum investment of \$100,000 if located in a preference zone (enterprise zone) and \$500,000 if located outside the preference zone. All preference zones expire December 31, 2007. Eligible investment costs include expenditures for research and development equipment, acquisition of real property, building, and construction materials, construction, installation, and rehabilitation of fixtures and facilities, necessary or desirable for improvement of real estate owned, used, or occupied by the approved company.

## **Tax Incentives**

A KEIA approved company is eligible to receive a refund of sales and use tax paid for construction materials and building fixtures and for equipment used in research and development purchased during the life of the project not to exceed the amount authorized in the memorandum of agreement. An approved company has 18 months from the date of KEDFA approval to purchase materials eligible for refund. KEDFA may grant a 12 month extension for good cause. The total tax refund incentive available for commitment by KEDFA for all projects, for each fiscal year, is limited to \$20,000,000 for building and construction materials and \$5,000,000 for equipment used for research and development. *Sales tax paid on expenditures made prior to KEDFA approval as an "approved company" will not be refunded.*

## **The Process**

- ◆ The company makes application to KEDFA.
- ◆ The total amount of refund available to a project is negotiated with the Cabinet.
- ◆ KEDFA designates the applicant as a preliminarily approved company, approves the project, and enters into a memorandum of agreement with the company setting forth the maximum refund available under KEIA.
- ◆ The company completes its project and provides KEDFA with documentation in connection with the project's KEIA eligible investment costs as required by Exhibit A to the memorandum



# Kentucky Enterprise Initiative Act (KEIA)

*Cabinet for Economic Development*

of agreement.

- ◆ The company provides the Department of Revenue with documentation as required by Exhibit B to the memorandum of agreement.
- ◆ The Department of Revenue will issue a refund check not to exceed the amount authorized to the approved company following verification of the sales and use tax paid.

## **Fees**

There is a non-refundable application fee of one tenth of one percent based upon the investment amount not to exceed \$500 payable upon submission of the KEIA application.

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