

1 AN ACT relating to production and manufacturing.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 154.32-010 is amended to read as follows:

- 4 (1) "Activation date" means the date established in the tax incentive agreement that is
5 within two (2) years of final approval;
- 6 (2) "Advance disbursement" means the disbursement of incentives prior to the
7 activation date;
- 8 (3) "Affiliate" means the following:
- 9 (a) Members of a family, including only brothers and sisters of the whole or half
10 blood, spouse, ancestors, and lineal descendants of an individual;
- 11 (b) An individual, and a corporation more than fifty percent (50%) in value of the
12 outstanding stock of which is owned, directly or indirectly, by or for that
13 individual;
- 14 (c) An individual, and a limited liability company of which more than fifty
15 percent (50%) of the capital interest or profits are owned or controlled,
16 directly or indirectly, by or for that individual;
- 17 (d) Two (2) corporations which are members of the same controlled group, which
18 includes and is limited to:
- 19 1. One (1) or more chains of corporations connected through stock
20 ownership with a common parent corporation if:
- 21 a. Stock possessing more than fifty percent (50%) of the total
22 combined voting power of all classes of stock entitled to vote or
23 more than fifty percent (50%) of the total value of shares of all
24 classes of stock of each of the corporations, except the common
25 parent corporation, is owned by one (1) or more of the other
26 corporations; and
- 27 b. The common parent corporation owns stock possessing more than

- 1 fifty percent (50%) of the total combined voting power of all
2 classes of stock entitled to vote or more than fifty percent (50%) of
3 the total value of shares of all classes of stock of at least one (1) of
4 the other corporations, excluding, in computing the voting power
5 or value, stock owned directly by the other corporations; or
- 6 2. Two (2) or more corporations if five (5) or fewer persons who are
7 individuals, estates, or trusts own stock possessing more than fifty
8 percent (50%) of the total combined voting power of all classes of stock
9 entitled to vote or more than fifty percent (50%) of the total value of
10 shares of all classes of stock of each corporation, taking into account the
11 stock ownership of each person only to the extent the stock ownership is
12 identical with respect to each corporation;
- 13 (e) A grantor and a fiduciary of any trust;
- 14 (f) A fiduciary of a trust and a fiduciary of another trust, if the same person is a
15 grantor of both trusts;
- 16 (g) A fiduciary of a trust and a beneficiary of that trust;
- 17 (h) A fiduciary of a trust and a beneficiary of another trust, if the same person is a
18 grantor of both trusts;
- 19 (i) A fiduciary of a trust and a corporation more than fifty percent (50%) in value
20 of the outstanding stock of which is owned, directly or indirectly, by or for the
21 trust or by or for a person who is a grantor of the trust;
- 22 (j) A fiduciary of a trust and a limited liability company more than fifty percent
23 (50%) of the capital interest, or the interest in profits, of which is owned
24 directly or indirectly, by or for the trust or by or for a person who is a grantor
25 of the trust;
- 26 (k) A corporation, a partnership, or a limited partnership if the same persons own:
27 1. More than fifty percent (50%) in value of the outstanding stock of the

- 1 corporation; and
- 2 2. More than fifty percent (50%) of the capital interest, or the profits
- 3 interest, in the partnership or limited partnership;
- 4 (l) A corporation and a limited liability company if the same persons own:
- 5 1. More than fifty percent (50%) in value of the outstanding stock of the
- 6 corporation; and
- 7 2. More than fifty percent (50%) of the capital interest or the profits in the
- 8 limited liability company;
- 9 (m) A partnership or limited partnership and a limited liability company if the
- 10 same persons own:
- 11 1. More than fifty percent (50%) of the capital interest or profits in the
- 12 partnership or limited partnership; and
- 13 2. More than fifty percent (50%) of the capital interest or the profits in the
- 14 limited liability company;
- 15 (n) An S corporation and another S corporation if the same persons own more
- 16 than fifty percent (50%) in value of the outstanding stock of each corporation;
- 17 S corporation designation being the same as that designation under the
- 18 Internal Revenue Code of 1986, as amended;
- 19 (o) An S corporation and a C corporation, if the same persons own more than fifty
- 20 percent (50%) in value of the outstanding stock of each corporation; S and C
- 21 corporation designations being the same as those designations under the
- 22 Internal Revenue Code of 1986, as amended; or
- 23 (p) Two (2) or more limited liability companies, if the same persons own more
- 24 than fifty percent (50%) of the capital interest or are entitled to more than fifty
- 25 percent (50%) of the capital profits in the limited liability companies;
- 26 (4) "Agribusiness" means the processing of raw agricultural products, including but not
- 27 limited to timber and industrial hemp, or the performance of value-added functions

- 1 with regard to raw agricultural products;
- 2 (5) "Alternative fuel production" means a Kentucky operation that primarily produces
3 alternative transportation fuels for sale. The alternative fuel production may produce
4 electricity as a by-product if the primary function of the operations remains the
5 production and sale of alternative transportation fuels;
- 6 (6) "Alternative transportation fuels" has the same meaning as in KRS 152.715;
- 7 (7) **"Ammunition" means ammunition or cartridge cases, primers, bullets, or**
8 **propellant powder designed for use in any firearm;**
- 9 **(8)** "Approved company" means an eligible company that has received final approval to
10 receive incentives under this subchapter;
- 11 **(9)**~~(8)~~ "Approved costs" means the amount of eligible costs approved by the
12 authority at final approval;
- 13 **(10)**~~(9)~~ "Authority" means the Kentucky Economic Development Finance Authority
14 established by KRS 154.20-010;
- 15 **(11)**~~(10)~~ "Biomass resources" has the same meaning as in KRS 152.715;
- 16 **(12)**~~(11)~~ "Capital lease" means a lease classified as a capital lease by the Statement of
17 Financial Accounting Standards No. 13, Accounting for Leases, issued by the
18 Financial Accounting Standards Board, November 1976, as amended;
- 19 **(13)**~~(12)~~ "Carbon dioxide transmission pipeline" means the in-state portion of a
20 pipeline, including appurtenant facilities, property rights, and easements, that is
21 used exclusively for the purpose of transporting carbon dioxide to the point of sale,
22 storage, or other carbon management applications;
- 23 **(14)**~~(13)~~ "Commonwealth" means the Commonwealth of Kentucky;
- 24 **(15)**~~(14)~~ "Confirmed approved costs" means:
- 25 (a) For owned economic development projects, the documented eligible costs
26 incurred on or before the activation date; or
- 27 (b) For leased economic development projects:

- 1 1. The documented eligible costs incurred on or before the activation date;
- 2 and
- 3 2. Estimated rent to be incurred by the approved company throughout the
- 4 term of the tax incentive agreement.

5 For both owned and leased economic development projects, "confirmed approved
6 costs" may be less than approved costs, but shall not be more than approved costs;

7 ~~(16)~~~~(15)~~ "Department" means the Department of Revenue;

8 ~~(17)~~~~(16)~~ "Economic development project" means:

- 9 (a) The acquisition, leasing, or construction of a new facility;
 - 10 (b) The acquisition, leasing, rehabilitation, or expansion of an existing facility; or
 - 11 (c) The installation and equipping of a facility;
- 12 by an eligible company. "Economic development project" does not include any
13 economic development project that will result in the replacement of facilities
14 existing in the Commonwealth, except as provided in KRS 154.32-060;

15 ~~(18)~~~~(17)~~ (a) "Eligible company" means any corporation, limited liability company,
16 partnership, limited partnership, sole proprietorship, business trust, or any
17 other entity with a proposed economic development project that is engaged in
18 or is planning to be engaged in one (1) or more of the following activities
19 within the Commonwealth:

- 20 1. Manufacturing;
- 21 2. Agribusiness;
- 22 3. Nonretail service or technology;
- 23 4. Headquarters operations, regardless of the underlying business activity
24 of the company;
- 25 5. Alternative fuel, gasification, energy-efficient alternative fuel, or
26 renewable energy production; or
- 27 6. Carbon dioxide transmission pipeline.

1 (b) "Eligible company" does not include companies where the primary activity to
2 be conducted within the Commonwealth is forestry, fishing, mining, coal or
3 mineral processing, the provision of utilities, construction, wholesale trade,
4 retail trade, real estate, rental and leasing, educational services,
5 accommodation and food services, or public administration services;

6 ~~(19)~~~~(18)~~ "Eligible costs" means:

7 (a) For owned economic development projects:

- 8 1. Start-up costs;
- 9 2. Nonrecurring obligations incurred for labor and nonrecurring payments
10 to contractors, subcontractors, builders, and materialmen in connection
11 with the economic development project;
- 12 3. The cost of acquiring land or rights in land and any cost incidental
13 thereto, including recording fees;
- 14 4. The cost of contract bonds and of insurance of all kinds that may be
15 required or necessary for completion of an economic development
16 project which is not paid by a contractor or otherwise provided for;
- 17 5. All costs of architectural and engineering services, including test
18 borings, surveys, estimated plans and specifications, preliminary
19 investigations, and supervision of construction, as well as for the
20 performance of all the duties required for construction of the economic
21 development project;
- 22 6. All costs which are required to be paid under the terms of any contract
23 for the economic development project;
- 24 7. All costs incurred for construction activities, including site tests and
25 inspections; subsurface site work; excavation; removal of structures,
26 roadways, cemeteries, and other surface obstructions; filling, grading,
27 and providing drainage and storm water retention; installation of utilities

1 such as water, sewer, sewage treatment, gas, electric, communications,
2 and similar facilities; off-site construction of utility extensions to the
3 boundaries of the real estate; construction and installation of railroad
4 spurs as needed to connect the economic development project to existing
5 railways; or similar activities as the authority may determine necessary
6 for construction of the economic development project; and

7 8. All other costs of a nature comparable to those described above; and

8 (b) For leased economic development projects:

9 1. Start-up costs;

10 2. Building/leasehold improvements; and

11 3. Fifty percent (50%) of the estimated annual rent for each year of the tax
12 incentive agreement.

13 Notwithstanding any other provision of this subsection, for economic development
14 projects that are not in enhanced incentive counties, the cost of equipment eligible
15 for recovery as an eligible cost shall not exceed twenty thousand dollars (\$20,000)
16 for each new full-time job created as of the activation date;

17 ~~(20)~~~~(19)~~ "Employee benefits" means payments by an approved company for its full-
18 time employees for health insurance, life insurance, dental insurance, vision
19 insurance, defined benefits, 401(k), or similar plans;

20 ~~(21)~~~~(20)~~ "Energy-efficient alternative fuel production" means a Kentucky operation
21 that produces for sale energy-efficient alternative fuels;

22 ~~(22)~~~~(21)~~ "Energy-efficient alternative fuels" means homogeneous fuels that:

23 (a) Are produced from processes designed to densify feedstock coal, waste coal,
24 or biomass resources; and

25 (b) Have an energy content that is greater than the feedstock coal, waste coal, or
26 biomass resource;

27 ~~(23)~~~~(22)~~ "Enhanced incentive counties" means counties certified by the authority

1 pursuant to KRS 154.32-050;

2 ~~(24)~~~~(23)~~ "Final approval" means the action taken by the authority authorizing the
3 eligible company to receive incentives under this subchapter;

4 **(25) "Firearm" means:**

5 **(a) Any weapon which will or is designed to or may readily be converted to**
6 **expel a projectile by the action of an explosive;**

7 **(b) The frame or receiver of any such weapon;**

8 **(c) Any firearm muffler or firearm silencer; or**

9 **(d) Any destructive device;**

10 ~~(26)~~~~(24)~~ "Full-time job" means a job held by a person who:

11 (a) Is a Kentucky resident subject to the Kentucky individual income tax imposed
12 by KRS 141.020; and

13 (b) Is required to work a minimum of thirty-five (35) hours per week;

14 ~~(27)~~~~(25)~~ "Gasification process" means a process that converts any carbon-containing
15 material into a synthesis gas composed primarily of carbon monoxide and hydrogen;

16 ~~(28)~~~~(26)~~ "Gasification production" means a Kentucky operation that primarily produces
17 for sale:

18 (a) Alternative transportation fuels;

19 (b) Synthetic natural gas;

20 (c) Chemicals;

21 (d) Chemical feedstocks; or

22 (e) Liquid fuels;

23 from coal, waste coal, coal-processing waste, or biomass resources, through a
24 gasification process. The gasification production may produce electricity as a by-
25 product if the primary function of the operations remains the production and sale of
26 alternative transportation fuels, synthetic natural gas, chemicals, chemical
27 feedstocks, or liquid fuels;

- 1 ~~(29)~~~~(27)~~ "Headquarters" means the principal office where the principal executives of
2 the entity are located and from which other personnel, branches, affiliates, offices,
3 or entities are controlled;
- 4 ~~(30)~~~~(28)~~ "Incentives" means the incentives available under this subchapter, as listed in
5 KRS 154.32-020~~(4)~~~~(3)~~;
- 6 ~~(31)~~~~(29)~~ "Job target" means the annual average number of new full-time jobs that the
7 approved company commits to create and maintain at the economic development
8 project, which shall not be less than ten (10) new full-time jobs;
- 9 ~~(32)~~~~(30)~~ "Kentucky gross receipts" has the same meaning as in KRS 141.0401;
- 10 ~~(33)~~~~(31)~~ "Kentucky gross profits" has the same meaning as in KRS 141.0401;
- 11 ~~(34)~~~~(32)~~ "Lease agreement" means an agreement between an approved company and an
12 unrelated entity conveying the right to use a facility, the terms of which reflect an
13 arms' length transaction. "Lease agreement" does not include a capital lease;
- 14 ~~(35)~~~~(33)~~ "Leased project" means an economic development project site occupied by an
15 approved company pursuant to a lease agreement;
- 16 ~~(36)~~~~(34)~~ "Loan agreement" means the agreement between the authority and a
17 preliminarily approved company establishing the terms and conditions of an
18 advance disbursement;
- 19 ~~(37)~~~~(35)~~ "Manufacturing" means any activity involving:
- 20 (a) ~~the~~ Processing, assembling, or production of any property, including the
21 processing resulting in a change in the conditions of the property and any
22 activity related to the processing, assembling, or production of property,
23 together with the storage, warehousing, distribution, and related office
24 facilities; or
- 25 (b) *Production of firearms, ammunition, personal protective equipment, or*
26 *over-the-counter drugs;*
- 27 ~~(38)~~~~(36)~~ "Wage target" means the average total hourly compensation amount, including

1 the minimum wage and employee benefits, that the approved company commits to
2 meet for all new full-time jobs created and maintained as a result of the economic
3 development project, which shall not be less than:

4 (a) One hundred twenty-five percent (125%) of the federal minimum wage in
5 enhanced incentive counties; or

6 (b) One hundred fifty percent (150%) of the federal minimum wage in all other
7 counties;

8 ~~(39)~~~~(37)~~ (a) "Nonretail service or technology" means any activity where service or
9 technology is provided predominantly outside the Commonwealth and
10 designed to serve a multistate, national, or international market.

11 (b) "Nonretail service or technology" includes but is not limited to call centers,
12 centralized administrative or processing centers, telephone or Internet sales
13 order or processing centers, distribution or fulfillment centers, data processing
14 centers, research and development facilities, and other similar activities;

15 ~~(40)~~~~(38)~~ "Owned project" means an economic development project owned in fee
16 simple by the approved company or an affiliate, or possessed by the approved
17 company or an affiliate pursuant to a capital lease;

18 **(41) "Over-the-counter drug" means a drug that contains a label that identifies the**
19 **product as a drug as required by 21 C.F.R. sec. 201.66;**

20 **(42) "Personal protective equipment" means protective clothing, helmets, gloves, face**
21 **shields, goggles, face masks, respirators, and other equipment designed to protect**
22 **the user from injury or the spread of infection or illness;**

23 ~~(43)~~~~(39)~~ "Preliminary approval" means the action taken by the authority preliminarily
24 approving an eligible company for incentives under this subchapter;

25 ~~(44)~~~~(40)~~ "Renewable energy production" means a Kentucky operation that utilizes
26 wind power, biomass resources, landfill methane gas, hydropower, solar power, or
27 other similar renewable resources to generate electricity for sale to unrelated

1 entities;

2 ~~(45)~~~~((41))~~ "Rent" means the actual annual rent or fee paid by an approved company
3 under a lease agreement;

4 ~~(46)~~~~((42))~~ "Start-up costs" means nonrecurring costs incurred to furnish and equip a
5 facility for an economic development project, including costs incurred for:

6 (a) Computers, furnishings, office equipment, manufacturing equipment, and
7 fixtures;

8 (b) The relocation of out-of-state equipment; and

9 (c) Cost of fixed telecommunications equipment;

10 as certified to the authority in accordance with KRS 154.32-030;

11 ~~(47)~~~~((43))~~ "Synthetic natural gas" means the same thing as in KRS 152.715;

12 ~~(48)~~~~((44))~~ "Tax incentive agreement" means the agreement entered into pursuant to KRS
13 154.32-040 between the authority and an approved company;

14 ~~(49)~~~~((45))~~ "Term" means the period of time for which a tax incentive agreement may be
15 in effect, which shall not exceed fifteen (15) years for an economic development
16 project located in an enhanced incentive county, or ten (10) years for an economic
17 development project not located in any other county; and

18 ~~(50)~~~~((46))~~ "Wage" means the per hour earnings of a full-time employee, including
19 wages, tips, overtime, bonuses, and commissions, as reflected on the employee's
20 federal form W-2 wage and tax statement, but excludes employee benefits.

21 ➔Section 2. KRS 154.32-020 is amended to read as follows:

22 (1) The purposes of this subchapter are:

23 (a) To provide incentives for eligible companies and to encourage the location or
24 expansion of manufacturing facilities, agribusiness operations, nonretail
25 service or technology facilities, headquarters operations, alternative fuel
26 production facilities, gasification production facilities, energy-efficient
27 alternative fuel production facilities, renewable energy production facilities,

1 and carbon dioxide transmission pipelines in the Commonwealth to advance
2 the public purposes of:

- 3 1. Creation of new jobs that, but for the incentives offered by the authority,
4 would not exist within the Commonwealth;
- 5 2. Creation of new sources of tax revenues for the support of public
6 services provided by the Commonwealth;~~and~~
- 7 3. Improvement in the quality of life for Kentucky citizens through the
8 creation of sustainable jobs with higher salaries; and

9 **4. Providing an economic stimulus to bolster in-state production of**
10 **firearms, ammunition, personal protective equipment, and over-the-**
11 **counter drugs; and**

12 (b) To provide enhanced incentives for companies that locate in enhanced
13 incentive counties in recognition of the depressed economic conditions in
14 those counties and the increased need for the growth and development caused
15 by the depressed economic conditions.

16 (2) To qualify for the incentives provided by subsection ~~(4)~~~~(3)~~ of this section, an
17 approved company shall:

18 (a) Incur eligible costs of at least one hundred thousand dollars (\$100,000);

19 (b) Create at least ten (10) new full-time jobs and maintain an annual average
20 number of at least ten (10) new full-time jobs; and

21 (c) 1. Pay at least ninety percent (90%) of all new full-time employees whose
22 jobs were created as a result of the economic development project a
23 minimum wage of at least one hundred twenty-five percent (125%) of
24 the federal minimum wage in enhanced incentive counties, and one
25 hundred fifty percent (150%) of the federal minimum wage in other
26 counties throughout the term of the economic development project; and

27 2. Provide employee benefits for all new full-time jobs equal to at least

1 fifteen percent (15%) of the minimum wage requirement established by
 2 subparagraph 1. of this paragraph. If the eligible company does not
 3 provide employee benefits equal to at least fifteen percent (15%) of the
 4 minimum wage requirement established by subparagraph 1. of this
 5 paragraph, the eligible company may still qualify for incentives if it
 6 provides the full-time employees hired as a result of the economic
 7 development project total hourly compensation equal to or greater than
 8 one hundred fifteen percent (115%) of the minimum wage requirement
 9 established in subparagraph 1. of this paragraph through increased
 10 hourly wages combined with employee benefits.

11 **(3) An approved company may be a producer of firearms, ammunition, over-the-**
 12 **counter drugs, personal protective equipment, or equipment necessary to produce**
 13 **personal protective equipment if the producer meets the requirements in**
 14 **subsection (2) of this section to qualify for the incentives provided by subsection**
 15 **(3) of this section.**

16 ~~(4)~~~~(3)~~ The incentives available under this subchapter are as follows:

- 17 (a) Tax credits of up to one hundred percent (100%) of the Kentucky income tax
 18 imposed under KRS 141.020 or 141.040 and the limited liability entity tax
 19 imposed under KRS 141.0401 on the income, Kentucky gross profits, or
 20 Kentucky gross receipts of the approved company generated by or arising
 21 from the economic development project, as set forth in KRS 141.415 and
 22 154.32-070;
- 23 (b) Authorization for the approved company to impose a wage assessment against
 24 the gross wages of each new employee subject to the Kentucky income tax as
 25 provided in KRS 154.32-090; and
- 26 (c) Notwithstanding any provision of law to the contrary, for any economic
 27 development project with an eligible investment of more than two hundred

1 million dollars (\$200,000,000), the authority may authorize approval to the
2 economic development project based upon terms and incentives applicable to
3 economic development project locating in an enhanced incentive county.

4 ~~(5)~~~~(4)~~ The General Assembly hereby finds and declares that the authority granted in
5 this subchapter and the purposes accomplished hereby are proper governmental and
6 public purposes for which public moneys may be expended, and that the
7 inducement of the location of economic development projects within the
8 Commonwealth is of paramount importance to the economic well-being of the
9 Commonwealth.

10 ➔Section 3. KRS 154.32-060 is amended to read as follows:

11 (1) The authority shall not approve an economic development project that otherwise
12 meets the requirements of this subchapter if the economic development project will
13 result in the replacement of facilities existing in the state except as provided in this
14 section.

15 (2) The authority may approve an economic development project that:

16 (a) Rehabilitates an existing facility used for manufacturing, agribusiness, or
17 nonretail service or technology, or as a national or regional corporate
18 headquarters, if:

19 1. The facility has not been in operation for a period of ninety (90) or more
20 consecutive days; or

21 2. a. The current occupant of the facility has advertised a notice of
22 closure; and

23 b. The eligible company proposing the economic development
24 project is not an affiliate of the current occupant of the facility; or

25 3. a. The facility is sold or transferred pursuant to a foreclosure ordered
26 by a court of competent jurisdiction or an order of a bankruptcy
27 court of competent jurisdiction; and

1 b. The title to the facility prior to the sale is not vested in the eligible
2 company or an affiliate of the eligible company; or

3 4. The existing facility is rehabilitated to enable a business to produce
4 firearms, ammunition, over-the-counter drugs, personal protective
5 equipment, or equipment necessary to produce personal protective
6 equipment;

7 (b) Replaces an existing manufacturing, agribusiness, nonretail service or
8 technology, or national or regional corporate headquarters facility if:

9 1. a. Title to the facility:
10 i. Is held by exercise of the power of eminent domain; or
11 ii. May be taken pursuant to a nonappealable judgment
12 granting authority to exercise the power of eminent
13 domain; and

14 b. Normal operations at the facility cannot be resumed within twelve
15 (12) months; or

16 2. The facility has been damaged or destroyed by fire or other casualty to
17 the extent that normal operations cannot be resumed at the facility
18 within twelve (12) months; or

19 3. The existing facility is replaced to enable a business to produce
20 firearms, ammunition, over-the-counter drugs, personal protective
21 equipment, or equipment necessary to produce personal protective
22 equipment; or

23 (c) Replaces an existing facility located in the same county if the existing facility
24 cannot be expanded due to the unavailability of real estate at or adjacent to the
25 facility to be replaced. Any economic development project satisfying the
26 requirements of this paragraph shall be eligible for incentives under this
27 subchapter only to the extent of the expansion. No incentives shall be

1 available for the equivalent of the facility to be replaced or rehabilitated.

2 (3) The authority shall not approve an economic development project under this section
3 which results in a lease abandonment or lease termination by the approved company
4 without the consent of the lessor.

5 ➔Section 4. KRS 154.34-010 is amended to read as follows:

6 As used in this subchapter:

7 (1) **"Ammunition" means ammunition or cartridge cases, primers, bullets, or**
8 **propellant powder designed for use in any firearm;**

9 (2) "Approved company" means an eligible company approved for a reinvestment
10 project;

11 (3)~~(2)~~ "Approved costs" means the sum of the:

12 (a) Eligible equipment and related costs; and

13 (b) Eligible skills upgrade training costs;

14 approved by the authority that may be recovered by an approved company through
15 the incentives authorized by this subchapter;

16 (4)~~(3)~~ "Authority" means the Kentucky Economic Development Finance Authority
17 created by KRS 154.20-010;

18 (5)~~(4)~~ "Commonwealth" means the Commonwealth of Kentucky;

19 (6)~~(5)~~ "Department" means the Department of Revenue;

20 (7)~~(6)~~ "Eligible company" means any corporation, limited liability company,
21 partnership, limited partnership, sole proprietorship, business trust, or any other
22 entity engaged in manufacturing at a facility located and operating within the
23 Commonwealth on a permanent basis for a reasonable period of time preceding the
24 request for approval of a reinvestment project by the authority;

25 (8)~~(7)~~ (a) "Eligible equipment and related costs" means:

26 1. Obligations incurred for labor and to vendors, contractors,
27 subcontractors, builders, suppliers, deliverymen, and materialmen in

1 connection with the acquisition, construction, equipping, rehabilitation,
2 and installation of a reinvestment project;

3 2. The cost of contract bonds and of insurance of all kinds that may be
4 required or necessary during the course of acquisition, construction,
5 equipping, rehabilitation, and installation of a reinvestment project
6 which is not paid by the vendor, supplier, deliveryman, contractor, or
7 otherwise provided;

8 3. All costs of architectural and engineering services, including estimates,
9 plans and specifications, preliminary investigations, and supervision of
10 construction, rehabilitation and installation, as well as for the
11 performance of all the duties required by or consequent upon the
12 acquisition, construction, equipping, rehabilitation, and installation of a
13 reinvestment project;

14 4. All costs required to be paid under the terms of any contract for the
15 acquisition, construction, equipping, rehabilitation, and installation of a
16 reinvestment project;

17 5. All costs required for the installation of utilities, including but not
18 limited to water, sewer, sewer treatment, gas, electricity,
19 communications, and access to transportation, and including off-site
20 construction of the facilities paid for by the approved company; and

21 6. All other costs of a nature comparable to those described in this
22 paragraph.

23 (b) "Eligible equipment and related costs" does not include costs related to the
24 replacement or repair of existing machinery or equipment resulting from
25 normal wear and usage of the machinery;

26 ~~(9)~~(8) "Eligible skills upgrade training costs" means costs incurred by an approved
27 company in connection with an occupational training program for full-time

1 employees specifically related to training or retraining employees as part of the
2 reinvestment project, including the following:

- 3 (a) Fees or salaries paid to instructors, whether those instructors are employees of
4 the approved company, contractors, or consultants;
- 5 (b) Administrative fees paid to educational institutions;
- 6 (c) Amounts paid for supplies, materials, and equipment used exclusively for the
7 occupational training program;
- 8 (d) Amounts paid to lease a training facility if sufficient training space is not
9 available at the approved company or at an educational institution;
- 10 (e) Amounts paid to employees as wages for attending the occupational training
11 program;
- 12 (f) Amounts paid for travel expenses for employees; and
- 13 (g) All other costs of a nature comparable to those described in this subsection;

14 ~~(10)~~⁽⁹⁾ "Equipment" means manufacturing machinery installed by the approved
15 company as part of the reinvestment project;

16 ~~(11)~~⁽¹⁰⁾ "Final approval" means the action taken by the authority designating a
17 preliminarily approved eligible company as an approved company;

18 **(12) "Firearms" means:**

19 **(a) Any weapon which will or is designed to or may readily be converted to**
20 **expel a projectile by the action of an explosive;**

21 **(b) The frame or receiver of any such weapon;**

22 **(c) Any firearm muffler or firearm silencer; or**

23 **(d) Any destructive device;**

24 ~~(13)~~⁽¹¹⁾ "Full-time" means a minimum of thirty-five (35) hours per week;

25 ~~(14)~~⁽¹²⁾ "Kentucky gross profits" has the same meaning as in KRS 141.0401;

26 ~~(15)~~⁽¹³⁾ "Kentucky gross receipts" has the same meaning as in KRS 141.0401;

27 ~~(16)~~⁽¹⁴⁾ "Manufacturing" means any activity involving the processing, assembling, or

1 production of any property, including activities that result in a change in the
2 condition of the property. "Manufacturing" includes any activity or function related
3 to the manufacturing activity, including storage, warehousing, distribution, and
4 related office facilities;

5 **(17) "Over-the-counter drug" means a drug that contains a label that identifies the**
6 **product as a drug as required by 21 C.F.R. sec. 201.66;**

7 **(18) "Personal protective equipment" means protective clothing, helmets, gloves, face**
8 **shields, goggles, face masks, respirators, and other equipment designed to protect**
9 **the user from injury or the spread of infection or illness;**

10 **(19)**~~(15)~~ "Preliminary approval" means the action taken by the authority designating an
11 eligible company as a preliminarily approved company;

12 **(20)**~~(16)~~ "Reinvestment agreement" means the agreement entered into pursuant to KRS
13 154.34-080 between the authority and an approved company with respect to a
14 reinvestment project; and

15 **(21)**~~(17)~~ "Reinvestment project" means:

16 (a) A reinvestment in the physical plant of a manufacturing facility, and in the
17 full-time employees of a manufacturing facility, through:

18 1. The acquisition, construction, and installation of new equipment and,
19 with respect thereto, the construction, rehabilitation, and installation of
20 improvements to facilities necessary to house the new equipment,
21 including surveys; installation of utilities, including water, sewer,
22 sewage treatment, gas, electricity, communications, and similar
23 facilities; or off-site construction of utility extensions to the boundaries
24 of the real estate on which the facilities are located; and

25 2. The development of an occupational training program to train or retrain
26 the full-time employees of the company to support the reinvestment in
27 the manufacturing facility, if applicable, for the purpose of improving

1 the economic and operational situation of a company; and
2 ~~3.1(b)~~ The expenditure of at least two million five hundred thousand
3 dollars (\$2,500,000) in eligible equipment and related costs; or
4 **(b) A reinvestment in a facility in order to allow for the production of firearms,**
5 **ammunition, over-the-counter medication, personal protective equipment,**
6 **or equipment necessary to produce personal protective equipment.**