



Appendix A

Kentucky Economic Development Expenditure Descriptions by Category

Technology, Innovation and Modernization:

Budget Appropriations

New Economy Pools—Local Government-Special Funds; Government Operations

In the 2002-2004 budget, funds were provided for research and development, commercialization and workforce-related projects in LGEDF-eligible (coal-impacted) counties. These projects were to be funded with coal severance tax dollars and required to be consistent with the character of the high-tech construction and high-tech investment pools administered by the Office for the New Economy.

Office of the New Economy—Economic Development

Provides programs aimed at fostering innovation and a thriving entrepreneurial culture to position Kentucky to participate in the 21st century economy. The Office of the New Economy helps build and sustain research and development capacity at Kentucky's universities and in the private sector, promotes an entrepreneurial climate through programs that facilitate the commercialization of ideas and seeks to foster a well-educated workforce that can participate in the high-tech economy.

Entrepreneurial Audit—Science and Technology Trust Fund—Strategic Investment and Incentive Trust Funds; Council on Postsecondary Education; Postsecondary Education.

Funding of \$250,000 was provided in FY 2001 for an audit or study of the impact of Kentucky's policy framework on the promotion of entrepreneurship.

Rural Innovation Fund—Science and Technology Trust Fund—Strategic Investment and Incentive Trust Funds; Council on Postsecondary Education; Postsecondary Education

The Rural Innovation Fund enables small, rural-based Kentucky firms to undertake research and development work. Funds must be used to contract with a third party. Investments are made in proof-of-concept development or earlystage prototypes. Eligible applicants receive up to \$100,000 over two years, not to exceed \$50,000 in any one year.

Research and Development Voucher Fund—Science and Technology Trust Fund—Strategic Investment and Incentive Trust Funds; Council on Postsecondary Education; Postsecondary Education
The Research and Development Voucher Fund enables small and medium-sized Kentucky-based firms to undertake research and development work in partnership with Kentucky university researchers. Investments are made in technology refinement, prototype development and commercial product development. Eligible applicants receive up to \$200,000 over two years, not to exceed \$100,000 in any one year.

Commercialization Fund—Science and Technology Trust Fund—Strategic Investment and Incentive Trust Funds; Council on Postsecondary Education; Postsecondary Education

The Commercialization Fund helps university faculty translate research into marketable products. Eligible applicants receive up to \$225,000 over three years, not to exceed \$75,000 in any one year.

Regional Technology Service Corporations/ ICC Satellites—Science and Technology Trust Fund—Strategic Investment and Incentive Trust Funds; Council on Postsecondary Education; Postsecondary Education

The Innovation and Commercialization Center (ICC) network is designed to increase and accelerate new technology commercialization and technology-based business formation by providing businesses with building and funding tools. ICC's bring business expertise to the assistance of entrepreneurs and scientists to help commercialize technologies that demonstrate market potential.

Experimental Program to Stimulate Competitive Research (EPSCoR)—Pass-Through Programs; Council on Postsecondary Education; Postsecondary Education.

Provides programs that impact the state's science and technology competitiveness by strengthening the capability of researchers and institutions in the Commonwealth, improving the quality of research and development and developing the ability of researchers and institutions to compete for non-EPSCoR federal,

state and private sector R&D funding.

Equine Drug Research Council—*Racing Commission; Public Protection and Regulation*

Advises the Kentucky Horse Racing Authority on research and testing of equine drugs and reviews testing research conducted at the University of Kentucky or elsewhere with state funds.

Tax expenditures

[None]

Training and Workforce Development:

Budget Appropriations

Bluegrass State Skills Corporation—*Financial Incentives; Economic Development*

Provides programs to stimulate economic development through skills training that meets the needs of business and industry. The BSSC works with businesses and the state's educational institutions to address and establish skills training programs relevant to Kentucky's new, expanding and existing industries.

Secondary Vocational Education/Career and Technical Education—*Special Instructional Services; Learning Support Services; Education*

State program provides technical assistance, consultative services, staff development and program monitoring to secondary vocational education programs in local school districts and area vocational education centers.

Workforce Development Trust Fund—*Pass-Through Programs; Council on Postsecondary Education; Postsecondary Education.*

Created to provide existing and new businesses with education, training and support services designed to develop better jobs and a workforce with the knowledge to fill them. The Workforce Development Trust Fund funds the Kentucky Workforce Investment Network System (KY WINS), operated by the Kentucky Community and Technical College System. The goal of KY WINS is to provide high level transferable technical skills training to new and existing

businesses and industries that are creating high paying jobs. KY WINS projects are limited to one year and require a 35% company cash match.

Adult Education and Literacy Trust Fund—*Strategic Investment and Incentive Trust Funds; Council on Postsecondary Education; Postsecondary Education*

Provides support to county and regional adult education strategies, statewide initiatives, research and development activities as determined by the state strategic agenda for adult education developed by the Council on Postsecondary Education.

Development and Industry Relations—*General Administration and Program Support; Workforce Development*

Serves as the central point of contact for the private sector to access adult education and job training services. It performs both an outreach and a partnership function between the Cabinet and Kentucky businesses.

Workforce Analysis and Research—*General Administration and Program Support; Workforce Development.*

Coordinates the development and dissemination of occupational, labor market, education training and career information for use by counselors, students and others.

Kentucky Tech System—*Technical Education; Workforce Development*

Provides technical training at fifty-three (53) secondary area technology centers across the state in more than fifty (50) job areas, as well as retraining for employed adults needing new or upgraded skills.

Continuing Education Programs—*Technical Education; Workforce Development*

Continuing and customized technical education programs are provided on an as-needed basis. This program serves business and industry as well as adults in the community seeking to enhance their employment opportunities. Demand for training programs from business and industry may range from continuing education in computer applications to customized training programs such as robotics. Training programs

are also designed to meet the increasing demands of various state and local regulatory certification requirements. Examples include additional programs in water handling, blood and airborne pathogens and heating and cooling systems.

Department for Adult Education and Literacy—*Workforce Development*

Provides programs designed to help reduce the problems caused by illiteracy and undereducation by satisfying the demands of adult learners, business and industry and welfare and education reform initiatives.

Employer and Placement Services—*Employment Services; Workforce Development*

Provides counseling, employment testing, job development, referral and placement for jobseekers. Assists the unemployed, underemployed or simply individuals seeking to change their employment situation. Also assists employers in obtaining qualified workers in order to fill job openings as quickly as possible.

Tax expenditures

Skills Training Investment Tax Credit—*Corporate Income and License Taxes*

Provides a tax credit of 50 percent of the approved cost of a company in connection with its skills training program against its corporate income tax liability (KRS 154-12.2086).

Capital and Financial Subsidy:

Budget Appropriations

Commissioner/Financial Incentives—*Financial Incentives; Economic Development*

Coordinates all financial and tax credits made available on behalf of business and industry. The Department is charged with the development of new initiatives, as well as streamlining and coordinating existing programs to see that a balanced, efficient use of state dollars and credits is available for job creation and preservation.

County Fair Purse Fund—*Racing Commission; Public Protection and Regulation*

Receives funding from uncashed pari-mutuel tickets and redistributes the funds in the form of purse supplements to county fairs.

Thoroughbred Owners and Breeders Fund—*Racing Commission; Public Protection and Regulation*

The Breeders Award Fund (as it was originally named) was created by the 1992 General Assembly as an incentive for the Kentucky breeding industry. The program makes awards to the owners of dams and stallions of eligible Kentucky horses that race in the state. Total receipts for this fund are divided in the following manner: Ninety percent (90%) to thoroughbred breeders; 7 percent to harness sires' stakes races; and 3 percent to harness purses at county fairs. Kentucky's off-track betting network provides the total funding for this program.

Governor's Office of Agricultural Policy—*Government Operations*

The Governor's Office of Agricultural Policy is required to develop a comprehensive agricultural development strategy based upon strengthening the agricultural economy while retaining Kentucky's unique social fabric and respecting the ecology of the Commonwealth. The office is responsible for staffing the Kentucky Agricultural Development Board, which guides the investment of the Agricultural Development Fund. The board invests these funds in innovative proposals that increase farm income and affect tobacco farmers, tobacco-impact counties and agriculture across the state by stimulating markets for Kentucky agricultural products, finding new ways to add value to Kentucky agricultural products and exploring new opportunities for Kentucky farms.

Economic Development Bond Pool—

Debt Service; Cabinet for Economic Development

The purpose of the Economic Development Bond program is to utilize bond proceeds to leverage private investment to promote the overall economic development of the Commonwealth. This includes, but is not limited to, the development of public projects such as industrial parks, riverports and tourism facilities.

Tax expenditures

Special Rate for Business Inventories—

Property Tax

Reduces the regular state rate for tangible personal property of \$.45 per \$100 of assessed value to \$.05 per \$100 on business inventories (KRS 132.020(9)).

Special Rate for Certain Classes of Intangible Property—Property Tax

Reduces the normal rate of \$.25 per \$100 of assessed value to \$.015 per \$100 on accounts receivable, notes, bonds, credits, non-domestic bank deposits, other intangible property rights arising from regular out-of state business, patents, trademarks, copyrights, licensing or royalty agreements, other intercompany intangible personal property and tobacco base allotments (KRS 132.020(2)).

Special Rate for Agricultural Products—

Property Tax

Reduces the regular state rate of \$.45 per \$100 to \$.015 per \$100 (KRS 132.020(1)).

Leasehold Interests—Property Tax

Provides reduction of the full state rate for real property, adjusted annually, to \$.015 per \$100 for leasehold interests privately held in industrial buildings owned and financed by tax-exempt governmental units (KRS 132.020(1)).

Special Rate for Foreign Trade Zone—Property Tax

Provides reduction of the regular rate of \$.45 per \$100 to \$.001 for tangible property located in a foreign trade zone (KRS 132.020(1)).

Special Rate for Intrastate Railroads and Railway Companies—Property Tax

Establishes a rate of \$.10 per \$100 for the operating property of railroads or railway companies operating solely within the Commonwealth (KRS 132.020(10)).

Special Rate for Domestic Life Companies' Reserves—Property Tax

Provides a special rate of \$.001 per \$100 of assessment for the reserves of domestic life insurance companies (KRS 136.320(3)).

Special Rate for Manufacturing Machinery, Pollution Control Equipment and Radio Television and Telephonic Equipment—Property Tax

Reduces the regular state rate of \$.45 per \$100 to \$.15 per \$100 (KRS 132.020(1)).

Special Rate for Machinery Used in Farming, Livestock and Poultry—Property Tax

Reduces the regular rate of \$.45 per \$100 to \$.001 per \$100 (KRS 132.020(1)).

Distilled Spirits Taxed at a Rate of \$.25—

Alcoholic Beverage Tax

Establishes a \$.25 per gallon tax rate for Distilled Spirits placed in containers where the distilled spirits represent 6 percent or less of the total volume of the contents of such containers (KRS 243.720).

Small and Farm Winery Exemption—Alcoholic Beverage Tax

Provides exemption from the wholesale sales tax for sales of wine made by small or farm wineries from grapes, grape juice, other fruits or fruit juices or honey produced in Kentucky (KRS 243.882(2)).

Transportation Expense—Coal Severance and Processing Tax

Allows, in computing gross value, the deduction of transportation expense incurred in transporting coal from the mine mouth or pit to a processing plant, tipple, loading dock or customer (KRS 143.010(6) and (11)).

Thin Seam Tax Credit—Coal Severance and Processing Tax

Allows a non-refundable tax credit for mining coal from thin seams or from areas with a high mining ratio. The credit is on a sliding scale from 2.25 percent to 3.75 percent of the value of the severed coal, based on the thickness of the seam, the ratio of overburden removed to coal severed or the sulfur content of the coal (KRS 143.021).

Commonwealth Venture Fund Credit/Kentucky Investment Fund Tax Credit—Corporate Income and License Taxes

Provides a tax credit equal to 40 percent against the

corporate income or license tax liability for an investor making a cash contribution to a qualified investment fund (KRS 154.20).

Net Operating Loss Deduction—*Corporate Income and License Taxes*

Allows corporations, which incur a net operating loss after 1979, to carry back those losses for three years or forward for fifteen years, in order to reduce income in profit years (KRS 141.010(13) and 141.011).

Coal Royalties—*Corporate Income and License Taxes*

Permits a corporation, which owns an economic interest in coal land, to exclude 50 percent of any royalties received from such land if it does not deduct certain expenses related to the production of the royalty income, including percentage depletion (KRS 141.010 (12) (d)).

Deductibility of the Excess of Percentage Over Cost Depletion—*Corporate Income and License Taxes*

Allows deduction of a percentage depletion allowance for gross income from mining for corporations mining or drilling for natural resources, even if the cost basis of the property has been reduced to zero (KRS 141.010(13), IRC Sec. 611 through 614).

Coal Conversion Credit—*Corporate Income and License Taxes*

Provides corporations an income tax credit equal to 4.5 percent of the purchase price, minus transportation costs, of coal consumed or substituted in heating facilities that are currently using a different source of energy (KRS 141.041).

Double Weighted Sales Factor—*Corporate Income and License Taxes*

Assigns 50 percent of the business apportionment factor used by multistate corporations to sales to customers in this state (KRS 141.120(8)).

Enterprise Zone Credit—*Corporate Income and License Taxes*

Provides a qualified business a tax credit equal to 10 percent of the wages paid to each employee, who has

been unemployed for at least ninety days or who has received public assistance benefits for at least ninety days prior to employment (KRS 154.45-090).

(KREDA) Economic Development Credit—*Corporate Income and License Taxes*

For new and expanding manufacturing projects in rural counties with above-average unemployment or other indicators of economic distress. Allows a 100 percent credit against the income of the company generated by or arising out of the economic development project. The credit (and a 4 percent job development assessment fee—see below) can be used for up to fifteen years, but cannot exceed total approved costs (which can include investment in land, buildings, site development, building fixtures and equipment) (KRS 141.347).

(KIDA) Economic Development Credit—*Corporate Income and License Taxes*

For new and expanding manufacturing projects. Allows a 100 percent credit against the income of the company generated by or arising out of the economic development project. The credit (and a 3 percent state job development assessment fee—see below) can be used up to ten years, but cannot exceed total approved costs (which can include investment in land, buildings, site development, building fixtures and equipment) (KRS 141.400).

(KIRA) Economic Development Credit—*Corporate Income and License Taxes*

For the revitalization of existing manufacturing or agribusiness facilities. Allows a 100 percent credit against the income of the company generated by or arising out of the economic development project. The credit (and a 4 percent state job development assessment fee—see below) can be used up to ten years, but cannot exceed 50 percent of the approved costs of the project (KRS 141.403).

(KJDA) Economic Development Credit—*Corporate Income and License Taxes*

For new and expanding service and technology related projects. Allows a 100 percent credit against the income of the company generated by or arising out of the economic development project. The credit

(and a 4 percent state job development assessment fee—see below) can be used up to ten years, but cannot exceed 50 percent of project start-up cost and up to 50 percent of annual facility rental cost or rental value (KRS 141.407).

(KEOZ) Economic Development Credit—*Corporate Income and License Taxes*

For new or expanding manufacturing or service/technology companies locating in urban areas that have been designed Economic Opportunity Zones based on evidence of high unemployment and/or poverty. Allows a 100 percent credit against the income of the company generated by or arising out of the economic development project. The credit (and a 4 percent state job development assessment fee—see below) can be used up to ten years, but cannot exceed 50 percent of project start-up cost and up to 50 percent of annual facility rental cost or rental value for service/technology companies or total approved costs for manufacturing companies (which can include investment in land, buildings, site development, building fixtures and equipment) (KRS 154.23).

Limited Liability Companies; Limited Liability Partnerships—*Corporate Income and License Taxes*
Excludes from Kentucky corporate license tax entities that choose to organize as limited liability companies or limited liability partnerships (KRS 275).

Recycling Credit—*Corporate Income and License Taxes*

A credit of 50 percent of the installed cost of recycling or composting equipment, used exclusively in this state, for post consumer waste (KRS 141.390).

Deductibility of Excess of Percentage Over Cost Depletion—*Individual Income Tax*

When property is entitled to either cost or percentage depletion, the deduction is whichever is larger. Percentage depletion continues to be deductible as long as there is gross income, even after the taxpayer's basis for property has been reduced to zero (IRC Sec. 613).

Deductibility of Net Operating Losses—*Individual Income Tax*

Permits the deduction of the Kentucky net operat-

ing loss in computing adjusted gross income (KRS 141.010).

Deductibility of Expenses of Certain Capital Outlays—*Individual Income Tax*

Allows taxpayers to treat the cost of qualifying property, up to \$17,500, as an expense rather than a capital expenditure subject to depreciation (IRC Sec. 179 and 175 (a)).

Job Development Assessment Fee (Tax Increment Financing)—*Individual Income Tax*

A locality may create a development area and with state approval withhold from each employee within the development area a job development assessment fee of up to 3 percent of gross wages. Employers would pay the fee directly to the local government and employees would claim the fee as a credit against their individual income tax (KRS 65.6851).

Job Development Assessment Fee (KREDA, KJDA, KIDA, KEOZ, KIRA) Credits—*Individual Income Tax*

Allows employers to claim portions of the job development assessment fee of 6 percent, a job creation assessment fee of 5 percent, or a job revitalization assessment fee of 6 percent collected from employees under several economic development plans (KRS 154.22-070, 154.24-110, 154.26-100).

Transportation Expense—*Natural Resources Severance and Processing Tax*

Excludes from gross value, expenses incurred in transporting minerals (KRS 143A.010(5) and (9)).

Limestone Sold in Interstate Commerce Credit—*Natural Resources Severance and Processing Tax*

Provides a tax credit equal to the tax on the gross value of limestone sold in interstate commerce, for taxpayers who sever or process limestone through the rip-rap, construction aggregate or agricultural limestone stages and who sell at least 60 percent of such stones in interstate commerce (KRS 143A.035).

Stone Used for Privately Maintained but Publicly Dedicated Roads—*Natural Resources Severance and Processing Tax*

Provides exemption to assist those persons who maintain a private road at their own expense but which is open for public use (KRS 143A.030).

Clay Used in Landfill Construction Credit—*Natural Resources Severance and Processing Tax*

Allows approved waste management or waste disposal facility within this state a tax credit against the tax on clay severed or processed within this state and sold to and used as a component of landfill construction (KRS 143A.037).

Limestone Sold or Used for Agricultural Purposes—*Natural Resources Severance and Processing Tax*

Exempts limestone sold or used for agricultural if such sale or use qualifies from exemption for sale and use tax under KRS 139.480 (KRS 143A.030).

Coal Used in the Manufacture of Electricity—*Sales and Use Tax*

Exempts from sales and use tax coal used for the manufacturing of electricity (KRS 139.480(2)).

Energy and Energy Producing Fuels—*Sales and Use Tax*

Exempts from sales and use tax energy and energy producing fuels used in manufacturing, processing, mining or refining, to the extent that the cost of the energy or energy producing fuels used exceeds 3 percent of the cost of production (KRS 139.480 (3)).

Horses Purchased for Breeding—*Sales and Use Tax*

Allows exemption from the sales and use tax, horses, interests in horses or shares in horses, provided the purchase or use is made for breeding purposes only (KRS 139.531(2)(a)).

Horses Less Than Two Years of Age—*Sales and Use Tax*

Exempts from sales and use tax for horses less than two years of age at the time of sale provided the sale is made to a nonresident of Kentucky and the horse is transported out of state either immediately following the sale or immediately following training within the state (KRS 139.531(2)(c)).

Machinery for New and Expanded Industry—*Sales and Use Tax*

Exempts from sales and use tax machinery for new and expanded industry that is used directly in manufacturing or processing and which is incorporated for the first time into plant facilities in this state and which does not replace machinery in such plant (KRS 139.170 and 139.480 (10)).

Semi-Trailers and Trailers—*Sales and Use Tax*

Exempts from sales and use tax the sales price of vehicles defined by KRS 189.010(12) and KRS 189.010(17) (KRS 139.470 (22)).

Vessels and Maritime Supplies—*Sales and Use Tax*

Allows excluding from sales and use tax ships and vessels, including their repair and construction, supplies and fuels used in their operation and supplies consumed by their crew members aboard such ships and vessels, used principally in transporting property for hire (KRS 139.483).

Building Materials or New and Used Machinery and Equipment Used in Enterprise Zones—*Sales and Use Tax*

Exempts from sales and use tax building materials used in remodeling, rehabilitation or new construction in a qualified enterprise zone and new and used equipment and machinery purchased by a qualified business for use in the enterprise zone (KRS 154.45-090(2) and (3)).

Sales to Motion Picture Companies—*Sales and Use Tax*

Provides exemption from sales and use tax for motion picture production companies filming or producing motion pictures in Kentucky. The exemption is accomplished by granting a refundable credit of taxes paid on purchases made in Kentucky in connection with the filming or producing of a motion picture in this state (KRS 139.538-5386).

Sales Tax Credit for Tourism Attraction Project—*Sales and Use Tax*

Allows a tax credit against the sales tax generated

by or arising from a tourism attraction project (KRS 139.536).

Equine Water—*Sales and Use Tax*

Exempts water used in the equine-raising business (KRS 139.470).

Recycling Machinery and Equipment—*Sales and Use Tax*

Replacement machinery that will increase the consumption of recycled materials by not less than 10 percent and machinery and equipment purchased or leased by a business, industry or organization in order to collect, source separate, compress, bale, shred or otherwise handle waste materials and if the machinery or equipment is primarily used for recycling purposes are exempt (KRS 139.170; 139.480(23)).

Tax Increment Financing—*Various Taxes*

A locality may create a development area and with state approval receive payment of part of the increase in tax revenues within the development area to help offset the cost of development. Potentially, all taxes could be involved although it is expected that sales and income taxes would be most utilized because of the dollar volume (KRS 65.495).

Management Support for Business:

Budget Appropriations

Small and Minority Business Division—*Community Development; Economic Development*

Provides technical assistance services to businesses with fewer than 100 employees and minority businesses. Information is collected and disseminated to minority businesses on market research, new business opportunities, availability of managerial assistance programs and federal, state and local minority business programs.

Tax expenditures

[None]

Facilitating Regulatory Compliance:

Budget Appropriations

Commission on Small Business Advocacy—*Government Operations*

Created to coordinate and promote awareness of the Federal Small Business Regulatory Enforcement Fairness Act of 1996, develop a process to make the small business community aware of state legislation and administrative regulations, advocate for the small business sector when state legislation and administrative regulations are overly burdensome, costly or harmful to the success and growth of the sector and collect information and conduct research on public policies and government practices that relate to the growth of the small business community.

Education and Training for Occupational Safety and Health—*Department of Workplace Standards; Labor*

Promotes voluntary compliance with the Kentucky Occupational Safety and Health rules and regulations by providing training, on-site consultations, distribution of technical and informational materials, gathering and monitoring of statistical data concerning job injuries and illnesses, technical assistance and acting as a liaison between the Cabinet and the Kentucky Occupational Safety and Health Standards Board.

Division of Business and Entrepreneurship—*Community Development; Economic Development*

Provides licenses and permitting assistance to new and expanding Kentucky businesses, provides technical assistance to the businesses in procuring federal and state government contracts and identifies and coordinates the distribution of technological information.

Tax expenditures

Exemption for Pollution Control Facilities—*Sales and Use Tax*

Property certified as a pollution control facility, as defined by KRS 224.850, is exempt from sales and use tax (KRS 139.480 (12)).

Marketing and Market Development:

Budget Appropriations

Coal Marketing and Export Council—*Office of the Governor Executive Office of the Governor*
Provides recommendations on promotion of Kentucky coal, coordination of coal research and marketing programs, identification of coal market developments, advice to coal operators and other industries seeking to enter or expand markets. The Coal Marketing and Export Council also provides direction to the Governor in marketing efforts targeted to increasing opportunities for Kentucky coal.

Agricultural Marketing and Product Promotion—*Department of Agriculture*

Develops and manages programs which promote Kentucky-produced agricultural products locally and in domestic and international markets. Responsibilities include grading and inspection of specific products and commodities, reporting market news, promoting and developing markets for Kentucky products, assisting in setting up cooperatives, acting as mediator or arbitrator between producers and distributors, developing opportunities for the diversification of Kentucky agriculture and establishing an organic agricultural product certification program.

Market Promotion and Protection—*Department of Agriculture*

Program provided seed money for the creation and bulk purchase of agricultural promotion products (“Kentucky Proud”).

Mexico Office—*Department of Agriculture*

The Mexico Office is responsible for promoting the export of Kentucky’s agricultural products and machineries in Mexico. It serves as a liaison to create wider opportunities for agricultural trade between Kentucky producers and counterparts in Mexico.

Kentucky Wood Products Competitiveness Corporation—*LGEDF; Local Government-Special Funds; Government Operations*

Promotes the health and general welfare of the people of the Commonwealth through promoting and

developing the Commonwealth’s secondary wood products industry by disseminating information, providing services, developing workforce training measurements and standards to support value-added functions with regard to design, processing and manufacture and marketing of wood products. Further responsibilities include providing financial support for the deployment of new or improved technology and world-class manufacturing systems to businesses engaged in the production and manufacture of wood products.

Kentucky Artisans Center Gateway Authority—*Secretary; Tourism Development*

Provides programs to promote quality Kentucky artisan products, Kentucky cultural heritage experiences, traveler services and hospitality. It also aims to generate interest in and provide information about Kentucky’s artisan traditions and today’s diverse Kentucky artisans, their processes and their works.

International Trade Division—*Community Development; Economic Development*

Promotes the development of international markets for Kentucky goods, products and services. Identifies and analyzes national and international market developments and opportunities and gathers and disseminates information to Kentucky manufacturers, service providers and other industries regarding international trade opportunities.

Craft Marketing Program—*Kentucky Arts Council; Education, Arts and Humanities*

Provides programs that develop the state’s craft industry, support and empower Kentucky artisans and craftspeople and create an economically viable environment for craft entrepreneurs. The program also provides assistance to Kentucky residents, individuals or groups wanting to develop as craft professionals through economic opportunities and training, to other outside entities and the general public.

Thoroughbred Development Fund—*Racing Commission; Public Protection and Regulation*

Provides funds to promote interest in raising and racing thoroughbred horses in the Commonwealth, to attract breeders from other states to send their

breeding stock to Kentucky and to improve the caliber of breeding and racing stock in the Commonwealth.

Standardbred Development Fund—*Racing Commission; Public Protection and Regulation*

The Standardbred Development Fund was created to promote the raising and racing of harness horses sired by stallions standing in Kentucky; to attract breeders from other states to send their breeding stock to Kentucky; to increase the number of owners in Kentucky; and to increase the number of horses bred in Kentucky. One percent of the pari-mutuel handle from the harness horse racing tracks is deposited in a revolving fund account for the Standardbred Development Fund.

Backside Improvement Commission—*Racing Commission; Public Protection and Regulation*

Responsible for promoting, enhancing and improving the conditions of the backsides of Turfway and Ellis Parks.

Tourism Services—*Travel; Tourism Development*

Operates highway welcome centers and generates sales revenue to Kentucky's tourism industry through trade show participation and pursuit of group, commercial and individual markets. It also disseminates tourism information to tourists and potential visitors via a telephone system and direct mail.

Marketing and Advertising—*Travel; Tourism Development*

Coordinates state tourism advertising and tourism media placement, produces tourism brochures and sales promotion materials and maintains a marketing and research database on Kentucky's tourism industry.

Tax expenditures

[None]

Industrial Recruitment and Site Development:

Budget Appropriations

Business Development—*Economic Development*

Responsible for coordinating the recruitment of new industries and businesses to Kentucky. This task includes compiling research data for prospective sites, targeting and contacting specific industries and businesses outside of Kentucky, meeting and corresponding with business representatives and coordinating site location referrals and visits. Includes the Commissioner's Office, which coordinates the recruitment of industries; the Division of Industrial Development, which contacts and communicates with industrial prospects and has existing contractual offices/agents in Japan and Brussels; and the Site Evaluation Division, which compiles statistical information, site maps, listings of available buildings and possible sites for new construction.

Coal County Development Office—*LGEDF; Local Government-Special Funds; Government Operations*

Created to promote the Local Government Economic Development program for the purpose of identifying eligible counties for specific projects that enable the counties to provide infrastructure to incoming and expanding business and industry. Previously titled the Department for Regional Development in the Cabinet for Economic Development.

Regional Offices (East, West and Central)—

Community Development; Economic Development

Provides programs to retain and expand Kentucky's manufacturing and value added business base. These offices offer statewide industry visitation programs to help Kentucky's business and industry improve their competitive positions and to access state incentive programs.

Local Government Economic Development

Fund (LGEDF)—*Local Government-Special Funds; Government Operations*

Created to return a portion of coal severance tax receipts to coal producing counties through a grant process intended to enhance industrial development. Under this program, funds are allocated quarterly to

coal producing counties, but distribution to a county may occur only after approval of a grant application submitted by a county. Fund allocations to counties are made according to such criteria as coal severance taxes paid, surplus labor rate, relative mining earnings and relative mining employment.

East Kentucky Corporation—*LGEDF; Local Government-Special Funds; Government Operations*
Created to improve the economic well-being and to promote and enhance the health and welfare of the people of the region by developing or assisting in projects aimed at creating new job opportunities and to assist existing regional industries or businesses in expanding employment opportunities within the region.

West Kentucky Corporation—*LGEDF; Local Government-Special Funds; Government Operations*
Created to improve the economic well-being and to promote and enhance the health and welfare of the people of the region by developing or assisting in projects aimed at creating new job opportunities and to assist existing regional industries or businesses in expanding employment opportunities within the region.

Military Affairs Commission—*Office of the Governor; Executive Office of the Governor.*
Provides advice to the Governor and the General Assembly on all matters in which the military services and the Commonwealth have mutual interests. Duties include recommending state, federal and local economic development projects which will promote, foster and support economic progress through military presence in Kentucky; promoting and assisting the private sector in developing spin-off investments, employment and educational opportunities associated with high technology programs and activities at Kentucky's military installations; recommending to the Kentucky Economic Development Partnership the long-range options and potential for the defense facilities located in Kentucky; and developing strategies to encourage military personnel to retire and relocate in Kentucky and promote those leaving the military as a viable quality workforce for economic development and industrial recruitment.

Kentucky Aviation Economic Development Fund—*Air Transportation; Transportation*

Provides funds to develop, rehabilitate and maintain publicly owned or operated aviation facilities and for other aviation programs that benefit publicly owned or operated aviation facilities.

Tax expenditures

[None]

Economic Development Planning:

Budget Appropriations

Kentucky Appalachian Commission—*Office of the Governor; Executive Office of the Governor*
The Kentucky Appalachian Commission (KAC) exists for the purpose of developing a comprehensive plan for the Appalachian Region of Kentucky in the context of development planning for the Commonwealth as a whole. The goal of the commission is the unification of resources from both public and private sectors to achieve sustainable economic development and an improved quality of life in the region.

Center for Rural Development—*Pass-Through Programs; Council on Postsecondary Education; Post-secondary Education*

The Center for Rural Development is a non-profit organization whose primary mission is improving the quality of life for individuals in its forty-two county service region by providing, promoting and supporting innovative and sustainable community development solutions. Provides technical assistance to business and governmental entities in networking and video conferencing.

Office of the Secretary—*Economic Development*
Provides the central coordination and administrative direction for planning and management of the programs and entities within the Cabinet of Economic Development. Responsibilities of the office include developing plans to assure orderly growth and improved management, to recommend executive actions and legislative measures and to evaluate budget requests.

Kentucky Main Street Program—*Kentucky Heritage Council; Education, Arts and Humanities*

The goal of the program is to encourage downtown revitalization and economic development within the context of historic preservation. The Heritage Council provides technical and design assistance and operates a resource center to assist local organizations in carrying out main street revitalization efforts.