

Just the Facts:

Kentucky Business Climate

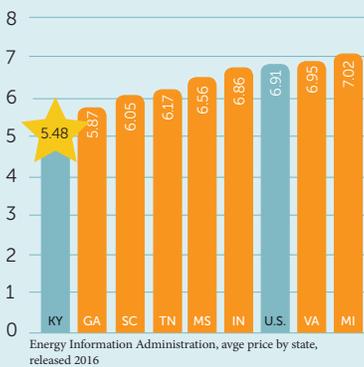
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Did you know?



For the second year in a row, Kentucky placed #1 in Site Selection's Governor's Cup rankings for new and expanded industry activity per capita. And for the first time, Kentucky made the top five state rankings for overall economic development.

Industrial Electricity Average Price



The cost of electricity for the industrial sector in Kentucky is 20 percent lower than the national average.

According to CNBC, Kentucky ranks:
 #2 - Lowest cost of living
 #5 - Lowest cost of doing business

Why Kentucky?

Kentucky works hard to take care of business. Whether it's a business that is new to Kentucky or one whose roots are generations deep, Kentucky makes sure companies have what they need to succeed. With some of the nation's lowest industrial electricity costs, a competitive tax structure, aggressive and effective incentive programs, an ideal location and an unsurpassed quality of life, Kentucky has become a top location choice for globally competitive enterprises.

Many of the world's most successful companies have already discovered that Kentucky is a great place to build their business. The Commonwealth is home to thousands of domestic companies, as well as more than 450 international firms representing 34 nations.

Kentucky's efforts to create a pro-business climate have not gone unnoticed, resulting in the creation of more than 16,000 manufacturing, service and technology jobs in 2015, and over \$5.1 billion in new investment—the most one-year investment in the state's history.

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Low Business Costs

It's less expensive to do business in Kentucky. Multiple studies show the state has below average business costs for both domestic and international companies. Kentucky also is among the best states in terms of labor costs and overall business climate.

Among the more significant location factors having a direct influence on bottom-line costs is the annual capital that must be committed to utility consumption. Kentucky has the lowest cost of electricity in the industrial sector among states east of the Mississippi River – and among the lowest nationwide – averaging 20 percent less than the national average.

Kentucky's competitive tax climate favors corporate investment. The Commonwealth ranks as one of the most business-friendly states in the country for new firms and corporate headquarters.

Location, Location, Location!

Nature and nurture have combined to make Kentucky a logistical paradise. Located at the center of a 34-state distribution area in the eastern United States, Kentucky's location advantage facilitates the distribution of goods and materials to a massive industrial and consumer market. Kentucky's borders are within a day's drive of over 65 percent of the nation's population, personal income and manufacturing establishments.

Two international airports and two top air cargo hubs (UPS and DHL) also give Kentucky a logistics boost, ranking the state third in the nation in total air cargo shipments last year.

Did you know?



65% of the U.S. market and population is within a day's drive of Kentucky.



Last year, the Kentucky Skills Network assisted more than 95,000 & 5,000 companies.



Add that to Kentucky's extensive highway, air, rail and waterway transportation systems, and you can see how Kentucky businesses are able to aggressively compete in the global marketplace.

Business Confidence

Manufacturers in the Bluegrass State are thriving. As the state's fourth-largest employment sector, nearly one out of every 10 nonagricultural jobs in Kentucky is in manufacturing. In 2015 alone, more than 300 manufacturing facilities announced a new location or expansion in the Commonwealth, which are projected to create more than 10,700 new jobs with investments totaling over \$4.2 billion.

In 2015, Site Selection Magazine ranked Kentucky's Business Climate third nationally. Businesses of all sizes find success in Kentucky. The state consistently ranks among the top states for entrepreneurial growth and small business support. Kentucky also assists small businesses with services, including access to capital and loans, marketing and product development.

Workforce Services

The importance of workforce training has never been greater. As companies think globally, it's imperative that Kentucky's workforce be the very best it can be to remain competitive and provide good jobs for its citizens. That's why the Commonwealth, through the Kentucky Skills Network, provides a variety of services to companies so they can find, train and retain a skilled workforce and to help people find jobs and achieve their career goals. Comprised of partner organizations throughout the state, the Kentucky Skills Network plays a significant role in keeping business and industry competitive in the global economy by providing the necessary training for their workforce. A sample of the Kentucky Skills Network's services include:

- Reimbursable grants and tax credits for classroom training, on-the-job training, tuition and certification training, train-the-trainer travel and entry-level and skills-upgrade training
- Safety and health training and consultative services
- Pre-employment assessment and training
- Training provider services
- Pre-employment job screening
- Labor market research
- Job fair assistance

Progressive Incentive Programs

Kentucky's innovative and progressive tax incentive programs provide the flexible financial assistance businesses need when locating, expanding or reinvesting in the state. Below are just a few of the programs that can be used to reduce or recover costs of a business investment in Kentucky. We also offer grants for customized workforce training programs, direct loans for fixed asset financing, small business loans and industrial revenue bonds.

Did you know?

The Commonwealth exported a state record \$27.6 billion to nearly 200 countries in 2015.



Kentucky ranks second in the U.S. for the Cost of Doing Business by CNBC (June 2015)



Kentucky Business Investment (KBI) Program

Provides income tax credits and wage assessments to new and existing agribusinesses, regional and national headquarters, manufacturing companies, and non-retail service or technology-related companies that locate or expand operations in Kentucky. Companies locating in certain counties may qualify for enhanced incentives.

Kentucky Reinvestment Act (KRA)

Provides tax credits to an existing Kentucky company engaged in manufacturing and related functions on a permanent basis for a reasonable period of time that will be investing in eligible equipment and related costs of at least \$2.5 million. No job creation is required.

Kentucky Enterprise Initiative Act (KEIA)

For new or expanding service or technology, manufacturing or tourism attraction projects in Kentucky. KEIA provides a refund of Kentucky sales and use taxes paid by approved companies for building and construction materials permanently incorporated as an improvement to real property. It is also available for Kentucky sales and use tax refunds on eligible equipment used for research and development and data processing equipment.

Incentives for Energy Independence Act (IEIA)

For companies engaging in the creation of new, alternative forms of energy, incentives may be available through the IEIA program, including corporate income tax credits, wage assessments and reimbursement of sales and use taxes paid on tangible personal property over a period of time up to 25 years.

SBIR-STTR Matching Funds Program

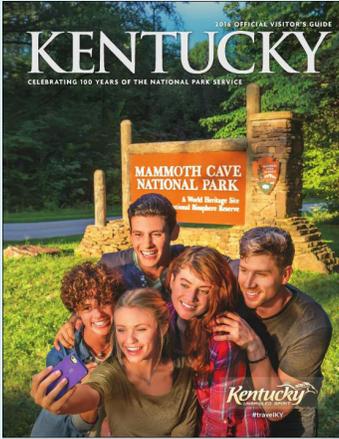
Matches, on a competitive basis, both Phase 1 and Phase 2 federal SBIR and STTR awards received by Kentucky high-tech small businesses and those willing to become Kentucky-based businesses.

Kentucky Small Business Tax Credit (KSBTC)

The KSBTC program is designed to encourage small business growth and job creation by providing a nonrefundable tax credit to eligible businesses hiring one or more eligible individuals and investing at least \$5,000 in qualifying equipment or technology. With certain exceptions, most for-profit businesses with 50 or fewer full-time employees are considered eligible for this program.

The Red Tape Reduction Initiative

Kentucky is currently eliminating red tape through its Red Tape Reduction Initiative. Every state administrative regulation is being reviewed with the goal of eliminating or simplifying as many as possible. This will greatly reduce the number of unnecessary or redundant regulations that are detrimental to business. Kentucky Governor Matt Bevin wants to eliminate one-third of all administrative regulations within the next three years to make Kentucky even more business friendly. For an ongoing report on progress, visit RedTapeReduction.com.



Quality of Life

Kentucky is not only friendly to business. Its laid-back lifestyle is a big reason why the Bluegrass State is among the leaders when it comes to raising a family, finding work and living year-round in a place where millions love to visit and vacation. The state offers one of the nation's lowest costs of living, housing costs more than 30 percent lower than the national average, low taxes and amazing postcard-quality scenery. The friendly, hard-working people of Kentucky possess an unbridled spirit that can literally boost companies' bottom line.

Recreational activities are endless. From the rolling bluegrass-covered hills of legendary Horse Country and the grandstands of America's most storied thoroughbred racing tracks to the Kentucky Bourbon Trail and world-renowned outdoor adventure, it's easy to experience the unbridled spirit that runs throughout the Bluegrass State. The state's cities, towns and regions allow visitors and residents an opportunity to discover incredible one-of-a-kind attractions, unique traditions and culture, and an unabated energy that can be seen, heard and felt in everything from metropolitan nightlife to small town festivals and events.

Explore the many ways Kentucky can make your company a success.

We Want to Partner with You

As the primary state agency responsible for encouraging business growth and job creation in the Commonwealth, the Kentucky Cabinet for Economic Development stands ready to help your business explore opportunities in the Commonwealth. Our experienced project managers provide professional and confidential assistance, serving as the central point of contact for all of your business investment needs. From site location and expansion opportunities to job retention and workforce training initiatives to start-up assistance and guidance in export growth, they work closely with local, regional and state-level government agencies, as well as a variety of industry partners to make the decision to invest in Kentucky an easy one.

The bottom line is — Kentucky is open for business. Whether a company is looking for a competitive tax climate, progressive incentive programs, an ideal location or an unsurpassed quality of life, Kentucky offers the “can-do” workforce and business climate that companies need to succeed. We invite you to explore the many ways Kentucky can make your company a success. Call us today at (800) 626-2930 or visit www.ThinkKentucky.com.