



Kentucky Angel

Investment Tax Credit

Statutorily Required Annual Reports

FY 2019-2020





CABINET FOR ECONOMIC DEVELOPMENT

Andy Beshear
Governor

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

Larry Hayes
Interim Secretary

October 30, 2020

The Honorable Andy Beshear, Governor
Office of the Governor
700 Capital Avenue, Suite 100
Frankfort, Kentucky 40601

Dear Governor Beshear:

Pursuant to KRS 154.12-2035, the Cabinet for Economic Development must report annually on program activity by November 1st of each fiscal year.

The Kentucky Angel Investment Act has a three million dollars per calendar year limitation. As of July 1, 2018, the start of the fiscal year covered by this report, no tax credits were available to award due to exhausted allocations in the previous fiscal year. Therefore, there were no new Kentucky Angel Investment Act projects to report for the fiscal year ended June 30, 2020.

According to KRS 154.20-236(2)(c), the Kentucky Economic Development Finance Authority (KEDFA) shall not grant preliminary or final approval for applications received for the Kentucky Angel Investment Act on or after January 1, 2019, but may resume approving applications received on or after January 1, 2021.

Qualified investment projects approved in prior years are listed on the Kentucky Angel Investment Act web page at <https://ced.ky.gov/Entrepreneurship/KAITC.aspx>.

If you have any questions regarding the reports, please contact me at (502) 782-1987.

Sincerely,

A handwritten signature in blue ink that reads "Katie Smith".

Katie Smith, Commissioner
Department for Financial Services

cc: Anthony Ellis



CABINET FOR ECONOMIC DEVELOPMENT

Andy Beshear
Governor

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

Larry Hayes
Interim Secretary

October 30, 2020

Jay D. Hartz, Director
Legislative Research Commission
700 Capital Avenue
Frankfort, Kentucky 40601

Dear Director Hartz:

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Department for Financial Services

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TEAM
KENTUCKY



Kentucky Angel Investment Act Program

Annual Report for the Period: 7/1/19 – 6/30/20

Per KRS 154.20-236(2)(c), The Kentucky Cabinet for Economic Development was prohibited from processing applications for approval of angel tax credits from January 1, 2019 through December 31, 2020. Therefore, no angel program applications were received during the 2019-2020 fiscal year.

In preparation for the re-start of the program in 2021, House Bill 491, passed during the 2020 general legislative session and signed by Governor Beshear on April 2, 2020, made the following four changes to statutes governing the Kentucky Angel Investment Act program:

1. Reduced the investor tax credit amount for investments made in Kentucky small businesses located in enhanced incentive counties from fifty percent to forty percent of the eligible investment amount;
2. Reduced the investor tax credit amount for investments made in Kentucky small businesses located outside enhanced incentive counties from forty percent to twenty-five percent of the eligible investment amount;
3. Changed the "closely related" definition from "parent, spouse, or child" to "parents or grandparents, children or their spouses, or siblings or their spouses" to match the "closely-related" definition used in the Selling Farmer Tax Credit program;
4. Added wording to clarify that if a small business receiving eligible investments becomes insolvent, ceases operations and submits an acceptable report attesting to its status, tax credits claimed prior to shutdown will not be subject to recapture, but awarded credits not claimed as of the date the business became insolvent and ceased operations will be considered expired and not eligible for claiming.