

NEWPORT, KENTUCKY INCENTIVE SUMMARY

FOUNDED 1795



CITY OF NEWPORT
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Incentives Programs

Job Development Incentive Program

The City offers up to a forty percent (40%) reduction in occupational license fees for certain projects locating in the community. The JDIP is available in three variations: Industry, Service, and Technology (requires \$250,000 in new Newport payroll), Licensed Professionals (no minimum payroll requirement), and Signature (requires \$15M in new Newport payroll).

Property Assessment Moratorium

Business and property owners can defer the added value of improvements from the taxable assessment of their property for a period of five years. A structure must be 25 years old or older and must undergo substantial rehabilitation to qualify. The exemption applies to city taxes only. Applications are available at the Newport City Building.

Historic Investment Tax Credit

A 20% investment tax credit is available for substantial rehabilitation of certified historic buildings that are income-producing. Project must comply with the *Secretary of the Interior's Standards for Rehabilitation*. A 10% credit is available for buildings built before 1936 that are not certified as historic.

Paint Partnership Program

Sherwin-Williams, Co., 2292 Monmouth Street, offers a discount on recommended exterior paint colors, all interior paints, and associated products for both rehabilitation and new construction. Discount does not apply to Everclean, spray equipment, ladders and ladder-related products. All properties located within boundaries of the Monmouth Street Redevelopment Area and East Row Historic District are eligible.

Monmouth Street Renaissance Kentucky Facade Grant Program

City provides matching grants for commercial facade improvements in the Renaissance Kentucky area. Improvements must comply with the *Secretary of the Interior's Standards for Rehabilitation*.

**The following information was taken from Northern Kentucky Tri-ED's website.
Please visit www.northernkentuckyusa.com/incentive.aspx.**

State Incentives

Various incentive and assistance programs are available in Kentucky, at the state and local level, for new business operations locating into the state and for existing companies that want to expand their operations.

Major Incentive Programs

- Estimated pro-forma benefits for Kentucky's incentive programs are available through Tri-ED.

Kentucky Industrial Development Act (KIDA)

Qualifying **manufacturing** firms receive either

1. a 10-year, 100% credit for state corporate income taxes associated with the project OR
2. a 3% credit on gross Kentucky wages associated with the project.

The credits are used to retire principal costs on land, buildings, site development, building fixtures, and equipment. Eligible firms must create a minimum of 15 new jobs and have a minimum investment of \$100,000.

Kentucky Jobs Development Act (KJDA)

Qualifying **office, service, research & development and distribution firms** receive:

1. a 10-year, 100% credit for state corporate income taxes AND
2. up to a 5% credit on gross Kentucky wages associated with the project.

The credits are used to recover one-half of annual occupancy costs and start-up/relocation costs. Eligible firms must create 15 new jobs for Kentucky residents and have 75% of services for out-of-state customers.

Kentucky Tourism Development Act

A sales tax credit incentive program designed to develop Kentucky's tourism industry. Approved attractions may recover up to 25% of initial investment through a sales tax credit over a 10- year period.

Qualified tourism projects must:

1. cost a minimum of \$1 million;
2. attract at least 25% of visitors from out-of-state by the fourth year;
3. open to the public at least 100 days a year, and
4. demonstrate that the project will generate tax revenues to the state that will exceed the credit given to company and shall not adversely affect existing employment in Kentucky.

Kentucky WINS

The mission of Kentucky Community and Technical College System (KCTCS) is to serve as "the primary provider" of workforce training "to meet the needs of existing and new business and industry".

Unlike incentive programs which "fund training", KY WINS is designated to promote learning focused on developing high performance work organizations and, most importantly, provide workers with the world-class transferable skills that will enable them to master technology and foster innovation and entrepreneurship. These skills will provide for the mastery of specific occupational/technical competencies and workforce skills in critical thinking, problem solving, ability to work in teams, communication, math, science and other critical competencies required in a global economy.

KY WINS will support projects for:

- existing Kentucky companies who are expanding and creating new jobs
- existing Kentucky companies who are requiring employees to learn new skills in order to retain their jobs
- companies who are contributing to Kentucky's economic development

Reimbursable expenses through KY WINS include:

- instruction
- purchased training materials
- in-house produced training materials
- assessments
- job profiling
- travel
- facility rental
- equipment

KY WINS will provide funding for 75% of the total cost of the services to be delivered through the project. KCTCS will add a 10% administrative fee to all KY WINS projects based on the total cost of the services outlined in the Budget and Training Plan. The company will be responsible for paying the remaining 25% plus the 10% KCTCS administrative fee.

Kentucky Enterprise Incentive Act (KEIA)

Under Kentucky Enterprise Incentive Act (KEIA) an 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. KEIA will benefit eligible businesses who complete the process:

1. The company makes application to KEDFA.
2. The total amount of refund available to a project is negotiated with the Cabinet.
3. 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.
4. 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 of agreement.
5. The company provides the Department of Revenue with documentation as required by Exhibit B to the memorandum of agreement.
6. The Department of Revenue will issue a refund check not to exceed the amount authorized to the approved company following verification of sales and use tax paid.

Low-Interest Loans

Kentucky Economic Development Finance Authority (KEDFA)

KEDFA encourages economic development, business expansion, and job creation by providing business loans to supplement other financing. This program provides low interest mortgage loans to **industrial, service, tourism and agribusiness** firms that do not use the KIDA or KJDA programs. Loans up to \$500,000 are available at interest rates ranging from 1% to 7% on terms of 3 to 20 years to finance fixed assets. Terms and conditions apply.

Commonwealth Small Business Development Corporation (CSBDC)

The Commonwealth Small Business Development Corporation (CSBDC) is an economic development entity created under the auspices of the Small Business Administration (SBA) to foster development. The CSBDC is certified to make SBA 504 loans anywhere

in the Commonwealth of Kentucky. Loans up to \$750,000 are available, with the maximum loan term of 20 years for land and buildings and 10 years for equipment.

Community Development Block Grant (CDBG) Loans

Businesses in Northern Kentucky can obtain low-interest loans through the federally funded CDBG system. Cities and counties lend the grant funds to businesses for the creation or retention of jobs, 51% of which must be for low- to moderate-income families. Interest rates usually are below the market rate and usually are fixed for the life of the loans. Federal regulations apply to all loans.

Linked Deposit Program

Provides loans up to \$100,000 for small business and agribusiness for a period not to exceed seven years. The state will purchase certificates of deposit from participating lenders through the State Investment Commission, at the New York prime interest rate less 4%, but never less than 2%. Loans for small business will be reviewed by the Cabinet for Economic Development to ensure that loans comply with the statute.

Industrial Revenue Bonds (IRB)

IRBs issued by state and local governments in Kentucky can be used to finance manufacturing projects and their warehousing areas, major transportation and communication facilities, most healthcare facilities, and mineral extraction and processing projects. Bond funds may be used to finance the total project costs including engineering, site preparation, land, buildings, machinery and equipment, and bond issuance costs. Typically, Northern Kentucky communities issue IRB's subject to full state and local property taxes.

Tax Exemptions

Kentucky offers significant property tax and sales tax exemptions, particularly for manufacturers' production equipment, raw materials and goods-in-process, industrial supplies and tools, pollution control equipment, containers, packaging materials, motor fuels, etc.

Job Training Grants

The Bluegrass State Skills Corporation (BSSC) provides funds for custom training to skill levels specified by employers. Funding levels are based on the number of Kentucky employees associated with the project, the wage levels of the employees, and the proposed training plan. Wages are not covered by the program. Grants are awarded on a reimbursement of costs basis. Training in job skills can range from entry level to advanced, including retraining and skills upgrading.

Skills Training Investment Credit Act Guidelines

The Skills Training Investment Credit Act allows companies to recover 50% of their approved costs for occupational and skills upgrade training costs through an income tax credit limited to \$500 per employee trained but not to exceed \$100,000 per company per biennium.

- Qualified companies must have been engaged in qualified activity for not less than the last three years.
- An eligible employee is: (1) a full-time employee based on a minimum of 35 hours per week for more than 250 work days during the most recently ended calendar year; or (2) a person who has been employed by the qualified company for the last 12 calendar months.
- Investment credits can be carried forward for three successive years.
- A company can participate in BSSC regular grants and investment credit program, but cannot address the same expenses in both programs.

Employment Services

The Department for Employment Services offers a wide array of services designed to relieve many personnel concerns. The following is a very brief summary of the services available at no charge to employers.

One-Stop Career Center

With more than 45,000 applicants for various positions, representatives of the Department for Employment Services in Northern Kentucky are ready to meet the need for applicants of new or expanding employers. The Department is a multi-functional agency responsible for the administration of a number of programs and services designed to assist employers in a variety of employment related areas which include:

- Job screening and referral services
- Unemployment insurance
- Labor market information
- Reemployment program for UI claimants
- Kentucky Works Program
- Adult learning and testing
- Child care for any income eligible individual
- Resource room for resume writing and tutorials

NOTE: *Kentucky's state and local incentive programs DO NOT invoke prevailing wage rates.*