

1 AN ACT relating to production of vital medical supplies.

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) "Approved company" means an eligible company that has received final approval to
8 receive incentives under this subchapter;
- 9 (8) "Approved costs" means the amount of eligible costs approved by the authority at
10 final approval;
- 11 (9) "Authority" means the Kentucky Economic Development Finance Authority
12 established by KRS 154.20-010;
- 13 (10) "Biomass resources" has the same meaning as in KRS 152.715;
- 14 (11) "Capital lease" means a lease classified as a capital lease by the Statement of
15 Financial Accounting Standards No. 13, Accounting for Leases, issued by the
16 Financial Accounting Standards Board, November 1976, as amended;
- 17 (12) "Carbon dioxide transmission pipeline" means the in-state portion of a pipeline,
18 including appurtenant facilities, property rights, and easements, that is used
19 exclusively for the purpose of transporting carbon dioxide to the point of sale,
20 storage, or other carbon management applications;
- 21 (13) "Commonwealth" means the Commonwealth of Kentucky;
- 22 (14) "Confirmed approved costs" means:
- 23 (a) For owned economic development projects, the documented eligible costs
24 incurred on or before the activation date; or
- 25 (b) For leased economic development projects:
- 26 1. The documented eligible costs incurred on or before the activation date;
27 and

1 2. Estimated rent to be incurred by the approved company throughout the
2 term of the tax incentive agreement.

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

5 (15) "Department" means the Department of Revenue;

6 (16) "Economic development project" means:

7 (a) The acquisition, leasing, or construction of a new facility;

8 (b) The acquisition, leasing, rehabilitation, or expansion of an existing facility; or

9 (c) The installation and equipping of a facility;

10 by an eligible company. "Economic development project" does not include any
11 economic development project that will result in the replacement of facilities
12 existing in the Commonwealth, except as provided in KRS 154.32-060;

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

18 1. Manufacturing;

19 2. Agribusiness;

20 3. Nonretail service or technology;

21 4. Headquarters operations, regardless of the underlying business activity
22 of the company;

23 5. Alternative fuel, gasification, energy-efficient alternative fuel, or
24 renewable energy production; or

25 6. Carbon dioxide transmission pipeline.

26 (b) "Eligible company" does not include companies where the primary activity to
27 be conducted within the Commonwealth is forestry, fishing, mining, coal or

1 mineral processing, the provision of utilities, construction, wholesale trade,
2 retail trade, real estate, rental and leasing, educational services,
3 accommodation and food services, or public administration services;

4 (18) "Eligible costs" means:

5 (a) For owned economic development projects:

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

1 boundaries of the real estate; construction and installation of railroad
2 spurs as needed to connect the economic development project to existing
3 railways; or similar activities as the authority may determine necessary
4 for construction of the economic development project; and

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

6 (b) For leased economic development projects:

7 1. Start-up costs;

8 2. Building/leasehold improvements; and

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

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

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

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

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

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

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

25 (22) "Enhanced incentive counties" means counties certified by the authority pursuant to
26 KRS 154.32-050;

27 (23) "Final approval" means the action taken by the authority authorizing the eligible

- 1 company to receive incentives under this subchapter;
- 2 (24) "Full-time job" means a job held by a person who:
- 3 (a) Is a Kentucky resident subject to the Kentucky individual income tax imposed
- 4 by KRS 141.020; and
- 5 (b) Is required to work a minimum of thirty-five (35) hours per week;
- 6 (25) "Gasification process" means a process that converts any carbon-containing material
- 7 into a synthesis gas composed primarily of carbon monoxide and hydrogen;
- 8 (26) "Gasification production" means a Kentucky operation that primarily produces for
- 9 sale:
- 10 (a) Alternative transportation fuels;
- 11 (b) Synthetic natural gas;
- 12 (c) Chemicals;
- 13 (d) Chemical feedstocks; or
- 14 (e) Liquid fuels;
- 15 from coal, waste coal, coal-processing waste, or biomass resources, through a
- 16 gasification process. The gasification production may produce electricity as a by-
- 17 product if the primary function of the operations remains the production and sale of
- 18 alternative transportation fuels, synthetic natural gas, chemicals, chemical
- 19 feedstocks, or liquid fuels;
- 20 (27) "Headquarters" means the principal office where the principal executives of the
- 21 entity are located and from which other personnel, branches, affiliates, offices, or
- 22 entities are controlled;
- 23 (28) "Incentives" means the incentives available under this subchapter, as listed in KRS
- 24 154.32-020(3);
- 25 (29) "Job target" means the annual average number of new full-time jobs that the
- 26 approved company commits to create and maintain at the economic development
- 27 project, which shall not be less than ten (10) new full-time jobs;

- 1 (30) "Kentucky gross receipts" has the same meaning as in KRS 141.0401;
- 2 (31) "Kentucky gross profits" has the same meaning as in KRS 141.0401;
- 3 (32) "Lease agreement" means an agreement between an approved company and an
4 unrelated entity conveying the right to use a facility, the terms of which reflect an
5 arms' length transaction. "Lease agreement" does not include a capital lease;
- 6 (33) "Leased project" means an economic development project site occupied by an
7 approved company pursuant to a lease agreement;
- 8 (34) "Loan agreement" means the agreement between the authority and a preliminarily
9 approved company establishing the terms and conditions of an advance
10 disbursement;
- 11 (35) "Manufacturing" means any activity involving:
- 12 (a) ~~the~~ Processing, assembling, or production of any property, including the
13 processing resulting in a change in the conditions of the property and any
14 activity related to the processing, assembling, or production of property,
15 together with the storage, warehousing, distribution, and related office
16 facilities; or
- 17 (b) Production of vital medications, personal protective equipment, or
18 equipment necessary to produce personal protective equipment;
- 19 (36) "Wage target" means the average total hourly compensation amount, including the
20 minimum wage and employee benefits, that the approved company commits to meet
21 for all new full-time jobs created and maintained as a result of the economic
22 development project, which shall not be less than:
- 23 (a) One hundred twenty-five percent (125%) of the federal minimum wage in
24 enhanced incentive counties; or
- 25 (b) One hundred fifty percent (150%) of the federal minimum wage in all other
26 counties;
- 27 (37) (a) "Nonretail service or technology" means any activity where service or

1 technology is provided predominantly outside the Commonwealth and
2 designed to serve a multistate, national, or international market.

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

7 (38) "Owned project" means an economic development project owned in fee simple by
8 the approved company or an affiliate, or possessed by the approved company or an
9 affiliate pursuant to a capital lease;

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

13 ~~(40)~~~~(39)~~ "Preliminary approval" means the action taken by the authority preliminarily
14 approving an eligible company for incentives under this subchapter;

15 ~~(41)~~~~(40)~~ "Renewable energy production" means a Kentucky operation that utilizes
16 wind power, biomass resources, landfill methane gas, hydropower, solar power, or
17 other similar renewable resources to generate electricity for sale to unrelated
18 entities;

19 ~~(42)~~~~(41)~~ "Rent" means the actual annual rent or fee paid by an approved company
20 under a lease agreement;

21 ~~(43)~~~~(42)~~ "Start-up costs" means nonrecurring costs incurred to furnish and equip a
22 facility for an economic development project, including costs incurred for:

23 (a) Computers, furnishings, office equipment, manufacturing equipment, and
24 fixtures;

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

26 (c) Cost of fixed telecommunications equipment;

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

1 ~~(44)~~~~(43)~~ "Synthetic natural gas" means the same thing as in KRS 152.715;

2 ~~(45)~~~~(44)~~ "Tax incentive agreement" means the agreement entered into pursuant to KRS
3 154.32-040 between the authority and an approved company;

4 ~~(46)~~~~(45)~~ "Term" means the period of time for which a tax incentive agreement may be
5 in effect, which shall not exceed fifteen (15) years for an economic development
6 project located in an enhanced incentive county, or ten (10) years for an economic
7 development project not located in any other county;~~and~~

8 **(47) "Vital medications" means any drug or biologic used to prevent or treat a serious**
9 **life-threatening disease or medical condition for which there is no other available**
10 **source with sufficient supply of that drug or biologic or alternative drug or**
11 **biologic; and**

12 ~~(48)~~~~(46)~~ "Wage" means the per hour earnings of a full-time employee, including
13 wages, tips, overtime, bonuses, and commissions, as reflected on the employee's
14 federal form W-2 wage and tax statement, but excludes employee benefits.

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

16 (1) The purposes of this subchapter are:

17 (a) To provide incentives for eligible companies and to encourage the location or
18 expansion of manufacturing facilities, agribusiness operations, nonretail
19 service or technology facilities, headquarters operations, alternative fuel
20 production facilities, gasification production facilities, energy-efficient
21 alternative fuel production facilities, renewable energy production facilities,
22 and carbon dioxide transmission pipelines in the Commonwealth to advance
23 the public purposes of:

- 24 1. Creation of new jobs that, but for the incentives offered by the authority,
25 would not exist within the Commonwealth;
- 26 2. Creation of new sources of tax revenues for the support of public
27 services provided by the Commonwealth;~~and~~

1 3. Improvement in the quality of life for Kentucky citizens through the
2 creation of sustainable jobs with higher salaries; and

3 **4. Providing an economic stimulus to bolster in-state production of vital**
4 **medications and personal protective equipment; and**

5 (b) To provide enhanced incentives for companies that locate in enhanced
6 incentive counties in recognition of the depressed economic conditions in
7 those counties and the increased need for the growth and development caused
8 by the depressed economic conditions.

9 (2) To qualify for the incentives provided by subsection (3) of this section, an approved
10 company shall:

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

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

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

20 2. Provide employee benefits for all new full-time jobs equal to at least
21 fifteen percent (15%) of the minimum wage requirement established by
22 subparagraph 1. of this paragraph. If the eligible company does not
23 provide employee benefits equal to at least fifteen percent (15%) of the
24 minimum wage requirement established by subparagraph 1. of this
25 paragraph, the eligible company may still qualify for incentives if it
26 provides the full-time employees hired as a result of the economic
27 development project total hourly compensation equal to or greater than

1 one hundred fifteen percent (115%) of the minimum wage requirement
2 established in subparagraph 1. of this paragraph through increased
3 hourly wages combined with employee benefits, or

4 *(d) Produce vital medications, personal protective equipment, or equipment*
5 *necessary to produce personal protective equipment.*

6 (3) The incentives available under this subchapter are as follows:

7 (a) Tax credits of up to one hundred percent (100%) of the Kentucky income tax
8 imposed under KRS 141.020 or 141.040 and the limited liability entity tax
9 imposed under KRS 141.0401 on the income, Kentucky gross profits, or
10 Kentucky gross receipts of the approved company generated by or arising
11 from the economic development project, as set forth in KRS 141.415 and
12 154.32-070;

13 (b) Authorization for the approved company to impose a wage assessment against
14 the gross wages of each new employee subject to the Kentucky income tax as
15 provided in KRS 154.32-090; and

16 (c) Notwithstanding any provision of law to the contrary, for any economic
17 development project with an eligible investment of more than two hundred
18 million dollars (\$200,000,000), the authority may authorize approval to the
19 economic development project based upon terms and incentives applicable to
20 economic development project locating in an enhanced incentive county.

21 (4) The General Assembly hereby finds and declares that the authority granted in this
22 subchapter and the purposes accomplished hereby are proper governmental and
23 public purposes for which public moneys may be expended, and that the
24 inducement of the location of economic development projects within the
25 Commonwealth is of paramount importance to the economic well-being of the
26 Commonwealth.

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

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

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

6 (a) Rehabilitates an existing facility used for manufacturing, agribusiness, or
7 nonretail service or technology, or as a national or regional corporate
8 headquarters, if:

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

11 2. a. The current occupant of the facility has advertised a notice of
12 closure; and

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

15 3. a. The facility is sold or transferred pursuant to a foreclosure ordered
16 by a court of competent jurisdiction or an order of a bankruptcy
17 court of competent jurisdiction; and

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

20 **4. The existing facility is rehabilitated to enable a business to produce**
21 **vital medications, personal protective equipment, or equipment**
22 **necessary to produce personal protective equipment;**

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

25 1. a. Title to the facility:

26 i. Is held by exercise of the power of eminent domain; or

27 ii. May be taken pursuant to a nonappealable judgment

1 granting authority to exercise the power of eminent
2 domain; and

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

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

8 **3. The existing facility is replaced to enable a business to produce vital**
9 **medications, personal protective equipment, or equipment necessary to**
10 **produce personal protective equipment; or**

11 (c) Replaces an existing facility located in the same county if the existing facility
12 cannot be expanded due to the unavailability of real estate at or adjacent to the
13 facility to be replaced. Any economic development project satisfying the
14 requirements of this paragraph shall be eligible for incentives under this
15 subchapter only to the extent of the expansion. No incentives shall be
16 available for the equivalent of the facility to be replaced or rehabilitated.

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

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

21 As used in this subchapter:

22 (1) "Approved company" means an eligible company approved for a reinvestment
23 project;

24 (2) "Approved costs" means the sum of the:

25 (a) Eligible equipment and related costs; and

26 (b) Eligible skills upgrade training costs;

27 approved by the authority that may be recovered by an approved company through

1 the incentives authorized by this subchapter;

2 (3) "Authority" means the Kentucky Economic Development Finance Authority created
3 by KRS 154.20-010;

4 (4) "Commonwealth" means the Commonwealth of Kentucky;

5 (5) "Department" means the Department of Revenue;

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

11 (7) (a) "Eligible equipment and related costs" means:

12 1. Obligations incurred for labor and to vendors, contractors,
13 subcontractors, builders, suppliers, deliverymen, and materialmen in
14 connection with the acquisition, construction, equipping, rehabilitation,
15 and installation of a reinvestment project;

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

21 3. All costs of architectural and engineering services, including estimates,
22 plans and specifications, preliminary investigations, and supervision of
23 construction, rehabilitation and installation, as well as for the
24 performance of all the duties required by or consequent upon the
25 acquisition, construction, equipping, rehabilitation, and installation of a
26 reinvestment project;

27 4. All costs required to be paid under the terms of any contract for the

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

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

7 6. All other costs of a nature comparable to those described in this
8 paragraph.

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

12 (8) "Eligible skills upgrade training costs" means costs incurred by an approved
13 company in connection with an occupational training program for full-time
14 employees specifically related to training or retraining employees as part of the
15 reinvestment project, including the following:

16 (a) Fees or salaries paid to instructors, whether those instructors are employees of
17 the approved company, contractors, or consultants;

18 (b) Administrative fees paid to educational institutions;

19 (c) Amounts paid for supplies, materials, and equipment used exclusively for the
20 occupational training program;

21 (d) Amounts paid to lease a training facility if sufficient training space is not
22 available at the approved company or at an educational institution;

23 (e) Amounts paid to employees as wages for attending the occupational training
24 program;

25 (f) Amounts paid for travel expenses for employees; and

26 (g) All other costs of a nature comparable to those described in this subsection;

27 (9) "Equipment" means manufacturing machinery installed by the approved company

1 as part of the reinvestment project;

2 (10) "Final approval" means the action taken by the authority designating a preliminarily
3 approved eligible company as an approved company;

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

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

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

7 (14) "Manufacturing" means any activity involving the processing, assembling, or
8 production of any property, including activities that result in a change in the
9 condition of the property. "Manufacturing" includes any activity or function related
10 to the manufacturing activity, including storage, warehousing, distribution, and
11 related office facilities;

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

15 ~~(16)~~[(15)] "Preliminary approval" means the action taken by the authority designating an
16 eligible company as a preliminarily approved company;

17 ~~(17)~~[(16)] "Reinvestment agreement" means the agreement entered into pursuant to KRS
18 154.34-080 between the authority and an approved company with respect to a
19 reinvestment project;~~and~~

20 ~~(18)~~[(17)] "Reinvestment project" means:

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

23 1. The acquisition, construction, and installation of new equipment and,
24 with respect thereto, the construction, rehabilitation, and installation of
25 improvements to facilities necessary to house the new equipment,
26 including surveys; installation of utilities, including water, sewer,
27 sewage treatment, gas, electricity, communications, and similar

1 facilities; or off-site construction of utility extensions to the boundaries
2 of the real estate on which the facilities are located; and

3 2. The development of an occupational training program to train or retrain
4 the full-time employees of the company to support the reinvestment in
5 the manufacturing facility, if applicable, for the purpose of improving
6 the economic and operational situation of a company; and

7 ~~3.1(b)~~ The expenditure of at least two million five hundred thousand
8 dollars (\$2,500,000) in eligible equipment and related costs; or

9 (b) A reinvestment in a facility in order to allow for the production of vital
10 medications, personal protective equipment, or equipment necessary to
11 produce personal protective equipment; and

12 (19) "Vital medications" means any drug or biologic used to prevent or
13 treat a serious life-threatening disease or medical condition for which
14 there is no other available source with sufficient supply of that drug or
15 biologic or alternative drug or biologic.

16 ➔Section 5. KRS 154.35-010 is amended to read as follows:

17 As used in this subchapter, unless the context indicates otherwise:

18 (1) "Beneficiary of an economic incentive package" means any entity for which any
19 assessment, incentive, inducement, or tax credit is issued or awarded pursuant to
20 KRS 154.22-010 to 154.22-070, KRS 154.24-010 to 154.24-150, KRS 154.26-015
21 to 154.26-100, and KRS 154.28-010 to 154.28-090;

22 (2) "Board" means the governance board of the Kentucky Science and Technology
23 Council, Inc.;

24 (3) "Cabinet" means the Cabinet for Economic Development;

25 (4) "Center" means either or both of the following as the context requires:

26 (a) "Basic research centers" which means centers under contract with the
27 University of Kentucky and the University of Louisville; and

- 1 (b) "Applied research centers" which means centers for applied research and
2 technologies development;
- 3 (5) "Commonwealth" means the Commonwealth of Kentucky;
- 4 (6) "Council" means the Kentucky Science and Technology Council, Inc.;
- 5 (7) "Fund" means the Kentucky Research and Development Infrastructure fund created
6 and established pursuant to KRS 154.35-040;
- 7 (8) "Infrastructure" means the Kentucky Research and Development Infrastructure;
- 8 (9) "Contracting university" means any of the following that contract with the council
9 to operate a center: the University of Kentucky, the University of Louisville, Eastern
10 Kentucky University, Western Kentucky University, Morehead State University,
11 Northern Kentucky University, Murray State University, and Kentucky State
12 University;~~and~~
- 13 (10) **"Personal protective equipment" means protective clothing, helmets, gloves, face**
14 **shields, goggles, face masks, respirators, and other equipment designed to protect**
15 **the user from injury or the spread of infection or illness;**
- 16 **(11)** "Secretary" means the secretary of the Cabinet for Economic Development; **and**
- 17 **(12)** **"Vital medications" means any drug or biologic used to prevent or treat a serious**
18 **life-threatening disease or medical condition for which there is no other available**
19 **source with sufficient supply of that drug or biologic or alternative drug or**
20 **biologic.**

21 ➔Section 6. KRS 154.35-050 is amended to read as follows:

- 22 (1) The function of the basic research centers shall be to perform basic research of
23 significant benefit to one (1) or more key industries that have been identified in and
24 targeted by the state's economic development strategic plan as having major
25 importance to the sustained economic growth of the Commonwealth. The areas of
26 research to be performed by each basic research center shall be set forth in the
27 contract between the council and the contracting university and shall be approved

1 only for those projects for which the center has a commitment from a private sector
2 partner to make use of the results of the research.

3 (2) The functions of the applied research centers shall be:

4 (a) To perform applied research, development, and technology transfer on a fee
5 for service basis, to businesses and groups of businesses. For performing this
6 function the center shall give preference to businesses in key industries and
7 networks of businesses;

8 (b) To provide advice to businesses regarding other areas of business operations
9 necessary for improved performance, including workforce training, total
10 quality assurance, inventory control, and reorganization of the business and
11 workplace; and

12 (c) To perform applied research and technology development of significant
13 benefit to one (1) or more key industries in areas set forth in the contract
14 between the council and the contracting university.

15 **(3) The function of the research centers of the University of Louisville shall be to:**

16 **(a) Identify facilities and businesses capable of the production of vital**
17 **medications and personal protective equipment in order to bolster in-state**
18 **production of vital medications and personal protective equipment; and**

19 **(b) Coordinate with health departments across the Commonwealth to assess the**
20 **vital medications and personal protective equipment needs of medical**
21 **facilities and the community.**

22 ~~(4)~~~~(3)~~ The council shall appoint advisory committees of persons knowledgeable in
23 each key industry to advise the council and the centers with regard to research needs
24 of the industry and to evaluate research plans and research results.

25 ~~(5)~~~~(4)~~ It shall be the goal of the infrastructure that eighty percent (80%) of the total
26 revenues of each center shall be generated by payments under contracts from private
27 businesses.

1 ~~(6)~~⁽⁵⁾ To perform the functions set out in this section each center shall retain or
2 contract with scientists, engineers, and other persons having high levels of expertise
3 in appropriate fields of research, including but not limited to, faculty, staff and
4 students of the contracting universities; provided, however, that all contracts with
5 persons employed by the contracting university shall be subject to approval by the
6 council.