

# RESOURCES FOR YOUR BUSINESS NEEDS

“We’ll find the solution that is right for you.”

## LOCAL TAX INCENTIVES

**Tax Assessment Moratorium**, a five-year moratorium on property assessment or reassessment is available on improvements to existing residential and commercial structures which are at least 25 years old.

**Manufacturing Tax Moratorium** allows property taxes to be abated for five years for a new manufacturing company locating in, or moving into, Louisville Metro; or for the increased value of a building/equipment for an existing manufacturing company that is expanding its operations for a new product line in Louisville Metro.

## LOCAL FINANCING PROGRAMS

Loans are offered in conjunction with Metropolitan Business Development Corporation (METCO) Board, and are typically secured with a lien on the improved property and the personal guarantee of the borrower.

**Micro Lending Program** provides a direct funding source for entrepreneurs in Louisville Metro who otherwise would not have access to funding. This loan program offers primary financing, with loans ranging from \$10,000 to \$30,000.

**Business Loan Program** provides up to 25% of project costs up to \$100,000, in gap financing, to small businesses. This loan can be financed up to 10 years at a minimum rate of 5%.

**Small and Disadvantaged Business Loan Program** provides up to 50% of project costs, or \$100,000, in gap financing to ethnic, minority, or women-owned businesses. This loan can be financed up to 10 years at 5%.

**Forgivable Retail Loan Program** encourages retail businesses to locate in areas that lack a strong retail presence. The maximum loan is \$50,000, at 0% interest, forgiven after the business has been in operation for five years. No funds were appropriated for FY10.

**Facade Loan Program** is available to commercial property owners for exterior property improvements, including window and door replacements, masonry repair, siding, painting, signage, and landscaping. A professional architectural rendering may be available to a potential borrower to identify necessary building improvements. This loan is offered at a fixed interest rate of 3% over 10 years.

**Accessibility Loan** is offered to commercial property owners for the purpose of making buildings more accessible (ingress and egress improvements) to people with physical disabilities. Loans are limited to \$5,000 for exterior or interior accessibility improvements. Funds are loaned at a maximum of 100% of the total approved project at a fixed interest rate of 3% over 4 years.

**Brownfields Loan Program** provides financing for economic development in older industrial areas. Companies who want to acquire, assess and remediate property for use or resale, or to construct and install buildings and fixtures for industrial use are eligible for the Brownfield Loan. This loan program is eligible in qualified zones, also known as the Kentucky Economic Opportunity Zone.

**Louisville Business Clinic**, housed at the Nia Center, offers many consulting services for business planning, financial options, and leasable office space through its partners, the Greater Louisville Small Business Development Center, the Small Business Administration, the Services Corps of Retired Executives, and the Louisville Enterprise Group, the non-profit affiliate of the Louisville Development Bancorp, Inc.

**Triathlon Medical Ventures**, one of the largest life science venture funds which invests in early-stage life science companies throughout the Midwest and in later-stage companies nationally, and **Kentucky Seed Capital Fund**, a privately-managed venture fund that invests capital in seed-stage health science companies, both have Louisville offices, run by a local venture capitalist.

## STATE FINANCING PROGRAMS

**Direct Loan Program** provides low-interest loans ranging from \$25,000 to \$500,000, based on project fixed asset cost for land, buildings and equipment. These loans are for non-retail industrial, service industry, agribusiness, and tourism projects. No retail projects are eligible.

**Commonwealth Small Business Development Corp. (CSBDC)** provides loans – up to 40% of project costs or up to \$1.5 million – for land, buildings, and equipment used in projects that qualify for financial assistance from the US Small Business Administration. This loan can be used in conjunction with state and local loan products.



**Tax Increment Financing (TIF)** is a method by which state and local governments may generate up to 100% of the incremental revenues from sales, property, and occupational taxes in designated areas to finance economic development projects.

**Industrial Revenue Bonds** can be issued by state and local governments in Kentucky to be used to finance manufacturing projects and their warehousing areas, major transportation and communication facilities, most health care facilities, and mineral extraction and processing projects.

**Commonwealth Seed Fund (CSC)** provides early-stage seed funds to facilitate the commercialization of innovative ideas and technologies developed in Kentucky. CSC will invest its capital in private venture capital funds that commit to invest at least three times the amount of capital invested in it by CSC in Kentucky technology companies.

**Small Business Innovation Research (SBIR) incentive program** encourages small businesses to explore their technological potential and maximize profit from commercialization. This program matches federal awards received by Kentucky businesses to support exploration of the technical merit or feasibility of an idea or technology, and full-scale research and development.

**ECONOMIC DEVELOPMENT DEPARTMENT**

## STATE TAX CREDITS

**Bluegrass State Skills Training Investment Credit** aids existing companies in their efforts to develop a skilled workforce. This program allows companies to recover up to 50% of their approved costs for occupational and skills upgrade training costs through a corporate income tax credit. In addition, the **Bluegrass State Skills Grant Program** assists and promotes industry-specific training efforts and employment opportunities for Kentucky residents.

**Kentucky Business Investment (KBI) Program** provides one new flexible, consolidated program for new and expanding industry, replacing the former KREDA, KIDA, KJDA and KEOZ programs. The 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.

Qualifying businesses are required to create a minimum of 10 new, full-time jobs for Kentucky residents, incur eligible costs of at least \$100,000, and compensate at least 90% of the new, full-time Kentucky resident employees a base hourly wage of at least \$10.88 (150% of the federal minimum wage).

**Kentucky Reinvestment Act (KRA)** assists existing manufacturers who need to make significant capital investments in order to remain competitive. This program requires a minimum \$2.5 million in new investment.

**Kentucky Industrial Revitalization Act (KIRA)** provides tax incentives to manufacturing or coal mining and processing operations that are in imminent danger of permanently closing or that have closed temporarily, and retain or create 25 jobs.

**Incentives for Energy Independence Act (IEIA)** provides incentives to companies which produce energy-efficient alternative fuels, using biomass, oil shale, tar sands, coal, natural gas or natural gas liquids as the primary feedstock, or that produce a homogeneous fuel. Renewable energy facilities also qualify that meet the minimum electrical output for wind, hydro, biomass, landfill methane, and solar. The negotiated incentives may include a reimbursement of sales and use taxes, a tax credit of the income tax and limited liability entity tax owed by the company, and wage assessment incentives of each employee whose job was created as part of the project.

**Kentucky Enterprise Initiative Act (KEIA)** provides sales tax refunds to any business entity which is involved in a new or expanded service, technology, manufacturing, or tourism attraction activity in Kentucky. This program now allows companies to receive sales tax refunds for the purchase of electronic processing equipment costing at least \$50,000. The project must involve a minimum investment of \$500,000.

**Kentucky Environmental Stewardship Act (KESA)** provides tax incentives to any business entity that manufactures a unique product that has a substantial positive impact on the environment, and which has at least \$5 million in eligible costs. The business can potentially recover up to 25% of the project's fixed asset cost and 100% of employee skills training.

**Kentucky Investment Fund Act (KIFA)** offers a 40% tax credit to certain personal and corporate investors - such as angel, seed and venture capital - in approved investment funds.

**Kentucky Tourism Tax Credit** allows qualified projects to be eligible for a sales tax credit against sales tax generated by visitors to the attraction. The attraction may recover up to 25% of the project's development costs through this credit over a ten-year period.

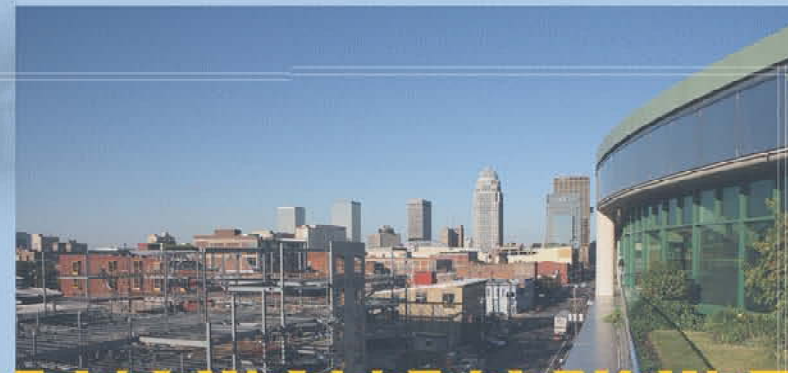
**Kentucky Historic Preservation Tax Credit** is offered in exchange for investment in the rehabilitation of a certified historic building. Twenty percent of qualified rehab expenses is offered as a state tax credit, with a total maximum credit of \$400,000.

**For more information, call 502.574.4140 or go to [www.louisvilleky.gov/economicdevelopment](http://www.louisvilleky.gov/economicdevelopment)**



Greg Fischer  
Mayor

Louisville Metro  
Council



## RESOURCES FOR YOUR BUSINESS NEEDS

Welcome to Louisville Metro's resource for businesses, both big and small, industrial or retail, who are looking to locate or expand in Louisville. The Economic Development Department is where our staff works with businesses which need financial assistance, want aesthetic improvements to their buildings, or are looking to improve the corridor where they are located.

All of these activities help create and attract jobs, which benefit not only the companies; it also benefits our community and neighborhoods by offering new services and jobs, improving the quality of life for our residents.

At the Economic Development Department, you will find a myriad of services that can help your business move to the next level. We'll find the solution that is right for you.

Greg Fischer



ECONOMIC DEVELOPMENT DEPARTMENT