

June 30, 2010



Cabinet for Economic Development

Kentucky Small Business Investment Credit (KSBIC) Program Fact Sheet

The **Kentucky Small Business Investment Credit (KSBIC) Program**, authorized under Kentucky Revised Statutes (KRS) [154.60-010 et. seq.](#), allows eligible small businesses paying taxes imposed by KRS [141.020](#) (income tax on individuals), [141.040](#) (corporation income tax), or [141.0401](#) (limited liability entity tax) to apply for a Kentucky state income tax credit. Subject to a statutory limit of \$3,000,000 per state fiscal year, this program provides a nonrefundable state income tax credit between \$3,500 - \$25,000 for small businesses that create and fill one or more eligible positions and invest \$5,000 or more in qualifying equipment or technology.

Eligible small businesses include for-profit entities that have fifty (50) or fewer full-time employees at the time of application, excluding newly created eligible positions. See the "Eligible Applicants" section of the [KSBIC Guidelines](#) for certain exceptions.

Prior to requesting a tax credit through this program, a small business applicant must fill one or more eligible positions. An eligible position is a full-time position that increases the base employment of the business. The position must be filled for twelve months, pay at least 150 percent of the federal minimum wage, and be subject to the individual income tax imposed by KRS [141.020](#).

In addition to filling an eligible position, an applicant must spend \$5,000 or more for qualifying equipment or technology. Qualifying equipment or technology is defined as tangible property purchased by the applicant business for use in the business (not for resale or personal use), with a per-unit cost of \$300 or more and expected useful life of more than one year. Examples of qualifying equipment or technology include, but are not limited to: computers, equipment, furniture, fixtures, furnishings (excluding artwork), and vehicles titled in the legal name of the business. Real property, buildings, and consumable supplies do not qualify. Businesses are not eligible to apply until the date 1) one year after they have created and filled an eligible position or positions or 2) one year after they have purchased \$5,000 or more of qualifying equipment and technology, whichever date occurs last (the "Eligibility Date").

Small business applicants that meet the program requirements described above have 90 days after the Eligibility Date to apply and one year to be approved for a tax credit. Before applying, potential applicants should thoroughly review the [KSBIC Guidelines](#) to determine eligibility. Applications will be accepted starting in January 2011, for eligible positions filled and qualifying equipment purchased after December 31, 2009. Go to www.thinkkentucky.com/KSBIC for complete submission information. Applications that meet all program requirements will be ranked according to factors listed in the [KSBIC Guidelines](#). The tax credit amount will be equal to \$1,000 multiplied by the number of eligible positions plus 50 percent of the purchase price of the qualifying equipment or technology, not to exceed \$3,500 per eligible position or \$25,000 per applicant per fiscal year. Subject to funding availability, the highest ranked applications will be submitted to the Kentucky Economic Development Finance Authority (KEDFA) for review and approval. An administration fee of 1 percent of the eligible credit amount must be paid prior to KEDFA submission. If approved by KEDFA, the applicant is responsible for claiming the credit on its tax return in the tax year in which it is approved. Unused credits may be carried forward for up to five years.

For more detailed program information, go to www.thinkkentucky.com/KSBIC or call the Cabinet for Economic Development's Small Business Services Division at (800) 626-2250.