Kentucky Commerce Cabinet
Economic Impact

Tourism is the state’s third largest revenue producing industry*, behind transportation equipment production and health services.

*Based on value added to the economy

Source: Kentucky Department of Travel and Cabinet for Economic Development
Jobs—Direct Impact

Tourism is the 2nd largest employer in the state.

Tourism creates 164,664 jobs for Kentuckians (full-time job equivalent).

Wages totaled approximately $2 billion in 2002.
Kentucky Tourism Economic Impact

1997: $7,448,648,319
1998: $7,798,218,407
1999: $8,182,901,152
2000: $8,764,483,921
2001: $8,705,038,295
2002: $9,101,478,146
Local and State Fiscal Impact

Local taxes generated totaled $143,295,376 in 2002

State taxes generated totaled $799,187,554 in 2002
Since 1995 one very important role of the Cabinet has been to focus efforts toward the development of tourism.

The lack of public funds to accomplish this task resulted in the Cabinet searching for alternatives.

How can the investment of private funds be encouraged?
Kentucky Tourism Development Act

This landmark legislation, passed in 1996, provides a state sales tax incentive program for major tourism development projects.
The Incentive

Developers of approved tourism projects may recover up to 25% of the cost of the project.

Developer is refunded the 6% sales tax paid by visitors to the attraction on admission tickets, food and gift sales and lodging costs.

Developer has ten years to reach the 25% threshold.
Guidelines

- New or expanding tourism projects qualify
- Cost at least $1 million dollars
- Attract 25% of visitors from out-of-state
- Open to the public no less than 100 days per year
- Have a positive fiscal impact after inducements
Strict Criteria Are Applied For Eligible Projects

In Order To Apply They Must Be:

- An Area of natural Phenomenon or Scenic Beauty
- Cultural or Historical Sites
- Kentucky Crafts and Products Centers
- Recreation or Entertainment Facilities
Lodging, when...

- Built in conjunction with a tourism attraction that costs more than the lodging facility;
- Built on state or federal parks and recreational lands;
- Project involves restoration or rehabilitation of historic structure or lodging facility with more than 500 rooms and renovation costs of more than $10 million.
## KY Tourism Development Act

### Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
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<tbody>
<tr>
<td>Newport Aquarium</td>
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<td>Kentucky Speedway</td>
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<td>Newport on the Levee</td>
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<tr>
<td>Entertainment Destination Center</td>
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<tr>
<td>Glassworks (<em>Glass Artisans</em>)</td>
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<td>Owsley Brown Frazier</td>
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<td>Historical Arms Museum</td>
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<tr>
<td>Hilton Garden Inn (Kentucky Fairgrounds)</td>
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<tr>
<td>Heaven Hill Distillery Visitors Center</td>
<td>Kentucky Fairgrounds</td>
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<tr>
<td>4th Street Live!</td>
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<tr>
<td>Galt House Renovation</td>
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<tr>
<td>West Main Museum &amp; Hotel, Louisville</td>
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<tr>
<td>Hofbrauhaus</td>
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<tr>
<td>Green River State Park Resort &amp; Golf Course (<em>Preliminary Approval</em>)</td>
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</tr>
</tbody>
</table>
Since 1996

Total Private Investment:

$532 Million

Total Economic Impact:

First Ten Years

$2.40 - $2.86 Billion
Tax Increment Financing for Tourism Projects

New Incentive Program similar to KTDA

- Minimum Capital Investment of $10 million;
- Refund of State and Local Taxes;
- Twenty years to recover twenty-five percent (25%) of project cost.
Tourism Development Loan Program

- $250,000 Maximum
- Fixed Asset Financing
- Favorable Interest Rates
- $1.5 Million Available for Loans
# Loan Program Projects

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Cowboy’s of Kentucky</td>
<td>Equine Show Facility</td>
</tr>
<tr>
<td>Torrent Falls/Via Ferrata</td>
<td>Rock Climbing Adventure</td>
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<tr>
<td>Old Crow Inn</td>
<td>Bed &amp; Breakfast, Restaurant and Winery</td>
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<tr>
<td>Chaney's Dairy Barn</td>
<td>Agritourism Facility</td>
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</tbody>
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