



Kentucky Commerce Cabinet

Economic Impact

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

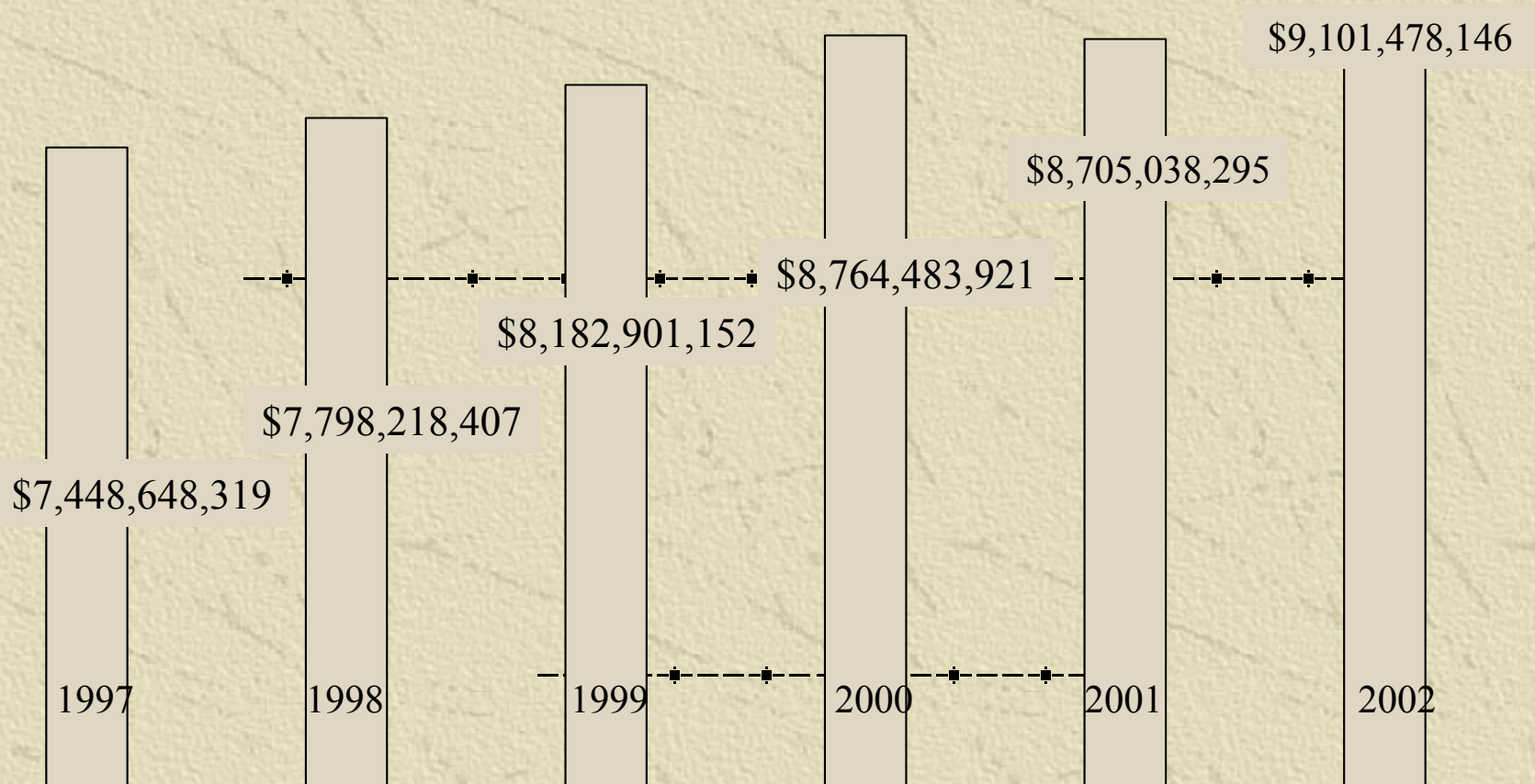
**Based on value added to the economy*

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



Local and State Fiscal Impact

- ✦ Local taxes generated totaled \$143,295,376 in 2002
- ✦ State taxes generated totaled \$799,187,554 in 2002

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- ✦ 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

Project:

Newport Aquarium

Kentucky Speedway

Newport on the Levee
Entertainment Destination
Center

Glassworks (*Glass Artisans*)

Owsley Brown Frazier
Historical Arms Museum

Hilton Garden Inn (Kentucky
Fairgrounds)

Heaven Hill Distillery Visitors
Center

4th Street Live!

Galt House Renovation

West Main Museum & Hotel,
Louisville

Hofbrauhaus

Green River State Park Resort
& Golf Course (**Preliminary
Approval**)

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

Project Name

Description

Cowboy's of Kentucky

Equine Show Facility

Torrent Falls/Via
Ferrata

Rock Climbing
Adventure

Old Crow Inn

Bed & Breakfast,
Restaurant and Winery

Chaney's Dairy Barn

Agritourism Facility