

This state-by-state guide highlights a range of tax credits and incentive programs specifically relevant to the convenience services industry, offering operators clear application instructions and links to find further information. While this report emphasizes programs tailored to the convenience services industry, you know your business and its unique needs.

Opportunities for Convenience Services Operators

Bluegrass State Skills Corporation Skills Training Investment Credit

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

The Skills Training Investment Credit Act is an economic development initiative which aids existing companies in their efforts to develop a skilled workforce. The STIC program provides tax credits to companies that sponsor occupational or skills upgrade training programs for the benefit of their employees.

Eligibility Requirements

Qualified companies must be registered and in good standing with the Secretary of State's Office. A qualified company is any corporation, limited liability company, partnership, limited partnership, sole proprietorship, business trust, or any other legal entity through which business is conducted that is engaged or is planning to be actively engaged in one (1) or more of the following activities within the Commonwealth:

- Manufacturing
- Agribusiness
- Nonretail service or technology (company provides a service to or uses technology for customer or affiliate entities predominantly outside the Commonwealth and is designed to serve a multistate, national or international market)
- Headquarter operations (regardless of the underlying business activity of the company)
- Alternative fuel, gasification, energy-efficient alternative fuel, or renewable energy production
- Carbon dioxide or hydrogen transmission pipeline
- Coal severing and processing (activities resulting in the company being subject to the tax imposed by KRS chapter 143)
- Hospital operations (a facility licensed by the Cabinet for Health and Family Services under KRS 216B for the operation of a hospital and the basic services provided by a hospital)

A qualified employee (i.e. trainee) is any person who meets all of the following criteria:

- Is currently a permanent full-time employee* of the qualified company;

- Is a resident of the Commonwealth according to KRS 141.010; and
- Is paid a minimum total hourly compensation of \$12.51

Application Information

A full list of required materials and documents are found on the program website.

[Application Link](#)

[Additional information available from the Kentucky Cabinet for Economic Development.](#)

Employer's Unemployment Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The Unemployment Tax Credit (UTC) program provides employers a credit of \$100 per eligible hire against Kentucky income taxes owed for hiring residents who have been unemployed for 60 days and remain on the payroll for at least 180 days.

Eligibility Requirements

You are considered unemployed if:

1. Prior to the 60 day minimum unemployment payment period, the individual had prior labor market attachment.
2. During the 60 day minimum unemployment period prior to being hired, you were not working or were not employed more than 23 hours a week or was not employed more than 100 per month and were actively seeking and readily available for full-time employment.

Credits cannot be claimed for close relatives, dependents, a person with 50 percent or more ownership in a corporation or persons for whom the company receives federal payments for on-the-job training.

Application Information

For more information, please contact the Kentucky Career Center.

[Application Link](#)

[Additional information available from the Kentucky Department of Revenue.](#)

Kentucky Small Business Tax Credit Program

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

The Kentucky Small Business Tax Credit program provides a nonrefundable tax credit to eligible businesses hiring one or more eligible individuals and investing at least \$5,000 in qualifying equipment or technology.

Eligibility Requirements

Eligible Applicants:

Any for-profit small business including sole proprietorships, partnerships, limited partnerships, corporations, limited liability companies, joint ventures, associations, or cooperatives that has fifty (50) or fewer full-time

employees at the time of application, with the exception of ineligible business types listed below, is eligible to apply.

Eligible Position:

An Eligible Position must meet ALL of the following criteria:

- be filled by a W-2 employee subject to the Kentucky income tax imposed by KRS 141.020;
- be filled by an employee working an average of thirty-five or more hours per week for a period of twelve consecutive months within the twenty-four month period immediately preceding submission of a KSBTC application;
- pay an average hourly wage of \$10.88 or more per hour; and
- increase the base employment of the small business.

Qualifying Equipment or Technology:

Qualifying equipment or technology must meet ALL of the following criteria:

- tangible property purchased by the applicant small business for use in the business in Kentucky (not for resale or personal use);
- tangible property with an expected useful life of one year or more;
- tangible property purchased within the twenty-four month period immediately preceding the submission of a KSBTC application; and
- tangible property approved by the Office of Entrepreneurship and Innovation

Application Information

Once a small business creates and maintains an Eligible Position for twelve months and invests a minimum of \$5,000 in qualifying equipment or technology, it may apply for a small business tax credit. The small business may choose to submit several qualifying positions on one application as long as all positions and equipment meet eligibility criteria, including the requirement that all qualifying activity occur within the twenty-four months immediately preceding the application submission date. The current version of the KSBTC application can be found online at <https://ced.ky.gov/Entrepreneurship/KSBTC>.

[Additional information available from the Kentucky Cabinet for Economic Development.](#)

Recycling Or Composting Equipment Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

This credit is for any taxpayer that purchases recycling or composting equipment to be used exclusively within this state for recycling or composting postconsumer waste materials.

Eligibility Requirements

Pass-through Entities:

A pass-through entity (partnership, S-Corporation, LLC, general partnership, trust, etc.) may apply the recycling credit against the LLET on its Kentucky Income and LLET Return and pass the credit through to its members, partners, or shareholders in the same proportion as the distributive share of income is passed through with the ordering of the credits under KRS 141.0205.

The credit is passed through to the partners, members, or shareholders of a pass through entity that are the partners, members, or shareholders at the time of the application and subsequent approval of the credit. The income is reported on the Kentucky Schedule K-1 and any credit that is passed through to the members, partners, or shareholders may be used against individual income tax or corporate income tax and LLET.

Individuals:

A sole proprietor reporting business income on Schedule C (federal Form 1040) may claim the credit for recycling equipment purchased under the business name. An individual may also claim the credit if it is passed through to them from a partnership, LLC, or S-Corporation on a Kentucky Schedule K-1.

An individual may also claim the credit if they received approval for recycling or composting equipment on their timely filed Schedule RC. If a taxpayer and spouse purchased the recycling equipment and both names are listed on the application, the credit may be wholly claimed if they file jointly, but must be split if they file separately. If the application lists only one of the spouse's names, the listed spouse is entitled to claim the full credit.

Corporations:

A corporation may apply the recycling credit against income tax and LLET on its Kentucky Corporation Income Tax and LLET Return. A corporation may also claim the credit if it is passed through to them from a pass-through entity on a Kentucky Schedule K-1

Application Information

[Application Link](#)

[Additional information available from the Kentucky Department of Revenue.](#)

Other Credits, Incentives and Government Programs

Agricultural Infrastructure Loan Program

KENTUCKY AGRICULTURAL FINANCE CORPORATION

The Agricultural Infrastructure Loan Program is designed to help Kentucky's agricultural producers by providing access to below market financing for the acquisition, renovation and construction of agricultural structures that enhance the profitability of their farming operations.

Agricultural Processing Loan Program

KENTUCKY AGRICULTURAL FINANCE CORPORATION

Agricultural Processing Loan Program (APLP) is designed to provide loan opportunities to companies and individuals in Kentucky interested in adding value to Kentucky-grown agricultural commodities through further processing.

Angel Investment Tax Credit

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

The Cabinet for Economic Development understands that investment in Kentucky small businesses is crucial to the economic welfare of the Commonwealth. To encourage business growth and job creation, the Kentucky Angel Investment Act Tax Credit allows angel investors people who provide capital for startup companies to receive tax credits. Qualified investors can receive a tax credit of up to 40 percent of their investment in counties with high unemployment rates, or enhanced counties, and 25 percent in all other counties.

Beginning Farmer Loan Program

KENTUCKY AGRICULTURAL FINANCE CORPORATION

The Beginning Farmer Loan Program assists individuals with farming experience who desire to develop, expand or buy into a farming operation.

Biodiesel Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The Biodiesel Tax Credit is a nonrefundable credit for producers and blenders of biodiesel.

Bluegrass State Skills Corporation Grant Reimbursement Program

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

The Grant-in-Aid program provides reimbursement dollars to companies/consortia for company specific training activities.

Cellulosic Ethanol Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The Cellulosic Ethanol Tax Credit provides a tax credit to producers of ethanol.

Certified Rehabilitation Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The Certified Rehabilitation tax credit is a refundable and transferrable credit that may be applied against income taxes imposed by KRS 141.020 (individual income tax) or KRS 141.040 (corporation income tax) and the limited liability entity tax (LLET) imposed by KRS 141.0401 with the ordering of credits as provided in KRS 141.0205. This credit is for completing a certified rehabilitation to a certified historic structure which is located within the

jurisdiction of a consolidated local government or urban-county government and within one-half mile of a tax increment financing that has received at least preliminary approval. Any unused credit may be carried forward 7 years.

Clean Coal Incentive Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The clean coal incentive tax credit is a nonrefundable and nontransferable credit that may be taken against income taxes imposed by KRS 141.020 (individual income tax) or KRS 141.040 (corporation income tax), the limited liability entity tax (LLET) imposed by KRS 141.0401, or the public service corporation property tax (state portion only) imposed by 136.120. Unused credit amounts cannot be carried forward to later tax years and must be used on the tax return filed for the period during which the eligible coal was purchased.

Coal Conversion Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The Coal Conversion Tax Credit provides a tax credit to companies that switch to Kentucky coal powered boilers.

Commonwealth Seed Capital Fund

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

The Commonwealth Seed Capital Fund (CSC) is an independent fund that invests in early-stage Kentucky businesses to facilitate the commercialization of innovative ideas and technologies.

County Agricultural Investment Program

KENTUCKY AGRICULTURAL DEVELOPMENT BOARD

The County Agricultural Investment Program (CAIP) offers 11 investment areas that provide Kentucky agricultural producers cost share assistance on practices that increase net farm income and opportunities to try new/innovative technologies or systems that improve farm efficiency and productivity.

Deceased Farm Animal Removal

KENTUCKY AGRICULTURAL DEVELOPMENT BOARD

This program aids in the coordination of environmentally sound and cost effective disposal of deceased livestock for county producers.

Direct Loan Program

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

KEDFA offers a mortgage loan program to work in conjunction with private financing. The Direct Loan Program provides loans at below-market interest rates (subject to the availability of state revolving loan funds) for fixed asset financing for agribusiness, tourism, industrial ventures, or the service industry. Retail projects are not eligible.

Distilled Spirits Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

This is a nonrefundable and nontransferable credit that may be claimed by income taxpayers who pay Kentucky property tax on distilled spirits.

Diversification Through Entrepreneurship In Agribusiness Loan

KENTUCKY AGRICULTURAL FINANCE CORPORATION

The Diversification through Entrepreneurship in Agribusinesses Loan (DEAL) is designed to assist individuals who are attempting to diversify their farming operations through non-traditional agricultural production or services. Beginning agri-entrepreneurs may qualify for financing for equipment purchases, facilities, permanent working capital, real estate, investment into an existing agribusiness or other investments at the discretion of the Kentucky Agricultural Finance Corporation (KAFC) board.

Employer GED Incentive Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The Employer GED Incentive Tax Credit provides a tax credit to employers who provide the support to allow their employees to obtain their GED.

Ethanol Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The Ethanol Tax Credit provides a tax credit to ethanol producers located in Kentucky.

Historic Preservation Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The tax credit provides a reimbursement for qualified rehabilitation expenses for historic rehabilitation projects.

Incentives For Energy-Related Business Act (IEBA)

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

Companies establishing a cryptocurrency facility in Kentucky may be eligible for incentives through the IEBA program if the facility incurs eligible investment costs of at least \$1,000,000. Potential incentives include sales and use tax refunds, corporate income or LLET tax credits, or employee wage assessment incentives.

Industrial Revenue Bonds

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

Industrial Revenue Bonds (IRB) may be issued by state and local governments in Kentucky to help finance industrial buildings. IRBs issued by state and local governments in Kentucky can 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.

Kentucky Business Investment Program

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

This program provides income tax credits and wage assessments to new and existing agribusinesses, regional and national headquarters, manufacturing companies, alternative fuel, gasification, energy-efficient alternative fuels, renewable energy production companies, carbon dioxide transmission pipelines and non-retail service or technology related companies that locate or expand operations in Kentucky.

Kentucky Enterprise Initiative Act

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

KEIA provides a refund of Kentucky sales and use tax paid by approved companies for building and construction materials permanently incorporated as an improvement to real property. It is also available for Kentucky sales and use tax refunds for eligible equipment used for research and development, data processing equipment or flight simulation equipment.

Kentucky Entertainment Incentive Program

KENTUCKY FILM OFFICE

Kentucky offers tax incentives for film production.

Kentucky Investment Fund Act

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

The Kentucky Investment Fund Act (KIFA) offers a 40 percent tax credit to certain personal and corporate investors in approved investment funds.

Kentucky Reinvestment Act

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

The Kentucky Reinvestment Act provides tax credits to existing Kentucky companies engaged in manufacturing, agribusiness, non-retail service or technology activities, headquarters operations, hospital operations, coal severing and processing, alternative fuel, gasification, energy-efficient alternative fuels, renewable energy, or carbon dioxide transmission pipelines on a permanent basis for a reasonable period of time that will be investing in eligible equipment and related costs of at least \$2,500,000 for owned facilities and \$1,000,000 for leased facilities (excluding rent).

Kentucky SBIR/STTR Matching Funds Award Program

KENTUCKY INNOVATION

Kentucky Innovation Investment Program (KIIP) exists to help those entrepreneurs and new companies land the highly competitive and prestigious United States Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) federal grants, which may be matched with state funds.

Kentucky Selling Farmer Tax Credit Program

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

The Kentucky Selling Farmer Tax Credit program encourages continued use of agricultural land for farming by granting tax credits to selling farmers who agree to sell agricultural land and assets to beginning farmers.

Kentucky Small Business Credit Initiative (KSBCI) 2.0

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

The Commonwealth of Kentucky has launched an initiative to provide \$117 million in federal funds through the Treasury-administered SSBCI program. If you are a founder looking for investment capital, a venture fund investing in Kentucky startups, or a small business looking for loans and collateral support, you may be eligible to participate in these opportunities designed to increase access to capital and help Kentucky businesses thrive with KSBCI 2.0.

Large Animal Veterinary Loan Program

KENTUCKY AGRICULTURAL FINANCE CORPORATION

The Vet Loan program is designed to assist individuals licensed to practice veterinary medicine in Kentucky who desire to construct, expand, equip or buy into a practice serving large animal producers, including goat, sheep, swine, and other smaller food animals.

Local Government Economic Development Fund

KENTUCKY DEPARTMENT FOR LOCAL GOVERNMENT

The Local Government Economic Development Program (LGEDP) provides grants of coal severance and processing tax revenues to coal-producing counties. Grants are made from this program to assist eligible counties in diversifying their local economies beyond coal production and meet other community development needs.

On-Farm Energy Efficiency Incentives

KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT

The On-Farm Energy Efficiency Incentives Program provides funding for Kentucky farm families to increase the energy efficiency of existing equipment or facilities.

On-Farm Water Management Program

KENTUCKY AGRICULTURAL DEVELOPMENT FUND

The KADF On-Farm Water Management Program provides incentives for Land-Grant and Regional Universities, Non-Profits and Kentucky farm families to financially incentivize better water management practices across the Commonwealth. Applicants may apply in one of three areas: Research, Development and Demonstration (RDD); Producer Implemented Project (PIP); or Small-Scale Grant (SSG).

Qualified Research Facility Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The Qualified Research Facility Tax Credit provides a tax credit to businesses constructing and renovating a qualified research facility.

Railroad Expansion Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The Railroad Expansion Tax Credit provides a tax credit to firms that expand and upgrade railroad track.

Railroad Maintenance And Improvement Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

The Railroad Maintenance and Improvement Tax Credit provides a tax credit to businesses maintaining and improving railroad facilities.

Renewable Chemical Production Tax Credit

KENTUCKY DEPARTMENT OF REVENUE

This credit is for a qualified taxpayer that produces renewable chemicals in Kentucky.

Small Business Loan Program**KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT**

The Small Business Loan Program is designed to help small businesses acquire funding needed to start or grow their small business.

State Trade Expansion Program**KENTUCKY EXPORT INITIATIVE**

For companies seeking export assistance, the State Trade Expansion Program (STEP) grant is available.

Tax Increment Financing**KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT**

Tax Increment Financing is an economic development tool used by public agencies to finance needed infrastructure improvements for a project by earmarking future tax gains resulting from the development for the improvements.

Tourism Development Incentive Program**KENTUCKY DEPARTMENT OF TOURISM**

The Tourism Development Act provides developers of approved new or expanding tourism projects the ability to recover up to 25% of the project's development costs over a 10-year term.

Western Kentucky Risk Assistance Fund (WKRAF)**KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT**

The Program provides an enrolled Qualified Lender the following inducement: the lesser of twenty-five percent (25%) or up to one million dollars (\$1,000,000) of the loss incurred by a Qualified Lender on the unpaid principal balance of a Commercial Loan made by a Qualified Lender to an Eligible Company. Twenty-five million dollars (\$25,000,000) is appropriated to the Program and will be used to provide Inducements to Qualified Lenders on the first two hundred million dollars (\$200,000,000) of Commercial Loans enrolled in the Program, provided that a Qualified Lender shall be eligible to enroll no more than ten million dollars (\$10,000,000) in Commercial Loans in the Program.