

Accountable Economic Development

Kentucky needs a good economic development system that is effective in its efforts and accountable for how it spends resources. Currently, the state has about a dozen economic development tax incentive programs that, after being enacted, are rarely reviewed or properly evaluated.

Annual reporting and reasonable sunset provisions allow the legislature to more closely examine these programs and assess their value relative to other critical investments. Annual reporting on state expenditures through economic development projects will allow the legislature to make informed decisions regarding the use of state resources. Sunset and regular reporting will put incentives on a more level playing field with other programs in Kentucky's budget.

HB 748: Evaluation and Sunset of Incentive Programs

- Attaches sunset or expiration dates to all economic development incentive programs so that they expire, requiring reauthorization, every eight years.
- Requires systematic review of each program, by the Legislative Research Commission, during the year prior to expiration in order to help assess program effectiveness and inform the reauthorization decision.
- Requires all new tax expenditures to have a sunset date of no more than eight years from the date the expenditure is created.

Requiring reauthorization of development incentives allows the state to regularly review and evaluate the effectiveness of economic development spending and to end programs that are not working.

HB 750: Annual Economic Development and Tourism Expenditure Report

Requires the State Budget Director's Office submit an annual state economic development and tourism project expenditure report to the Legislative Research Commission.

Annual Report:

- Includes estimated state revenue loss due to all economic development and tourism tax expenditures for the current and next two (2) fiscal years.
- Breaks information down by tax, and within each tax by exemption.
- Makes expenditure data publicly available in a searchable format on the web-site of the Office of State Budget Director.
- Includes data on the number of jobs created, retained or lost by project; number of visitors attracted by the project; and job classifications and total payroll for each project.

Annual reporting will allow the state to evaluate the effectiveness of off-budget economic development and tourism spending.