

154.31-010 Definitions for subchapter.

As used in this subchapter:

- (1) "Agreement" means an agreement entered into pursuant to KRS 154.31-030 between the authority and an approved company;
- (2) "Alternative fuel production" means a Kentucky operation that primarily produces for sale alternative transportation fuels. The alternative fuel production may produce electricity as a by-product if the primary function of the operations remains the production and sale of alternative transportation fuels;
- (3) "Alternative transportation fuels" has the same meaning as in KRS 152.715;
- (4) "Approved company" means an eligible company that has received approval from the authority for a sales and use tax incentive under this subchapter;
- (5) "Approved recovery amount" means the maximum sales and use tax incentive recoverable by an approved company as established in the agreement;
- (6) "Authority" means the Kentucky Economic Development Finance Authority;
- (7) "Biomass resources" has the same meaning as in KRS 152.715;
- (8) "Carbon dioxide transmission pipeline" means the in-state portion of a pipeline, including appurtenant facilities, property rights, and easements, that is used exclusively for the purpose of transporting carbon dioxide to the point of sale, storage, or other carbon management applications;
- (9) "Department" means the Department of Revenue;
- (10) "Economic development project" means:
 - (a) 1. The acquisition or construction of a new facility; or
2. The expansion or rehabilitation of an existing facility; or
 - (b) The installation and equipping of a facility;
by an eligible company at a specific site in the Commonwealth to be used in an activity conducted by the approved company;
- (11) "Electronic processing" means the use of technology having electronic, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities, now in existence or later developed to perform a service or technology activity;
- (12) (a) "Eligible company" means any corporation, limited liability company, partnership, limited partnership, sole proprietorship, business trust, or other legal entity that is primarily engaged in manufacturing; service or technology activities; agribusiness; headquarters operations; alternative fuel, gasification, energy-efficient alternative fuel or renewable energy production; carbon dioxide transmission pipelines; or in operating or developing a tourism attraction.
 - (b) "Eligible company" does not include any company whose primary activity is retail sales;
- (13) "Eligible expenses" means the amount expended for:
 - (a) Building and construction materials permanently incorporated as an improvement to real property as part of an economic development project; or

- (b) Equipment used for research and development or electronic processing at an economic development project;
if the Kentucky sales and use tax imposed by KRS Chapter 139 is paid on the purchase of the materials or equipment at the time of purchase;
- (14) "Energy-efficient alternative fuel production" means a Kentucky operation that produces energy-efficient alternative fuels for sale;
- (15) "Energy-efficient alternative fuels" means homogeneous fuels that:
 - (a) Are produced from processes designed to densify feedstock coal, waste coal, or biomass resources; and
 - (b) Have an energy content that is greater than the feedstock coal, waste coal, or biomass resource;
- (16) (a) "Equipment" means tangible personal property which is subject to depreciation under Sections 167 and 168 of the Internal Revenue Code, including assets which are expensed under Section 179 of the Internal Revenue Code, and that is used in the operation of a business.
 - (b) "Equipment" does not include any tangible personal property used to maintain, restore, mend, or repair machinery or equipment, consumable operating supplies, office supplies, or maintenance supplies;
- (17) "Gasification process" means a process that converts any carbon-containing material into a synthesis gas composed primarily of carbon monoxide and hydrogen;
- (18) "Gasification production" means a Kentucky operation that primarily produces for sale:
 - (a) Alternative transportation fuels;
 - (b) Synthetic natural gas;
 - (c) Chemicals;
 - (d) Chemical feedstocks; or
 - (e) Liquid fuels;from coal, waste coal, coal-processing waster, or biomass resources, through a gasification process. The gasification production may produce electricity as a by-product if the primary function of the operations remains the production and sale of alternative transportation fuels, synthetic natural gas, chemicals, chemical feedstocks, or liquid fuels;
- (19) "Headquarters" means the principal office where the principal executives of the entity are located and from which other personnel, branches, affiliates, offices, or entities are controlled;
- (20) (a) "Manufacturing" means to make, assemble, process, produce, or perform any activity that changes the form or conditions of raw materials and other property, and shall include any ancillary activity to the manufacturing process, such as storage, warehousing, distribution, and related office facilities.
 - (b) "Manufacturing" does not include any activity involving the performance of work classified by the divisions, including successor divisions, of mining in

accordance with the "North American Industry Classification System," as revised by the United States Office of Management and Budget from time to time, or any successor publication;

- (21) "Project term" means the time for which an agreement shall be in effect. The project term shall be established in the agreement and shall not exceed seven (7) years;
- (22) "Renewable energy production" means a Kentucky operation that utilizes wind power, biomass resources, landfill methane gas, hydropower, solar power, or other similar renewable resources to generate electricity for sale to unrelated entities;
- (23) (a) "Research and development" means experimental or laboratory activity that has as its ultimate goal the development of new products, the improvement of existing products, the development of new uses for existing products, or the development or improvement of methods for producing products.
(b) "Research and development" does not include testing or inspection of materials or products for quality control purposes, efficiency surveys, management studies, consumer surveys or other market research, advertising or promotional activities, or research in connection with literary, historical, or similar projects;
- (24) "Service or technology" means any nonretail activity using technology or providing a service, including but not limited to:
 - (a) Administration and processing activities;
 - (b) Research and development;
 - (c) Telephone or Internet sales or services;
 - (d) Distribution or fulfillment of orders;
 - (e) Data processing; and
 - (f) Similar activities;provided to customer or affiliate entities primarily outside the Commonwealth and designed to serve a multistate, national, or international market; and
- (25) "Synthetic natural gas" has the same meaning as in KRS 152.715.

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