

164.6021 Purposes and administration of Kentucky enterprise fund.

- (1) The Cabinet for Economic Development shall manage the Kentucky enterprise fund to provide capital to small and medium-size, Kentucky-based companies to undertake feasibility, concept development, research and development, or commercialization work.
- (2) The purpose of the Kentucky enterprise fund is to:
 - (a) Accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in Kentucky-based companies;
 - (b) Support feasibility, concept development, research and development, or commercialization activities that have clear potential to lead to commercially successful products, processes, or services within a reasonable period of time;
 - (c) Stimulate growth-oriented enterprises within the Commonwealth;
 - (d) Encourage partnerships and collaborative projects between private enterprises, Kentucky's colleges and universities, and research organizations;
 - (e) Promote research and development and commercialization activities that are market-oriented; and
 - (f) Support small and medium-sized companies.
- (3) The Kentucky enterprise fund shall be used to fund qualified companies in accordance with this section as follows:
 - (a) Grants of up to fifty thousand dollars (\$50,000) for companies exploring the feasibility of technology commercialization or projects related to feasibility studies, such as incubator and accelerator programs;
 - (b) Funding of up to two hundred fifty thousand dollars (\$250,000) for companies in the concept development phase of technology commercialization;
 - (c) Funding of up to five hundred thousand dollars (\$500,000) for companies advancing and promoting the program goals, as outlined in subsection (2) of this section; and
 - (d) For new investments made on or after July 1, 2021, no qualified company can receive a total investment from the fund in excess of up to five hundred thousand dollars (\$500,000).
- (4) Beginning July 1, 2021, the cabinet shall allocate at least twenty percent (20%) of the annual allotment of funds for the Kentucky enterprise fund to qualified companies located in rural or enhanced incentive counties, as certified under KRS 154.32-050, and at least twenty percent (20%) of the annual allotment of funds to qualified companies located in Opportunity Zones, as designated by the Commonwealth and certified by the Secretary of the United States Treasury.
- (5) For all funding totaling more than thirty thousand dollars (\$30,000), the science and technology organization or any entity designated by the executive director of the Office of Entrepreneurship and Small Business Innovation shall receive an equity interest in the qualified company, such as a general or limited partnership interest, limited liability company interest, common or preferred stock with or without

voting rights and without regard to seniority position, forms of subordinate or convertible unsecured debt, or both, with warrants, rights, or other means of equity conversion attached, a near equity interest such as a simple agreement for future equity or "SAFE agreement", or other convertible debt instruments that are determined to qualify as an adequate investment interest by the executive director of the Office of Entrepreneurship and Small Business Innovation.

Effective: June 29, 2021

History: Amended 2021 Ky. Acts ch. 185, sec. 135, effective June 29, 2021. -- Amended 2008 Ky. Acts ch. 98, sec. 3, effective July 15, 2008. -- Created 2000 Ky. Acts ch. 522, sec. 6, effective July 14, 2000.

Legislative Research Commission Note (11/5/2021). Under the authority of KRS 7.136, the Reviser of Statutes has corrected a manifest clerical or typographical error in subsection (5) of this statute.

2020-2022 Budget Reference. See State/Executive Branch Budget, 2021 Ky. Acts ch. 169, Pt. I, B, 1, (3) at 1077.