

State Incentives for Achieving Clean and Renewable Energy Development on Contaminated Lands



The development of clean and renewable energy on formerly used land offers many economic and environmental benefits. Combining clean and renewable energy and contaminated land cleanup incentives can allow investors and communities to create economically viable clean and renewable energy redevelopment projects. This document provides information about incentives in your state that can be leveraged for clean and renewable energy and development of contaminated land.



Incentives for Clean and Renewable Energy

Funding (grants, loans, bonds, etc.)

Kentucky New Energy Ventures Fund (KNEV)

www.startupkentucky.com/?255

Provides grants and investments to companies that develop and commercialize products which produce energy from renewable or sustainable sources. Grants can be awarded up to \$30,000. Any funding requested above \$30,000 will be via an investment, which must be matched in cash.

Tax Incentives (abatements, deductions, credits, etc.)

Tax Credits for Renewable Energy Facilities

www.lrc.ky.gov/record/07S2/HB1/bill.doc

Provides renewable energy facilities that generate at least 50 kW of electricity from solar power or at least 1 MW from wind power, biomass resources, landfill gas, hydropower, or similar renewable resources, with a tax credit of up to 100% of Kentucky income tax and the limited liability tax for projects that construct, retrofit, or upgrade energy facilities. Provides sales tax incentive of up to 100% of the Kentucky sales and use tax paid on materials, machinery, and equipment used to construct, retrofit, or upgrade an eligible project. Companies can require that employees whose jobs were created as a result of the associated project pay a wage assessment of up to 4% of their gross wages. Employees will be allowed a Kentucky income tax credit equal to the assessment withheld from their wages. Minimum investment in any renewable energy facility must be \$1 million in capital expenditure. Maximum recovery for a single project from all incentives cannot exceed 50% of the capital investment.

Net Metering

www.lrc.ky.gov/KRS/278-00/CHAPTER.HTM

Offers net metering to customers with solar-electric (photovoltaic (PV)) systems of 15 kW or less. Utilities are not obligated to offer net metering once the cumulative generating capacity of net-metered systems reaches 0.1% of the utility's single-hour peak load during the previous year.

Quick Facts

Public Benefit Fund (PBF)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Renewable Portfolio Standard	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Net Metering	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Interconnection Standards	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Electric Power Industry Generation by Primary Energy Source (EIA, 2006)

Petroleum-Fired	3.4%	Nuclear	0.0%
Natural Gas-Fired	1.2%	Hydroelectric	2.6%
Coal-Fired	92.3%	Other Renewables	0.5%

Points of Contact

Kentucky Science and Technology Corporation

www.startupkentucky.com/?255

KNEV, Sean O'Leary, soleary@kstc.com, (859) 967-9974

Kentucky Cabinet for Economic Development

www.thinkkentucky.com/

Tax Credits for Renewable Energy Facilities

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Kentucky Public Service Commission

<http://psc.ky.gov/>

Net Metering

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Incentives for Development of Contaminated Land



Tax Incentives (abatements, credits, deductions, etc.)

Property Tax Reduction

www.dca.ky.gov/brownfields/Financial+Resources.htm

Reduces state and local property tax rates on remediated brownfield properties. For three years following cleanup, property will not be subject to local ad valorem property taxes. State ad valorem property tax rate will be reduced from 31.5 cents per \$100 of assessed value to 1.5 cents per \$100 of assessed value.

Income Tax Credits

www.dca.ky.gov/brownfields/Financial+Resources.htm

Provides up to \$150,000 worth of income tax credits for expenditures made in order to meet cleanup requirements. Allowable credit for any taxable year is a maximum of 25% of the credit authorized. Credit may be carried forward for 10 successive years.

Kentucky Environmental Stewardship Act (KESA) Tax Credit

www.thinkkentucky.com/kyedc/pdfs/KESA_FACT_SHEET_2005_v11.pdf

Provides companies manufacturing environmental stewardship products (which could include the installation of renewable energy facilities) with 100% credit against the tax liability generated by the project. Incentive is available for recovery over a 10-year period or until authorized incentive is realized. Companies are limited to a maximum 25% of the authorized incentive in any single tax year. Projects must have at least \$5,000,000 in eligible costs to be eligible.

Technical Assistance and Other Incentives

Targeted Brownfields Assessments (TBA)

www.dca.ky.gov/brownfields/

Provides TBAs to municipalities, quasi-governmental, and nonprofit agencies free of charge and helps eligible parties develop applications for federal grants.

Brownfield Program Resources

www.dca.ky.gov/brownfields

Offers a variety of services to turn brownfields into economic and community development opportunities. Because the program and funding is often changing, the web site will provide the most current information, including a Brownfields Cleanup and Redevelopment Toolbox.

Funding (grants, loans, bonds, etc.)

Clean Water State Revolving Loan Fund

www.kia.ky.gov/loan/fundf.htm

Provides low-interest loans to public entities addressing brownfields that have current or potential water quality impact.

Limitations on Liability

Voluntary Environmental Remediation Program (VERP)

www.waste.ky.gov/branches/sf/VERPPage.htm

Offers four tracks for parties who volunteer to clean up releases of hazardous substances on their property. Under the VERP track, parties are offered a Covenant Not to Sue (CNTS). Volunteers may also conduct cleanups under other less formal track processes and obtain a Notice of Completion or a No Further Remediation letter.

Quick Facts

Limitations on Liability	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Number of State-Tracked Contaminated Properties:	4,269
Includes sites from the state Superfund Program, including voluntary cleanups	
Number of EPA CERCLIS Sites:	200
Sites identified for potential investigation under the federal Superfund Program	
Number of EPA Brownfields Properties:	42
Properties being funded or addressed under the EPA Brownfields Program	

There may be some overlap among the categories listed and sites listed may not represent all potentially contaminated sites in Kentucky.

Points of Contact

Division of Compliance Assistance, www.dca.ky.gov
Property Tax Reduction, Income Tax Credits, TBA, Brownfields Program Resources, VERP
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Kentucky Cabinet for Economic Development
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KESA Tax Credit
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