

Overview of Incentive Support
 CarbonCore Inc.
 May 7, 2025



The Commonwealth of Kentucky is excited for the potential opportunity of the CarbonCore Inc. location in Catlettsburg, Kentucky. We are honored by your consideration of our state and look forward to a long-term partnership that lasts well beyond the proposed support. We hope that you will see our commitment to CarbonCore Inc. as you review our response. Our understanding of the project is as follows:

- Locating in Catlettsburg, Boyd County, Kentucky
- Creating at least 1,500 new, full-time positions subject to Kentucky individual income tax and paying an average hourly wage of \$52.88, excluding benefits
- Capital investment of at least \$1,649,500,000 (land/building: \$189,500,000 + equipment: \$1,460,000,000)

In response to your request for a proposal from the Commonwealth of Kentucky, this document will outline the areas where our state may be able to provide assistance. Kentucky’s primary forms of financial assistance for a project such as this include tax credits, wage assessments, refund of sales and use taxes, and grants for employee training authorized through our various incentive programs.

The recommendation of incentive approval is contingent upon the following:

- Verified sources and uses of cash schedule to define the capital to be spent on the project
- Letters of commitment from secured customers

Kentucky and its local partners will propose an incentive package of more than \$21,000,000 (other program values are still to be included) over the next 15 years. This dollar amount is primarily based on the sharing of future revenues; however, our support package may be customized to CarbonCore Inc.’s needs. Please see below for an overview of support proposed.

Program	Description and Method of Recovery	Term	Value
TAX INCENTIVE PROGRAMS			
Kentucky Business Investment (KBI) Program	<p>The KBI program allows companies to recover a portion of land, building and equipment expenditures over a specified term. The approved project costs are recovered by:</p> <ol style="list-style-type: none"> 1) Up to 3.5% wage assessment on new jobs created, AND 2) State income tax credits for up to 100% of liability associated with the project <p>Minimum requirements to qualify for the incentive include:</p> <ul style="list-style-type: none"> • Incur eligible costs of at least \$100,000 • Create and maintain a minimum of 10 new, full-time jobs subject to Kentucky individual income tax • At least 90% of the new, full-time employees subject to Kentucky individual income tax must receive average hourly wages of at least \$9.06 • Provide some form of company-paid "employee benefits" equal to at least 15% of the required minimum average hourly wage. If the employee benefit is less than 15% of the required minimum average hourly wage, then the project may qualify if at least 90% of the new, full-time employees subject to Kentucky individual income tax are paid a total hourly compensation of at least \$10.42 as long as one company paid benefit is included. 	Up to: 15 years	Up to: \$17,000,000

	<p>Additional Target Requirements & Incentive Annual Maximum Job and wage targets are negotiated for each project over the term of the incentive agreement. The total incentive is broken down into annual maximum allocations over the term of the incentive agreement. Actual jobs and wages created are measured against the targets at the activation date and annually during the term of the incentive agreement. In order to receive 100% of the annual approved allocation, the company must meet at least 90% of the job and wage target requirements. If at least 90% of the targets are not achieved at any compliance measurement date, the company will still receive a pro-rata share of the annual amount based on the percentage of job/wage targets that are achieved. Since this is a performance-based program, there are no claw-backs.</p> <p>Pursuant to statute, the company must be able to certify that “but for” these inducements, the project would not occur in Kentucky. For that reason, any announcements, press releases, or commitments confirming the location of the project in Kentucky, prior to preliminary approval of the inducements by KEDFA, could jeopardize eligibility for these incentives.</p>		
<p>Kentucky Enterprise Initiative Act (KEIA)</p>	<p>Sales and use taxes paid on the purchase of construction materials and building fixtures, electronic processing equipment, research/development equipment and flight simulator equipment (6% of cost) attributable to the project may be eligible for a refund through the KEIA program.</p> <p>Sales and use taxes paid on expenditures made prior to approval of the incentive will not be eligible for the refund. All invoices and receipts must be in the name of the approved company and paid directly by the approved company (not the developer or contractor). Company must keep receipts of purchases verifying the sales tax paid and submit to Department of Revenue with refund request.</p> <p><i>Note: The maximum sales and use tax refund incentive available for commitment by KEDFA in each fiscal year for all projects is limited to \$20,000,000 for construction materials and building fixtures and \$5,000,000 for equipment used for research and development, electronic processing or flight simulation. The Cabinet may encourage multiple applications over various phases (possibly two) of the project.</i></p>	<p>One-time refund upon completion of construction materials and building fixtures/ electronic data processing purchase</p>	<p>Up to: \$2,000,000</p>
<p>WORKFORCE RECRUITING AND TRAINING</p>			
<p>Bluegrass State Skills Corporation – Training Grant</p>	<p>Uses for Bluegrass State Skills Corporation (BSSC) funding include reimbursable grants for classroom training, on-the-job training, tuition and certification training, train-the-trainer travel, and entry level and skills upgrade training. An in-house trainer, a consultant, or an educational institution can provide this training. Training can occur at the Kentucky location, or a parent or sister facility.</p> <p>Training grant funds through the Bluegrass State Skills Corporation provide up to 50% reimbursement for eligible training activities, up to \$2,000 per trainee.</p>	<p>TBD</p>	<p>Up to: \$2,000,000</p>
<p>TOTAL INCENTIVE PACKAGE</p>			<p>\$21,000,000</p>


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Please note the incentive programs included in this proposal are performance-based, which means the company will be required to achieve certain compliance criteria for eligibility to access the incentives. Criteria for the programs varies and may include minimum requirements and/or targets related to any of the following: 1) amount of investment; 2) number of new, full-time jobs created subject to Kentucky individual income tax; 3) average hourly wage; and/or 4) total hourly compensation. For additional information on the programs, process and requirements, please refer to the program fact sheets on the Cabinet's website. Additionally, some of the Cabinet's programs included in this proposal have limited funds available for projects. We are prepared to recommend approval of incentives as outlined in this proposal as long as the funding is available at the time of application. Please note the dollar amount proposed herein was established based on a variety of factors including but not limited to capital investment, new full-time jobs created, and hourly wage paid. The Commonwealth reserves the right to cancel or modify this agreement at any time should determining factors be changed, altered or discovered.

We hope this outline of incentives illustrates Kentucky's commitment to CarbonCore Inc. Please understand that the representations pertaining to the incentives referenced herein are preliminary in nature. These inducements are contingent upon successful completion of due diligence and consideration of factors to determine whether it is appropriate to recommend a new project for incentives. The Company shall provide sufficient information, in the Cabinet for Economic Development's sole discretion, to allow the Cabinet to complete the foregoing processes and review final applications submitted by the company prior to recommending approvals by the appropriate boards and committees, including local, state and federal authorities. This preliminary incentive offer will no longer be valid after July 31, 2025, if applications for the incentive programs are not received (some exceptions may apply).

The success and growth of CarbonCore Inc. is extremely important to Kentucky, and we are looking forward to working with the company for many years to come.

Sincerely,



Kristina Slattery
Commissioner of Business Development

cc: Colin Dodd
Katie Smith