

Kentucky Legislature Approves Energy Incentive Bill

On Thursday, August 23, the Democratic controlled House passed HB-1, with a vote of 87 to 10. The bill provides hundreds of millions of dollars in tax incentives to companies that develop alternative fuels. The bill explicitly favors energy companies that build plants that would convert coal, corn and other Kentucky products into alternative energy fuels. The following day, the Senate passed the same energy bill with only one dissenting vote.

The bill was originally part of a special session called in July. Initially, the House refused to consider it as it was part of a call that included 66 other agenda items. The House adjourned on the first day of the session. The energy bill was developed over the summer in conjunction with discussion with St. Louis-based Peabody Energy Company which is considering building a \$3 billion dollar synthetic fuels plant. This would be a coal gasification plant which turns coal into liquid and is normally used for the petrochemical, fertilizer industries, etc. in Western Kentucky. **One of the by-products of this process is electricity, which may be available for sale.** At least four other companies have expressed interest in the incentives.