



Kentucky Tourism Development Loan Program

This program is in place to assist small tourism attractions obtain financing necessary for the development or expansion of small tourism attractions.

Program Mission

Tourism attractions tend to have difficulty obtaining financing through conventional lending sources. Many conventional lending sources find these operations to have high risk factors because they tend to be seasonal and are typically non-traditional business operations. This program was established to encourage the participation of conventional lenders by reducing their capital exposure. This is accomplished by the Tourism Development Loan Program lending up to fifty percent of development costs.

An additional benefit of the program is below market interest rates. The annual percentage rate is based upon the term of the credit. Rates range from one percent (1%) to six percent (6%) as summarized below.

Term	Rate
Less than 3 years	1%
3 – 5 Years	2%
5 – 7 years	3.5%
7-10 Years	5%
10 – 15 Years	6%

Eligible Projects

The program seeks to assist those operations that are unique to the area in which development or expansion is proposed. The project must show the ability to either attract individuals into an area in which travel was not planned or will extend the stay of travelers in an area in which travel has been planned.

Those applying for assistance under this program will typically have total development costs of less than \$1 million. Funding is limited to the financing of fixed assets. The maximum credit amount per borrower is \$250,000 or fifty percent of project costs whichever is less. All credits must be secured and personally guaranteed.

The Application Process

In order to apply for funding under the program a pre-application must be submitted for review to insure the project appears to have the ability to meet the program mission. The pre-application is a five-question document requesting basic information about the project. Once this document is completed it is returned to the Department of Tourism. The completed document is forwarded to two members of the Kentucky Tourism Development Finance Authority for their review to determine if it appears the project has the ability to accomplish the mission of the program. Should they agree this is the case a full application will be provided to the applicant.

Applicants are required to provide the information necessary for staff to fully review the credit request. Necessary information includes but is not limited to: sources and uses of funds, marketing plan, cash flow projections, personal tax returns, and a personal financial statement. The request is underwritten by staff using the information provided and presented to the Kentucky Tourism Development Finance Authority for decision.

More Information

For more information about this program please contact:

M. Todd Cassidy, Director
Kentucky Tourism, Arts and Heritage Cabinet
Economic and Community Development
2400 Capital Plaza Tower
500 Mero Street
Frankfort, Kentucky 40601
Office (502) 564-8067
Fax (502) 564-1512
Todd.Cassidy@ky.gov