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MEMORANDUM

TO: Members of the Appropriations and Revenue Committee

FROM: Jenifer C. Hays, Committee Staff Administrator
Appropriations and Revenue Committee

DATE: November 1, 2023

SUBJECT: Staff Summary
Inventory Tax Credit
Taxable Years Beginning on or after January 1, 2022

The purpose of this memorandum is to relay summary information to members of the Interim Joint Committee on Appropriations and Revenue related to the income tax credit available for those individuals or businesses timely paying the ad valorem tax on tangible personal property in the form of inventory on January 1, 2022. Under KRS 141.408, beginning on or after January 1, 2018, any taxpayer that timely pays an ad valorem tax to the Commonwealth, or any political subdivision thereof, for property described in KRS 132.020(1)(e) or 132.099 shall be allowed a nonrefundable and nontransferable income tax credit.

The Department of Revenue is statutorily required to report certain taxpayer-specific information to the Interim Joint Committee on Appropriations and Revenue by October 1 of each year. The taxpayer-specific information contained in the Department's annual report remains confidential and is not available for public use. Posting the full report to the committee's website may violate KRS 131.190. Therefore, this staff summary is provided.

The income tax credit was originally phased in, with the income tax credit equaling the following proration for the first four taxable years:

- Twenty-five percent (25%) of the ad valorem tax timely paid for taxable years beginning on or after January 1, 2018, but before January 1, 2019;
- Fifty percent (50%) of the ad valorem tax timely paid for taxable years beginning on or after January 1, 2019, but before January 1, 2020;

- Seventy-five percent (75%) of the ad valorem tax timely paid for taxable years beginning on or after January 1, 2020, but before January 1, 2021; and
- One hundred percent (100%) of the ad valorem tax timely paid for taxable years beginning on or after January 1, 2021.

The chart below contains the cumulative total of tax credits claimed for each year since 2018, providing a historical perspective for the amounts claimed as returns are processed for the current and prior taxable years.

Year	Total Credit
2018	\$ 3,724,516
2019	10,654,008
2020	15,846,444
2021	8,083,402
2022	8,452,251
Total	\$46,760,621

It is important to remember that this income tax credit is only useful to those taxpayers having an income tax liability. If the individual or business does not have an income tax liability, a portion or all of the income tax credit may not be claimed in a taxable year producing zero taxable income or a net loss.

The following pages report the total tax credit claimed by county, by location of the property upon which the credit was allowed, and the annual amount claimed from 2018 to 2022.

October 1, 2023 Inventory Tax Credit Annual Report - County Totals

County	Total INV Credit	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022
Adair	\$ 191,632	\$ 33,749	\$ 78,016	\$ 3,939	\$ 71,588	\$ 4,339
Allen	\$ 102,373	\$ 11,189	\$ 32,400	\$ 6,365	\$ 5,936	\$ 46,482
Anderson	\$ 95,417	\$ 6,499	\$ 20,069	\$ 7,790	\$ 46,920	\$ 14,139
Ballard	\$ 79,052	\$ 6,057	\$ 4,073	\$ -	\$ 62,856	\$ 6,066
Barren	\$ 391,466	\$ 44,328	\$ 99,991	\$ 84,976	\$ 52,075	\$ 110,096
Bath	\$ 25,840	\$ 13,473	\$ 12,124	\$ -	\$ 219	\$ 24
Bell	\$ 48,311	\$ 4,937	\$ 10,377	\$ 15,418	\$ 7,528	\$ 10,051
Boone	\$ 2,052,833	\$ 151,396	\$ 556,204	\$ 941,266	\$ 224,715	\$ 179,253
Bourbon	\$ 164,338	\$ 56,516	\$ 24,171	\$ 41,292	\$ 17,086	\$ 25,274
Boyd	\$ 725,427	\$ 72,121	\$ 154,475	\$ 182,708	\$ 95,462	\$ 220,660
Boyle	\$ 292,753	\$ 23,570	\$ 68,560	\$ 81,564	\$ 100,634	\$ 18,426
Bracken	\$ 17,575	\$ 56	\$ 135	\$ -	\$ 441	\$ 16,943
Breathitt	\$ 116,112	\$ 673	\$ 23,358	\$ 9,334	\$ 27,689	\$ 55,058
Breckenridge	\$ 83,489	\$ 7,151	\$ 13,151	\$ 1,196	\$ 17,965	\$ 44,026
Bullitt	\$ 9,405,369	\$ 91,683	\$ 2,631,593	\$ 6,531,567	\$ 32,118	\$ 118,408
Butler	\$ 31,024	\$ 3,402	\$ 10,980	\$ 5,344	\$ 1,969	\$ 9,330
Caldwell	\$ 29,522	\$ 5,248	\$ 9,473	\$ -	\$ 4,309	\$ 10,492
Calloway	\$ 259,528	\$ 14,837	\$ 45,229	\$ 44,486	\$ 43,216	\$ 111,760
Campbell	\$ 518,260	\$ 15,008	\$ 46,627	\$ 58,738	\$ 29,261	\$ 368,626
Carlisle	\$ 4,026	\$ 196	\$ 1,469	\$ -	\$ 961	\$ 1,400
Carroll	\$ 109,282	\$ 13,193	\$ 12,541	\$ 14,821	\$ 40,349	\$ 28,378
Carter	\$ 79,454	\$ 4,290	\$ 19,258	\$ 29,415	\$ 15,507	\$ 10,983
Casey	\$ 82,124	\$ 11,001	\$ 20,561	\$ 5,992	\$ 13,389	\$ 31,181
Christian	\$ 685,253	\$ 49,983	\$ 97,012	\$ 144,721	\$ 186,308	\$ 207,230
Clark	\$ 640,289	\$ 36,957	\$ 62,910	\$ 173,442	\$ 203,208	\$ 163,773
Clay	\$ 32,779	\$ 480	\$ 6,007	\$ 10,363	\$ 8,010	\$ 7,919
Clinton	\$ 10,842	\$ 504	\$ 659	\$ -	\$ 4,024	\$ 5,655
Crittenden	\$ 37,644	\$ 1,104	\$ 2,615	\$ 2,417	\$ 11,106	\$ 20,402
Cumberland	\$ 115,671	\$ 562	\$ 1,107	\$ 2,514	\$ 2,188	\$ 109,300
Daviess	\$ 1,180,873	\$ 198,846	\$ 243,385	\$ 319,458	\$ 187,902	\$ 231,282
Edmonson	\$ 20,630	\$ -	\$ -	\$ 2,953	\$ 9,373	\$ 8,304
Elliott	\$ 3,841	\$ -	\$ 846	\$ -	\$ 2,995	\$ -
Estill	\$ 74,772	\$ 7,299	\$ 7,719	\$ 7,769	\$ 31,743	\$ 20,243
Fayette	\$ 3,879,785	\$ 428,682	\$ 1,061,801	\$ 721,119	\$ 917,321	\$ 750,862
Fleming	\$ 83,900	\$ 11,665	\$ 28,320	\$ 9,228	\$ 27,308	\$ 7,379
Floyd	\$ 402,906	\$ 27,060	\$ 100,630	\$ 62,313	\$ 53,613	\$ 159,290

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Franklin	\$ 152,013	\$ 15,278	\$ 36,422	\$ 40,959	\$ 13,549	\$ 45,805
Fulton	\$ 35,855	\$ 259	\$ 227	\$ 22,793	\$ 500	\$ 12,076
Gallatin	\$ 41,878	\$ 160	\$ 2,149	\$ 16,700	\$ 5,949	\$ 16,920
Garrard	\$ 29,476	\$ 335	\$ 4,868	\$ 4,749	\$ 12,360	\$ 7,164
Grant	\$ 330,256	\$ 50,810	\$ 34,966	\$ 197,271	\$ 25,084	\$ 22,125
Graves	\$ 489,033	\$ 21,339	\$ 67,760	\$ 16,770	\$ 12,920	\$ 370,244
Grayson	\$ 448,318	\$ 41,686	\$ 73,278	\$ 5,552	\$ 291,897	\$ 35,907
Green	\$ 30,619	\$ 3,898	\$ 3,611	\$ 4,813	\$ 7,379	\$ 10,918
Greenup	\$ 187,672	\$ 10,934	\$ 11,363	\$ 121,624	\$ 27,185	\$ 16,565
Hancock	\$ 21,806	\$ 7	\$ 58	\$ 1	\$ 15,930	\$ 5,810
Hardin	\$ 1,199,216	\$ 95,877	\$ 171,313	\$ 242,491	\$ 398,768	\$ 290,768
Harlan	\$ 148,681	\$ 21,577	\$ 52,358	\$ 13,106	\$ 19,876	\$ 41,764
Harrison	\$ 611,813	\$ 517	\$ 9,591	\$ 534,872	\$ 28,159	\$ 38,673
Hart	\$ 293,497	\$ 4,314	\$ 17,502	\$ 243,510	\$ 9,418	\$ 18,754
Henderson	\$ 1,126,980	\$ 39,843	\$ 242,359	\$ 327,167	\$ 353,536	\$ 164,075
Henry	\$ 230,825	\$ 4,999	\$ 40,669	\$ 4,657	\$ 179,134	\$ 1,366
Hickman	\$ 3,615	\$ 2,403	\$ 1,154	\$ 58	\$ -	\$ -
Hopkins	\$ 704,726	\$ 87,600	\$ 75,682	\$ 132,208	\$ 208,857	\$ 200,379
Jackson	\$ 18,991	\$ 1,412	\$ 2,165	\$ 6,862	\$ 772	\$ 7,780
Jefferson	\$ 23,695,418	\$ 583,154	\$ 2,800,155	\$ 9,943,647	\$ 9,330,725	\$ 1,037,737
Jessamine	\$ 773,535	\$ 138,376	\$ 298,278	\$ 156,232	\$ 111,839	\$ 68,810
Johnson	\$ 42,751	\$ 4,952	\$ 6,466	\$ 10,478	\$ 12,105	\$ 8,751
Kenton	\$ 786,222	\$ 122,484	\$ 196,868	\$ 138,520	\$ 138,086	\$ 190,263
Knott	\$ 62,898	\$ 3,290	\$ 2,658	\$ 5,764	\$ 1,715	\$ 49,472
Knox	\$ 83,938	\$ 4,813	\$ 30,691	\$ 19,583	\$ 10,211	\$ 18,640
Larue	\$ 47,719	\$ 8,347	\$ 7,074	\$ 8,022	\$ 23,975	\$ 300
Laurel	\$ 722,926	\$ 279,103	\$ 46,464	\$ 53,940	\$ 74,024	\$ 269,395
Lawrence	\$ 140,922	\$ 24,022	\$ 42,553	\$ 48,377	\$ 17,970	\$ 7,999
Lee	\$ 47,156	\$ 6,898	\$ 21,921	\$ 13,712	\$ 3,627	\$ 998
Leslie	\$ 42,691	\$ 400	\$ 2,863	\$ 6,786	\$ 24,357	\$ 8,285
Letcher	\$ 50,631	\$ 5,176	\$ 16,602	\$ 9,282	\$ 9,907	\$ 9,664
Lewis	\$ 47,910	\$ 2,717	\$ 3,440	\$ -	\$ 33,640	\$ 8,113
Lincoln	\$ 119,174	\$ 6,188	\$ 83,096	\$ 8,945	\$ 12,477	\$ 8,467
Livingston	\$ 71,886	\$ 13,440	\$ 502	\$ 4,607	\$ 2,184	\$ 51,153
Logan	\$ 138,505	\$ 22,758	\$ 54,271	\$ 14,246	\$ 36,880	\$ 10,350
Lyon	\$ 101,439	\$ 8,727	\$ 10,573	\$ 3,045	\$ 39,589	\$ 39,505

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County	Total INV Credit	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022
Madison	\$ 259,767	\$ 24,969	\$ 81,436	\$ 90,409	\$ 49,874	\$ 13,080
Magoffin	\$ 444,951	\$ 49,559	\$ 12,230	\$ 23,929	\$ 72,308	\$ 286,924
Marion	\$ 79,825	\$ 7,404	\$ 16,638	\$ 9,546	\$ 30,323	\$ 15,915
Marshall	\$ 189,894	\$ 39,145	\$ 58,176	\$ 29,367	\$ 29,959	\$ 33,247
Martin	\$ 45,207	\$ 3,190	\$ 4,366	\$ 7,423	\$ 16,149	\$ 14,078
Mason	\$ 52,666	\$ 14,712	\$ 14,100	\$ 9,681	\$ 6,498	\$ 7,674
McCracken	\$ 803,760	\$ 104,260	\$ 303,117	\$ 239,649	\$ 129,591	\$ 27,143
McCreary	\$ 333,168	\$ 31,641	\$ 14,316	\$ 42,539	\$ 64,040	\$ 180,632
McLean	\$ 66,095	\$ 7,624	\$ 11,707	\$ 8,062	\$ 27,398	\$ 11,305
Meade	\$ 144,157	\$ 13,659	\$ 21,844	\$ 12,646	\$ 32,914	\$ 63,095
Menifee	\$ 21,672	\$ -	\$ 199	\$ -	\$ 4,450	\$ 17,023
Mercer	\$ 47,103	\$ 2,806	\$ 8,325	\$ -	\$ 14,986	\$ 20,986
Metcalfe	\$ 68,613	\$ 12,739	\$ 3,949	\$ 5,425	\$ 7,548	\$ 38,951
Monroe	\$ 141,535	\$ 10,598	\$ 39,586	\$ 6,131	\$ 65,416	\$ 19,804
Montgomery	\$ 249,824	\$ 35,483	\$ 27,019	\$ 11,667	\$ 24,408	\$ 151,247
Morgan	\$ 72,744	\$ 5,989	\$ 13,390	\$ 8,262	\$ 38,747	\$ 6,355
Muhlenberg	\$ 86,243	\$ 13,924	\$ 10,602	\$ 5,359	\$ 27,735	\$ 28,622
Nelson	\$ 457,897	\$ 32,693	\$ 103,405	\$ 100,655	\$ 182,363	\$ 38,781
Nicholas	\$ 81,584	\$ 4,172	\$ 2,958	\$ -	\$ 604	\$ 73,850
Ohio	\$ 47,491	\$ 7,082	\$ 9,400	\$ 39	\$ 26,931	\$ 4,039
Oldham	\$ 194,968	\$ 8,109	\$ 45,446	\$ 15,234	\$ 79,698	\$ 46,480
Owen	\$ 40,779	\$ 2,929	\$ 2,126	\$ 1,052	\$ 4,817	\$ 29,856
Owsley	\$ 4,750	\$ 128	\$ 264	\$ -	\$ 558	\$ 3,800
Pendleton	\$ 32,893	\$ 285	\$ 979	\$ 88	\$ 7,757	\$ 23,784
Perry	\$ 112,228	\$ 35,547	\$ 19,552	\$ 21,958	\$ 26,089	\$ 9,081
Pike	\$ 132,949	\$ 29,509	\$ 30,208	\$ 32,102	\$ 28,450	\$ 12,680
Powell	\$ 157,011	\$ 2,545	\$ 5,719	\$ 16,788	\$ 96,943	\$ 35,016
Pulaski	\$ 211,386	\$ 29,046	\$ 86,629	\$ 27,480	\$ 57,131	\$ 11,100
Robertson	\$ 217,020	\$ 2,995	\$ -	\$ 1,925	\$ 130,857	\$ 81,243
Rockcastle	\$ 14,074	\$ 682	\$ 2,344	\$ 5,610	\$ 3,014	\$ 2,425
Rowan	\$ 250,702	\$ 60,757	\$ 10,821	\$ 149,617	\$ 8,031	\$ 21,476
Russell	\$ 161,116	\$ 10,132	\$ 25,210	\$ 6,369	\$ 49,057	\$ 70,348
Scott	\$ 1,095,221	\$ 24,094	\$ 447,329	\$ 533,324	\$ 41,046	\$ 49,428
Shelby	\$ 199,962	\$ 17,944	\$ 33,877	\$ 41,800	\$ 34,332	\$ 72,008
Simpson	\$ 55,771	\$ 285	\$ 7,322	\$ 16,717	\$ 1,604	\$ 29,843
Spencer	\$ 9,241	\$ 46	\$ 4,746	\$ -	\$ 2,745	\$ 1,704

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County	Total INV Credit	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022
Taylor	\$ 235,116	\$ 114,312	\$ 24,880	\$ 60,669	\$ 26,765	\$ 8,490
Todd	\$ 175,130	\$ 18,691	\$ 30,042	\$ 39,674	\$ 35,730	\$ 50,993
Trigg	\$ 44,792	\$ 2,254	\$ 7,496	\$ 640	\$ 10,187	\$ 24,215
Trimble	\$ 33,604	\$ 667	\$ 2,497	\$ -	\$ 3,286	\$ 27,154
Union	\$ 291,627	\$ 93,060	\$ 36,234	\$ 64,338	\$ 24,091	\$ 73,904
Warren	\$ 1,382,357	\$ 81,502	\$ 283,891	\$ 559,261	\$ 168,668	\$ 289,034
Washington	\$ 81,425	\$ 23,751	\$ 18,108	\$ 9,150	\$ 5,295	\$ 25,120
Wayne	\$ 80,667	\$ 3,694	\$ 8,962	\$ 5,664	\$ 6,947	\$ 55,400
Webster	\$ 44,892	\$ 4,508	\$ 12,430	\$ -	\$ 19,032	\$ 8,922
Whitley	\$ 382,294	\$ 30,642	\$ 67,459	\$ 22,547	\$ 95,770	\$ 165,876
Wolfe	\$ 471	\$ 50	\$ -	\$ -	\$ 361	\$ 60
Woodford	\$ 247,170	\$ 21,276	\$ 43,251	\$ 7,448	\$ 41,540	\$ 133,655