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MEMORANDUM

TO: Members of the Appropriations and Revenue Committee

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

DATE: October 14, 2024

SUBJECT: Staff Summary
Inventory Tax Credit
Claimed for the Year Ended December 31, 2023

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. 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	\$3,762,015
2019	11,607,631
2020	17,984,005
2021	10,984,679
2022	22,466,099
2023	11,052,786
Total	\$77,857,215

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.

County	Total INV Credit	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023
Adair	\$ 359,117	\$ 33,749	\$ 78,016	\$ 3,939	\$ 71,588	\$ 134,425	\$ 37,399
Allen	\$ 92,583	\$ 11,189	\$ 34,883	\$ 10,165	\$ 7,873	\$ 19,455	\$ 9,017
Anderson	\$ 150,883	\$ 6,499	\$ 21,721	\$ 10,182	\$ 46,920	\$ 57,091	\$ 8,470
Ballard	\$ 357,757	\$ 6,057	\$ 4,073	\$ -	\$ 62,856	\$ 269,814	\$ 14,957
Barren	\$ 477,480	\$ 44,328	\$ 102,056	\$ 91,028	\$ 76,824	\$ 82,143	\$ 81,101
Bath	\$ 50,975	\$ 13,473	\$ 12,124	\$ -	\$ 219	\$ 25,159	\$ -
Bell	\$ 76,048	\$ 4,937	\$ 12,545	\$ 18,793	\$ 7,528	\$ 17,806	\$ 14,438
Boone	\$ 3,662,895	\$ 151,396	\$ 622,388	\$ 1,133,746	\$ 412,260	\$ 843,503	\$ 499,602
Bourbon	\$ 318,446	\$ 56,516	\$ 26,056	\$ 43,979	\$ 108,086	\$ 77,071	\$ 6,738
Boyd	\$ 1,048,737	\$ 73,449	\$ 179,581	\$ 224,098	\$ 117,547	\$ 250,322	\$ 203,739
Boyle	\$ 478,197	\$ 23,570	\$ 72,065	\$ 88,001	\$ 106,641	\$ 133,361	\$ 54,560
Bracken	\$ 13,449	\$ 56	\$ 135	\$ -	\$ 441	\$ 11,454	\$ 1,363
Breathitt	\$ 129,731	\$ 673	\$ 23,358	\$ 9,334	\$ 27,689	\$ 56,339	\$ 12,338
Breckinridge	\$ 75,018	\$ 7,151	\$ 13,151	\$ 2,932	\$ 17,965	\$ 24,424	\$ 9,395
Bullitt	\$ 16,904,355	\$ 91,683	\$ 2,638,677	\$ 6,820,204	\$ 367,791	\$ 5,334,314	\$ 1,651,686
Butler	\$ 35,147	\$ 3,402	\$ 10,980	\$ 5,344	\$ 1,969	\$ 10,372	\$ 3,081
Caldwell	\$ 91,006	\$ 5,248	\$ 10,898	\$ 3,705	\$ 4,309	\$ 42,826	\$ 24,020
Calloway	\$ 263,746	\$ 14,837	\$ 47,337	\$ 48,392	\$ 43,216	\$ 77,122	\$ 32,842
Campbell	\$ 816,222	\$ 15,008	\$ 64,056	\$ 102,457	\$ 99,093	\$ 390,709	\$ 144,899
Carlisle	\$ 4,649	\$ 196	\$ 1,469	\$ -	\$ 961	\$ 2,023	\$ -
Carroll	\$ 167,742	\$ 13,193	\$ 14,307	\$ 17,418	\$ 40,349	\$ 76,267	\$ 6,208
Carter	\$ 135,507	\$ 4,592	\$ 23,165	\$ 33,546	\$ 19,150	\$ 40,627	\$ 14,427
Casey	\$ 102,972	\$ 11,001	\$ 22,311	\$ 8,593	\$ 13,389	\$ 34,847	\$ 12,831
Christian	\$ 908,816	\$ 49,983	\$ 101,666	\$ 156,328	\$ 200,240	\$ 302,806	\$ 97,794
Clark	\$ 791,246	\$ 37,062	\$ 64,872	\$ 182,318	\$ 205,271	\$ 242,975	\$ 58,749
Clay	\$ 38,898	\$ 480	\$ 6,007	\$ 10,363	\$ 8,010	\$ 10,600	\$ 3,438
Clinton	\$ 8,434	\$ 504	\$ 659	\$ -	\$ 4,024	\$ 938	\$ 2,309
Crittenden	\$ 37,054	\$ 1,104	\$ 2,615	\$ 2,417	\$ 11,106	\$ 14,012	\$ 5,800
Cumberland	\$ 13,324	\$ 562	\$ 1,107	\$ 2,514	\$ 2,188	\$ 4,691	\$ 2,262
Daviess	\$ 1,939,450	\$ 198,846	\$ 291,930	\$ 428,587	\$ 328,859	\$ 456,591	\$ 234,636
Edmonson	\$ 12,567	\$ -	\$ -	\$ 2,953	\$ 9,373	\$ 104	\$ 137
Elliott	\$ 6,147	\$ 96	\$ 1,042	\$ -	\$ 3,329	\$ 1,679	\$ -
Estill	\$ 119,946	\$ 7,299	\$ 9,680	\$ 10,643	\$ 31,743	\$ 31,646	\$ 28,935

County	Total INV Credit	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023
Fayette	\$ 6,109,633	\$ 428,984	\$ 1,091,187	\$ 855,563	\$ 1,085,063	\$ 1,730,672	\$ 918,165
Fleming	\$ 127,685	\$ 11,724	\$ 28,435	\$ 10,004	\$ 28,690	\$ 44,462	\$ 4,370
Floyd	\$ 506,368	\$ 27,060	\$ 102,987	\$ 66,348	\$ 53,613	\$ 256,361	\$ -
Franklin	\$ 206,114	\$ 15,278	\$ 40,847	\$ 49,320	\$ 18,023	\$ 54,096	\$ 28,550
Fulton	\$ 70,825	\$ 259	\$ 227	\$ 22,793	\$ 43,393	\$ 3,562	\$ 591
Gallatin	\$ 1,782,861	\$ 160	\$ 318,823	\$ 389,448	\$ 417,073	\$ 655,827	\$ 1,530
Garrard	\$ 35,151	\$ 335	\$ 4,868	\$ 4,749	\$ 12,360	\$ 10,565	\$ 2,274
Grant	\$ 440,757	\$ 50,810	\$ 37,201	\$ 200,279	\$ 25,084	\$ 84,211	\$ 43,171
Graves	\$ 323,712	\$ 21,339	\$ 69,528	\$ 19,512	\$ 12,920	\$ 188,511	\$ 11,902
Grayson	\$ 875,427	\$ 73,782	\$ 137,208	\$ 8,234	\$ 291,897	\$ 193,806	\$ 170,502
Green	\$ 37,607	\$ 3,898	\$ 5,684	\$ 7,932	\$ 7,379	\$ 10,918	\$ 1,797
Greenup	\$ 525,627	\$ 11,450	\$ 15,180	\$ 221,916	\$ 210,497	\$ 57,433	\$ 9,151
Hancock	\$ 93,016	\$ 7	\$ 58	\$ 1	\$ 24,237	\$ 68,713	\$ -
Hardin	\$ 1,534,949	\$ 97,247	\$ 180,878	\$ 263,736	\$ 460,778	\$ 393,324	\$ 138,987
Harlan	\$ 172,464	\$ 21,577	\$ 55,393	\$ 17,455	\$ 19,876	\$ 37,470	\$ 20,693
Harrison	\$ 610,058	\$ 517	\$ 11,452	\$ 538,199	\$ 28,159	\$ 23,188	\$ 8,542
Hart	\$ 384,357	\$ 4,314	\$ 17,502	\$ 243,510	\$ 81,002	\$ 25,136	\$ 12,894
Henderson	\$ 1,324,602	\$ 39,843	\$ 247,290	\$ 341,099	\$ 367,631	\$ 209,472	\$ 119,269
Henry	\$ 317,332	\$ 4,999	\$ 40,669	\$ 4,657	\$ 179,134	\$ 82,986	\$ 4,887
Hickman	\$ 94,131	\$ 2,403	\$ 1,154	\$ 58	\$ -	\$ 90,516	\$ -
Hopkins	\$ 777,517	\$ 87,600	\$ 80,940	\$ 139,921	\$ 212,595	\$ 160,324	\$ 96,137
Jackson	\$ 18,991	\$ 1,412	\$ 2,165	\$ 6,862	\$ 772	\$ 7,780	\$ -
Jefferson	\$ 13,681,173	\$ 583,154	\$ 1,685,275	\$ 2,271,648	\$ 1,698,189	\$ 3,627,827	\$ 3,815,080
Jessamine	\$ 880,554	\$ 138,376	\$ 96,453	\$ 159,638	\$ 120,405	\$ 231,377	\$ 134,305
Johnson	\$ 52,846	\$ 4,952	\$ 9,035	\$ 14,560	\$ 12,105	\$ 11,689	\$ 505
Kenton	\$ 1,038,879	\$ 66,103	\$ 111,513	\$ 202,873	\$ 317,176	\$ 240,809	\$ 100,405
Knott	\$ 74,257	\$ 439	\$ 2,658	\$ 5,764	\$ 1,715	\$ 63,269	\$ 412
Knox	\$ 124,934	\$ 4,009	\$ 33,473	\$ 27,382	\$ 14,370	\$ 29,937	\$ 15,763
Larue	\$ 59,412	\$ 6,929	\$ 7,074	\$ 8,022	\$ 23,975	\$ 9,607	\$ 3,804
Laurel	\$ 566,875	\$ 32,176	\$ 49,438	\$ 62,990	\$ 80,098	\$ 192,410	\$ 149,762
Lawrence	\$ 165,226	\$ 24,115	\$ 42,698	\$ 49,168	\$ 19,538	\$ 18,177	\$ 11,530
Lee	\$ 93,107	\$ 6,898	\$ 21,921	\$ 13,712	\$ 23,880	\$ 9,961	\$ 16,735
Leslie	\$ 26,802	\$ 400	\$ 2,863	\$ 6,786	\$ 4,104	\$ 12,650	\$ -

County	Total INV Credit	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023
Letcher	\$ 147,415	\$ 5,176	\$ 16,602	\$ 9,282	\$ 41,266	\$ 74,865	\$ 224
Lewis	\$ 15,441	\$ 2,811	\$ 3,617	\$ 490	\$ 3,329	\$ 3,468	\$ 1,727
Lincoln	\$ 183,050	\$ 6,188	\$ 84,991	\$ 16,384	\$ 12,828	\$ 53,752	\$ 8,906
Livingston	\$ 81,001	\$ 13,440	\$ 2,828	\$ 3,183	\$ 58,963	\$ 2,460	\$ 127
Logan	\$ 486,786	\$ 22,758	\$ 54,271	\$ 17,291	\$ 87,051	\$ 268,337	\$ 37,078
Lyon	\$ 89,025	\$ 8,727	\$ 10,711	\$ 1,530	\$ 34,892	\$ 17,065	\$ 16,100
Madison	\$ 787,064	\$ 73,240	\$ 89,438	\$ 112,457	\$ 113,953	\$ 272,706	\$ 125,269
Magoffin	\$ 215,617	\$ 1,385	\$ 11,820	\$ 14,803	\$ 12,559	\$ 168,351	\$ 6,699
Marion	\$ 183,685	\$ 8,101	\$ 16,380	\$ 11,000	\$ 21,332	\$ 35,325	\$ 91,546
Marshall	\$ 359,252	\$ 38,448	\$ 61,767	\$ 35,025	\$ 98,506	\$ 101,094	\$ 24,412
Martin	\$ 38,802	\$ 3,190	\$ 4,366	\$ 7,423	\$ 16,149	\$ 7,674	\$ -
Mason	\$ 104,499	\$ 14,918	\$ 16,742	\$ 14,817	\$ 14,689	\$ 32,874	\$ 10,459
McCracken	\$ 1,600,990	\$ 124,844	\$ 317,285	\$ 289,036	\$ 282,254	\$ 381,607	\$ 205,963
McCreary	\$ 48,857	\$ 10,851	\$ 8,369	\$ 4,724	\$ 13,608	\$ 11,305	\$ -
McLean	\$ 130,336	\$ 7,624	\$ 11,707	\$ 8,062	\$ 27,398	\$ 35,279	\$ 40,266
Meade	\$ 151,319	\$ 13,659	\$ 24,449	\$ 16,967	\$ 34,515	\$ 50,953	\$ 10,776
Menifee	\$ 10,071	\$ -	\$ 199	\$ -	\$ 2,849	\$ 3,566	\$ 3,457
Mercer	\$ 99,691	\$ 3,149	\$ 10,069	\$ 2,604	\$ 20,310	\$ 34,606	\$ 28,953
Metcalfe	\$ 39,738	\$ 12,396	\$ 3,949	\$ 5,425	\$ 2,224	\$ 11,336	\$ 4,407
Monroe	\$ 354,361	\$ 11,004	\$ 41,312	\$ 8,680	\$ 90,096	\$ 136,203	\$ 67,066
Montgomery	\$ 133,167	\$ 36,258	\$ 31,570	\$ 18,248	\$ 38,809	\$ 7,298	\$ 985
Morgan	\$ 88,534	\$ 5,597	\$ 13,556	\$ 7,674	\$ 23,119	\$ 28,928	\$ 9,660
Muhlenberg	\$ 287,608	\$ 14,793	\$ 53,358	\$ 67,782	\$ 73,281	\$ 46,524	\$ 31,869
Nelson	\$ 954,788	\$ 35,997	\$ 103,405	\$ 101,259	\$ 182,849	\$ 341,603	\$ 189,676
Nicholas	\$ 12,913	\$ -	\$ 2,958	\$ -	\$ 7,942	\$ 1,281	\$ 732
Ohio	\$ 135,110	\$ 8,134	\$ 11,203	\$ 2,366	\$ 31,930	\$ 39,855	\$ 41,622
Oldham	\$ 338,576	\$ 7,446	\$ 49,059	\$ 22,210	\$ 66,757	\$ 133,285	\$ 59,819
Owen	\$ 72,767	\$ 2,540	\$ 10,235	\$ 19,726	\$ 17,085	\$ 19,056	\$ 4,125
Owsley	\$ 2,181	\$ 128	\$ 264	\$ -	\$ 558	\$ 1,042	\$ 189
Pendleton	\$ 35,514	\$ 285	\$ 979	\$ 88	\$ 7,757	\$ 16,809	\$ 9,596
Perry	\$ 146,227	\$ 36,365	\$ 21,854	\$ 25,386	\$ 33,114	\$ 26,408	\$ 3,100
Pike	\$ 350,170	\$ 29,319	\$ 44,970	\$ 40,943	\$ 115,588	\$ 77,877	\$ 41,474
Powell	\$ 37,170	\$ 1,917	\$ 5,719	\$ 4,551	\$ 2,203	\$ 22,780	\$ -

County	Total INV Credit	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023
Pulaski	\$ 579,543	\$ 32,041	\$ 95,798	\$ 47,969	\$ 191,919	\$ 143,428	\$ 68,387
Robertson	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rockcastle	\$ 15,568	\$ 682	\$ 2,344	\$ 5,610	\$ 3,014	\$ 2,131	\$ 1,788
Rowan	\$ 271,957	\$ 60,834	\$ 153,587	\$ 13,341	\$ 8,620	\$ 28,015	\$ 7,560
Russell	\$ 399,715	\$ 10,132	\$ 27,430	\$ 15,567	\$ 56,042	\$ 230,656	\$ 59,888
Scott	\$ 1,227,698	\$ 24,270	\$ 479,114	\$ 452,217	\$ 86,411	\$ 110,270	\$ 75,417
Shelby	\$ 273,441	\$ 17,944	\$ 34,323	\$ 46,612	\$ 58,006	\$ 81,774	\$ 34,782
Simpson	\$ 80,638	\$ 285	\$ 4,159	\$ 19,398	\$ 13,088	\$ 38,690	\$ 5,018
Spencer	\$ 13,660	\$ 46	\$ 4,013	\$ -	\$ 2,745	\$ 4,694	\$ 2,162
Taylor	\$ 258,823	\$ 114,312	\$ 22,252	\$ 63,437	\$ 26,765	\$ 25,550	\$ 6,508
Todd	\$ 362,898	\$ 18,691	\$ 31,616	\$ 42,102	\$ 52,592	\$ 179,679	\$ 38,218
Trigg	\$ 52,904	\$ 2,254	\$ 9,295	\$ 3,469	\$ 15,057	\$ 15,245	\$ 7,584
Trimble	\$ 24,565	\$ 667	\$ 3,325	\$ 1,245	\$ 3,286	\$ 12,045	\$ 3,997
Union	\$ 357,455	\$ 93,060	\$ 37,190	\$ 76,993	\$ 32,321	\$ 88,357	\$ 29,533
Warren	\$ 2,193,107	\$ 81,502	\$ 332,826	\$ 555,536	\$ 295,466	\$ 719,233	\$ 208,543
Washington	\$ 109,563	\$ 23,751	\$ 19,928	\$ 11,846	\$ 20,469	\$ 30,776	\$ 2,792
Wayne	\$ 135,593	\$ 3,694	\$ 9,803	\$ 8,558	\$ 6,947	\$ 61,821	\$ 44,770
Webster	\$ 111,056	\$ 4,508	\$ 12,430	\$ -	\$ 19,032	\$ 33,799	\$ 41,287
Whitley	\$ 501,357	\$ 30,642	\$ 75,775	\$ 16,889	\$ 97,541	\$ 164,631	\$ 115,879
Wolfe	\$ 1,547	\$ 50	\$ -	\$ -	\$ 361	\$ 676	\$ 460
Woodford	\$ 342,608	\$ 21,276	\$ 45,411	\$ 7,682	\$ 50,696	\$ 114,496	\$ 103,047
TOTALS	\$ 77,857,215	\$ 3,762,015	\$ 11,607,631	\$ 17,984,005	\$ 10,984,679	\$ 22,466,099	\$ 11,052,786