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MEMORANDUM

TO: Members of the Appropriations and Revenue Committee

FROM: Cynthia Brown, Committee Staff Administrator
Appropriations and Revenue Committee

DATE: November 9, 2026

SUBJECT: Staff Summary
Inventory Tax Credit
Claimed for the Year Ended December 31, 2025

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(l)(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	$3,769,593
2019	12,091,849
2020	21,679,295
2021	19,238,969
2022	24,359,261
2023	20,722,503
2024	7,235,016
2025	41,081,356
Total	150,177,842

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 2025.

County #	County	Total INV Credit	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023	Tax Year 2024	Tax Year 2025
1	Adair	$ 595,261	$ 33,749	$ 78,016	$ 30,323	$ 109,545	$ 134,425	$ 37,399	$ 4	$ 171,800
2	Allen	$ 2,979,999	$ 11,189	$ 34,883	$ 10,553	$ 8,435	$ 19,455	$ 16,018	$ 14,824	$ 2,864,642
3	Anderson	$ 393,899	$ 6,499	$ 21,721	$ 34,185	$ 97,566	$ 58,722	$ 21,589	$ 73,315	$ 80,301
4	Ballard	$ 492,363	$ 6,057	$ 4,073	$ 806	$ 63,699	$ 271,796	$ 17,267	$ 4,713	$ 123,952
5	Barren	$ 974,640	$ 44,328	$ 102,056	$ 127,075	$ 133,727	$ 91,860	$ 102,913	$ 66,294	$ 306,388
6	Bath	$ 111,242	$ 13,473	$ 12,124	$ -	$ 219	$ 25,159	$ -	$ -	$ 60,267
7	Bell	$ 368,327	$ 4,937	$ 12,545	$ 49,042	$ 69,849	$ 24,876	$ 47,655	$ 8,989	$ 150,433
8	Boone	$ 11,334,180	$ 151,396	$ 830,061	$ 1,491,111	$ 1,212,752	$ 1,100,029	$ 607,473	$ 241,447	$ 5,699,910
9	Bourbon	$ 668,250	$ 56,516	$ 26,056	$ 66,349	$ 140,944	$ 94,627	$ 69,880	$ 124,472	$ 89,405
10	Boyd	$ 1,982,508	$ 73,449	$ 180,540	$ 307,161	$ 293,856	$ 264,183	$ 247,672	$ 159,650	$ 455,999
11	Boyle	$ 1,348,051	$ 23,570	$ 72,065	$ 125,517	$ 253,666	$ 230,671	$ 78,352	$ 62,789	$ 501,421
12	Bracken	$ 60,137	$ 56	$ 135	$ -	$ 441	$ 11,454	$ 1,363	$ 16,955	$ 29,733
13	Breathitt	$ 286,508	$ 673	$ 23,358	$ 28,913	$ 56,203	$ 56,339	$ 24,634	$ 20,957	$ 75,430
14	Breckinridge	$ 294,401	$ 7,151	$ 13,151	$ 12,302	$ 32,202	$ 24,424	$ 9,395	$ 10,727	$ 185,051
15	Bullitt	$ 18,415,555	$ 91,683	$ 2,721,695	$ 7,096,039	$ 869,938	$ 5,337,721	$ 1,712,964	$ 100,364	$ 485,152
16	Butler	$ 73,037	$ 3,402	$ 10,980	$ 5,344	$ 1,969	$ 10,372	$ 9,953	$ 2,016	$ 29,002
17	Caldwell	$ 292,146	$ 5,248	$ 10,898	$ 26,655	$ 36,144	$ 44,174	$ 25,388	$ 21,357	$ 122,283
18	Calloway	$ 640,465	$ 14,837	$ 47,337	$ 78,044	$ 105,544	$ 82,915	$ 54,820	$ 39,962	$ 217,006
19	Campbell	$ 1,714,139	$ 15,008	$ 64,056	$ 177,315	$ 326,596	$ 408,871	$ 264,479	$ 54,419	$ 403,395
20	Carlisle	$ 40,619	$ 196	$ 1,469	$ -	$ 961	$ 2,023	$ -	$ 1,411	$ 34,559
21	Carroll	$ 370,595	$ 13,193	$ 14,307	$ 37,964	$ 82,787	$ 77,676	$ 25,444	$ 10,310	$ 108,914
22	Carter	$ 300,700	$ 4,592	$ 23,165	$ 33,546	$ 19,150	$ 40,627	$ 31,753	$ 12,442	$ 135,424
23	Casey	$ 213,642	$ 11,001	$ 22,311	$ 8,593	$ 13,389	$ 34,847	$ 21,026	$ 10,480	$ 91,995
24	Christian	$ 2,221,691	$ 49,983	$ 101,666	$ 432,058	$ 393,670	$ 312,981	$ 259,513	$ 84,430	$ 587,390
25	Clark	$ 1,323,103	$ 37,062	$ 75,075	$ 206,635	$ 262,229	$ 251,820	$ 113,200	$ 107,463	$ 269,620
26	Clay	$ 209,574	$ 480	$ 6,007	$ 23,482	$ 28,559	$ 10,600	$ 13,968	$ 6,437	$ 120,041
27	Clinton	$ 49,401	$ 504	$ 659	$ -	$ 4,024	$ 938	$ 2,309	$ 2,932	$ 38,035
28	Crittenden	$ 97,000	$ 1,104	$ 2,615	$ 2,417	$ 11,106	$ 14,012	$ 5,800	$ 12,441	$ 47,505
29	Cumberland	$ 48,365	$ 562	$ 1,107	$ 2,514	$ 2,188	$ 4,691	$ 2,262	$ 1,976	$ 33,065
30	Daviess	$ 3,502,026	$ 198,846	$ 291,955	$ 571,545	$ 601,722	$ 465,112	$ 367,761	$ 287,702	$ 717,383
31	Edmonson	$ 54,936	$ -	$ -	$ 3,005	$ 9,452	$ 104	$ 137	$ 488	$ 41,750
32	Elliott	$ 22,512	$ 96	$ 1,042	$ -	$ 3,329	$ 1,679	$ -	$ -	$ 16,365

County #	County	Total INV Credit	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023	Tax Year 2024	Tax Year 2025
33	Estill	$ 204,320	$ 7,299	$ 9,680	$ 10,643	$ 31,743	$ 31,646	$ 39,793	$ 15,115	$ 58,401
34	Fayette	$ 10,654,533	$ 428,984	$ 1,110,436	$ 1,038,132	$ 1,714,489	$ 1,781,563	$ 1,148,559	$ 868,663	$ 2,563,708
35	Fleming	$ 186,248	$ 11,724	$ 28,435	$ 10,004	$ 28,690	$ 44,462	$ 4,370	$ 22,576	$ 35,987
36	Floyd	$ 880,551	$ 27,060	$ 102,987	$ 90,126	$ 92,892	$ 263,142	$ 28,062	$ 6,497	$ 269,786
37	Franklin	$ 621,884	$ 15,278	$ 40,847	$ 87,191	$ 128,768	$ 59,416	$ 62,236	$ 20,162	$ 207,985
38	Fulton	$ 215,018	$ 259	$ 227	$ 48,312	$ 82,754	$ 12,707	$ 39,061	$ -	$ 31,698
39	Gallatin	$ 2,570,597	$ 160	$ 318,823	$ 389,448	$ 535,422	$ 655,827	$ 1,530	$ 4,815	$ 664,571
40	Garrard	$ 88,303	$ 335	$ 4,868	$ 4,749	$ 12,360	$ 10,565	$ 8,188	$ 7,843	$ 39,394
41	Grant	$ 722,348	$ 50,810	$ 37,201	$ 229,083	$ 70,796	$ 84,211	$ 43,171	$ 16,751	$ 190,325
42	Graves	$ 889,694	$ 21,339	$ 69,528	$ 44,348	$ 50,608	$ 201,242	$ 302,590	$ 21,802	$ 178,236
43	Grayson	$ 1,502,740	$ 73,782	$ 137,208	$ 38,807	$ 341,176	$ 196,045	$ 183,296	$ 227,827	$ 304,601
44	Green	$ 89,874	$ 3,898	$ 5,684	$ 7,932	$ 7,379	$ 10,918	$ 7,026	$ -	$ 47,038
45	Greenup	$ 990,983	$ 11,450	$ 15,180	$ 221,916	$ 245,411	$ 61,733	$ 83,189	$ 33,675	$ 318,431
46	Hancock	$ 148,670	$ 7	$ 58	$ 1	$ 24,237	$ 68,713	$ -	$ 3,799	$ 51,855
47	Hardin	$ 2,731,460	$ 97,407	$ 181,311	$ 354,562	$ 642,967	$ 416,032	$ 221,751	$ 181,168	$ 636,263
48	Harlan	$ 455,679	$ 21,577	$ 55,393	$ 58,673	$ 82,566	$ 47,217	$ 41,374	$ 23,100	$ 125,779
49	Harrison	$ 813,492	$ 517	$ 11,452	$ 564,427	$ 70,836	$ 34,988	$ 63,225	$ 11,444	$ 56,604
50	Hart	$ 693,830	$ 4,314	$ 17,502	$ 243,911	$ 81,604	$ 25,136	$ 29,116	$ 7,473	$ 284,774
51	Henderson	$ 2,981,626	$ 39,843	$ 247,290	$ 394,465	$ 457,769	$ 285,677	$ 230,991	$ 85,435	$ 1,240,156
52	Henry	$ 414,535	$ 4,999	$ 40,669	$ 4,657	$ 179,134	$ 82,986	$ 4,887	$ 2,109	$ 95,093
53	Hickman	$ 361,925	$ 2,403	$ 1,154	$ 58	$ -	$ 90,516	$ 183,401	$ -	$ 84,393
54	Hopkins	$ 1,594,631	$ 87,600	$ 80,940	$ 170,496	$ 272,865	$ 166,529	$ 174,249	$ 102,557	$ 539,395
55	Jackson	$ 103,525	$ 1,412	$ 2,165	$ 6,862	$ 772	$ 7,780	$ 12,047	$ -	$ 72,486
56	Jefferson	$ 31,990,919	$ 585,670	$ 1,718,825	$ 2,755,616	$ 3,198,245	$ 4,503,454	$ 9,968,547	$ 1,330,454	$ 7,930,109
57	Jessamine	$ 1,734,244	$ 138,376	$ 108,368	$ 252,075	$ 320,480	$ 250,428	$ 224,512	$ 109,193	$ 330,812
58	Johnson	$ 260,020	$ 4,952	$ 9,035	$ 54,800	$ 70,744	$ 12,825	$ 9,734	$ 517	$ 97,413
59	Kenton	$ 2,151,146	$ 66,103	$ 111,822	$ 245,426	$ 537,519	$ 279,095	$ 247,809	$ 129,114	$ 534,257
60	Knott	$ 157,909	$ 439	$ 2,658	$ 5,764	$ 1,715	$ 63,269	$ 8,043	$ 43,442	$ 32,580
61	Knox	$ 488,390	$ 4,009	$ 33,473	$ 50,755	$ 80,022	$ 36,307	$ 41,940	$ 2,002	$ 239,883
62	Larue	$ 214,519	$ 6,929	$ 7,074	$ 8,495	$ 24,684	$ 55,349	$ 62,653	$ 2,384	$ 46,950
63	Laurel	$ 1,835,702	$ 32,176	$ 49,438	$ 191,302	$ 271,612	$ 197,765	$ 171,934	$ 249,224	$ 672,250
64	Lawrence	$ 358,570	$ 24,115	$ 42,698	$ 72,264	$ 55,750	$ 18,510	$ 22,140	$ 52,895	$ 70,198

County #	County	Total INV Credit	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023	Tax Year 2024	Tax Year 2025
65	Lee	$ 131,571	$ 6,898	$ 21,921	$ 13,712	$ 23,880	$ -	$ 24,270	$ -	$ 40,891
66	Leslie	$ 72,851	$ 400	$ 2,863	$ 6,786	$ 4,126	$ 12,650	$ 9,978	$ -	$ 36,049
67	Letcher	$ 312,477	$ 5,176	$ 16,602	$ 30,835	$ 75,639	$ 76,504	$ 13,544	$ 2,400	$ 91,777
68	Lewis	$ 315,862	$ 2,811	$ 3,617	$ 490	$ 3,329	$ 3,468	$ 1,727	$ 169,578	$ 130,843
69	Lincoln	$ 371,404	$ 6,188	$ 84,991	$ 34,523	$ 39,686	$ 53,752	$ 18,458	$ 10,540	$ 123,265
70	Livingston	$ 145,555	$ 13,440	$ 2,828	$ 3,183	$ 58,963	$ 2,460	$ 127	$ 97	$ 64,457
71	Logan	$ 1,099,464	$ 22,758	$ 54,271	$ 50,765	$ 136,926	$ 268,337	$ 97,869	$ 79,772	$ 388,766
72	Lyon	$ 129,660	$ 8,727	$ 10,711	$ 1,530	$ 34,892	$ 17,065	$ 16,100	$ 2,804	$ 37,832
73	McCracken	$ 2,878,527	$ 124,844	$ 317,658	$ 427,572	$ 479,458	$ 410,315	$ 288,852	$ 137,524	$ 692,304
74	McCreary	$ 92,538	$ 10,851	$ 8,369	$ 4,724	$ 13,608	$ 11,305	$ 4,598	$ -	$ 39,083
75	McLean	$ 254,411	$ 7,624	$ 11,707	$ 8,062	$ 27,398	$ 35,279	$ 43,559	$ 52,666	$ 68,116
76	Madison	$ 1,685,060	$ 78,142	$ 100,252	$ 194,783	$ 253,268	$ 277,875	$ 188,836	$ 116,461	$ 475,444
77	Magoffin	$ 468,019	$ 1,385	$ 11,820	$ 14,803	$ 12,559	$ 168,351	$ 22,142	$ 7,227	$ 229,732
78	Marion	$ 370,484	$ 8,101	$ 16,380	$ 33,483	$ 54,999	$ 35,325	$ 101,527	$ 36,872	$ 83,795
79	Marshall	$ 848,999	$ 38,448	$ 61,767	$ 61,816	$ 139,786	$ 164,093	$ 79,424	$ 13,304	$ 290,361
80	Martin	$ 106,889	$ 3,190	$ 4,366	$ 7,423	$ 16,149	$ 7,674	$ 10,625	$ 18,041	$ 39,421
81	Mason	$ 284,642	$ 14,918	$ 16,742	$ 46,694	$ 67,147	$ 37,339	$ 45,177	$ 10,614	$ 46,011
82	Meade	$ 553,139	$ 13,659	$ 24,449	$ 17,591	$ 35,456	$ 51,188	$ 24,459	$ 3,925	$ 382,412
83	Menifee	$ 24,514	$ -	$ 199	$ -	$ 2,849	$ 3,566	$ 3,457	$ 4,651	$ 9,792
84	Mercer	$ 232,983	$ 3,149	$ 10,069	$ 26,644	$ 56,465	$ 34,606	$ 28,953	$ 31,434	$ 41,662
85	Metcalfe	$ 61,890	$ 12,396	$ 3,949	$ 5,425	$ 2,224	$ 11,336	$ 10,504	$ 3,071	$ 12,984
86	Monroe	$ 649,644	$ 11,004	$ 41,312	$ 28,888	$ 118,985	$ 148,675	$ 80,462	$ 71,803	$ 148,516
87	Montgomery	$ 343,257	$ 36,258	$ 31,570	$ 64,518	$ 117,399	$ 12,785	$ 6,576	$ 8,273	$ 65,877
88	Morgan	$ 119,996	$ 5,597	$ 13,556	$ 7,674	$ 23,119	$ 28,928	$ 17,253	$ 112	$ 23,757
89	Muhlenberg	$ 530,180	$ 14,793	$ 53,358	$ 95,644	$ 114,414	$ 78,428	$ 43,327	$ 12,321	$ 117,895
90	Nelson	$ 1,722,861	$ 35,997	$ 103,405	$ 139,526	$ 233,886	$ 341,603	$ 211,081	$ 241,712	$ 415,651
91	Nicholas	$ 16,475	$ -	$ 2,958	$ -	$ 7,942	$ 1,281	$ 732	$ 958	$ 2,604
92	Ohio	$ 278,159	$ 8,134	$ 11,203	$ 27,995	$ 72,183	$ 39,855	$ 41,622	$ 20,950	$ 56,216
93	Oldham	$ 877,945	$ 7,446	$ 49,059	$ 61,942	$ 160,103	$ 133,285	$ 85,234	$ 85,357	$ 295,519
94	Owen	$ 121,499	$ 2,540	$ 10,235	$ 19,726	$ 17,085	$ 19,056	$ 25,566	$ 11,372	$ 15,919
95	Owsley	$ 7,052	$ 128	$ 264	$ -	$ 558	$ 1,042	$ 189	$ -	$ 4,871
96	Pendleton	$ 56,199	$ 285	$ 979	$ 88	$ 7,757	$ 16,809	$ 9,596	$ 4,747	$ 15,938

County #	County	Total INV Credit	Tax Year 2018	Tax Year 2019	Tax Year 2020	Tax Year 2021	Tax Year 2022	Tax Year 2023	Tax Year 2024	Tax Year 2025
97	Perry	$ 465,527	$ 36,365	$ 24,221	$ 48,958	$ 116,048	$ 32,269	$ 40,105	$ 8,299	$ 159,261
98	Pike	$ 701,558	$ 29,319	$ 44,970	$ 43,971	$ 251,475	$ 94,196	$ 70,453	$ 13,461	$ 153,713
99	Powell	$ 76,755	$ 1,917	$ 5,719	$ 4,551	$ 2,203	$ 22,780	$ -	$ 8,299	$ 31,286
100	Pulaski	$ 1,041,779	$ 32,041	$ 95,798	$ 66,071	$ 261,707	$ 148,056	$ 88,234	$ 66,547	$ 283,324
101	Robertson	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
102	Rockcastle	$ 32,852	$ 682	$ 2,344	$ 5,610	$ 3,014	$ 2,131	$ 1,788	$ 1,494	$ 15,790
103	Rowan	$ 475,748	$ 60,834	$ 153,587	$ 15,813	$ 73,522	$ 33,001	$ 7,560	$ 14,397	$ 117,033
104	Russell	$ 637,070	$ 10,132	$ 27,430	$ 15,567	$ 56,042	$ 230,656	$ 148,153	$ 56,254	$ 92,837
105	Scott	$ 2,849,914	$ 24,270	$ 485,277	$ 454,937	$ 131,362	$ 114,466	$ 76,971	$ 80,321	$ 1,482,310
106	Shelby	$ 593,474	$ 17,944	$ 34,323	$ 46,612	$ 92,756	$ 81,774	$ 106,320	$ 72,990	$ 140,755
107	Simpson	$ 240,531	$ 285	$ 17,359	$ 51,689	$ 87,668	$ 38,690	$ 5,018	$ 4,842	$ 34,980
108	Spencer	$ 31,766	$ 46	$ 4,013	$ -	$ 2,745	$ 4,694	$ 2,162	$ 4,173	$ 13,933
109	Taylor	$ 467,779	$ 114,312	$ 106,132	$ 65,158	$ 79,910	$ 30,184	$ 6,508	$ 5,285	$ 60,289
110	Todd	$ 569,514	$ 18,691	$ 31,616	$ 42,102	$ 52,592	$ 179,679	$ 46,656	$ 44,634	$ 153,544
111	Trigg	$ 95,837	$ 2,254	$ 9,295	$ 3,469	$ 15,057	$ 15,245	$ 18,343	$ 5,073	$ 27,101
112	Trimble	$ 39,673	$ 667	$ 3,325	$ 1,245	$ 3,286	$ 12,045	$ 3,997	$ 4,370	$ 10,738
113	Union	$ 578,380	$ 93,060	$ 37,190	$ 76,993	$ 58,426	$ 109,678	$ 148,408	$ 25,145	$ 29,480
114	Warren	$ 3,528,976	$ 81,502	$ 332,914	$ 610,937	$ 379,744	$ 724,086	$ 221,965	$ 163,529	$ 1,014,299
115	Washington	$ 138,534	$ 23,751	$ 19,928	$ 11,846	$ 20,469	$ 30,776	$ 6,786	$ 5,334	$ 19,643
116	Wayne	$ 223,022	$ 3,694	$ 9,803	$ 8,558	$ 6,947	$ 61,821	$ 44,770	$ 38,886	$ 48,543
117	Webster	$ 210,149	$ 4,508	$ 12,430	$ -	$ 19,032	$ 33,799	$ 41,287	$ 39,810	$ 59,283
118	Whitley	$ 777,280	$ 30,642	$ 75,775	$ 16,889	$ 99,797	$ 164,631	$ 115,879	$ 103,342	$ 170,325
119	Wolfe	$ 2,788	$ 50	$ -	$ -	$ 361	$ 676	$ 460	$ 634	$ 607
120	Woodford	$ 587,351	$ 21,276	$ 45,411	$ 7,682	$ 50,696	$ 114,496	$ 103,047	$ 115,248	$ 129,495
		$ 150,117,620	**$ 3,769,593**	**$ 12,091,849**	**$ 21,679,295**	**$ 19,238,969**	**$ 24,349,299**	**$ 20,722,503**	**$ 7,184,755**	**$ 41,081,356**