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## MEMORANDUM

**TO:** All Members of the  
Interim Joint Committee on Appropriations and Revenue

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

**DATE:** November 4, 2025

**SUBJECT:** Staff Summary  
Major Recycling Tax Credit Approved in 2024

KRS 141.390 defines "major recycling project" to mean a project location where the taxpayer:

1. Invests more than \$10,000,000 in recycling or composting equipment to be used exclusively in this state;
2. Has at least 400 full-time employees with an average hourly wage of more than 300% of the federal minimum wage; and
3. Has plant and equipment with a total cost of more than \$500,000,000.

For taxable years beginning after December 31, 2019, a taxpayer that has a major recycling project is entitled to a credit against the income tax and the limited liability entity tax. The total tax credit shall be an amount equal to 25% of the installed cost of the recycling and composting equipment, limited to a period of 30 years commencing with the approval of the recycling credit application. Additionally, the amount of credit claimed in a taxable year shall not exceed 75% of the total of each tax liability which would be otherwise due for that taxable year.

The Department of Revenue is required to report specific data items to this committee no later than November 1 each year. The Department has submitted that report. However, that report contains sensitive and confidential information. Because the number of taxpayers contained within the report is so few, no information can be shared regarding the location of the project or the amount a credit claimed. Generally, three or more taxpayers are required to share cumulative information about the tax credit.