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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  
Selling Farmers Tax Credit  
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 selling farmers. The purpose of the Selling Farmer Tax Credit Program is to promote the continued use of agricultural land in Kentucky for farming purposes by granting a tax credit to a selling farmer who agrees to sell agricultural assets to a beginning farmer. [KRS 154.60-040] The Selling Farmer Tax Credit Program was enacted during the 2019 Regular Session of the Kentucky General Assembly.

The tax credit may equal up to five percent of the selling price of qualifying agricultural assets, subject to a \$25,000 cap for each taxable year of the selling farmer; a \$100,000 lifetime cap for each selling farmer; and a proration by the Kentucky Economic Development Finance Authority based on the overall cap shared between the Small Business Tax Credit Program and the Selling Farmer Tax Credit Program of \$3 million. The Selling Farmer Tax Credit Program was enacted during the 2019 Regular Session of the Kentucky General Assembly.

Tax credits have been claimed by selling farmers in 13 separate counties, primarily in central and western Kentucky. Since 2019, 20 income tax returns have been processed claiming the tax credit, with the lowest amount being less than \$1,000 and the highest amount being greater than \$20,000. Six of the 20 tax returns processed reported adjusted gross incomes less than \$100,000. The total amount of tax credits claimed for all years is \$148,714.