141.065 Tax credit for hiring person classified as unemployed -- Annual report.

(1) For the purposes of this section, "code" or "Internal Revenue Code" means the Internal Revenue Code in effect as of December 31, 1981.

(2) For taxable years beginning before January 1, 2028, there shall be allowed as a credit for any taxpayer against the tax imposed by KRS 141.020 or 141.040 and 141.0401 for any taxable year, with the ordering of the credits as provided in KRS 141.0205, an amount equal to one hundred dollars ($100) for each person hired by the taxpayer, if that person has been classified as unemployed by the Office of Unemployment Insurance in the Education and Labor Cabinet and has been so classified for at least sixty (60) days prior to his employment by the taxpayer, and if further that person has remained in the employ of the taxpayer for at least one hundred eighty (180) consecutive days during the taxable year in which the taxpayer claims the credit.

(3) No credit shall be allowed to any taxpayer for any person hired under any of the following circumstances:

   (a) A person for whom the taxpayer receives federally funded payments for on-the-job training;

   (b) For any person who bears any of the relationships to the taxpayer described in paragraphs (1) through (8) of Section 152(a) of the Internal Revenue Code, or, if the taxpayer is a corporation, to an individual who owns, directly or indirectly, more than fifty percent (50%) in value of the outstanding stock of the corporation as determined with the application of Section 267(c) of the code;

   (c) If the taxpayer is an estate or trust, to any person who is a grantor, beneficiary, or fiduciary of the estate or trust, or is an individual who bears any of the relationships described in paragraphs (1) through (8) of Section 152(a) of the code to a grantor, beneficiary, or fiduciary of the estate or trust; or

   (d) To any person who is a dependent of the taxpayer as described in code Section 152(a)(9), or, if the taxpayer is an estate or trust, of a grantor, beneficiary, or fiduciary of the estate or trust.

(4) For purposes of this section, all employees of all corporations which are members of the same controlled group of corporations shall be treated as employed by a single employer. In no instance shall the credit, if any, allowable by subsection (2) of this section for any employee qualified thereunder be claimed more than once for any taxable year by such a controlled group of corporations. For purposes of this subsection, the term "controlled group of corporations" has the meaning given to that term by code Section 1563(a), except that "more than fifty percent (50%)" shall be substituted for "at least eighty percent (80%)" each place it appears in code Section 1563(a)(1), and the determination shall be made without regard to subsections (a)(4) and (e)(3)(c) of code Section 1563.

(5) For purposes of this section, all employees of trades or businesses (whether or not incorporated) which are under common control shall be treated as employed by a single employer, and in no instance shall the credit, if any, allowable by subsection (2) of this section for any employee qualified thereunder be claimed more than once

for any taxable year.

(6) No credit shall be allowed under subsection (2) of this section to any organization which is exempt from income tax by this chapter.

(7) In the case of a pass-through entity, the amount of the credit determined under this section for any taxable year shall be applied at the entity level against the limited liability entity tax imposed by KRS 141.0401 and shall also be apportioned pro rata among the members, partners, or shareholders of the limited liability entity on the last day of the taxable year, and any person to whom an amount is so apportioned shall be allowed, subject to code Section 53, a credit under subsection (2) of this section for that amount.

(8) In the case of an estate or trust, the amount of the credit determined under this section for any taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of income of the estate or trust allocable to each, and any beneficiary to whom any amount has been apportioned under this subsection shall be allowed, subject to code Section 53, a credit under subsection (2) of this section for that amount.

(9) In no event shall the credit allowed, pursuant to this section, for any taxable year exceed the tax liability of the taxpayer for the taxable year.

(10) (a) By November 1, 2026, and each November 1 thereafter as long as credit is claimed under this section, the department shall report to the Legislative Research Commission for referral to the Interim Joint Committee on Appropriations and Revenue:

1. The total number of returns claiming the credit for the taxable year;
2. The total amount of credit claimed for the taxable year;
3. By county, the total number of unemployed persons hired for which credit is claimed for the taxable year;
4. By taxpayer:
   a. The name and location of the taxpayer claiming the credit as listed on the tax return;
   b. The total number of tax credits claimed for the taxable year;
   c. The total amount of credit claimed for the taxable year; and
   d. The total number of unemployed persons hired in which credit is claimed for the taxable year; and
5. a. In the case of taxpayers other than corporations, based on ranges of adjusted gross income of no larger than five thousand dollars ($5,000) for the taxable year, the total amount of credit claimed and the total number of returns claiming this credit for each adjusted gross income range.
   b. In the case of corporations, based on ranges of net income of no larger than fifty thousand dollars ($50,000) for the taxable year, the total amount of credit claimed and the total number of returns claiming this credit for each net income range.

(b) The Office of Unemployment Insurance shall assist by providing the department with the information necessary to help fulfill the requirements under this subsection.

(c) The information required to be reported under this subsection shall not be considered confidential taxpayer information and shall not be subject to KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes prohibiting disclosure or reporting of information.

Effective: July 15, 2026

History: Amended 2026 Ky. Acts ch. 161, sec. 53, effective July 15, 2026. -- Amended 2022 Ky. Acts ch. 236, sec. 25, effective July 1, 2022. -- Amended 2019 Ky. Acts ch. 146, sec. 10, effective June 27, 2019. -- Amended 2009 Ky. Acts ch. 11, sec. 11, effective June 25, 2009. -- Amended 2006 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 17, effective June 28, 2006. -- Amended 2005 Ky. Acts ch. 99, sec. 117, effective June 20, 2005. -- Amended 2000 Ky. Acts ch. 14, sec. 9, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 426, sec. 100, effective July 15, 1998. -- Amended 1984 Ky. Acts ch. 111, secs. 79 and 177, effective July 13, 1984. -- Created 1982 Ky. Acts ch. 431, sec. 1, effective July 15, 1982.

Legislative Research Commission Note (6/28/2006). 2006 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 73, provides that "unless a provision of this Act specifically applies to an earlier tax year, the provisions of this Act shall apply to taxable years beginning on or after January 1, 2007."