141.412 Tax credit for qualified farming operation -- Annual report.

(1) For taxable years beginning before January 1, 2028, a qualified farming operation shall be entitled to a nonrefundable credit against the Kentucky income tax liability established pursuant to the provisions of this chapter on any income of the qualified farming operation generated by or arising out of the qualified farming operation's participation in a networking project, and against the limited liability entity tax imposed by KRS 141.0401 on any Kentucky gross profits or Kentucky gross receipts of the qualified farming operation generated by or arising out of the qualified farming operation's participation in a networking project. The credits shall be applied as provided in KRS 141.0205. The annual credit shall be available for the first five (5) years that the farming operation is involved in the networking project. The annual credit shall be equal to the approved costs incurred by the qualified farming operation during the tax year and shall not exceed the income, Kentucky gross profits or Kentucky gross receipts, as the case may be, of the qualified farming operation generated by or arising out of the qualified farming operation's participation in a networking project.

(2) Any credit not used in the tax year in which it first becomes available may be carried forward to the next succeeding five (5) tax years until the credit has been fully used. The aggregate credit used in any tax year shall not exceed the income, Kentucky gross profits or Kentucky gross receipts, as the case may be, of the qualified farming operation generated by or arising out of the qualified farming operation's participation in a networking project in that tax year.

(3) (a) By November 1, 2026, and each November 1 thereafter as long as a qualified farming operation 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 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;

d. The name and location, by county, of the networking project;

e. Type of food or product produced; and

f. Type of raw materials provided for food-producing facilities in this state; and

4. 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 Cabinet for Economic Development shall assist by providing the department with information on the approved farming operations or networking projects 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. 54, effective July 15, 2026. -- Amended 2006 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 29, effective June 28, 2006. -- Created 1994 Ky. Acts ch. 390, sec. 17, effective July 15, 1994.

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."