

CHAPTER 71
(HB 368)

AN ACT relating to tax credits.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 144.132 is amended to read as follows:

(1) *As used in this section:*

- (a) *"Certificated air carrier" means an air carrier that is listed on the United States Department of Transportation certificated air carrier list or a foreign indirect air carrier registered with the United States Department of Transportation;*
- (b) *"Department" means the Department of Revenue; and*
- (c) *"Person" has the same meaning as in KRS 139.010.*

(2) (a) ~~Subject to the provisions of subsection (2) of this section,~~ Any certificated air carrier which is engaged in the air transportation of persons or property for hire shall be entitled to a credit against the Kentucky sales and use tax paid on aircraft fuel, including jet fuel, ~~purchased after June 30, 2000,~~ as determined ~~by this~~ ~~under subsection (2) of this~~ section.

- (b) ~~(2)~~ ~~For fiscal years beginning after June 30, 2000,~~ Certificated air carriers shall pay the first one million dollars (\$1,000,000) in Kentucky sales and use tax due ~~on~~ ~~that is applicable to~~ the purchase of aircraft fuel, including jet fuel. The one million dollars (\$1,000,000) shall be increased to reflect the sales and use tax on aviation fuel attributable to operations of any other company when such company is purchased, merged, acquired, or otherwise combined with the certificated air carrier after the base period. The increase shall be based on the tax applicable to aircraft fuel purchased during the twelve (12) month period immediately preceding the purchase, merger, or other acquisition by or in combination with the certificated air carrier. The sales and use tax credit shall be an amount equal to the Kentucky sales and use tax otherwise applicable to the purchase of aircraft fuel, including jet fuel, purchased by the certificated air carrier during each fiscal year ~~beginning after June 30, 2000,~~ in excess of one million dollars (\$1,000,000).

(3) *On and after the effective date of this Act, any person that:*

- (a) *Contracts with one (1) or more certificated air carriers for the transportation by air of persons, property, or mail; and*
- (b) *Is responsible for the purchase and payment of aircraft fuel, including jet fuel to transport the persons, property, or mail;*

shall be entitled to a credit against the Kentucky sales and use tax paid on aircraft fuel, including jet fuel, during the fiscal year in excess of one million dollars (1,000,000).

(4) ~~(3)~~ Each certificated air carrier *that qualifies for the credit authorized in subsection (2) of this section and every person that qualifies for the credit authorized in subsection (3) of this section* purchasing aircraft fuel, including jet fuel, on which Kentucky sales and use tax for the fiscal year is reasonably expected to exceed one million dollars (\$1,000,000) shall report and pay directly to the department ~~of Revenue~~ the tax applicable to the purchase of aircraft fuel, including jet fuel, purchased for storage use or other consumption during the fiscal year.

(5) ~~(4)~~ Each certificated air carrier *that qualifies for the credit authorized in subsection (2) of this section and every person that qualifies for the credit authorized in subsection (3) of this section that claims* ~~claiming~~ the sales and use tax credit ~~authorized pursuant to this section~~ shall file an annual sales and use tax reconciliation report with the department ~~of Revenue~~ on or before October 15 of the fiscal year following the fiscal year for which the credit is claimed. The report shall be *in a form and contain information and documentation as the department may reasonably require to verify the computation of the tax credit against the tax imposed under KRS 139.200 and 139.310* ~~filed as provided in KRS 144.137.~~

➔Section 2. The following KRS sections are repealed:

144.110 Definitions for KRS 144.110 to 144.130.

144.115 Legislative findings and declarations.

144.125 General tax credit -- Qualifications -- Amount -- Duration -- Use -- Reporting requirements.

144.130 Application for credits -- Date for meeting qualifications -- Pro rata forfeiture of credits -- Extensions -- Notice requirements for department.

144.135 General tax credit reconciliation report relative to corporation license tax.

144.137 Sales and use tax and general tax credit reconciliation reports relative to sales and use tax.

144.139 General tax credit reconciliation report relative to corporation income tax.

Signed by Governor March 21, 2017.