

246.700 Renewable Chemical Production Program.

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 - (a) The department shall create and administer the Renewable Chemical Production Program by promulgating administrative regulations under KRS Chapter 13A and authorizing tax credits for that production.
 - (b) The department may consult with the chemical engineering departments of any university to create and administer the Renewable Chemical Production Program that may best serve this Commonwealth.
 - (c) The department shall coordinate with the Department of Revenue related to awarding tax credits while remaining within the annual biodiesel, renewable diesel, and renewable chemical production tax credit cap provided in KRS 141.422.
- (2) To be eligible for receiving the renewable chemical production tax credit under KRS 141.4231, a business shall:
 - (a) Be physically located in this state;
 - (b) Operate for profit;
 - (c) Organize, expand, or locate in this state on or after July 1, 2020;
 - (d)
 1. Create new jobs and retain those jobs for at least four (4) years; or
 2. Invest a substantial amount of new capital in the Commonwealth and maintain that capital for at least four (4) years;
 - (e) Certify to the department:
 1. That the business:
 - a. Has not applied for and will not receive economic development incentives under KRS Chapter 154 for the jobs created or capital investment made under the Renewable Chemical Production Program; and
 - b. Is in compliance with all agreements entered into under the Renewable Chemical Production Program or other programs administered by the department; and
 2. The date that the business first qualified as an eligible business;
 - (f) Not provide professional services, health care services, or medical treatments, or engage in retail operations; and
 - (g) Not relocate operations from another area of the state or reduce operations in another area of the state while seeking this incentive. To determine whether a project meets the requirement under this paragraph, the department shall:
 1. Consider a project that does not create new jobs or invest a substantial amount of new capital a relocation or reduction in operations; and
 2. Require sufficient data from the business related to jobs created and the amount of substantial capital investment before the business applies for this incentive and for four (4) years following the approval of this incentive to ensure that new jobs or substantial capital investment have occurred and remain productive in this state;

- (3) (a) Before being approved for the tax credit permitted by KRS 141.4231, an eligible business shall enter into an agreement with the department for the successful completion of all requirements of the program.
- (b) As part of the agreement, the eligible business shall agree to:
 - 1. Collect and provide all information required by the department, allowing the department and the Department of Revenue to maintain the annual tax credit cap and to fulfill each of the reporting and compliance obligations under this section and KRS 141.4231; and
 - 2. Agree to allow information about the production of renewable chemicals and the related tax credit to be shared with the Interim Joint Committee on Appropriations and Revenue.
- (c) The business shall not receive a tax credit for renewable chemicals produced before the date the business first qualified as an eligible business.
- (4) (a) The department may impose a nonrefundable compliance cost fee of five hundred dollars (\$500), collected by the department at the time a business applies for participation in the program.
- (b) An eligible business shall fulfill all the requirements of the program and the agreement before receiving a tax credit or entering into a subsequent agreement under this section.
- (c) The department may decline to enter into a subsequent agreement under this section or award a tax credit if an agreement is not successfully fulfilled.
- (5) (a) After the production of renewable chemicals by an eligible business, the business shall apply, in the manner prescribed by the department, for the renewable chemicals production tax credit. The application shall include the following information:
 - 1. A description of the renewable chemicals produced in this state;
 - 2. The amount or volume of renewable chemicals produced;
 - 3. The costs associated with the production of the renewable chemicals;
 - 4. The amount of gross receipts generated by the sale of the renewable chemicals; and
 - 5. Any other information required by the department in order to establish and verify eligibility under the program.
- (b) The department may accept applications on a continuous basis or may establish, by administrative regulation, an annual application deadline.
- (6) Upon establishing that all requirements of the program and the agreement have been fulfilled, the department shall certify the amount of preliminary tax credit for the applicant to the Department of Revenue.
- (7) (a) The department shall work with the Department of Revenue to provide all information necessary to ensure compliance with KRS Chapter 141 by the successful tax credit applicant.
- (b) On or before December 31, 2020, and on or before each December 31 thereafter, the department shall submit to the Department of Revenue all

information received from each eligible business related to the renewable chemical production tax credit.

- (c) When the Department of Revenue receives the information provided under paragraph (b) of this subsection, the Department of Revenue shall consider the renewable chemical production tax credit applications together with the total amount of approved credit for all biodiesel producers, biodiesel blenders, and renewable diesel producers required in KRS 141.423.
- (8) The Renewable Chemical Production Program shall sunset on December 31, 2024.
- (9) (a) Failure to fulfill any requirement of the program or any of the terms and obligations of an agreement entered into under this section by an eligible business shall:
 - 1. Result in the rescission of the tax credit permitted by KRS 141.4231 by the department; and
 - 2. Subject the eligible business to the repayment of all tax credits claimed.
- (b) Upon the rescission of any tax credit, the department shall report to the Department of Revenue, within thirty (30) days, all information necessary by the Department of Revenue to ensure compliance with KRS Chapter 141.

Effective: April 15, 2020

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