

141.4231 Renewable chemical production tax credit.

- (1) (a) An eligible business that:
 1. Has entered into an agreement under KRS 246.700(3);
 2. Receives certification from the Department of Agriculture of the preliminary tax credit under KRS 246.700(6); and
 3. Receives authorization from the department regarding the amount of tax credit that is allowed;may claim the renewable chemical production tax credit in an amount equal to the amount authorized by the department as provided in KRS 141.423.
- (b) For taxable years beginning on or after January 1, 2021, the renewable chemical production tax credit shall be nonrefundable, nontransferable, and allowed against taxes imposed by KRS 141.020 or 141.040 and 141.0401, with the ordering of the credits as provided in KRS 141.0205.
- (c)
 1. Any amount of credit that a taxpayer is unable to utilize during a taxable year may be carried forward for use in a succeeding taxable year for a period not to exceed three (3) taxable years.
 2. Any amount of credit not used within the three (3) taxable years shall be lost.
 3. No amount of credit may be carried back to a prior taxable year by any taxpayer.
- (2) If the eligible business is a pass-through entity, the eligible business may apply the credit against the limited liability entity tax imposed by KRS 141.0401, and shall pass the credit through to its members, partners, or shareholders in the same proportion as the distributive share of income or loss is passed through.
- (3) If the Department of Agriculture rescinds any tax credit under KRS 246.700(9), the repayment of any tax credit by the taxpayer shall be:
 - (a) Considered a tax payment due and payable to the Kentucky State Treasurer; and
 - (b) Collected by the department in the same manner as failure to pay the tax shown due or required to be shown due with the filing of that return.
- (4) (a) In order for the General Assembly to evaluate the Renewable Chemical Tax Credit Program, the department, in cooperation with the Department of Agriculture, shall submit to the Interim Joint Committee on Appropriations and Revenue a cumulative report describing the activities of the program by taxable year.
- (b) The report shall include:
 1. The aggregate number of pounds, by each type of renewable chemicals produced in this state, for all successful tax credit applicants under the program;
 2. The aggregate gross receipts from sales, by each type of renewable chemicals produced in this state, for all successful tax credit applicants

under the program;

3. The number of employees located in this state of all successful tax credit applicants during the calendar year immediately preceding the calendar year for which the successful applicants first applied for a tax credit under the program;
4. The number of employees located in this state of all successful tax credit applicants during each calendar year that the tax credit is claimed;
5. The number of tax credit certificates and aggregate amount of tax credits awarded under the program for each calendar year; and
6. For each eligible business issued a renewable chemical production tax credit during each taxable year:
 - a. The county within which the eligible business is producing the renewable chemical;
 - b. The amount of the tax credit claimed by the eligible business;
 - c. The manner in which the eligible business first qualified as an eligible business, whether by organizing, expanding, or locating in this state;
 - d. The amount of renewable chemical production tax credit claimed during each taxable year; and
 - e. Any repayment of incentives by the business, if the business does not meet the requirements of the agreement.

Effective: April 15, 2020

History: Created 2020 Ky. Acts ch. 91, sec. 25, effective April 15, 2020.