

**141.398 Development area tax credit -- Annual report.**

- (1) As used in this section:
  - (a) "Development area" has the same meaning as in KRS 65.501;
  - (b) "Owner" means:
    1. The individual who owned the residential property on January 1, 2021; or
    2. Upon the death of the individual under subparagraph 1. of this paragraph, a beneficiary who:
      - a. Is a lineal descendant of the individual, but also including a spouse, child, legally adopted child, grandchild, brother, sister, parent, or grandparent; and
      - b. Inherits the residential property of the individual;
  - (c) "Property tax" means the total ad valorem tax paid to the Commonwealth, a consolidated local government, and all taxing districts on the residential property; and
  - (d) "Residential property" means:
    1. The principal residence of the owner;
    2. Located in a development area; and
    3. Owned as of January 1, 2021.
- (2) There is hereby created the development area tax credit allowable against the tax imposed under KRS 141.020, with the ordering of credits under KRS 141.0205.
- (3)
  - (a) The tax credit permitted by subsection (2) of this section shall be a refundable, nontransferable tax credit to the owner of residential property in the development area.
  - (b) The credit shall be equal to the amount in which the property tax timely paid on the residential property in a taxable year exceeds the amount of property tax assessed on that residential property on January 1, 2021.
- (4) The tax credit shall end the earlier of the taxable year in which:
  - (a) The residential property is sold by the owner; or
  - (b) The period allowed for incremental revenues under KRS 65.504 ends.
- (5)
  - (a) In order for the General Assembly to evaluate the development area tax credit, the department shall provide the following information on a cumulative basis for each taxable year to provide a historical impact of the tax credit to the Commonwealth:
    1. The total amount of tax credit claimed for each taxable year by all owners;
    2. The total amount of tax credit for each taxable year which is used to offset tax liability of owners and the total amount that is refunded to owners;
    3. The physical address of the residential property which created the tax

credit;

4. The amount of the tax credit claimed for the taxable year for each physical address;
  5. The amount of the tax credit used to offset tax liability and the amount refunded to the owner at that physical address; and
  6. Based on ranges of net income no larger than five thousand dollars (\$5,000), the total amount of tax credit claimed and the number of returns claiming a tax credit for each adjusted gross income range.
- (b) The report required by paragraph (a) of this subsection shall be submitted to the Interim Joint Committee on Appropriations and Revenue beginning no later than November 1, 2023, and no later than each November 1 thereafter, as long as the credit is claimed on any return processed by the department.

**Effective:** June 29, 2021

**History:** Created 2021 Ky. Acts ch. 203, sec. 8, effective June 29, 2021.