

154.32-070 Tax credits for economic development project by approved company.

- (1) For taxable years beginning after December 31, 2009, an approved company may be eligible for a credit of up to one hundred percent (100%) of the Kentucky income tax imposed under KRS 141.020 or 141.040, and the limited liability entity tax imposed under KRS 141.0401, that would otherwise be owed by the approved company to the Commonwealth for the approved company's taxable year, on the income, Kentucky gross profits, or Kentucky gross receipts of the approved company generated by or arising from the economic development project.
- (2) The credit allowed the approved company shall be applied against both the income tax imposed by KRS 141.020 or 141.040, and the limited liability entity tax imposed by KRS 141.0401, with credit ordering as provided in KRS 141.0205, for the taxable year for which the tax return of the approved company is filed, subject to the annual maximum set forth in the tax incentive agreement. Any credit not used in the year in which it was first available may be carried forward to subsequent years, provided that no credit may be carried forward beyond the term of the tax incentive agreement.
- (3) The approved company shall not be required to pay estimated tax payments under KRS 141.044 on the Kentucky taxable income, Kentucky gross receipts, or Kentucky gross profits generated by or arising from the eligible project.
- (4) The credit provided by this section shall be determined as provided in KRS 141.415.
- (5) The amount of incentives allowed under subsections (1) to (4) of this section shall not exceed the lesser of the tax liability of the approved company related to the economic development project for that year or the annual maximum approved costs set forth in the tax incentive agreement in any year. The incentives shall be allowed for each fiscal year of the approved company during the term of the tax incentive agreement for which a tax return is filed by the approved company.
- (6) (a) An approved company receiving preliminary approval after July 1, 2026, may receive, in addition to the inducements provided under subsections (1) to (4) of this section, a credit as provided under KRS 141.399 in an amount up to:
 1. Two and one-quarter percent (2.25%) of the wages paid to full-time employees who are subject to the tax imposed by KRS 141.020 and maintained at an economic development project located in a heritage county; and
 2. One and one-quarter percent (1.25%) of the wages paid to full-time employees who are subject to the tax imposed by KRS 141.020 and maintained at an economic development project located in any other county.
- (b) The cumulative credits awarded:
 1. To an approved company under this subsection for any year of the agreement shall not exceed the annual maximum approved costs of the economic development project as provided in the tax incentive agreement; and
 2. Shall not exceed four million dollars (\$4,000,000) per taxable year, of

which no more than one million dollars (\$1,000,000) shall be allowed for wages paid to full-time employees in counties other than heritage counties.

Effective: April 27, 2026

History: Amended 2026 Ky. Acts ch. 198, sec. 17, effective April 27, 2026. -- Amended 2019 Ky. Acts ch. 151, sec. 71, effective June 27, 2019. -- Created 2009 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 16, effective June 26, 2009.

Legislative Research Commission Note (6/27/2019). Section 85 of 2019 Ky. Acts ch. 151 states that the amendments to this statute made in Section 71 of that Act apply retroactively to April 14, 2018.