

AN ACT relating to a tax credit for volunteer firefighters.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO READ AS FOLLOWS:

(1) *As used in this section:*

(a) *"Active certified volunteer firefighter" means a firefighter who:*

1. *Volunteers for a qualified fire department;*
2. *Is active with a qualified fire department for the entire taxable year for which the credit is claimed; and*
3. *Appears on the list of certified volunteer firefighters provided by the commission pursuant to subsection (4) of this section;*

(b) *"Commission" means the Commission on Fire Protection Personnel Standards and Education; and*

(c) *"Qualified fire department" has the same meaning as in KRS 95A.510.*

(2) *For taxable years beginning on or after January 1, 2017, but before January 1, 2021, a refundable credit shall be allowed for active certified volunteer firefighters against the tax imposed by KRS 141.020 in the amount of one thousand dollars (\$1,000), with the ordering of credits as provided in Section 2 of this Act.*

(3) (a) *The purpose of the credit permitted by subsection (2) of this section is to increase the number of certified volunteer firefighters actively volunteering with a qualified fire department in the Commonwealth.*

(b) *Notwithstanding KRS 131.190, in order to evaluate the effectiveness of the credit in achieving the goal stated in this subsection, the department shall report the following information to the Legislative Research Commission on or before December 1, 2018, and on or before every December 1 thereafter as long as the credit permitted by subsection (2) of this section is available:*

1. The number of taxpayers that claimed the credit; and

2. The total amount of credit claimed;

on returns processed during the fiscal year ending immediately prior to the December reporting date.

(4) The commission shall provide to the department an annual list of all certified volunteer firefighters on or before January 15, 2018, and on or before every January 15 thereafter as long as the credit permitted by subsection (2) of this section is available.

→Section 2. KRS 141.0205 is amended to read as follows:

If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of the credits shall be determined as follows:

- (1) The nonrefundable business incentive credits against the tax imposed by KRS 141.020 shall be taken in the following order:
  - (a) 1. For taxable years beginning after December 31, 2004, and before January 1, 2007, the corporation income tax credit permitted by KRS 141.420(3)(a);
  2. For taxable years beginning after December 31, 2006, the limited liability entity tax credit permitted by KRS 141.0401;
  - (b) The economic development credits computed under KRS 141.347, 141.381, 141.384, 141.400, 141.401, 141.402, 141.403, 141.407, 141.415, 154.12-2088, and 154.27-080;
  - (c) The qualified farming operation credit permitted by KRS 141.412;
  - (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
  - (e) The health insurance credit permitted by KRS 141.062;
  - (f) The tax paid to other states credit permitted by KRS 141.070;
  - (g) The credit for hiring the unemployed permitted by KRS 141.065;

- (h) The recycling or composting equipment credit permitted by KRS 141.390;
  - (i) The tax credit for cash contributions in investment funds permitted by KRS 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS 154.20-258;
  - (j) The coal incentive credit permitted ~~by~~ KRS 141.0405;
  - (k) The research facilities credit permitted ~~by~~ KRS 141.395;
  - (l) The employer GED incentive credit permitted ~~by~~ KRS 164.0062;
  - (m) The voluntary environmental remediation credit permitted by KRS 141.418;
  - (n) The biodiesel and renewable diesel credit permitted by KRS 141.423;
  - (o) The environmental stewardship credit permitted by KRS 154.48-025;
  - (p) The clean coal incentive credit permitted by KRS 141.428;
  - (q) The ethanol credit permitted by KRS 141.4242;
  - (r) The cellulosic ethanol credit permitted by KRS 141.4244;
  - (s) The energy efficiency credits permitted by KRS 141.436;
  - (t) The railroad maintenance and improvement credit permitted by KRS 141.385;
  - (u) The Endow Kentucky credit permitted by KRS 141.438;
  - (v) The New Markets Development Program credit permitted by KRS 141.434;
  - (w) The food donation credit permitted by KRS 141.392;
  - (x) The distilled spirits credit permitted by KRS 141.389; and
  - (y) The angel investor credit permitted by KRS 141.396.
- (2) After the application of the nonrefundable credits in subsection (1) of this section, the nonrefundable personal tax credits against the tax imposed by KRS 141.020 shall be taken in the following order:
- (a) The individual credits permitted by KRS 141.020(3);
  - (b) The credit permitted by KRS 141.066;
  - (c) The tuition credit permitted by KRS 141.069;
  - (d) The household and dependent care credit permitted by KRS 141.067; and

- (e) The new home credit permitted by KRS 141.388.
- (3) After the application of the nonrefundable credits provided for in subsection (2) of this section, the refundable credits against the tax imposed by KRS 141.020 shall be taken in the following order:
- (a) The individual withholding tax credit permitted by KRS 141.350;
  - (b) The individual estimated tax payment credit permitted by KRS 141.305;
  - (c) For taxable years beginning after December 31, 2004, and before January 1, 2007, the corporation income tax credit permitted by KRS 141.420(3)(c);
  - (d) The certified rehabilitation credit permitted by KRS 171.3961 and 171.397(1)(b); ~~and~~
  - (e) The film industry tax credit permitted~~allowed~~ by KRS 141.383; and
  - (f) The active certified volunteer firefighter credit permitted by Section 1 of this Act.**
- (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the tax imposed by KRS 141.040.
- (5) The following nonrefundable credits shall be applied against the sum of the tax imposed by KRS 141.040 after subtracting the credit provided for in subsection (4) of this section, and the tax imposed by KRS 141.0401 in the following order:
- (a) The economic development credits computed under KRS 141.347, 141.381, 141.384, 141.400, 141.401, 141.402, 141.403, 141.407, 141.415, 154.12-2088, and 154.27-080;
  - (b) The qualified farming operation credit permitted by KRS 141.412;
  - (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
  - (d) The health insurance credit permitted by KRS 141.062;
  - (e) The unemployment credit permitted by KRS 141.065;
  - (f) The recycling or composting equipment credit permitted by KRS 141.390;
  - (g) The coal conversion credit permitted by KRS 141.041;

- (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods ending prior to January 1, 2008;
  - (i) The tax credit for cash contributions to investment funds permitted by KRS 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS 154.20-258;
  - (j) The coal incentive credit permitted ~~by~~ KRS 141.0405;
  - (k) The research facilities credit permitted ~~by~~ KRS 141.395;
  - (l) The employer GED incentive credit permitted ~~by~~ KRS 164.0062;
  - (m) The voluntary environmental remediation credit permitted by KRS 141.418;
  - (n) The biodiesel and renewable diesel credit permitted by KRS 141.423;
  - (o) The environmental stewardship credit permitted by KRS 154.48-025;
  - (p) The clean coal incentive credit permitted by KRS 141.428;
  - (q) The ethanol credit permitted by KRS 141.4242;
  - (r) The cellulosic ethanol credit permitted by KRS 141.4244;
  - (s) The energy efficiency credits permitted by KRS 141.436;
  - (t) The ENERGY STAR home or ENERGY STAR manufactured home credit permitted by KRS 141.437;
  - (u) The railroad maintenance and improvement credit permitted by KRS 141.385;
  - (v) The railroad expansion credit permitted by KRS 141.386;
  - (w) The Endow Kentucky credit permitted by KRS 141.438;
  - (x) The New Markets Development Program credit permitted by KRS 141.434;
  - (y) The food donation credit permitted by KRS 141.392; and
  - (z) The distilled spirits credit permitted by KRS 141.389.
- (6) After the application of the nonrefundable credits in subsection (5) of this section, the refundable credits shall be taken in the following order:
- (a) The corporation estimated tax payment credit permitted by KRS 141.044;
  - (b) The certified rehabilitation credit permitted by KRS 171.3961 and

171.397(1)(b); and

- (c) The film industry tax credit permitted by~~allowed in~~ KRS 141.383.