

1 AN ACT relating to the tax liability deferral related to child care costs.

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

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

5 *(1) For taxable years beginning on or after January 1, 2022, but before January 1,*
6 *2026, any resident, who is subject to taxation under KRS 141.020, and incurs*
7 *child care costs for employment-related expenses as defined in 26 U.S.C. sec. 21,*
8 *may elect to defer their annual tax liability.*

9 *(2) The tax deferral related to child care costs:*

10 *(a) Shall apply only for those individuals who incur child care costs for*
11 *dependents under age five (5) at the end of the taxable year;*

12 *(b) Shall not exceed the amount of child care expenses incurred during the*
13 *taxable year; and*

14 *(c) Shall not exceed two thousand dollars (\$2,000) per return for each taxable*
15 *year.*

16 *(3) (a) Taxpayers electing tax liability deferral in accordance with this section shall*
17 *begin repayment of the deferred tax liability amount no longer than four (4)*
18 *years from the due date of the return; and*

19 *(b) Repayment of tax liability shall:*

20 *1. Be divided into equal installments over a period not exceeding ten (10)*
21 *years; and*

22 *2. Be made without the addition of interest under KRS 131.183 or*
23 *penalties under KRS 131.180.*

24 *(4) Tax deferral requests shall be submitted with the timely filed tax return on a form*
25 *prescribed by the department and shall include but not be limited to:*

26 *(a) The taxpayer's name and primary Social Security number;*

27 *(b) The qualifying dependent's Social Security number and birthdate;*

1 (c) The name, address, and Social Security number or employer identification
 2 number of the care provider; and

3 (d) Proof of child care expenses incurred for the taxable year.

4 (5) In order to evaluate the effectiveness of this program, the department shall report
 5 the following information to the Legislative Research Commission on or before
 6 December 1, 2024, and on or before each December 1 thereafter, as long as the
 7 tax deferral program established in this section is utilized and repayments are
 8 being made:

9 1. The number of taxpayers requesting the tax deferral;

10 2. The total amount of liability deferral requested for each taxable year and
 11 the total amount repaid under the program;

12 3. According to the address on the return:

13 a. The number of taxpayers and the amount of liability deferral
 14 requested by county; and

15 b. The number of taxpayers and the amount repaid by county; and

16 4. Based on ranges of adjusted gross income of not larger than five thousand
 17 (\$5,000) for the taxable year, the total amount of deferral requests and the
 18 number of taxpayers claiming a tax deferral for each adjusted gross income
 19 range.

20 ➔Section 2. KRS 131.175 is amended to read as follows:

21 (1) Notwithstanding any other provisions of KRS Chapters 131 to 143A, for all taxes
 22 payable directly to the Department of Revenue, the sheriff or the county clerk, the
 23 commissioner shall have authority to waive the penalty, but not interest, where it is
 24 shown to the satisfaction of the department that failure to file or pay timely is due to
 25 reasonable cause. For purposes of this section, any addition to tax provided in KRS
 26 141.044 and 141.305 shall be considered as penalty.

27 (2) This section does not apply to the provisions of Section 1 of this Act. Interest and

1 **penalties shall not be applied to tax liability deferral related to child care costs.**

2 ➔Section 3. KRS 131.190 is amended to read as follows:

3 (1) No present or former commissioner or employee of the department, present or
4 former member of a county board of assessment appeals, present or former property
5 valuation administrator or employee, present or former secretary or employee of the
6 Finance and Administration Cabinet, former secretary or employee of the Revenue
7 Cabinet, or any other person, shall intentionally and without authorization inspect or
8 divulge any information acquired by him or her of the affairs of any person, or
9 information regarding the tax schedules, returns, or reports required to be filed with
10 the department or other proper officer, or any information produced by a hearing or
11 investigation, insofar as the information may have to do with the affairs of the
12 person's business.

13 (2) The prohibition established by subsection (1) of this section shall not extend to:

14 (a) Information required in prosecutions for making false reports or returns of
15 property for taxation, or any other infraction of the tax laws;

16 (b) Any matter properly entered upon any assessment record, or in any way made
17 a matter of public record;

18 (c) Furnishing any taxpayer or his or her properly authorized agent with
19 information respecting his or her own return;

20 (d) Testimony provided by the commissioner or any employee of the department
21 in any court, or the introduction as evidence of returns or reports filed with the
22 department, in an action for violation of state or federal tax laws or in any
23 action challenging state or federal tax laws;

24 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
25 energy resources assessed under KRS 132.820, or owners of surface land
26 under which the unmined minerals lie, factual information about the owner's
27 property derived from third-party returns filed for that owner's property, under

1 the provisions of KRS 132.820, that is used to determine the owner's
2 assessment. This information shall be provided to the owner on a confidential
3 basis, and the owner shall be subject to the penalties provided in KRS
4 131.990(2). The third-party filer shall be given prior notice of any disclosure
5 of information to the owner that was provided by the third-party filer;

6 (f) Providing to a third-party purchaser pursuant to an order entered in a
7 foreclosure action filed in a court of competent jurisdiction, factual
8 information related to the owner or lessee of coal, oil, gas reserves, or any
9 other mineral resources assessed under KRS 132.820. The department may
10 promulgate an administrative regulation establishing a fee schedule for the
11 provision of the information described in this paragraph. Any fee imposed
12 shall not exceed the greater of the actual cost of providing the information or
13 ten dollars (\$10);

14 (g) Providing information to a licensing agency, the Transportation Cabinet, or
15 the Kentucky Supreme Court under KRS 131.1817;

16 (h) Statistics of gasoline and special fuels gallonage reported to the department
17 under KRS 138.210 to 138.448;

18 (i) Providing any utility gross receipts license tax return information that is
19 necessary to administer the provisions of KRS 160.613 to 160.617 to
20 applicable school districts on a confidential basis;

21 (j) Providing documents, data, or other information to a third party pursuant to an
22 order issued by a court of competent jurisdiction; or

23 (k) Providing information to the Legislative Research Commission under:

24 1. KRS 139.519 for purposes of the sales and use tax refund on building
25 materials used for disaster recovery;

26 2. KRS 141.436 for purposes of the energy efficiency products credits;

27 3. KRS 141.437 for purposes of the ENERGY STAR home and the

- 1 ENERGY STAR manufactured home credits;
- 2 4. KRS 141.383 for purposes of the film industry incentives;
- 3 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
- 4 tax credits and the job assessment fees;
- 5 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 6 7. KRS 141.396 for purposes of the angel investor tax credit;
- 7 8. KRS 141.389 for purposes of the distilled spirits credit;
- 8 9. KRS 141.408 for purposes of the inventory credit;
- 9 10. KRS 141.390 for purposes of the recycling and composting credit;
- 10 11. KRS 141.3841 for purposes of the selling farmer tax credit;
- 11 12. KRS 141.4231 for purposes of the renewable chemical production tax
- 12 credit;
- 13 13. KRS 141.524 for purposes of the Education Opportunity Account
- 14 Program tax credit;
- 15 14. KRS 141.398 for purposes of the development area tax credit;~~and~~
- 16 15. KRS 139.516 for the purposes of the sales and use tax exemption on the
- 17 commercial mining of cryptocurrency; and

18 **16. Section 1 of this Act for the purposes of the tax liability deferral**

19 **related to child care costs.**

20 (3) The commissioner shall make available any information for official use only and on

21 a confidential basis to the proper officer, agency, board or commission of this state,

22 any Kentucky county, any Kentucky city, any other state, or the federal government,

23 under reciprocal agreements whereby the department shall receive similar or useful

24 information in return.

25 (4) Access to and inspection of information received from the Internal Revenue Service

26 is for department use only, and is restricted to tax administration purposes.

27 Information received from the Internal Revenue Service shall not be made available

1 to any other agency of state government, or any county, city, or other state, and shall
2 not be inspected intentionally and without authorization by any present secretary or
3 employee of the Finance and Administration Cabinet, commissioner or employee of
4 the department, or any other person.

5 (5) Statistics of crude oil as reported to the department under the crude oil excise tax
6 requirements of KRS Chapter 137 and statistics of natural gas production as
7 reported to the department under the natural resources severance tax requirements
8 of KRS Chapter 143A may be made public by the department by release to the
9 Energy and Environment Cabinet, Department for Natural Resources.

10 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
11 submissions for the 1989 tax year, the department may make public or divulge only
12 those portions of mine maps submitted by taxpayers to the department pursuant to
13 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
14 out parcel areas. These electronic maps shall not be relied upon to determine actual
15 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
16 required under KRS Chapters 350 and 352 shall not be construed to constitute land
17 surveying or boundary surveys as defined by KRS 322.010 and any administrative
18 regulations promulgated thereto.