

1 AN ACT relating to sales and use tax incentives and declaring an emergency.

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

3 ➔Section 1. KRS 154.31-020 is amended to read as follows:

- 4 (1) The maximum amount of sales and use tax incentives that may be committed in
5 each fiscal year by the authority shall be capped at ~~forty~~~~[twenty]~~ million dollars
6 ~~(\$40,000,000)~~~~(\$20,000,000)~~ for building and construction materials, and ***ten***
7 ~~[five]~~ million dollars ~~(\$10,000,000)~~~~(\$5,000,000)~~ for equipment used for research
8 and development, electronic processing, or flight simulation.
- 9 (2) (a) To qualify for the sales and use tax incentives available under this subchapter,
10 an eligible company shall make a minimum investment of at least five
11 hundred thousand dollars (\$500,000) in an economic development project,
12 including the cost of land, but excluding the cost of labor.
- 13 (b) To qualify for the sales and use tax incentive available under this subchapter
14 for ***research and development equipment***, electronic processing equipment,
15 ***or flight simulation equipment***, in addition to the requirements of paragraph
16 (a) of this subsection, the eligible company shall spend an aggregate amount
17 of at least fifty thousand dollars (\$50,000) on ***research and development***
18 ***equipment***, electronic processing equipment, ***or flight simulation equipment***
19 installed as part of the economic development project.
- 20 (3) (a) The maximum sales and use tax incentive available to an approved company
21 under this subchapter is the total amount of sales and use tax paid on
22 purchases made on the following items, up to the approved recovery amount
23 after approval by the authority:
- 24 1. Building and construction materials;
 - 25 2. Research and development equipment;
 - 26 3. Electronic processing equipment; and
 - 27 4. Flight simulation equipment.

1 (b) An approved company may qualify for a sales and use tax incentive in more
2 than one (1) category listed in paragraph (a) of this subsection for the same
3 economic development project. If the authority approves an eligible company
4 to receive the sales and use tax incentives in more than one (1) category, the
5 authority shall allocate the incentives to the appropriate cap established by
6 subsection (1) of this section.

7 ➔Section 2. Whereas given recent tax structure changes, the success of the
8 Commonwealth's economy and ability to attract desirable jobs for Kentuckians is
9 substantially impacted by increasing the maximum amount of sales and use tax incentives
10 that may be committed in each fiscal year by the authority, an emergency is declared to
11 exist, and this Act takes effect upon its passage and approval by the Governor or upon its
12 otherwise becoming law.