

1 AN ACT relating to a tax credit for Kentucky Educational Savings Plan Trust  
2 account contributions.

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

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

6 (1) As used in this section:

7 (a) "Contribution" means the amount contributed to a Kentucky Educational  
8 Savings Plan Trust account to be used by a beneficiary as required by 26  
9 U.S.C. sec. 529;

10 (b) "Kentucky Educational Savings Plan Trust account" or "savings plan trust  
11 account" means the trust established pursuant to KRS 164A.310, to which  
12 contributions are made and withdrawn by a beneficiary for qualified  
13 educational expenses; and

14 (c) "Qualified educational expenses" has the same meaning as in KRS  
15 164A.305.

16 (2) (a) For taxable years beginning on or after January 1, 2027, but before  
17 January 1, 2031, the Kentucky Educational Savings Plan Trust account  
18 contribution credit shall be available for resident taxpayers making  
19 contributions to a Kentucky Educational Savings Plan Trust account.

20 (b) The credit shall be nonrefundable, nontransferable, and allowed against the  
21 tax imposed under KRS 141.020 with the ordering of the credit as provided  
22 in Section 2 of this Act.

23 (c) The credit shall:

24 1. Be equal to the total contributions made to a savings plan trust  
25 account for the taxable year; but

26 2. Not exceed nineteen thousand dollars (\$19,000), per taxpayer, per  
27 taxable year.

(3) By November 1 of each year in which a Kentucky Education Savings Plan Trust account contribution credit is claimed, the department shall report to the Legislative Research Commission for referral to the Interim Joint Committee on Appropriations and Revenue:

1. The number of returns claiming the Kentucky Education Savings Plan Trust account contribution credit;

2. The total amount of credit claimed for each taxable year;

3. According to the address on the return, the number of returns and the amount of credit claimed by county; and

4. Based on ranges of adjusted gross income of no larger than five thousand dollars (\$5,000) for the taxable year, the total amount of tax credit claimed and the number of returns claiming a tax credit for each adjusted gross income range.

➔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) 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, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and 154.12-2088;

(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;

- 1 (g) The credit for hiring the unemployed permitted by KRS 141.065;
- 2 (h) The recycling or composting equipment credit permitted by KRS 141.390;
- 3 (i) The ~~tax~~ credit for cash contributions in investment funds permitted by KRS
- 4 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
- 5 154.20-258;
- 6 (j) The research facilities credit permitted by KRS 141.395;
- 7 (k) The employer High School Equivalency Diploma program incentive credit
- 8 permitted under KRS 151B.402;
- 9 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 10 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 11 (n) The clean coal incentive credit permitted by KRS 141.428;
- 12 (o) The ethanol credit permitted by KRS 141.4242;
- 13 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 14 (q) The energy efficiency credits permitted by KRS 141.436;
- 15 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 16 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 17 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 18 (u) The distilled spirits credit permitted by KRS 141.389;
- 19 (v) The angel investor credit permitted by KRS 141.396;
- 20 (w) The film industry credit permitted by KRS 141.383 for applications approved
- 21 on or after April 27, 2018, but before January 1, 2022;
- 22 (x) The inventory credit permitted by KRS 141.408;
- 23 (y) The renewable chemical production credit permitted by KRS 141.4231; and
- 24 (z) The qualified broadband investment ~~tax~~ credit permitted by KRS 141.391;
- 25 (2) After the application of the nonrefundable credits in subsection (1) of this section,
- 26 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
- 27 shall be taken in the following order:

- 1 (a) The individual credits permitted by KRS 141.020(3);
- 2 (b) The credit permitted by KRS 141.066;
- 3 (c) The tuition credit permitted by KRS 141.069;
- 4 (d) The household and dependent care credit permitted by KRS 141.067;
- 5 (e) The income gap credit permitted by KRS 141.066;~~and~~
- 6 (f) The Education Opportunity Account Program ~~tax~~ credit permitted by KRS
- 7 141.522; and
- 8 **(g) The Kentucky Educational Savings Plan Trust account contribution credit**
- 9 **permitted by Section 1 of this Act;**
- 10 (3) After the application of the nonrefundable credits provided for in subsection (2) of
- 11 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
- 12 taken in the following order:
- 13 (a) The individual withholding tax credit permitted by KRS 141.350;
- 14 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 15 (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
- 16 171.397(1)(b);
- 17 (d) The film industry ~~tax~~ credit permitted by KRS 141.383 for applications
- 18 approved prior to April 27, 2018, or on or after January 1, 2022;
- 19 (e) The development area ~~tax~~ credit permitted by KRS 141.398;
- 20 (f) The decontamination ~~tax~~ credit permitted by KRS 141.419; and
- 21 (g) The pass-through entity tax credit permitted by KRS 141.209;
- 22 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
- 23 tax imposed by KRS 141.040;
- 24 (5) The following nonrefundable credits shall be applied against the sum of the tax
- 25 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
- 26 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 27 (a) The economic development credits computed under KRS 141.347, 141.381,

- 1           141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and  
2           154.12-2088;
- 3           (b) The qualified farming operation credit permitted by KRS 141.412;
- 4           (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 5           (d) The health insurance credit permitted by KRS 141.062;
- 6           (e) The unemployment credit permitted by KRS 141.065;
- 7           (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 8           (g) The coal conversion credit permitted by KRS 141.041;
- 9           (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods  
10          ending prior to January 1, 2008;
- 11          (i) The ~~tax~~ credit for cash contributions to investment funds permitted by KRS  
12          154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS  
13          154.20-258;
- 14          (j) The research facilities credit permitted by KRS 141.395;
- 15          (k) The employer High School Equivalency Diploma program incentive credit  
16          permitted by KRS 151B.402;
- 17          (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 18          (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 19          (n) The clean coal incentive credit permitted by KRS 141.428;
- 20          (o) The ethanol credit permitted by KRS 141.4242;
- 21          (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 22          (q) The energy efficiency credits permitted by KRS 141.436;
- 23          (r) The ENERGY STAR home or ENERGY STAR manufactured home credit  
24          permitted by KRS 141.437;
- 25          (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 26          (t) The railroad expansion credit permitted by KRS 141.386;
- 27          (u) The Endow Kentucky credit permitted by KRS 141.438;

- 1 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 2 (w) The distilled spirits credit permitted by KRS 141.389;
- 3 (x) The film industry credit permitted by KRS 141.383 for applications approved
- 4 on or after April 27, 2018, but before January 1, 2022;
- 5 (y) The inventory credit permitted by KRS 141.408;
- 6 (z) The renewable chemical production ~~tax~~ credit permitted by KRS 141.4231;
- 7 (aa) The Education Opportunity Account Program ~~tax~~ credit permitted by KRS
- 8 141.522; and
- 9 (ab) The qualified broadband investment ~~tax~~ credit permitted by KRS 141.391;
- 10 and
- 11 (6) After the application of the nonrefundable credits in subsection (5) of this section,
- 12 the refundable credits shall be taken in the following order:
- 13 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 14 (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
- 15 171.397(1)(b);
- 16 (c) The film industry ~~tax~~ credit permitted by KRS 141.383 for applications
- 17 approved prior to April 27, 2018, or on or after January 1, 2022;
- 18 (d) The decontamination ~~tax~~ credit permitted by KRS 141.419; and
- 19 (e) The pass-through entity tax credit permitted by KRS 141.209.
- 20 ➔Section 3. KRS 131.190 is amended to read as follows:
- 21 (1) No present or former commissioner or employee of the department, present or
- 22 former member of a county board of assessment appeals, present or former property
- 23 valuation administrator or employee, present or former secretary or employee of the
- 24 Finance and Administration Cabinet, former secretary or employee of the Revenue
- 25 Cabinet, or any other person, shall intentionally and without authorization inspect
- 26 or divulge any information acquired by him or her of the affairs of any person, or
- 27 information regarding the tax schedules, returns, or reports required to be filed with

1 the department or other proper officer, or any information produced by a hearing or  
2 investigation, insofar as the information may have to do with the affairs of the  
3 person's business.

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

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

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

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

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

15 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or  
16 energy resources assessed under KRS 132.820, or owners of surface land  
17 under which the unmined minerals lie, factual information about the owner's  
18 property derived from third-party returns filed for that owner's property, under  
19 the provisions of KRS 132.820, that is used to determine the owner's  
20 assessment. This information shall be provided to the owner on a confidential  
21 basis, and the owner shall be subject to the penalties provided in KRS  
22 131.990(2). The third-party filer shall be given prior notice of any disclosure  
23 of information to the owner that was provided by the third-party filer;

24 (f) Providing to a third-party purchaser pursuant to an order entered in a  
25 foreclosure action filed in a court of competent jurisdiction, factual  
26 information related to the owner or lessee of coal, oil, gas reserves, or any  
27 other mineral resources assessed under KRS 132.820. The department may

- 1 promulgate an administrative regulation establishing a fee schedule for the  
2 provision of the information described in this paragraph. Any fee imposed  
3 shall not exceed the greater of the actual cost of providing the information or  
4 ten dollars (\$10);
- 5 (g) Providing information to a licensing agency, the Transportation Cabinet, or  
6 the Kentucky Supreme Court under KRS 131.1817;
- 7 (h) Statistics of gasoline and special fuels gallonage reported to the department  
8 under KRS 138.210 to 138.448;
- 9 (i) Providing any utility gross receipts license tax return information that is  
10 necessary to administer the provisions of KRS 160.613 to 160.617 to  
11 applicable school districts on a confidential basis;
- 12 (j) Providing documents, data, or other information to a third party pursuant to an  
13 order issued by a court of competent jurisdiction;
- 14 (k) Publishing administrative writings on its official website in accordance with  
15 KRS 131.020(1)(b); or
- 16 (l) Providing information to the Legislative Research Commission under:
- 17 1. KRS 139.519 for purposes of the sales and use tax refund on building  
18 materials used for disaster recovery;
- 19 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 20 3. KRS 141.437 for purposes of the ENERGY STAR home and the  
21 ENERGY STAR manufactured home credits;
- 22 4. KRS 141.383 for purposes of the film industry incentives;
- 23 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization  
24 credit and the job assessment fees;
- 25 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 26 7. KRS 141.396 for purposes of the angel investor credit;
- 27 8. KRS 141.389 for purposes of the distilled spirits credit;



- 1           9.    KRS 141.408 for purposes of the inventory credit;
- 2           10.   KRS 141.390 for purposes of the recycling and composting credits;
- 3           11.   KRS 141.3841 for purposes of the selling farmer credit;
- 4           12.   KRS 141.4231 for purposes of the renewable chemical production
- 5                 credit;
- 6           13.   KRS 141.524 for purposes of the Education Opportunity Account
- 7                 Program credit;
- 8           14.   KRS 141.398 for purposes of the development area credit;
- 9           15.   KRS 139.516 for purposes of the sales and use tax exemptions for the
- 10                 commercial mining of cryptocurrency;
- 11           16.   KRS 141.419 for purposes of the decontamination credit;
- 12           17.   KRS 141.391 for purposes of the qualified broadband investment credit;
- 13           18.   KRS 139.499 for purposes of the sales and use tax exemptions for a
- 14                 qualified data center project;~~and~~
- 15           19.   KRS 139.5325 for purposes of the sales and use tax incentive for a
- 16                 qualifying attraction; and

17           **20. Section 1 of this Act for purposes of the Kentucky Educational**

18                 **Savings Plan Trust account contribution credit.**

- 19   (3)   The commissioner shall make available any information for official use only and on
- 20         a confidential basis to the proper officer, agency, board or commission of this state,
- 21         any Kentucky county, any Kentucky city, any other state, or the federal
- 22         government, under reciprocal agreements whereby the department shall receive
- 23         similar or useful information in return.
- 24   (4)   Access to and inspection of information received from the Internal Revenue Service
- 25         is for department use only, and is restricted to tax administration purposes.
- 26         Information received from the Internal Revenue Service shall not be made available
- 27         to any other agency of state government, or any county, city, or other state, and

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

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

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