

1 AN ACT relating to a tax credit for renters.

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) As used in this section:

6 (a) "Federal poverty line" means the official poverty line defined by the United
7 States Office of Management and Budget based on the most recent data
8 available from the United States Bureau of the Census, in accordance with
9 42 U.S.C. sec. 9902(2);

10 (b) "Qualified rent payments" means the monetary amounts paid by a taxpayer
11 during the taxable year to occupy a rented dwelling within the
12 Commonwealth and does not include:

13 1. Advance rent payments that may be applied to a future calendar year;

14 or

15 2. Security deposits that may be refunded on a later date;

16 (c) "Qualified renter" means an individual or family with a household income
17 at or below one hundred thirty-three percent (133%) of the threshold
18 amount;

19 (d) "Rented dwelling" means a permanent, primary residence in the
20 Commonwealth in which a renter lives for at least six (6) months out of the
21 year and includes:

22 1. Single-family houses;

23 2. Rooms within a single-family residence;

24 3. Apartments;

25 4. Duplexes;

26 5. Housing cooperatives;

27 6. Condominiums;

1 7. Prefabricated homes; or

2 8. Any other permanent dwelling within the Commonwealth; and

3 (e) "Threshold amount" means the federal poverty line established for the
4 qualified renter's family size.

5 (2) (a) For taxable years beginning on or after January 1, 2027, but before
6 January 1, 2031, a qualified renter may claim a refundable credit against
7 the tax imposed under KRS 141.020 for qualified rent payments incurred
8 for each taxable year within which qualified rent payments are made.

9 (b) The amount of the credit allowed in paragraph (a) of this subsection shall
10 be equal to twenty-five percent (25%) of the qualified rent payments made to
11 occupy a rented dwelling within the Commonwealth and shall not exceed
12 one thousand dollars (\$1,000) for each taxable year.

13 (3) (a) The department shall provide the following information to the Legislative
14 Research Commission for referral to the Interim Joint Committee on
15 Appropriations and Revenue no later than November 1, 2028, and on or
16 before each November 1 thereafter as long as the credit is claimed on any
17 return filed:

18 1. The cumulative amount of credits claimed by individuals for each
19 taxable year;

20 2. The cumulative number of returns that claimed the credit for each
21 taxable year;

22 3. Based on the mailing address of the return, the cumulative total
23 amount of credits claimed by county for each taxable year; and

24 4. Based on ranges of adjusted gross income of no larger than five
25 thousand dollars (\$5,000), the cumulative amount of credit claimed by
26 individuals for each adjusted gross income range for each taxable
27 year.

1 **(b) The information required to be reported under this section shall not be**
2 **considered confidential taxpayer information and shall not be subject to**
3 **KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes**
4 **prohibiting disclosure or reporting of information.**

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

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

9 (1) The nonrefundable business incentive credits against the tax imposed by KRS
10 141.020 shall be taken in the following order:

- 11 (a) The limited liability entity tax credit permitted by KRS 141.0401;
- 12 (b) The economic development credits computed under KRS 141.347, 141.381,
13 141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and
14 154.12-2088;
- 15 (c) The qualified farming operation credit permitted by KRS 141.412;
- 16 (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 17 (e) The health insurance credit permitted by KRS 141.062;
- 18 (f) The tax paid to other states credit permitted by KRS 141.070;
- 19 (g) The credit for hiring the unemployed permitted by KRS 141.065;
- 20 (h) The recycling or composting equipment credit permitted by KRS 141.390;
- 21 (i) The ~~tax~~ credit for cash contributions in investment funds permitted by KRS
22 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
23 154.20-258;
- 24 (j) The research facilities credit permitted by KRS 141.395;
- 25 (k) The employer High School Equivalency Diploma program incentive credit
26 permitted under KRS 151B.402;
- 27 (l) The voluntary environmental remediation credit permitted by KRS 141.418;

- 1 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 2 (n) The clean coal incentive credit permitted by KRS 141.428;
- 3 (o) The ethanol credit permitted by KRS 141.4242;
- 4 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 5 (q) The energy efficiency credits permitted by KRS 141.436;
- 6 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 7 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 8 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 9 (u) The distilled spirits credit permitted by KRS 141.389;
- 10 (v) The angel investor credit permitted by KRS 141.396;
- 11 (w) The film industry credit permitted by KRS 141.383 for applications approved
- 12 on or after April 27, 2018, but before January 1, 2022;
- 13 (x) The inventory credit permitted by KRS 141.408;
- 14 (y) The renewable chemical production credit permitted by KRS 141.4231; and
- 15 (z) The qualified broadband investment~~[-tax]~~ credit permitted by KRS 141.391;
- 16 (2) After the application of the nonrefundable credits in subsection (1) of this section,
- 17 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
- 18 shall be taken in the following order:
- 19 (a) The individual credits permitted by KRS 141.020(3);
- 20 (b) The credit permitted by KRS 141.066;
- 21 (c) The tuition credit permitted by KRS 141.069;
- 22 (d) The household and dependent care credit permitted by KRS 141.067;
- 23 (e) The income gap credit permitted by KRS 141.066; and
- 24 (f) The Education Opportunity Account Program~~[-tax]~~ credit permitted by KRS
- 25 141.522;
- 26 (3) After the application of the nonrefundable credits provided for in subsection (2) of
- 27 this section, the refundable credits against the tax imposed by KRS 141.020 shall be

1 taken in the following order:

- 2 (a) The individual withholding tax credit permitted by KRS 141.350;
- 3 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 4 (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
- 5 171.397(1)(b);
- 6 (d) The film industry~~[-tax]~~ credit permitted by KRS 141.383 for applications
- 7 approved prior to April 27, 2018, or on or after January 1, 2022;
- 8 (e) The development area~~[-tax]~~ credit permitted by KRS 141.398;
- 9 (f) The decontamination~~[-tax]~~ credit permitted by KRS 141.419;~~[-and]~~
- 10 (g) The pass-through entity tax credit permitted by KRS 141.209; and
- 11 **(h) The qualified rent payment credit permitted by Section 1 of this Act;**

12 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the

13 tax imposed by KRS 141.040;

14 (5) The following nonrefundable credits shall be applied against the sum of the tax

15 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)

16 of this section, and the tax imposed by KRS 141.0401 in the following order:

- 17 (a) The economic development credits computed under KRS 141.347, 141.381,
- 18 141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and
- 19 154.12-2088;
- 20 (b) The qualified farming operation credit permitted by KRS 141.412;
- 21 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 22 (d) The health insurance credit permitted by KRS 141.062;
- 23 (e) The unemployment credit permitted by KRS 141.065;
- 24 (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 25 (g) The coal conversion credit permitted by KRS 141.041;
- 26 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
- 27 ending prior to January 1, 2008;

- 1 (i) The ~~tax~~ credit for cash contributions to investment funds permitted by KRS
2 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
3 154.20-258;
- 4 (j) The research facilities credit permitted by KRS 141.395;
- 5 (k) The employer High School Equivalency Diploma program incentive credit
6 permitted by KRS 151B.402;
- 7 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 8 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 9 (n) The clean coal incentive credit permitted by KRS 141.428;
- 10 (o) The ethanol credit permitted by KRS 141.4242;
- 11 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 12 (q) The energy efficiency credits permitted by KRS 141.436;
- 13 (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
14 permitted by KRS 141.437;
- 15 (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 16 (t) The railroad expansion credit permitted by KRS 141.386;
- 17 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 18 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 19 (w) The distilled spirits credit permitted by KRS 141.389;
- 20 (x) 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 (y) The inventory credit permitted by KRS 141.408;
- 23 (z) The renewable chemical production ~~tax~~ credit permitted by KRS 141.4231;
- 24 (aa) The Education Opportunity Account Program ~~tax~~ credit permitted by KRS
25 141.522; and
- 26 (ab) The qualified broadband investment ~~tax~~ credit permitted by KRS 141.391;
27 and

(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, 171.3963, and 171.397(1)(b);

(c) The film industry~~[-tax]~~ credit permitted by KRS 141.383 for applications approved prior to April 27, 2018, or on or after January 1, 2022;

(d) The decontamination~~[-tax]~~ credit permitted by KRS 141.419; and

(e) The pass-through entity tax credit permitted by KRS 141.209.

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

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

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

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

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

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

- 1 (d) Testimony provided by the commissioner or any employee of the department
2 in any court, or the introduction as evidence of returns or reports filed with the
3 department, in an action for violation of state or federal tax laws or in any
4 action challenging state or federal tax laws;
- 5 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
6 energy resources assessed under KRS 132.820, or owners of surface land
7 under which the unmined minerals lie, factual information about the owner's
8 property derived from third-party returns filed for that owner's property, under
9 the provisions of KRS 132.820, that is used to determine the owner's
10 assessment. This information shall be provided to the owner on a confidential
11 basis, and the owner shall be subject to the penalties provided in KRS
12 131.990(2). The third-party filer shall be given prior notice of any disclosure
13 of information to the owner that was provided by the third-party filer;
- 14 (f) Providing to a third-party purchaser pursuant to an order entered in a
15 foreclosure action filed in a court of competent jurisdiction, factual
16 information related to the owner or lessee of coal, oil, gas reserves, or any
17 other mineral resources assessed under KRS 132.820. The department may
18 promulgate an administrative regulation establishing a fee schedule for the
19 provision of the information described in this paragraph. Any fee imposed
20 shall not exceed the greater of the actual cost of providing the information or
21 ten dollars (\$10);
- 22 (g) Providing information to a licensing agency, the Transportation Cabinet, or
23 the Kentucky Supreme Court under KRS 131.1817;
- 24 (h) Statistics of gasoline and special fuels gallonage reported to the department
25 under KRS 138.210 to 138.448;
- 26 (i) Providing any utility gross receipts license tax return information that is
27 necessary to administer the provisions of KRS 160.613 to 160.617 to

- 1 applicable school districts on a confidential basis;
- 2 (j) Providing documents, data, or other information to a third party pursuant to an
- 3 order issued by a court of competent jurisdiction;
- 4 (k) Publishing administrative writings on its official website in accordance with
- 5 KRS 131.020(1)(b); or
- 6 (l) Providing information to the Legislative Research Commission under:
- 7 1. KRS 139.519 for purposes of the sales and use tax refund on building
- 8 materials used for disaster recovery;
- 9 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 10 3. KRS 141.437 for purposes of the ENERGY STAR home and the
- 11 ENERGY STAR manufactured home credits;
- 12 4. KRS 141.383 for purposes of the film industry incentives;
- 13 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
- 14 credit and the job assessment fees;
- 15 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 16 7. KRS 141.396 for purposes of the angel investor credit;
- 17 8. KRS 141.389 for purposes of the distilled spirits credit;
- 18 9. KRS 141.408 for purposes of the inventory credit;
- 19 10. KRS 141.390 for purposes of the recycling and composting credits;
- 20 11. KRS 141.3841 for purposes of the selling farmer credit;
- 21 12. KRS 141.4231 for purposes of the renewable chemical production
- 22 credit;
- 23 13. KRS 141.524 for purposes of the Education Opportunity Account
- 24 Program credit;
- 25 14. KRS 141.398 for purposes of the development area credit;
- 26 15. KRS 139.516 for purposes of the sales and use tax exemptions for the
- 27 commercial mining of cryptocurrency;

- 1 16. KRS 141.419 for purposes of the decontamination credit;
- 2 17. KRS 141.391 for purposes of the qualified broadband investment credit;
- 3 18. KRS 139.499 for purposes of the sales and use tax exemptions for a
- 4 qualified data center project;~~[-and]~~
- 5 19. KRS 139.5325 for purposes of the sales and use tax incentive for a
- 6 qualifying attraction.; and

7 **20. Section 1 of this Act for purposes of the qualified rent payment credit.**

- 8 (3) The commissioner shall make available any information for official use only and on
- 9 a confidential basis to the proper officer, agency, board or commission of this state,
- 10 any Kentucky county, any Kentucky city, any other state, or the federal
- 11 government, under reciprocal agreements whereby the department shall receive
- 12 similar or useful information in return.
- 13 (4) Access to and inspection of information received from the Internal Revenue Service
- 14 is for department use only, and is restricted to tax administration purposes.
- 15 Information received from the Internal Revenue Service shall not be made available
- 16 to any other agency of state government, or any county, city, or other state, and
- 17 shall not be inspected intentionally and without authorization by any present
- 18 secretary or employee of the Finance and Administration Cabinet, commissioner or
- 19 employee of the department, or any other person.
- 20 (5) Statistics of crude oil as reported to the department under the crude oil excise tax
- 21 requirements of KRS Chapter 137 and statistics of natural gas production as
- 22 reported to the department under the natural resources severance tax requirements
- 23 of KRS Chapter 143A may be made public by the department by release to the
- 24 Energy and Environment Cabinet, Department for Natural Resources.
- 25 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
- 26 submissions for the 1989 tax year, the department may make public or divulge only
- 27 those portions of mine maps submitted by taxpayers to the department pursuant to

1 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
2 out parcel areas. These electronic maps shall not be relied upon to determine actual
3 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
4 required under KRS Chapters 350 and 352 shall not be construed to constitute land
5 surveying or boundary surveys as defined by KRS 322.010 and any administrative
6 regulations promulgated thereto.