

1 AN ACT relating to an apprenticeship tax credit.

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) "Apprentice":

7 1. Has the same meaning as in KRS 343.010; and

8 2. Is an individual that is a resident of this state;

9 (b) "Apprenticeship program":

10 1. Has the same meaning as in KRS 343.010; and

11 2. Consists of not less than four thousand (4,000) hours over a two (2)
12 year period, and not more than ten thousand (10,000) hours over a
13 five (5) year period;

14 (c) "Enhanced incentive county" means a county in this state certified as such
15 by the Kentucky Economic Development Finance Authority pursuant to
16 KRS 154.32-050; and

17 (d) "Qualified employer" means any person that employs an apprentice
18 under an apprenticeship program.

19 (2) For taxable years beginning on or after January 1, 2027, but before January 1,
20 2031, there shall be allowed a nonrefundable, nontransferable apprenticeship
21 credit against the tax imposed in KRS 141.020 or 141.040 and 141.0401, with the
22 ordering of the credit as provided in Section 2 of this Act.

23 (3) A qualified employer that maintains an apprenticeship program shall be allowed
24 a credit equal to the lesser of:

25 (a) Fifty percent (50%) of the wages paid to an apprentice; or

26 (b) One hundred percent (100%) of the expenses incurred in connection with
27 training and education of the apprentice, and includes:

- 1 1. Educational programs;
- 2 2. Classroom expenses;
- 3 3. Training materials; and
- 4 4. Instructional costs.

5 (4) The credit is limited to:

- 6 (a) Two thousand dollars (\$2,000) per apprentice; or
- 7 (b) Three thousand five hundred dollars (\$3,500) per apprentice if the:
 - 8 1. Apprentice is a resident of an enhanced incentive county; or
 - 9 2. Qualified employer is located in an enhanced incentive county.

10 (5) If the apprentice is employed for a period less than the full taxable year, the credit
11 allowed in subsections (3) and (4) of this section is prorated based on the number
12 of days the apprentice was employed by the qualified employer for the taxable
13 year.

14 (6) Qualified employers seeking the credit under this section shall provide, at the
15 request of the department:

- 16 (a) Verification that the apprenticeship program is registered with the
17 Department of Workforce Development;
- 18 (b) The name and Social Security number of the apprentice;
- 19 (c) Verification of expenses incurred under subsection (3) of this section;
- 20 (d) Verification that either the:
 - 21 1. Qualified employer; or
 - 22 2. Apprentice;
 - 23 is located in an enhanced incentive county if the credit is claimed based on
 - 24 county location; and
- 25 (e) Any other information the department deems necessary.

26 (7) The department shall work cooperatively with the Department of Workforce
27 Development to determine that the qualified employer and apprentice meet the

1 requirements established in this section.

2 (8) (a) In order for the General Assembly to evaluate the effectiveness of this tax
3 credit, the department shall report to the Legislative Research Commission
4 and the Interim Joint Committee on Appropriations and Revenue on or
5 before November 1, 2028, and on or before each November 1 thereafter as
6 long as the credit is claimed on a return, the following:

7 1. The number of tax returns, by tax type, claiming the credit for each
8 taxable year;

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

10 3. The cumulative number of apprentices employed for each taxable
11 year;

12 4. The cumulative total of credit claimed by county, based on the work
13 location for the apprentice hired, for each taxable year; and

14 5. a. In the case of all taxpayers other than corporations, based on
15 ranges of adjusted gross income of no larger than five thousand
16 dollars (\$5,000) for the taxable year, the total amount of credit
17 claimed and the total number of returns claiming this credit for
18 each income range; and

19 b. In the case of all corporations, based on ranges of net income no
20 larger than fifty thousand dollars (\$50,000) for the taxable year,
21 the total amount of credit claimed and the number of returns
22 claiming a credit for each net income range.

23 (b) The information required to be reported under this section shall not be
24 considered confidential taxpayer information and shall not be subject to
25 KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes
26 prohibiting disclosure or reporting of information.

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

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

4 (1) The nonrefundable business incentive credits against the tax imposed by KRS
5 141.020 shall be taken in the following order:

6 (a) The limited liability entity tax credit permitted by KRS 141.0401;

7 (b) The economic development credits computed under KRS 141.347, 141.381,
8 141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and
9 154.12-2088;

10 (c) The qualified farming operation credit permitted by KRS 141.412;

11 (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);

12 (e) The health insurance credit permitted by KRS 141.062;

13 (f) The tax paid to other states credit permitted by KRS 141.070;

14 (g) The credit for hiring the unemployed permitted by KRS 141.065;

15 (h) The recycling or composting equipment credit permitted by KRS 141.390;

16 (i) The ~~tax~~ credit for cash contributions in investment funds permitted by KRS
17 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
18 154.20-258;

19 (j) The research facilities credit permitted by KRS 141.395;

20 (k) The employer High School Equivalency Diploma program incentive credit
21 permitted under KRS 151B.402;

22 (l) The voluntary environmental remediation credit permitted by KRS 141.418;

23 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;

24 (n) The clean coal incentive credit permitted by KRS 141.428;

25 (o) The ethanol credit permitted by KRS 141.4242;

26 (p) The cellulosic ethanol credit permitted by KRS 141.4244;

27 (q) The energy efficiency credits permitted by KRS 141.436;

- 1 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 2 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 3 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 4 (u) The distilled spirits credit permitted by KRS 141.389;
- 5 (v) The angel investor credit permitted by KRS 141.396;
- 6 (w) The film industry credit permitted by KRS 141.383 for applications approved
- 7 on or after April 27, 2018, but before January 1, 2022;
- 8 (x) The inventory credit permitted by KRS 141.408;
- 9 (y) The renewable chemical production credit permitted by KRS 141.4231;~~and~~
- 10 (z) The qualified broadband investment~~tax~~ credit permitted by KRS 141.391;
- 11 **and**

12 **(aa) The apprenticeship credit permitted by Section 1 of this Act;**

13 (2) After the application of the nonrefundable credits in subsection (1) of this section,
14 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
15 shall be taken in the following order:

- 16 (a) The individual credits permitted by KRS 141.020(3);
- 17 (b) The credit permitted by KRS 141.066;
- 18 (c) The tuition credit permitted by KRS 141.069;
- 19 (d) The household and dependent care credit permitted by KRS 141.067;
- 20 (e) The income gap credit permitted by KRS 141.066; and
- 21 (f) The Education Opportunity Account Program~~tax~~ credit permitted by KRS
- 22 141.522;

23 (3) After the application of the nonrefundable credits provided for in subsection (2) of
24 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
25 taken in the following order:

- 26 (a) The individual withholding tax credit permitted by KRS 141.350;
- 27 (b) The individual estimated tax payment credit permitted by KRS 141.305;

- 1 (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
2 171.397(1)(b);
- 3 (d) The film industry~~[-tax]~~ credit permitted by KRS 141.383 for applications
4 approved prior to April 27, 2018, or on or after January 1, 2022;
- 5 (e) The development area~~[-tax]~~ credit permitted by KRS 141.398;
- 6 (f) The decontamination~~[-tax]~~ credit permitted by KRS 141.419; and
- 7 (g) The pass-through entity tax credit permitted by KRS 141.209;
- 8 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
9 tax imposed by KRS 141.040;
- 10 (5) The following nonrefundable credits shall be applied against the sum of the tax
11 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
12 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 13 (a) The economic development credits computed under KRS 141.347, 141.381,
14 141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and
15 154.12-2088;
- 16 (b) The qualified farming operation credit permitted by KRS 141.412;
- 17 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 18 (d) The health insurance credit permitted by KRS 141.062;
- 19 (e) The unemployment credit permitted by KRS 141.065;
- 20 (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 21 (g) The coal conversion credit permitted by KRS 141.041;
- 22 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
23 ending prior to January 1, 2008;
- 24 (i) The~~[-tax]~~ credit for cash contributions to investment funds permitted by KRS
25 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
26 154.20-258;
- 27 (j) The research facilities credit permitted by KRS 141.395;

- 1 (k) The employer High School Equivalency Diploma program incentive credit
2 permitted by KRS 151B.402;
- 3 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 4 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 5 (n) The clean coal incentive credit permitted by KRS 141.428;
- 6 (o) The ethanol credit permitted by KRS 141.4242;
- 7 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 8 (q) The energy efficiency credits permitted by KRS 141.436;
- 9 (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
10 permitted by KRS 141.437;
- 11 (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 12 (t) The railroad expansion credit permitted by KRS 141.386;
- 13 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 14 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 15 (w) The distilled spirits credit permitted by KRS 141.389;
- 16 (x) The film industry credit permitted by KRS 141.383 for applications approved
17 on or after April 27, 2018, but before January 1, 2022;
- 18 (y) The inventory credit permitted by KRS 141.408;
- 19 (z) The renewable chemical production~~[-tax]~~ credit permitted by KRS 141.4231;
- 20 (aa) The Education Opportunity Account Program~~[-tax]~~ credit permitted by KRS
21 141.522; and
- 22 (ab) The qualified broadband investment~~[-tax]~~ credit permitted by KRS 141.391;
23 and
- 24 (6) After the application of the nonrefundable credits in subsection (5) of this section,
25 the refundable credits shall be taken in the following order:
- 26 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 27 (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and

1 171.397(1)(b);

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

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

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

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

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

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

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

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

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

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

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

1 KRS 131.020(1)(b); or

2 (l) Providing information to the Legislative Research Commission under:

- 3 1. KRS 139.519 for purposes of the sales and use tax refund on building
- 4 materials used for disaster recovery;
- 5 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 6 3. KRS 141.437 for purposes of the ENERGY STAR home and the
- 7 ENERGY STAR manufactured home credits;
- 8 4. KRS 141.383 for purposes of the film industry incentives;
- 9 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
- 10 credit and the job assessment fees;
- 11 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 12 7. KRS 141.396 for purposes of the angel investor credit;
- 13 8. KRS 141.389 for purposes of the distilled spirits credit;
- 14 9. KRS 141.408 for purposes of the inventory credit;
- 15 10. KRS 141.390 for purposes of the recycling and composting credits;
- 16 11. KRS 141.3841 for purposes of the selling farmer credit;
- 17 12. KRS 141.4231 for purposes of the renewable chemical production
- 18 credit;
- 19 13. KRS 141.524 for purposes of the Education Opportunity Account
- 20 Program credit;
- 21 14. KRS 141.398 for purposes of the development area credit;
- 22 15. KRS 139.516 for purposes of the sales and use tax exemptions for the
- 23 commercial mining of cryptocurrency;
- 24 16. KRS 141.419 for purposes of the decontamination credit;
- 25 17. KRS 141.391 for purposes of the qualified broadband investment credit;
- 26 18. KRS 139.499 for purposes of the sales and use tax exemptions for a
- 27 qualified data center project;~~and~~

1 19. KRS 139.5325 for purposes of the sales and use tax incentive for a
2 qualifying attraction;and

3 **20. Section 1 of this Act for purposes of the apprenticeship credit.**

4 (3) The commissioner shall make available any information for official use only and on
5 a confidential basis to the proper officer, agency, board or commission of this state,
6 any Kentucky county, any Kentucky city, any other state, or the federal
7 government, under reciprocal agreements whereby the department shall receive
8 similar or useful information in return.

9 (4) Access to and inspection of information received from the Internal Revenue Service
10 is for department use only, and is restricted to tax administration purposes.
11 Information received from the Internal Revenue Service shall not be made available
12 to any other agency of state government, or any county, city, or other state, and
13 shall not be inspected intentionally and without authorization by any present
14 secretary or employee of the Finance and Administration Cabinet, commissioner or
15 employee of the department, or any other person.

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

21 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
22 submissions for the 1989 tax year, the department may make public or divulge only
23 those portions of mine maps submitted by taxpayers to the department pursuant to
24 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
25 out parcel areas. These electronic maps shall not be relied upon to determine actual
26 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
27 required under KRS Chapters 350 and 352 shall not be construed to constitute land

- 1 surveying or boundary surveys as defined by KRS 322.010 and any administrative
- 2 regulations promulgated thereto.