

1 AN ACT relating to revenue.

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

3 ➔Section 1. KRS 141.068 is amended to read as follows:

4 (1) As used in this section, unless the context requires otherwise:

5 (a) "Authority" means the Kentucky Economic Development Finance Authority
6 as created pursuant to KRS 154.20-010;

7 (b) "Investor" has the same meaning as set forth in KRS 154.20-254;

8 (c) "Investment fund" has the same meaning as set forth in KRS 154.20-254;

9 (d) "Investment fund manager" has the same meaning as set forth in KRS 154.20-
10 254; and

11 (e) "Tax credit" means the credits provided for in KRS 154.20-258.

12 (2) (a) An investor which is an individual or a corporation shall be entitled to the
13 credit certified by the authority under KRS 154.20-258 against the tax due
14 computed as provided by KRS 141.020 or 141.040, respectively, and against
15 the tax imposed by KRS 141.0401, with the ordering of credits as provided in
16 KRS 141.0205.

17 (b) The amount of the certified tax credit that may be claimed in any tax year of
18 the investor shall be determined in accordance with the provisions of KRS
19 154.20-258.

20 (3) (a) In the case of an investor that is a pass-through entity not subject to the tax
21 imposed by KRS 141.040, the amount of the tax credit certified by the
22 authority under KRS 154.20-258 shall be taken by the pass-through entity
23 against the limited liability entity tax imposed by KRS 141.0401, and shall
24 also be apportioned among the partners, members, or shareholders at the same
25 ratio as the partners', members', or shareholders' distributive shares of income
26 are determined for the tax year during which the amount of the credit is
27 certified by the authority.

- 1 (b) The amount of the tax credit apportioned to each partner, member, or
2 shareholder that may be claimed in any tax year of the partner, member, or
3 shareholder shall be determined in accordance with the provisions of KRS
4 154.20-258.
- 5 (4) (a) In the case of an investor that is a trust not subject to the tax imposed by KRS
6 141.040, the amount of the tax credit certified by the authority under KRS
7 154.20-258 shall be apportioned to the trust and the beneficiaries on the basis
8 of the income of the trust allocable to each for the tax year during which the
9 tax credit is certified by the authority.
- 10 (b) The amount of tax credit apportioned to each trust or beneficiary that may be
11 claimed in any tax year of the trust or beneficiary shall be determined in
12 accordance with the provisions of KRS 154.20-258.
- 13 (5) The department ~~of Revenue~~ shall promulgate administrative regulations under
14 KRS Chapter 13A to adopt procedures for the administration of the credits
15 authorized by KRS 154.20-258.
- 16 (6) In order for the General Assembly to evaluate the fulfillment of the purposes stated
17 in KRS 154.20-250, the department shall work jointly with the Cabinet for
18 Economic Development to provide a report detailing each investment fund
19 agreement entered into by the cabinet. The report shall be submitted to the Interim
20 Joint Committee on Appropriations and Revenue on or before May 1, 2019, and
21 contain the following information:
- 22 (a) The date the agreement was entered into by the cabinet with the investment
23 fund manager;
- 24 (b) The name of the investment fund manager and the name of the investment
25 fund;
- 26 (c) The primary business location of the investment fund;
- 27 (d) The total number of investment funds, the number of investors for each fund,

- 1 the amount of committed cash contributions to each investment fund, and the
2 total qualified investments made by each investment fund, including initial
3 and subsequent investments, for each small business;
- 4 (e) A list detailing each investor within each investment fund, the amount of
5 investment made by each investor, and the amount of tax credit awarded each
6 investor;
- 7 (f) Whether the authority has suspended the availability of any credits,
8 terminated any agreements, or pursued any other remedy because the
9 investment fund manager failed to comply with the agreement;
- 10 (g) By taxable year, the amount of tax credit claimed by each investor by type of
11 tax, including income tax, any taxes imposed on financial institutions, or
12 insurance taxes;
- 13 (h) The number of small businesses that are active, inactive, or closed that have
14 received investments from an investment fund;
- 15 (i) The number and location of each new small business established or expanded;
- 16 (j) The number and location of each new job created;
- 17 (k) The number of new products and technologies created; and
- 18 (l) The total amount of tax credit awarded for each fiscal year.
- 19 (7) If either the department or the Cabinet for Economic Development does not
20 currently have the data to fulfill the reporting requirement of subsection (6) of this
21 section, the department and the cabinet shall work jointly to obtain the data in an
22 expedient manner to provide the report on or before the May 1, 2019, report date.