

1 AN ACT relating to solar farms in the Commonwealth.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) As used in this section:*

6 *(a) "Department" means the Department of Revenue;*

7 *(b) "Owner" includes any individual, firm, copartnership, joint venture,*
8 *association, corporation, estate, trust, business trust, receiver, trustee,*
9 *syndicate, cooperative, assignee, governmental unit or agency, or any other*
10 *group or combination acting as a unit that owns a solar farm;*

11 *(c) "Solar farm" means a system that uses solar energy for the generation of*
12 *electricity that:*

13 *1. Includes all solar photovoltaic panels, structural attachments,*
14 *substations, electrical wiring, inverters for converting direct current*
15 *output to alternating current, and related energy storage and*
16 *transmission components;*

17 *2. Has a rated capacity of greater than five hundred (500) kilowatts; and*

18 *3. Occupies five (5) or more acres of land that has been farmed, zoned,*
19 *or taxed for real property purposes as agricultural land in any of the*
20 *ten (10) years prior to the commencement of the construction of the*
21 *system; and*

22 *(d) "Taxes" includes interest accrued at the rate provided in KRS 131.183, all*
23 *applicable penalties imposed under this chapter, and all applicable penalties*
24 *and fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.*

25 *(2) An annual excise tax is levied on the owner as of January 1 of a solar farm*
26 *located within the Commonwealth at an annual rate of two hundred dollars*
27 *(\$200) per acre, or portion thereof, of land or other real property that is used to*

1 generate electricity by the solar farm.

2 (3) Beginning December 1, 2027, and every December 1 thereafter:

3 (a) The tax rate levied in subsection (2) of this section shall be adjusted by the
4 percent increase in the nonseasonally adjusted annual average Consumer
5 Price Index for All Urban Consumers (CPI-U), U.S. City Average,
6 Electricity, between the two (2) most recent calendar years available, as
7 published by the United States Bureau of Labor Statistics and rounded to
8 the nearest dollar;

9 (b) Notification of the change in the tax rate to be levied shall be published on
10 the department's website at least twenty (20) days in advance of January 1
11 of each calendar year; and

12 (c) Notwithstanding paragraph (a) of this subsection, the tax rate shall not be
13 less than the tax rate levied in the preceding year.

14 (4) The tax levied in this section shall:

15 (a) Be the liability of and paid by the owner of the solar farm, whether the land
16 or property site is owned, leased, occupied, or controlled by the owner of the
17 solar farm system;

18 (b) Apply to all acreage owned, leased, occupied, or controlled by the owner of
19 the solar farm during the calendar year; and

20 (c) Be due on February 1, 2027, and every February 1 thereafter, for the tax
21 period of the preceding January 1.

22 (5) The owner shall file with the department, on forms prescribed by the department,
23 a yearly tax return. The return shall be made under penalty of perjury and shall
24 contain the information as the department may require. Payment of the tax due
25 shall be remitted with the return.

26 (6) The department may promulgate administrative regulations in accordance with
27 KRS Chapter 13A to prescribe forms and administer the tax.

- 1 (7) The revenues generated from the tax shall be deposited into the rural
2 development fund established in KRS 248.655.
- 3 (8) The owner shall keep and preserve an accurate record of all receipts, pertinent
4 contracts, records, and papers as required by the department.
- 5 (9) An owner shall not:
- 6 (a) Fail or refuse to make the returns and pay the tax required in this section,
7 or refuse to permit the department or its representatives appointed by the
8 commissioner of the department to examine his or her records, papers, files,
9 and equipment pertaining to the solar farm;
- 10 (b) Make an incomplete, false, or fraudulent return, or attempt to do anything
11 to avoid a full disclosure of the amount of business done or to avoid the
12 payment of the whole or any part of the tax or penalties due; or
- 13 (c) Fail to keep and preserve records of to make reports as required in this
14 section.
- 15 (10) (a) As soon as practicable after each return is received, the department shall
16 examine and audit the return. If the amount of taxes computed by the
17 department is greater than the amount returned by the person, the excess
18 shall be assessed by the department within four (4) years from the date the
19 return was filed, except as provided in paragraph (c) of this subsection, and
20 except that in the case of a failure to file a return or of a fraudulent return
21 the excess may be assessed at any time. A notice of an assessment shall be
22 mailed to the owner.
- 23 (b) For the purpose of paragraphs (a) and (c) of this subsection, a return filed
24 before the last day prescribed by law for the filing of the return shall be
25 considered as filed on the last day.
- 26 (c) Notwithstanding the four (4) year time limitation in paragraph (a) of this
27 subsection, in the case of a return where the amount of taxes computed by

1 the department is greater by twenty-five percent (25%) or more than the
2 amount returned by the owner, the excess shall be assessed by the
3 department within six (6) years from the date the return was filed.
4 (11) Any owner who violates this section shall be subject to the uniform civil penalties
5 imposed pursuant to KRS 131.180 and interest at the tax interest rate as defined
6 in KRS 131.183.