

1 AN ACT relating to a tax credit for Kentucky Education Savings Plan Trust account  
2 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) "Beneficiary" means the child, legally adopted child, grandchild, or legally*  
8 *adopted grandchild of the individual making the contribution to a savings*  
9 *plan trust account;*

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

13 *(c) "Kentucky Educational Savings Plan Trust account" means the trust*  
14 *established pursuant to KRS 164A.310, to which contributions are made*  
15 *and withdrawn by a beneficiary for qualified educational expenses;*

16 *(d) "Qualified educational expenses" has the same meaning as in KRS*  
17 *164A.305; and*

18 *(e) "Savings plan trust" has the same meaning as Kentucky Educational*  
19 *Savings Plan Trust account.*

20 *(2) (a) For taxable years beginning on or after January 1, 2022, but prior to*  
21 *January 1, 2026, the Kentucky Education Savings Plan Trust tax credit*  
22 *shall be available for resident taxpayers making a contribution to a*  
23 *Kentucky Educational Savings Plan Trust account.*

24 *(b) The tax credit:*

25 *1. Shall be nonrefundable and nontransferable;*

26 *2. May be claimed against the tax imposed under KRS 141.020, with the*  
27 *ordering of the credit under Section 3 of this Act;*

- 1           3. Shall be in an amount equal to the amount of contribution made  
2           during the taxable year to the savings plan trust account for utilization  
3           by a beneficiary in paying qualified education expenses;
- 4           4. a. Shall not exceed five thousand dollars (\$5,000) for the taxable  
5           year if the taxpayer is single or married filing a separate return;  
6           and
- 7           b. Shall not exceed ten thousand dollars (\$10,000) for the taxable  
8           year if the taxpayers are married electing to file on a combined  
9           return; and
- 10          5. Shall not exceed the tax liability of the taxpayer for the taxable year  
11          and any excess credit during the taxable year shall not be carried  
12          forward or back to any other taxable year.
- 13          (3) In order to evaluate the effectiveness of this credit, the department shall report  
14          the following information to the Legislative Research Commission on or before  
15          December 1, 2024, and on or before each December 1 thereafter, as long as the  
16          credit is claimed on a tax return:
- 17          (a) The number of returns claiming the Kentucky Education Savings Plan  
18          Trust credit;
- 19          (b) The total amount of credit claimed for each taxable year;
- 20          (c) According to the address on the return, the number of returns and the  
21          amount of credit claimed by county; and
- 22          (d) Based on ranges of adjusted gross income of no larger than five thousand  
23          dollars (\$5,000) for the taxable year, the total amount of tax credit claimed  
24          and the number of returns claiming a tax credit for each adjusted gross  
25          income range.

26          ➔Section 2. KRS 131.190 is amended to read as follows:

- 27          (1) No present or former commissioner or employee of the department, present or

1 former member of a county board of assessment appeals, present or former property  
2 valuation administrator or employee, present or former secretary or employee of the  
3 Finance and Administration Cabinet, former secretary or employee of the Revenue  
4 Cabinet, or any other person, shall intentionally and without authorization inspect or  
5 divulge any information acquired by him or her of the affairs of any person, or  
6 information regarding the tax schedules, returns, or reports required to be filed with  
7 the department or other proper officer, or any information produced by a hearing or  
8 investigation, insofar as the information may have to do with the affairs of the  
9 person's business.

- 10 (2) The prohibition established by subsection (1) of this section shall not extend to:
- 11 (a) Information required in prosecutions for making false reports or returns of  
12 property for taxation, or any other infraction of the tax laws;
  - 13 (b) Any matter properly entered upon any assessment record, or in any way made  
14 a matter of public record;
  - 15 (c) Furnishing any taxpayer or his or her properly authorized agent with  
16 information respecting his or her own return;
  - 17 (d) Testimony provided by the commissioner or any employee of the department  
18 in any court, or the introduction as evidence of returns or reports filed with the  
19 department, in an action for violation of state or federal tax laws or in any  
20 action challenging state or federal tax laws;
  - 21 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or  
22 energy resources assessed under KRS 132.820, or owners of surface land  
23 under which the unmined minerals lie, factual information about the owner's  
24 property derived from third-party returns filed for that owner's property, under  
25 the provisions of KRS 132.820, that is used to determine the owner's  
26 assessment. This information shall be provided to the owner on a confidential  
27 basis, and the owner shall be subject to the penalties provided in KRS

- 1           131.990(2). The third-party filer shall be given prior notice of any disclosure  
2           of information to the owner that was provided by the third-party filer;
- 3           (f) Providing to a third-party purchaser pursuant to an order entered in a  
4           foreclosure action filed in a court of competent jurisdiction, factual  
5           information related to the owner or lessee of coal, oil, gas reserves, or any  
6           other mineral resources assessed under KRS 132.820. The department may  
7           promulgate an administrative regulation establishing a fee schedule for the  
8           provision of the information described in this paragraph. Any fee imposed  
9           shall not exceed the greater of the actual cost of providing the information or  
10          ten dollars (\$10);
- 11          (g) Providing information to a licensing agency, the Transportation Cabinet, or  
12          the Kentucky Supreme Court under KRS 131.1817;
- 13          (h) Statistics of gasoline and special fuels gallonage reported to the department  
14          under KRS 138.210 to 138.448;
- 15          (i) Providing any utility gross receipts license tax return information that is  
16          necessary to administer the provisions of KRS 160.613 to 160.617 to  
17          applicable school districts on a confidential basis;
- 18          (j) Providing documents, data, or other information to a third party pursuant to an  
19          order issued by a court of competent jurisdiction; or
- 20          (k) Providing information to the Legislative Research Commission under:
- 21                1. KRS 139.519 for purposes of the sales and use tax refund on building  
22                materials used for disaster recovery;
- 23                2. KRS 141.436 for purposes of the energy efficiency products credits;
- 24                3. KRS 141.437 for purposes of the ENERGY STAR home and the  
25                ENERGY STAR manufactured home credits;
- 26                4. KRS 141.383 for purposes of the film industry incentives;
- 27                5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization

- 1 tax credits and the job assessment fees;
- 2 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 3 7. KRS 141.396 for purposes of the angel investor tax credit;
- 4 8. KRS 141.389 for purposes of the distilled spirits credit;
- 5 9. KRS 141.408 for purposes of the inventory credit;
- 6 10. KRS 141.390 for purposes of the recycling and composting credit;
- 7 11. KRS 141.3841 for purposes of the selling farmer tax credit;
- 8 12. KRS 141.4231 for purposes of the renewable chemical production tax
- 9 credit;
- 10 13. KRS 141.524 for purposes of the Education Opportunity Account
- 11 Program tax credit;
- 12 14. KRS 141.398 for purposes of the development area tax credit;~~and~~
- 13 15. KRS 139.516 for the purposes of the sales and use tax exemption on the
- 14 commercial mining of cryptocurrency; ***and***

15 **16. Section 1 of this Act for purposes of the Kentucky Education Savings**

16 **Plan Trust credit.**

- 17 (3) The commissioner shall make available any information for official use only and on
- 18 a confidential basis to the proper officer, agency, board or commission of this state,
- 19 any Kentucky county, any Kentucky city, any other state, or the federal government,
- 20 under reciprocal agreements whereby the department shall receive similar or useful
- 21 information in return.
- 22 (4) Access to and inspection of information received from the Internal Revenue Service
- 23 is for department use only, and is restricted to tax administration purposes.
- 24 Information received from the Internal Revenue Service shall not be made available
- 25 to any other agency of state government, or any county, city, or other state, and shall
- 26 not be inspected intentionally and without authorization by any present secretary or
- 27 employee of the Finance and Administration Cabinet, commissioner or employee of

1 the department, or any other person.

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

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

16 ➔Section 3. KRS 141.0205 is amended to read as follows:

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

20 (1) The nonrefundable business incentive credits against the tax imposed by KRS  
21 141.020 shall be taken in the following order:

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

23 (b) The economic development credits computed under KRS 141.347, 141.381,  
24 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-  
25 207, and 154.12-2088;

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

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

- 1 (e) The health insurance credit permitted by KRS 141.062;
- 2 (f) The tax paid to other states credit permitted by KRS 141.070;
- 3 (g) The credit for hiring the unemployed permitted by KRS 141.065;
- 4 (h) The recycling or composting equipment credit permitted by KRS 141.390;
- 5 (i) The tax credit for cash contributions in investment funds permitted by KRS
- 6 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
- 7 154.20-258;
- 8 (j) The research facilities credit permitted by KRS 141.395;
- 9 (k) The employer High School Equivalency Diploma program incentive credit
- 10 permitted under KRS 151B.402;
- 11 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 12 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 13 (n) The clean coal incentive credit permitted by KRS 141.428;
- 14 (o) The ethanol credit permitted by KRS 141.4242;
- 15 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 16 (q) The energy efficiency credits permitted by KRS 141.436;
- 17 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 18 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 19 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 20 (u) The distilled spirits credit permitted by KRS 141.389;
- 21 (v) The angel investor credit permitted by KRS 141.396;
- 22 (w) The film industry credit permitted by KRS 141.383 for applications approved
- 23 on or after April 27, 2018, but before January 1, 2022;
- 24 (x) The inventory credit permitted by KRS 141.408; and
- 25 (y) The renewable chemical production credit permitted by KRS 141.4231.
- 26 (2) After the application of the nonrefundable credits in subsection (1) of this section,
- 27 the nonrefundable personal tax credits against the tax imposed by KRS 141.020

1 shall be taken in the following order:

- 2 (a) The individual credits permitted by KRS 141.020(3);  
3 (b) The credit permitted by KRS 141.066;  
4 (c) The tuition credit permitted by KRS 141.069;  
5 (d) The household and dependent care credit permitted by KRS 141.067;  
6 (e) The income gap credit permitted by KRS 141.066;~~and~~  
7 (f) The Education Opportunity Account Program tax credit permitted by KRS  
8 141.522; *and*

9 (g) Section 1 of this Act for purposes of the Kentucky Education Savings Plan  
10 Trust tax credit.

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

- 14 (a) The individual withholding tax credit permitted by KRS 141.350;  
15 (b) The individual estimated tax payment credit permitted by KRS 141.305;  
16 (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and  
17 171.397(1)(b);  
18 (d) The film industry tax credit permitted by KRS 141.383 for applications  
19 approved prior to April 27, 2018, or on or after January 1, 2022; and  
20 (e) The development area tax credit permitted by KRS 141.398.

21 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the  
22 tax imposed by KRS 141.040.

23 (5) The following nonrefundable credits shall be applied against the sum of the tax  
24 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)  
25 of this section, and the tax imposed by KRS 141.0401 in the following order:

- 26 (a) The economic development credits computed under KRS 141.347, 141.381,  
27 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-



- 1           207, and 154.12-2088;
- 2           (b) The qualified farming operation credit permitted by KRS 141.412;
- 3           (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 4           (d) The health insurance credit permitted by KRS 141.062;
- 5           (e) The unemployment credit permitted by KRS 141.065;
- 6           (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 7           (g) The coal conversion credit permitted by KRS 141.041;
- 8           (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
- 9           ending prior to January 1, 2008;
- 10          (i) The tax credit for cash contributions to investment funds permitted by KRS
- 11          154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
- 12          154.20-258;
- 13          (j) The research facilities credit permitted by KRS 141.395;
- 14          (k) The employer High School Equivalency Diploma program incentive credit
- 15          permitted by KRS 151B.402;
- 16          (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 17          (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 18          (n) The clean coal incentive credit permitted by KRS 141.428;
- 19          (o) The ethanol credit permitted by KRS 141.4242;
- 20          (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 21          (q) The energy efficiency credits permitted by KRS 141.436;
- 22          (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
- 23          permitted by KRS 141.437;
- 24          (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 25          (t) The railroad expansion credit permitted by KRS 141.386;
- 26          (u) The Endow Kentucky credit permitted by KRS 141.438;
- 27          (v) The New Markets Development Program credit permitted by KRS 141.434;

- 1 (w) The distilled spirits credit permitted by KRS 141.389;
- 2 (x) The film industry credit permitted by KRS 141.383 for applications approved
- 3 on or after April 27, 2018, but before January 1, 2022;
- 4 (y) The inventory credit permitted by KRS 141.408;
- 5 (z) The renewable chemical production tax credit permitted by KRS 141.4231;
- 6 and
- 7 (aa) The Education Opportunity Account Program tax credit permitted by KRS
- 8 141.522.
- 9 (6) After the application of the nonrefundable credits in subsection (5) of this section,
- 10 the refundable credits shall be taken in the following order:
- 11 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 12 (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
- 13 171.397(1)(b); and
- 14 (c) The film industry tax credit permitted by KRS 141.383 for applications
- 15 approved prior to April 27, 2018, or on or after January 1, 2022.