

1 AN ACT relating to the voluntary environmental remediation tax credit.

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

3 ➔Section 1. KRS 141.418 is amended to read as follows:

4 (1) As used in this section:

5 (a) **"Expenditures" means payment for work to characterize the extent of**
 6 **contamination and to remediate the contamination at a qualifying**
 7 **voluntary environmental remediation property;**

8 (b) "Hazardous substances" **has the same**~~shall have the~~ meaning ~~as~~^{provided} in
 9 KRS 224.1-400;

10 (c) **"Petroleum" and "petroleum products" have the same meaning as in KRS**
 11 **224.60-115;**

12 (d)~~(b)~~ "Pollutant or contaminant" **has the same**~~shall have the~~ meaning
 13 ~~as~~^{provided} in KRS 224.1-400;

14 ~~{(c) "Petroleum" and "petroleum products" shall have the meaning provided in~~
 15 ~~KRS 224.60-115;~~

16 (d)~~"Release" shall have the meaning as provided in either or both KRS 224.1-400~~
 17 ~~and 224.60-115;}~~

18 (e) "Qualifying voluntary environmental remediation property" means real
 19 property subject to the provisions of KRS 224.1-400, 224.1-405, **224.1-415,**
 20 or 224.60-135 where the Energy and Environment Cabinet has made a
 21 determination that:

- 22 1. All releases of hazardous substances, pollutants, contaminants,
 23 petroleum, or petroleum products on the property occurred prior to the
 24 property owner's acquisition of the property;
- 25 2. The property owner made all appropriate inquiry into previous
 26 ownership and uses of the property in accordance with generally
 27 accepted practices;

- 1 3. The property owner or a responsible party has provided all legally
2 required notices with respect to hazardous substances, pollutants,
3 contaminants, petroleum, or petroleum products found at the property;
- 4 4. The property owner is in compliance with all land use restrictions and
5 does not impede the effectiveness or integrity of any institutional
6 control;
- 7 5. The property owner complied with any information request or
8 administrative subpoena under KRS Chapter 224; and
- 9 6. The property owner is not affiliated with any person who is potentially
10 liable for the release of hazardous substances, pollutants, contaminants,
11 petroleum, or petroleum products on the property pursuant to KRS
12 224.1-400, 224.1-405, or 224.60-135, through:
- 13 a. Direct or indirect familial relationship;
- 14 b. Any contractual, corporate, or financial relationship, excluding
15 relationships created by instruments conveying or financing title or
16 by contracts for sale of goods or services; or
- 17 c. Reorganization of a business entity that was potentially liable;
- 18 (f) **"Release" has the same meaning as in either KRS 224.1-400, 224.60-115,**
19 **or both**~~["Expenditures" means payment for work to characterize the extent of~~
20 ~~contamination and to remediate the contamination at a qualifying voluntary~~
21 ~~environmental remediation property]; and~~
- 22 (g) "Taxpayer" means an individual subject to tax under KRS 141.020 or a
23 corporation subject to tax under KRS 141.040.
- 24 (2)~~[(a)]~~ There shall be allowed a:
- 25 **(a)** Nonrefundable credit against the tax imposed under KRS 141.020 or 141.040
26 for taxable years beginning after December 31, 2004, **but before January 1,**
27 **2021,** and against the tax imposed by KRS 141.0401 for taxable years

- 1 beginning after December 31, 2006, but before January 1, 2021; and
- 2 (b) Refundable tax credit against the tax imposed under KRS 141.020 or
- 3 141.040 and 141.0401 for taxable years beginning on or after January 1,
- 4 2021, but before January 1, 2025;[,-]
- 5 with the ordering of the credits in Section 2 of this Act, for taxpayer expenditures
- 6 made at a qualifying voluntary environmental remediation property in order to
- 7 correct the effect of a release of hazardous substances, pollutants, contaminants,
- 8 petroleum, or petroleum products on the property pursuant to KRS 224.1-400,
- 9 224.1-405, or 224.60-135, consistent with a corrective action plan approved by the
- 10 Energy and Environment Cabinet pursuant to KRS 224.1-400, 224.1-405, or
- 11 224.60-135, and provided the cleanup was not financed through a public grant
- 12 program or the petroleum storage tank environmental assurance fund.[,]
- 13 ~~(b) The credit allowed under paragraph (a) of this subsection shall be applied both~~
- 14 ~~to the income tax imposed under KRS 141.020 or 141.040 and to the limited~~
- 15 ~~liability entity tax imposed under KRS 141.0401, with the ordering of the~~
- 16 ~~credits as provided in KRS 141.0205.]~~
- 17 (3) (a) For taxable years beginning prior to January 1, 2021, the maximum total
- 18 credit for each taxpayer shall not exceed one hundred fifty thousand dollars
- 19 (\$150,000). For purposes of this section, an affiliated group of taxpayers
- 20 required to file a consolidated return under KRS 141.200 shall be treated as
- 21 one (1) taxpayer.
- 22 (b) For taxable years beginning on or after January 1, 2021, but before
- 23 January 1, 2025, to qualify for the tax credit:
- 24 1. The amount of expenditures associated with the qualifying voluntary
- 25 environmental remediation property shall equal ten million dollars
- 26 (\$10,000,000) or more;
- 27 2. The qualifying voluntary environmental remediation property shall be

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- located:
- a. Within one-half (1/2) mile of a tax increment financing district area; or
- b. In a census tract that qualifies for the use of the Kentucky New Markets Development Program tax credit created in KRS 141.434;
- 3. The amount of investment in the qualifying voluntary environmental remediation property shall exceed thirty million dollars (\$30,000,000);
- 4. The maximum total credit for each taxpayer shall not exceed thirty million dollars (\$30,000,000); and
- 5. If the taxpayer qualifies for any other tax credit related to the purchase, investment, or remediation of the qualifying voluntary environmental remediation property, the taxpayer shall claim the tax credit under this section and shall not claim any other tax credit that may apply.

- (4) A taxpayer claiming a credit under this section shall submit receipts to the Energy and Environment Cabinet in proof of the expenditures claimed. The Energy and Environment Cabinet shall verify the receipts. After the receipts are verified, the Finance and Administration Cabinet shall notify the taxpayer of eligibility for the credit.
- (5) The credit may be first claimed on the income tax return of the taxpayer filed in the taxable year during which the credit was certified. The amount of the allowable credit for any taxable year shall be twenty-five percent (25%) of the maximum credit approved. The credit may be carried forward for ten (10) successive taxable years.
- (6) If the taxpayer is a pass-through entity, the taxpayer shall apply the credit against the limited liability entity tax imposed by KRS 141.0401, and shall also pass the

1 credit through to its members, partners, or shareholders in the same proportion as
2 the distributive share of income or loss is passed through.

3 (7) The purpose for this tax credit is to encourage investment in and remediation of
4 qualifying voluntary environmental remediation property.

5 (8) (a) In order for the General Assembly to evaluate the fulfillment of the purpose
6 stated in subsection (7) of this section, the department shall provide the
7 following information on a cumulative basis for each taxable year to
8 provide a historical impact of the tax credit to the Commonwealth:

9 1. The location, by county, of the qualifying voluntary environmental
10 remediation property;

11 2. The amount of expenditures associated with the qualifying voluntary
12 environmental remediation property;

13 3. The name and address for each taxpayer claiming a tax credit related
14 to the qualifying voluntary environmental remediation property;

15 4. The entity type of that taxpayer, including:

16 a. Individual;

17 b. Corporation; or

18 c. Pass-through entity;

19 5. The amount of tax credit that offset liability from the return filed by
20 the taxpayer and the amount of tax credit that was refunded to the
21 taxpayer;

22 6. In the case of taxpayers other than corporations, based on ranges of
23 adjusted gross income of no larger than five thousand dollars (\$5,000)
24 for the taxable year, the total amount of tax credits claimed and the
25 number of returns claiming a tax credit for each adjusted gross
26 income range; and

27 7. In the case of all corporations, based on ranges of net income no

1 larger than fifty thousand dollars (\$50,000) for the taxable year, the
2 total amount of tax credits claimed and the number of returns
3 claiming a tax credit for each net income range.

4 (b) The report required by paragraph (a) of this subsection shall be submitted
5 to the Interim Joint Committee on Appropriations and Revenue beginning
6 no later than November 1, 2022, and not later than each November 1
7 thereafter, as long as the credit is claimed on any return processed by the
8 department.

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

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

13 (1) The nonrefundable business incentive credits against the tax imposed by KRS
14 141.020 shall be taken in the following order:

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

16 (b) The economic development credits computed under KRS 141.347, 141.381,
17 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-
18 207, and 154.12-2088;

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

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

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

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

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

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

25 (i) The tax credit for cash contributions in investment funds permitted by KRS
26 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
27 154.20-258;

- 1 (j) The research facilities credit permitted by KRS 141.395;
- 2 (k) The employer High School Equivalency Diploma program incentive credit
3 permitted under KRS 151B.402;
- 4 (l) The voluntary environmental remediation credit permitted by KRS 141.418
5 for taxable years beginning prior to January 1, 2021;
- 6 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 7 (n) The clean coal incentive credit permitted by KRS 141.428;
- 8 (o) The ethanol credit permitted by KRS 141.4242;
- 9 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 10 (q) The energy efficiency credits permitted by KRS 141.436;
- 11 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 12 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 13 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 14 (u) The distilled spirits credit permitted by KRS 141.389;
- 15 (v) The angel investor credit permitted by KRS 141.396;
- 16 (w) The film industry credit permitted by KRS 141.383 for applications approved
17 on or after April 27, 2018;
- 18 (x) The inventory credit permitted by KRS 141.408; and
- 19 (y) The renewable chemical production credit permitted by KRS 141.4231.
- 20 (2) After the application of the nonrefundable credits in subsection (1) of this section,
21 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
22 shall be taken in the following order:
- 23 (a) The individual credits permitted by KRS 141.020(3);
- 24 (b) The credit permitted by KRS 141.066;
- 25 (c) The tuition credit permitted by KRS 141.069;
- 26 (d) The household and dependent care credit permitted by KRS 141.067; and
- 27 (e) The income gap credit permitted by KRS 141.066.

- 1 (3) After the application of the nonrefundable credits provided for in subsection (2) of
2 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
3 taken in the following order:
- 4 (a) The individual withholding tax credit permitted by KRS 141.350;
 - 5 (b) The individual estimated tax payment credit permitted by KRS 141.305;
 - 6 (c) The certified rehabilitation credit permitted by KRS 171.3961 and
7 171.397(1)(b);~~and~~
 - 8 (d) The film industry tax credit permitted by KRS 141.383 for applications
9 approved prior to April 27, 2018; and
 - 10 (e) The voluntary environmental remediation credit permitted by Section 1 of
11 this Act for taxable years beginning on or after January 1, 2021, but before
12 January 1, 2025.
- 13 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
14 tax imposed by KRS 141.040.
- 15 (5) The following nonrefundable credits shall be applied against the sum of the tax
16 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
17 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 18 (a) The economic development credits computed under KRS 141.347, 141.381,
19 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-
20 207, and 154.12-2088;
 - 21 (b) The qualified farming operation credit permitted by KRS 141.412;
 - 22 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
 - 23 (d) The health insurance credit permitted by KRS 141.062;
 - 24 (e) The unemployment credit permitted by KRS 141.065;
 - 25 (f) The recycling or composting equipment credit permitted by KRS 141.390;
 - 26 (g) The coal conversion credit permitted by KRS 141.041;
 - 27 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods

- 1 ending prior to January 1, 2008;
- 2 (i) The tax credit for cash contributions to investment funds permitted by KRS
3 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
4 154.20-258;
- 5 (j) The research facilities credit permitted by KRS 141.395;
- 6 (k) The employer High School Equivalency Diploma program incentive credit
7 permitted by KRS 151B.402;
- 8 (l) The voluntary environmental remediation credit permitted by KRS 141.418
9 *for taxable years beginning prior to January 1, 2021;*
- 10 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 11 (n) The clean coal incentive credit permitted by KRS 141.428;
- 12 (o) The ethanol credit permitted by KRS 141.4242;
- 13 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 14 (q) The energy efficiency credits permitted by KRS 141.436;
- 15 (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
16 permitted by KRS 141.437;
- 17 (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 18 (t) The railroad expansion credit permitted by KRS 141.386;
- 19 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 20 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 21 (w) The distilled spirits credit permitted by KRS 141.389;
- 22 (x) The film industry credit permitted by KRS 141.383 for applications approved
23 on or after April 27, 2018;
- 24 (y) The inventory credit permitted by KRS 141.408; and
- 25 (z) The renewable chemical production tax credit permitted by KRS 141.4231.
- 26 (6) After the application of the nonrefundable credits in subsection (5) of this section,
27 the refundable credits shall be taken in the following order:

- 1 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 2 (b) The certified rehabilitation credit permitted by KRS 171.3961 and
- 3 171.397(1)(b); ~~and~~
- 4 (c) The film industry tax credit permitted by KRS 141.383 for applications
- 5 approved prior to April 27, 2018; and
- 6 (d) The voluntary environmental remediation credit permitted by Section 1 of
- 7 this Act for taxable years beginning on or after January 1, 2021, but before
- 8 January 1, 2025.

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

- 10 (1) No present or former commissioner or employee of the department, present or
- 11 former member of a county board of assessment appeals, present or former property
- 12 valuation administrator or employee, present or former secretary or employee of the
- 13 Finance and Administration Cabinet, former secretary or employee of the Revenue
- 14 Cabinet, or any other person, shall intentionally and without authorization inspect or
- 15 divulge any information acquired by him of the affairs of any person, or information
- 16 regarding the tax schedules, returns, or reports required to be filed with the
- 17 department or other proper officer, or any information produced by a hearing or
- 18 investigation, insofar as the information may have to do with the affairs of the
- 19 person's business.
- 20 (2) The prohibition established by subsection (1) of this section shall not extend to:
- 21 (a) Information required in prosecutions for making false reports or returns of
- 22 property for taxation, or any other infraction of the tax laws;
- 23 (b) Any matter properly entered upon any assessment record, or in any way made
- 24 a matter of public record;
- 25 (c) Furnishing any taxpayer or his properly authorized agent with information
- 26 respecting his own return;
- 27 (d) Testimony provided by the commissioner or any employee of the department

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

- 1 (j) Providing documents, data, or other information to a third party pursuant to an
 2 order issued by a court of competent jurisdiction; or
- 3 (k) Providing information to the Legislative Research Commission under:
- 4 1. KRS 139.519 for purposes of the sales and use tax refund on building
 5 materials used for disaster recovery;
- 6 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 7 3. KRS 141.437 for purposes of the ENERGY STAR home and the
 8 ENERGY STAR manufactured home credits;
- 9 4. KRS 148.544 for purposes of the film industry incentives;
- 10 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
 11 tax credits and the job assessment fees;
- 12 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 13 7. KRS 141.396 for purposes of the angel investor tax credit;
- 14 8. KRS 141.389 for purposes of the distilled spirits credit;
- 15 9. KRS 141.408 for purposes of the inventory credit;
- 16 10. KRS 141.390 for purposes of the recycling and composting credit;
- 17 11. KRS 141.3841 for purposes of the selling farmer tax credit;~~and~~
- 18 12. KRS 141.4231 for purposes of the renewable chemical production tax
 19 credit; **and**

20 **13. Section 1 of this Act for purposes of the voluntary environmental**
 21 **remediation credit.**

- 22 (3) The commissioner shall make available any information for official use only and on
 23 a confidential basis to the proper officer, agency, board or commission of this state,
 24 any Kentucky county, any Kentucky city, any other state, or the federal government,
 25 under reciprocal agreements whereby the department shall receive similar or useful
 26 information in return.
- 27 (4) Access to and inspection of information received from the Internal Revenue Service

1 is for department use only, and is restricted to tax administration purposes.
2 Information received from the Internal Revenue Service shall not be made available
3 to any other agency of state government, or any county, city, or other state, and shall
4 not be inspected intentionally and without authorization by any present secretary or
5 employee of the Finance and Administration Cabinet, commissioner or employee of
6 the department, or any other person.

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

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