

1 AN ACT relating to the establishment of a tax credit to promote investments in
2 rural Kentucky businesses and making an appropriation therefor.

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

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
5 READ AS FOLLOWS:

6 *The General Assembly hereby finds and declares that:*

7 *(1) Businesses in the rural areas of this state have found it difficult to attract capital*
8 *necessary to make investments that would stimulate economic development*
9 *activity and create new jobs for the residents of the rural areas; therefore, a need*
10 *exists to attract capital to rural areas that promotes the retention and expansion*
11 *of existing jobs, stimulates the creation of new jobs, attracts new business and*
12 *industry to the state, stimulates growth in businesses, and fosters job creation in*
13 *this state; and*

14 *(2) Through the establishment of a rural growth fund tax credit program under*
15 *Sections 1 to 9 of this Act, the Commonwealth will attract capital to stimulate*
16 *business development in rural areas, retain and attract new business and industry*
17 *to the rural areas, create high-paying jobs for residents of rural areas, and*
18 *stimulate growth in businesses in rural areas.*

19 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
20 READ AS FOLLOWS:

21 *As used in Sections 1 to 9 of this Act:*

22 *(1) (a) "Affiliate" means a person or entity that directly, or indirectly through one*
23 *(1) or more intermediaries, controls, is controlled by, or is under common*
24 *control with another person or entity.*

25 *(b) For the purposes of this subsection, an entity is controlled by another entity*
26 *if the controlling person holds, directly or indirectly, the majority voting or*
27 *ownership interest in the controlled person or has control over the day-to-*

- 1 day operations of the controlled person by contract or by law;
- 2 (2) "Authority" means the Kentucky Economic Development Finance Authority;
- 3 (3) "Closing date" means the date on which a rural growth fund has collected all of
4 the amounts specified by subsection (8)(a) of Section 3 of this Act;
- 5 (4) "Credit-eligible capital contribution" means an investment of cash in a rural
6 growth fund by an entity subject to state tax under KRS 136.300, 136.320,
7 136.330, 136.340, 136.350, 136.370, 136.390, 136.505, or 304.3-270 that shall:
- 8 (a) Equal the amount specified on a tax credit certificate issued by the
9 department under subsection (7) of Section 3 of this Act; and
- 10 (b) Purchase an equity interest in the rural growth fund or purchase, at par
11 value or premium, a debt instrument that has a maturity date at least five
12 (5) years from the closing date;
- 13 (5) "Department" means the Department of Revenue;
- 14 (6) "Enhanced incentive county" has the same meaning as in KRS 154.32-010;
- 15 (7) "Investment authority" means the amount stated on the notice issued under
16 subsection (7) of Section 3 of this Act certifying the rural growth fund, sixty
17 percent (60%) of which shall be composed of credit-eligible capital contributions;
- 18 (8) "Principal business operations" means the location where at least sixty percent
19 (60%) of a business entity's employees work or where employees that are paid at
20 least sixty percent (60%) of the business entity's payroll work. A business that has
21 agreed to relocate employees using the proceeds of a rural growth investment to
22 establish its principal business operations in a new location shall be deemed to
23 have its principal business operations in this new location if it satisfies those
24 requirements no later than one hundred eighty (180) days after receiving the
25 rural growth investment;
- 26 (9) "Rural area" means an enhanced incentive county having a population of less
27 than seventy thousand (70,000) at the time an initial rural growth investment is

1 made by a rural growth fund, based on the most recent federal decennial census;

2 (10) "Rural business concern" means a business entity that, at the time of the initial
3 rural growth investment in the entity by a rural growth fund:

4 (a) Has fewer than two hundred fifty (250) employees that are residents of rural
5 areas;

6 (b) Has not more than fifteen million dollars (\$15,000,000) in net income for
7 the preceding taxable year;

8 (c) Has its principal business operations in one (1) or more rural areas in this
9 state; and

10 (d) Is engaged in an agriculture, agribusiness, manufacturing, plant sciences,
11 or services or technology activity, or if not engaged in one (1) of those
12 activities, is engaged in an activity approved by the department with the
13 assistance of the authority, excluding retail sales activities;

14 (11) "Rural growth fund" means an entity that is:

15 (a) Certified by the department pursuant to Section 3 of this Act; and

16 (b) Licensed, or is an affiliate of an entity that is licensed, as a rural business
17 investment company under 7 U.S.C. sec. 2009cc-3 or as a small business
18 investment company under 15 U.S.C. sec. 681; and

19 (12) (a) "Rural growth investment" means any capital or equity investment in a
20 rural business concern or any loan to a rural business concern with a stated
21 maturity at least one (1) year after the date of issuance. A secured loan or
22 the provision of a revolving line of credit to a rural business concern shall
23 only qualify as a rural growth investment if the rural growth fund obtains
24 an affidavit from an officer of the rural business concern attesting that the
25 rural business concern applied for and was denied similar financing from a
26 commercial bank prior to the date of issuance of the secured loan or
27 revolving line of credit.

1 (b) "Rural growth investment" excludes any amount of any investment or loan
 2 which also is qualified as an investment under:

3 1. The Kentucky New Markets Development Program, pursuant to KRS
 4 141.432 to 141.434;

5 2. The Kentucky Angel Investment Act, pursuant to KRS 154.20-230 to
 6 154.20-240; or

7 3. The Kentucky Investment Fund Act, pursuant to KRS 154.20-250 to
 8 154.20-284.

9 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
 10 READ AS FOLLOWS:

11 (1) Beginning October 1, 2018, the department shall accept applications from entities
 12 seeking approval as a rural growth fund. The application shall be made on
 13 standard forms prescribed by the department, and shall include all of the
 14 following:

15 (a) The total investment authority sought by the applicant as part of its business
 16 plan;

17 (b) Documents and other evidence sufficient to prove, to the satisfaction of the
 18 department, that the applicant meets all of the following criteria:

19 1. The applicant or an affiliate of the applicant is licensed as a rural
 20 business investment company under 7 U.S.C. sec. 2009cc-3, or as a
 21 small business investment company under 15 U.S.C. sec. 681;

22 2. The applicant or affiliates of the applicant have, as of the date the
 23 application is submitted, invested more than one hundred million
 24 dollars (\$100,000,000) in nonpublic companies, including at least fifty
 25 million dollars (\$50,000,000) in nonpublic companies located in rural
 26 areas; and

27 3. The applicant and all affiliates of the applicant are, as of the date the

- 1 application is submitted, in compliance with applicable state and
2 federal securities laws and regulations and are current and in good
3 standing on all taxes owed to the Commonwealth;
- 4 (c) An estimate of the number of jobs that will be created or retained in this
5 state as a result of the applicant's proposed rural growth investments;
- 6 (d) A business plan that describes in detail the applicant's investment strategy
7 and includes a revenue impact assessment that projects state and local tax
8 revenue to be generated by the applicant's proposed rural growth
9 investments, prepared by a nationally recognized third-party independent
10 economic forecasting firm using a dynamic economic forecasting model
11 that analyzes the applicant's business plan over the ten (10) years following
12 the date the application is submitted to the department;
- 13 (e) A signed affidavit from each investor stating the amount of credit-eligible
14 capital contributions each investor commits to make;
- 15 (f) A letter of good standing issued by the department for each investor;
- 16 (g) A representation that the applicant shall remain in compliance with
17 applicable state and federal securities laws and regulations; and
- 18 (h) A nonrefundable application fee of five thousand dollars (\$5,000).
- 19 (2) The department shall review applications on a first-come, first-served basis, and
20 shall make an application determination within sixty (60) days of receipt. The
21 department shall deem applications received on the same day to have been
22 received simultaneously.
- 23 (3) (a) The department shall not issue approval for more than one hundred million
24 dollars (\$100,000,000) in total aggregate investment authority to all
25 applicants, and not more than sixty million dollars (\$60,000,000) in credit-
26 eligible capital contributions, under this section across all years.
- 27 (b) If applications for investment authority being reviewed by the department

1 would exceed the limitations provided in paragraph (a) of this subsection,
2 the department shall proportionally reduce the investment authority and the
3 credit-eligible capital contributions for each approved application as
4 necessary to avoid exceeding the limits.

5 (c) The department shall not issue approval for any amount of investment
6 authority, or any amount of credit-eligible capital contributions, on or after
7 October 1, 2022.

8 (4) The department shall deny an application submitted under this section if any of
9 the following are true:

10 (a) The application is incomplete or the application fee is not paid in full;

11 (b) The applicant does not satisfy all the criteria provided in subsection (1)(b)
12 of this section;

13 (c) The credit-eligible capital contributions investors have committed to make,
14 as described in affidavits submitted pursuant to subsection (1)(e) of this
15 section, do not equal sixty percent (60%) of the total amount of investment
16 authority sought by the applicant;

17 (d) The department has already approved the maximum amount of investment
18 authority and credit-eligible capital contributions allowed under subsection
19 (3)(a) of this section; or

20 (e) The application is received by the department on or after August 1, 2022, in
21 which case the department would not have the full sixty (60) day period
22 allowed for review of applications prior to reaching the sunset date
23 limitation provided in subsection (3)(c) of this section.

24 (5) If the department denies an application, the applicant may provide additional
25 information to the department to complete, clarify, or cure defects in the
26 application identified by the department within fifteen (15) days of the notice of
27 denial and resubmit the application for reconsideration. The department shall

1 review resubmitted applications within forty-five (45) days, and prior to reviewing
2 any pending application submitted after the original submission date of the
3 reconsidered application.

4 (6) The department shall not deny a rural growth fund application or reduce the
5 requested investment authority for reasons other than those provided in
6 subsections (3) and (4) of this section.

7 (7) Upon approval of an application, the department shall issue:

8 (a) A written approval to the applicant certifying it as a rural growth fund and
9 specifying the amount of the applicant's investment authority; and

10 (b) A written tax credit certificate to each investor whose affidavit was included
11 in the application, specifying the amount of the investor's credit-eligible
12 capital contribution.

13 (8) After receiving the approval issued under subsection (7) of this section, a rural
14 growth fund shall:

15 (a) Within sixty (60) days:

16 1. Collect the credit-eligible capital contributions from each investor
17 issued a tax credit certificate under subsection (7)(b) of this section;
18 and

19 2. Collect one (1) or more investments of cash that, when added to the
20 credit-eligible capital contributions collected under subparagraph 1. of
21 this paragraph, equal the rural growth fund's entire approved
22 investment authority. At least ten percent (10%) of the rural growth
23 fund's investment authority shall be composed of equity investments
24 contributed by affiliates of the rural growth fund, including
25 employees, officers, and directors of those affiliates;

26 (b) Within sixty-five (65) days, submit to the department written documentation
27 sufficient to prove that the amounts described in paragraph (a) of this

1 subsection have been collected; and

2 (c) Within two (2) years of the closing date invest one hundred percent (100%)
3 of its investment authority in rural growth investments in this state, a
4 minimum twenty percent (20%) of which shall be in counties with labor
5 force participation rates below the national average as determined by data
6 available from the United States Bureau of Labor Statistics and the Cabinet
7 for Workforce Development as of the date of the rural growth investment,
8 and maintain that level of investment until the fifth anniversary of the
9 closing date.

10 (9) (a) If the rural growth fund fails to fully comply with subsection (8)(a) and (b)
11 of this section, the rural growth fund's approval shall lapse and the
12 corresponding investment authority and credit-eligible capital contributions
13 shall not count toward the limits on total investment authority and credit-
14 eligible capital contributions prescribed by subsection (3) of this section.

15 (b) The department shall first award lapsed investment authority and credit-
16 eligible capital contribution amounts pro rata to each rural growth fund
17 that was awarded less than its requested investment authority and credit-
18 eligible capital contribution amounts under subsection (3)(b) of this section.
19 A rural growth fund receiving awards under this paragraph may allocate
20 credit-eligible capital contribution amounts to its investors in its discretion,
21 upon the submission of written notification to the department detailing the
22 investor to which the amount approved for credit-eligible capital
23 contributions has been allocated.

24 (c) Any remaining investment authority and credit-eligible capital
25 contributions may be awarded by the department to new applications
26 submitted pursuant to subsection (1) of this section, subject to the sunset
27 date limitation provided in subsection (3)(c) of this section.

1 (10) Following the making of each rural growth investment, the rural growth fund
 2 shall within sixty (60) days submit to the department written documentation
 3 listing the following information:

4 (a) The name and address of the business entity receiving the rural growth
 5 investment;

6 (b) The amount of the rural growth investment;

7 (c) A detailed description of the business activities engaged in by the business
 8 entity; and

9 (d) Any other information required by the department.

10 (11) Nonrefundable application fees submitted to the department pursuant to
 11 subsection (1)(h) of this section shall be retained by the department to offset the
 12 costs of administering Sections 1 to 9 of this Act.

13 (12) The staff of the authority shall, upon the request of the department, work
 14 collaboratively with the department to assist in the review of applications received
 15 under subsection (1) of this section, and documents received pursuant to
 16 subsections (8) and (10) of this section, to ensure compliance with Sections 1 to 9
 17 of this Act.

18 (13) The department may promulgate administrative regulations as necessary to
 19 administer Sections 1 to 9 of this Act.

20 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
 21 READ AS FOLLOWS:

22 (1) There is hereby allowed a nonrefundable credit for taxpayers that, as investors,
 23 make a credit-eligible capital contribution to a rural growth fund and were issued
 24 a tax credit certificate under subsection (7)(b) of Section 3 of this Act. The credit
 25 may be claimed against the state tax imposed by:

26 (a) KRS 136.300;

27 (b) KRS 136.320, 136.330, 136.340, 136.350, 136.370, 136.390, or 304.3-270,

1 with the ordering of the credit as provided in Section 10 of this Act; or
 2 (c) KRS 136.505, with the ordering of the credit as provided in Section 11 of
 3 this Act.

4 (2) The credit may not be sold, transferred, or allocated to any other taxpayer other
 5 than an affiliate that is itself subject to the state tax imposed by KRS 136.300,
 6 136.320, 136.330, 136.340, 136.350, 136.370, 136.390, 136.505, or 304.3-270.

7 (3) On the closing date, the taxpayer shall earn a vested credit equal to the amount of
 8 the taxpayer's credit-eligible capital contribution made to a rural growth fund as
 9 specified on the tax credit certificate. A taxpayer may claim no more than twenty-
 10 five percent (25%) of the credit allowed by this section in each of the taxable
 11 years that include the second, third, fourth, and fifth anniversaries of the closing
 12 date, exclusive of amounts carried forward pursuant to subsection (4) of this
 13 section.

14 (4) If the amount of the credit allowed for a taxable year under subsection (3) of this
 15 section exceeds the tax otherwise due for that year, the excess shall be carried
 16 forward to succeeding taxable years until fully used, for a period not to exceed
 17 ten (10) years.

18 (5) A taxpayer claiming a credit under this section shall submit a copy of the tax
 19 credit certificate with the taxpayer's return filed for each taxable year for which
 20 the credit is claimed.

21 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
 22 READ AS FOLLOWS:

23 (1) The department shall revoke a tax credit certificate issued under subsection (7)(b)
 24 of Section 3 of this Act if any of the following occur with respect to a rural
 25 growth fund before it exits the program in accordance with subsection (5) of this
 26 section:

27 (a) The rural growth fund in which the credit-eligible capital contribution

1 associated with the tax credit certificate was made does not invest one
2 hundred percent (100%) of its investment authority in rural growth
3 investments in this state within two (2) years of the closing date, a minimum
4 twenty percent (20%) of which shall be in counties with labor force
5 participation rates below the national average as determined by data
6 available from the United States Bureau of Labor Statistics and the Cabinet
7 for Workforce Development as of the date of the rural growth investment;

8 (b) 1. The rural growth fund, after investing one hundred percent (100%) of
9 its investment authority in rural growth investments in this state, fails
10 to maintain that investment until the fifth anniversary of the closing
11 date.

12 2. For the purposes of this paragraph, a rural growth investment shall be
13 considered to have been maintained even if the investment is sold or
14 repaid if the rural growth fund reinvests an amount equal to the
15 capital returned or recovered by the rural growth fund from the
16 original investment, exclusive of any profits realized, in other rural
17 growth investments in this state within twelve (12) months of the
18 receipt of the returned capital. Amounts received periodically by a
19 rural growth fund shall be treated as continually invested in rural
20 growth investments if the amounts are reinvested in one (1) or more
21 rural growth investments by the end of the following calendar year.

22 3. A rural growth fund shall not be required to reinvest capital returned
23 from rural growth investments after the fourth anniversary of the
24 closing date, and those amounts shall be considered to be held
25 continuously by the rural growth fund through the fifth anniversary
26 of the closing date;

27 (c) The rural growth fund, before exiting the program in accordance with

- 1 subsection (5) of this section, makes a distribution or payment that results
2 in the rural growth fund having less than one hundred percent (100%) of its
3 investment authority invested in rural growth investments in this state or
4 available for investment in rural growth investments and held in cash and
5 other marketable securities;
- 6 (d) The rural growth fund invests more than twenty percent (20%) of its
7 investment authority in the same rural business concern, including
8 amounts invested in affiliates of the rural business concern; or
- 9 (e) 1. The rural growth fund makes a rural growth investment in a rural
10 business concern that directly or indirectly through an affiliate owns,
11 has the right to acquire an ownership interest in, makes a loan to, or
12 makes an investment in the rural growth fund, an affiliate of the rural
13 growth fund, or an investor in the rural growth fund.
- 14 2. This paragraph shall not apply to investments in publicly traded
15 securities made by a rural business concern or an owner or affiliate of
16 that rural business concern.
- 17 3. For purposes of this paragraph, a rural growth fund shall not be
18 considered an affiliate of a rural business concern solely as a result of
19 its rural growth investment.
- 20 (2) Before revoking one (1) or more tax credit certificates under this section, the
21 department shall notify the rural growth fund of the reasons for the pending
22 revocation. The rural growth fund shall have sixty (60) days from the date of the
23 notice to correct any violation outlined in the notice to the satisfaction of the
24 department and to avoid revocation of the tax credit certificate. The rural growth
25 fund shall pay to the department a penalty equal to one thousand dollars (\$1,000)
26 per day for each day taken to correct the violations outlined in the notice. All
27 amounts received by the department under this subsection shall be retained by the

1 department to offset the costs of administering Sections 1 to 9 of this Act.

2 (3) Upon revocation of a tax credit certificate:

3 (a) Any taxpayer that has received the tax credit certificate shall not be allowed
4 to claim any amount of credit not yet claimed; and

5 (b) The department shall assess a penalty on any taxpayer that has received the
6 tax credit certificate in an amount equal to one hundred percent (100%) of
7 the credit already claimed by that taxpayer based upon the revoked
8 certificate.

9 (4) (a) If tax credit certificates are revoked under this section, the corresponding
10 investment authority and credit-eligible capital contributions shall not
11 count toward the limits on total investment authority and credit-eligible
12 capital contributions prescribed by subsection (3)(a) of Section 3 of this Act.

13 (b) The department shall first award reverted investment authority and credit-
14 eligible capital contribution amounts pro rata to each rural growth fund
15 that was awarded less than its requested investment authority and credit-
16 eligible contribution amounts under subsection (3)(b) of Section 3 of this
17 Act. A rural growth fund receiving awards under this paragraph may
18 allocate credit-eligible capital contribution amounts to its investors in its
19 discretion, upon the submission of written notification to the department
20 detailing the investor to which the amount approved for credit-eligible
21 capital contributions has been allocated.

22 (c) The department may award any remaining investment authority and credit-
23 eligible capital contributions to new applications submitted pursuant to
24 subsection (1) of Section 3 of this Act, subject to the sunset date limitation
25 provided in subsection (3)(c) of Section 3 of this Act.

26 (5) (a) On or after the fifth anniversary of the closing date, a rural growth fund
27 that has not committed any of the acts described in subsection (1) of this

1 section may submit a written request to the department to exit the program
2 and to no longer be subject to regulation under Sections 1 to 9 of this Act.

3 (b) The department shall respond to the request within sixty (60) days. In
4 evaluating the request, the fact that no tax credit certificates have been
5 revoked and that the rural growth fund has not received a notice of
6 revocation, which has not been cured pursuant to subsection (2) of this
7 section, shall be sufficient evidence to prove that the rural growth fund is
8 eligible for exit.

9 (c) The department shall not unreasonably deny a request submitted under this
10 subsection. If the request is denied, the notice of denial shall include the
11 reasons for the determination.

12 (6) The department shall not revoke a tax credit certificate after the associated rural
13 growth fund exits the program under subsection (5) of this section.

14 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
15 READ AS FOLLOWS:

16 (1) (a) A rural growth fund may, prior to making a rural growth investment,
17 request from the department a written determination as to whether the
18 business entity in which it proposes to invest qualifies as a rural business
19 concern under Sections 1 to 9 of this Act.

20 (b) Within twenty (20) days after receiving a request under this section, the
21 department shall notify the rural growth fund of its determination. If the
22 department fails to notify the rural growth fund of its determination by this
23 deadline, the business entity in which the rural growth fund proposes to
24 invest shall be considered a rural business concern.

25 (c) To enable the department to make a determination under this section, the
26 rural growth fund shall supply information concerning the business entity
27 and the proposed investment as requested by the department. If the rural

1 growth fund does not, or is unable to, supply information requested by the
2 department, the department may refuse to issue a determination under this
3 section, in which case the provisions of subsection (2) of this section shall
4 not apply.

5 (2) Each person required to provide documentation confirming that the person is in
6 good standing on all taxes owed the Commonwealth in accordance with
7 subsection (1) of Section 3 of this Act shall apply for a letter of good standing
8 from the department. Within ten (10) days after receiving a request, the
9 department shall notify the person of its determination. If the department fails to
10 notify the person of its determination by this deadline, it shall be presumed that
11 the person is in good standing on all taxes owed the Commonwealth for purposes
12 of Sections 1 to 9 of this Act.

13 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
14 READ AS FOLLOWS:

15 (1) The department may examine, under oath, the rural growth fund manager
16 regarding the affairs and business of the rural growth fund. The department may
17 issue subpoenas and subpoenas duces tecum and administer oaths. Refusal to
18 obey such a subpoena or subpoena duces tecum may be reported to the Franklin
19 Circuit Court, which shall enforce the subpoena or subpoena duces tecum
20 according to the rules of civil or criminal procedure, as applicable.

21 (2) The department may audit one (1) or more rural growth funds in any year on a
22 random basis or for cause. The department may also audit, for cause, any
23 business entity in which a rural growth fund has made a rural growth
24 investment. Nothing in this section shall be construed to prohibit the department
25 from conducting any audit relating to the administration or enforcement of the
26 tax laws of the Commonwealth which the department determines to be
27 appropriate.

1 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
2 READ AS FOLLOWS:

3 *The Commonwealth, or any officer, director, official, employee, or agent of the*
4 *Commonwealth, shall not be liable to any rural growth fund or any investor making a*
5 *credit-eligible capital contribution to a rural growth fund as a result of Sections 1 to 9*
6 *of this Act, or any of the activities authorized by Sections 1 to 9 of this Act. This*
7 *limitation of liability includes without limitation:*

- 8 *(1) Losses or damages investors incur in connection with any committed or*
9 *contributed capital contributions made to a rural growth fund or any rural*
10 *growth investments made by a rural growth fund in any business entity; and*
11 *(2) Any claim, liability, obligation, loss, damage, assessment, judgment, cost, and*
12 *expense of any kind or character relating to federal or state securities laws, rules,*
13 *regulations, or orders.*

14 ➔SECTION 9. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
15 READ AS FOLLOWS:

16 *To enable the General Assembly to evaluate and measure the effectiveness of the tax*
17 *credit allowed by Section 4 of this Act in addressing the needs and achieving the goals*
18 *as stated in Section 1 of this Act, the following reporting requirements shall apply:*

- 19 *(1) Each rural growth fund shall submit a written report to the department on or*
20 *before the fifth business day following the second anniversary of the closing date.*
21 *The report shall provide detailed documentation as to the rural growth fund's*
22 *rural growth investments made to date and shall include:*
23 *(a) A bank statement evidencing each rural growth investment;*
24 *(b) 1. The name and address of each business entity receiving a rural*
25 *growth investment;*
26 *2. Either a determination letter issued by the department pursuant to*
27 *Section 6 of this Act relating to the business entity, or evidence that it*

1 qualified as a rural business concern at the time the investment was
2 made; and

3 3. A detailed description of the business activities engaged in by the
4 business entity;

5 (c) The number of new jobs created as a result of the rural growth fund's rural
6 growth investments as of the last day of the preceding calendar year, broken
7 down by full- and part-time positions, and including the annual salary or
8 wages paid and benefits provided to each position; and

9 (d) Any other information required by the department;

10 (2) On or before March 1 of each year following the calendar year in which the
11 report required by subsection (1) of this section is due, the rural growth fund
12 shall submit an annual report to the department including the following:

13 (a) The number of new jobs created as a result of the rural growth fund's rural
14 growth investments as of the last day of the preceding calendar year, broken
15 down by full- and part-time positions, and including the annual salary or
16 wages paid and benefits provided to each position; and

17 (b) Any other information required by the department; and

18 (3) Notwithstanding KRS 131.190:

19 (a) On or before December 1, 2019, and annually thereafter as long as the
20 credit is allowed under Section 4 of this Act, the department shall submit a
21 written report to the Interim Joint Committee on Appropriations and
22 Revenue, providing information as follows:

23 1. The number of taxpayers claiming a credit, and the total value of
24 credits claimed, based on tax returns processed during the prior fiscal
25 year and sorted by the specific tax the credits were claimed against;

26 2. The total value of investment authority and credit-eligible capital
27 contributions approved and issued by the department since the initial

1 creation of the credit, listed by the date on which the approvals were
 2 issued;

3 3. The name of each rural growth fund receiving approval of investment
 4 authority since the initial creation of the credit; and

5 4. The number and total value of any tax credit certificates revoked by
 6 the department during the prior fiscal year, with an explanation of the
 7 reason for each revocation; and

8 (b) On or before December 1, 2021, and annually thereafter as long as it
 9 receives any reports pursuant to subsections (1) and (2) of this section, the
 10 department shall compile all reports received by it during the immediately
 11 preceding fiscal year under subsections (1) and (2) of this section and shall
 12 provide the combined report, excluding bank statements, to the Interim
 13 Joint Committee on Appropriations and Revenue.

14 ➔SECTION 10. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
 15 READ AS FOLLOWS:

16 (1) If a taxpayer is entitled to more than one (1) of the tax credits permitted against
 17 the taxes imposed by KRS 136.320, 136.330, 136.340, 136.350, 136.370, 136.390,
 18 or 304.3-270, the credits shall be taken in the following order:

19 (a) The Kentucky Investment Fund Act credit permitted by KRS 154.20-258;

20 (b) The New Markets Development Program credit permitted by KRS 141.434;

21 and

22 (c) The rural growth fund credit permitted by Section 4 of this Act.

23 (2) A taxpayer claiming a credit against any of the insurance premiums taxes
 24 imposed by KRS 136.320, 136.330, 136.340, 136.350, 136.370, or 136.390 shall
 25 not be required to pay additional retaliatory tax imposed by KRS 304.3-270.

26 ➔SECTION 11. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
 27 READ AS FOLLOWS:

1 *If a taxpayer is entitled to more than one (1) of the tax credits permitted against the tax*
2 *imposed by KRS 136.505, the priority of application and use of the credits shall be*
3 *determined as follows:*
4 *(1) The nonrefundable credits against the tax imposed by KRS 136.505 shall be*
5 *taken in the following order:*
6 *(a) The Kentucky Investment Fund Act credit permitted by KRS 154.20-258;*
7 *(b) The certified rehabilitation credit permitted by KRS 171.397(1)(a); and*
8 *(c) The rural growth fund credit permitted by Section 4 of this Act; and*
9 *(2) After the application of the nonrefundable credits in subsection (1) of this*
10 *section, the refundable certified rehabilitation credits permitted by KRS 171.3961*
11 *and 171.397(1)(b) shall be taken.*
12 ➔Section 12. This Act may be cited as the Kentucky Rural Jobs Tax Credit Act of
13 2018.