

1 AN ACT relating to the employer student loan repayment tax credit.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO  
4 READ AS FOLLOWS:

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

6 *(a) "Eligible student loan" means any advance of money to be used exclusively*  
7 *for payment of education expenses evidenced by a promissory note or*  
8 *similar instrument requiring payment under specified conditions. The loan*  
9 *shall be made to an eligible borrower, who is qualified under the Higher*  
10 *Education Act of 1965, Pub. L. No. 89-329, as amended, and issued by:*

11 *1. The Kentucky Higher Education Assistance Authority;*

12 *2. The Kentucky Higher Education Student Loan Corporation; or*

13 *3. Any other private or governmental lender;*

14 *(b) "Qualified employee" means any individual who:*

15 *1. Resides and works in this state;*

16 *2. Has earned his or her first bachelor's degree from an institution of*  
17 *higher education in the immediately preceding five (5) year period;*

18 *3. Is employed at least thirty-five (35) hours per week;*

19 *4. Is not an owner, member, or partner of the employer company or a*  
20 *family member of an owner, member, or partner of the employer*  
21 *company; and*

22 *5. Has received an eligible student loan; and*

23 *(c) "Qualified employer" means any company doing business in this state and*  
24 *subject to taxation under KRS 141.020 or 141.040 and 141.0401.*

25 *(2) (a) For taxable years beginning on or after January 1, 2023, but prior to*  
26 *January 1, 2027, the employer student loan repayment tax credit shall be*  
27 *available for qualified employers making a payment to an eligible student*

- 1           loan on behalf of one (1) or more of their qualified employees.
- 2           **(b) The tax credit:**
- 3                 **1. Shall be nonrefundable and nontransferable;**
- 4                 **2. May not be carried forward;**
- 5                 **3. May be claimed against the tax imposed under KRS 141.020 or**
- 6                         **141.040 and 141.0401. The ordering of the credit shall be as**
- 7                         **prescribed in Section 2 of this Act; and**
- 8                 **4. Shall be equal to fifty percent (50%) of the repayment amount made to**
- 9                         **the outstanding principal balance of the eligible student loan during**
- 10                         **the taxable year.**
- 11           **(3) Claims for the credit shall be documented on the applicable tax return of the**
- 12                         **employer in the manner specified by the department, including but not limited to**
- 13                         **the following information:**
- 14                         **(a) The employer's name, tax identification number, and address;**
- 15                         **(b) The employee's name, Social Security number, and eligible student loan**
- 16                                 **information; and**
- 17                         **(c) The amount of repayment made for each employee for the taxable year in**
- 18                                 **which the credit is being claimed.**
- 19           **(4) In order to evaluate the effectiveness of this credit the department shall report the**
- 20                         **following information to the Interim Joint Committee on Appropriations and**
- 21                         **Revenue on or before December 1, 2024, and on or before each December 1**
- 22                         **thereafter, as long as the credit is claimed on a tax return:**
- 23                         **(a) The number of returns claiming the employer student loan repayment**
- 24                                 **credit;**
- 25                         **(b) The total amount of credit claimed for each taxable year; and**
- 26                         **(c) 1. In the case of all taxpayers other than corporations, based on ranges**
- 27                                 **of adjusted gross income of no larger than five thousand dollars**

1                   (\$5,000) for the taxable year, the total amount of tax credit claimed  
2                   and the number of returns claiming a tax credit for each adjusted  
3                   gross income range; and

4                   2. In the case of all corporations, based on ranges of net income no  
5                   larger than fifty thousand dollars (\$50,000) for the taxable year, the  
6                   total amount of tax credit claimed and the number of returns claiming  
7                   a tax credit for each net income range.

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

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

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

- 14 (a) The limited liability entity tax credit permitted by KRS 141.0401;
- 15 (b) The economic development credits computed under KRS 141.347, 141.381,  
16 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-  
17 207, and 154.12-2088;
- 18 (c) The qualified farming operation credit permitted by KRS 141.412;
- 19 (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 20 (e) The health insurance credit permitted by KRS 141.062;
- 21 (f) The tax paid to other states credit permitted by KRS 141.070;
- 22 (g) The credit for hiring the unemployed permitted by KRS 141.065;
- 23 (h) The recycling or composting equipment credit permitted by KRS 141.390;
- 24 (i) The tax credit for cash contributions in investment funds permitted by KRS  
25 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS  
26 154.20-258;
- 27 (j) The research facilities credit permitted by KRS 141.395;

- 1 (k) The employer High School Equivalency Diploma program incentive credit  
2 permitted under KRS 151B.402;
- 3 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 4 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 5 (n) The clean coal incentive credit permitted by KRS 141.428;
- 6 (o) The ethanol credit permitted by KRS 141.4242;
- 7 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 8 (q) The energy efficiency credits permitted by KRS 141.436;
- 9 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 10 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 11 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 12 (u) The distilled spirits credit permitted by KRS 141.389;
- 13 (v) The angel investor credit permitted by KRS 141.396;
- 14 (w) The film industry credit permitted by KRS 141.383 for applications approved  
15 on or after April 27, 2018, but before January 1, 2022;
- 16 (x) The inventory credit permitted by KRS 141.408;~~and~~
- 17 (y) The renewable chemical production credit permitted by KRS 141.4231; **and**
- 18 **(z) The employer student loan repayment tax credit permitted by Section 1 of**  
19 **this Act.**
- 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;
- 27 (e) The income gap credit permitted by KRS 141.066; and

- 1 (f) The Education Opportunity Account Program tax credit permitted by KRS  
2 141.522.
- 3 (3) After the application of the nonrefundable credits provided for in subsection (2) of  
4 this section, the refundable credits against the tax imposed by KRS 141.020 shall be  
5 taken in the following order:
- 6 (a) The individual withholding tax credit permitted by KRS 141.350;  
7 (b) The individual estimated tax payment credit permitted by KRS 141.305;  
8 (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and  
9 171.397(1)(b);  
10 (d) The film industry tax credit permitted by KRS 141.383 for applications  
11 approved prior to April 27, 2018, or on or after January 1, 2022;  
12 (e) The development area tax credit permitted by KRS 141.398; and  
13 (f) The decontamination tax credit permitted by KRS 141.419.
- 14 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the  
15 tax imposed by KRS 141.040.
- 16 (5) The following nonrefundable credits shall be applied against the sum of the tax  
17 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)  
18 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 19 (a) The economic development credits computed under KRS 141.347, 141.381,  
20 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-  
21 207, and 154.12-2088;  
22 (b) The qualified farming operation credit permitted by KRS 141.412;  
23 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);  
24 (d) The health insurance credit permitted by KRS 141.062;  
25 (e) The unemployment credit permitted by KRS 141.065;  
26 (f) The recycling or composting equipment credit permitted by KRS 141.390;  
27 (g) The coal conversion credit permitted by KRS 141.041;

- 1 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods  
2 ending prior to January 1, 2008;
- 3 (i) The tax credit for cash contributions to investment funds permitted by KRS  
4 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS  
5 154.20-258;
- 6 (j) The research facilities credit permitted by KRS 141.395;
- 7 (k) The employer High School Equivalency Diploma program incentive credit  
8 permitted by KRS 151B.402;
- 9 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 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, but before January 1, 2022;
- 24 (y) The inventory credit permitted by KRS 141.408;
- 25 (z) The renewable chemical production tax credit permitted by KRS 141.4231;f  
26 ~~and~~
- 27 (aa) The Education Opportunity Account Program tax credit permitted by KRS

1           141.522; and

2           (ab) The employer student loan repayment tax credit permitted by Section 1 of  
3           this Act.

- 4 (6) After the application of the nonrefundable credits in subsection (5) of this section,  
5 the refundable credits shall be taken in the following order:
- 6 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
  - 7 (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and  
8 171.397(1)(b);
  - 9 (c) The film industry tax credit permitted by KRS 141.383 for applications  
10 approved prior to April 27, 2018, or on or after January 1, 2022; and
  - 11 (d) The decontamination tax credit permitted by KRS 141.419.

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

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

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



- 1 (i) Providing any utility gross receipts license tax return information that is  
2 necessary to administer the provisions of KRS 160.613 to 160.617 to  
3 applicable school districts on a confidential basis;
- 4 (j) Providing documents, data, or other information to a third party pursuant to an  
5 order issued by a court of competent jurisdiction; or
- 6 (k) Providing information to the Legislative Research Commission under:
- 7 1. KRS 139.519 for purposes of the sales and use tax refund on building  
8 materials used for disaster recovery;
  - 9 2. KRS 141.436 for purposes of the energy efficiency products credits;
  - 10 3. KRS 141.437 for purposes of the ENERGY STAR home and the  
11 ENERGY STAR manufactured home credits;
  - 12 4. KRS 141.383 for purposes of the film industry incentives;
  - 13 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization  
14 tax credits and the job assessment fees;
  - 15 6. KRS 141.068 for purposes of the Kentucky investment fund;
  - 16 7. KRS 141.396 for purposes of the angel investor tax credit;
  - 17 8. KRS 141.389 for purposes of the distilled spirits credit;
  - 18 9. KRS 141.408 for purposes of the inventory credit;
  - 19 10. KRS 141.390 for purposes of the recycling and composting credit;
  - 20 11. KRS 141.3841 for purposes of the selling farmer tax credit;
  - 21 12. KRS 141.4231 for purposes of the renewable chemical production tax  
22 credit;
  - 23 13. KRS 141.524 for purposes of the Education Opportunity Account  
24 Program tax credit;
  - 25 14. KRS 141.398 for purposes of the development area tax credit;
  - 26 15. KRS 139.516 for the purposes of the sales and use tax exemption on the  
27 commercial mining of cryptocurrency;~~and~~

- 1           16. KRS 141.419 for purposes of the decontamination tax credit; and  
2           17. Section 1 of this Act for the purposes of the employer student loan  
3           repayment tax credit.

- 4 (3) The commissioner shall make available any information for official use only and on  
5 a confidential basis to the proper officer, agency, board or commission of this state,  
6 any Kentucky county, any Kentucky city, any other state, or the federal government,  
7 under reciprocal agreements whereby the department shall receive similar or useful  
8 information in return.
- 9 (4) Access to and inspection of information received from the Internal Revenue Service  
10 is for department use only, and is restricted to tax administration purposes.  
11 Information received from the Internal Revenue Service shall not be made available  
12 to any other agency of state government, or any county, city, or other state, and shall  
13 not be inspected intentionally and without authorization by any present secretary or  
14 employee of the Finance and Administration Cabinet, commissioner or employee of  
15 the department, or any other person.
- 16 (5) Statistics of crude oil as reported to the department under the crude oil excise tax  
17 requirements of KRS Chapter 137 and statistics of natural gas production as  
18 reported to the department under the natural resources severance tax requirements  
19 of KRS Chapter 143A may be made public by the department by release to the  
20 Energy and Environment Cabinet, Department for Natural Resources.
- 21 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map  
22 submissions for the 1989 tax year, the department may make public or divulge only  
23 those portions of mine maps submitted by taxpayers to the department pursuant to  
24 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-  
25 out parcel areas. These electronic maps shall not be relied upon to determine actual  
26 boundaries of mined-out parcel areas. Property boundaries contained in mine maps  
27 required under KRS Chapters 350 and 352 shall not be construed to constitute land

- 1 surveying or boundary surveys as defined by KRS 322.010 and any administrative
- 2 regulations promulgated thereto.