

1 AN ACT establishing a tax credit for employers that make payments on refinanced
2 loans issued by the Kentucky Higher Education Student Loan Corporation to employees.

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) "Allowable payment" means a payment made to the principle or interest for*
8 *an eligible education loan of a qualified employee by a qualified employer*
9 *during any month of the taxable year in which the qualified employee*
10 *worked and resided in the Commonwealth;*

11 *(b) "Corporation" means the Kentucky Higher Education Student Loan*
12 *Corporation;*

13 *(c) "Eligible education loan" means a loan issued by the corporation to an*
14 *individual for the purpose of refinancing one (1) or more student loans;*

15 *(d) "Family member" means spouse, parent, grandparent, child, stepchild,*
16 *grandchild, step-grandchild, brother, sister, stepbrother, or stepsister;*

17 *(e) "Full-time employee" means an individual required to work at least thirty-*
18 *five (35) hours each week;*

19 *(f) "Institution of higher education" has the same meaning as in KRS*
20 *164A.305;*

21 *(g) "Qualified employee" means an individual who:*

22 *1. Is a resident;*

23 *2. Has earned his or her first degree from an institution of higher*
24 *education in the immediately preceding five (5) year period;*

25 *3. Is employed as a full-time employee in the Commonwealth by a*
26 *qualified employer;*

27 *4. Is not an officer, shareholder, owner, member, or partner of the*

1 qualified employer;

2 5. Is not a family member of an officer, shareholder, owner, member, or
3 partner of the qualified employer; and

4 6. Has received an eligible education loan;

5 (h) "Qualified employer" means an employer paying wages to a qualified
6 employee and making a payment directly to the corporation on an eligible
7 education loan on behalf of the qualified employee; and

8 (i) "Student loan" means any loan in repayment that was issued by:

9 1. The corporation; or

10 2. Any other private or governmental lender;

11 for the purpose of obtaining a degree at an institution of higher education.

12 (2) (a) For taxable years beginning on or after January 1, 2021, but before
13 January 1, 2025, a nonrefundable, nontransferable tax credit is allowed
14 against the taxes imposed in KRS 141.020 or 141.040 and 141.0401 on a
15 qualified employer.

16 (b) The credit shall be an amount equal to the lesser of:

17 1. Fifty percent (50%) of the amount of allowable payments; or

18 2. Two thousand six hundred twenty-five dollars (\$2,625).

19 (c) The purposes of the qualified employer tax credit are to:

20 1. Encourage college graduates to move to or remain in this state;

21 2. Benefit Kentucky residents working in the Commonwealth by allowing
22 assistance in paying off their student loans; and

23 3. Encourage Kentucky employers to relieve their employee's student
24 loan debt burden.

25 (3) The corporation shall share student loan data as requested by the department to
26 ensure compliance with this section.

27 (4) In order for the General Assembly to evaluate the fulfillment of the purposes

1 stated in subsection (2) of this section, the department shall provide the following
2 information on a cumulative basis for each taxable year to provide a historical
3 impact of the tax credit to the Legislative Research Commission beginning on
4 December 1, 2022, and each December 1 thereafter as long as the credit is
5 claimed on any return:

6 (a) For each qualified employer, the:

- 7 1. Location, by county, where the job duties of the qualified employee are
8 performed;
- 9 2. Number of eligible education loans, by county, upon which allowable
10 payments are made;
- 11 3. Total number of qualified employees for which allowable payments
12 were made;
- 13 4. In the case of all taxpayers other than corporations, based on ranges
14 of adjusted gross income of no larger than five thousand dollars
15 (\$5,000) for the taxable year, the total amount of tax credits claimed
16 and the number of returns claiming a tax credit for each adjusted
17 gross income range; and
- 18 5. In the case of all corporations, based on ranges of net income no
19 larger than fifty thousand dollars (\$50,000) for the taxable year, the
20 total amount of tax credit claimed and the number of returns claiming
21 a tax credit for each net income range; and

22 (b) For each qualified employee:

- 23 1. Whether the qualified employee was a resident of Kentucky prior to
24 employment or moved to Kentucky to become employed;
- 25 2. The number of months employed by the qualified employer during the
26 taxable year;
- 27 3. The amount of wages paid by the qualified employer; and

1 **4. The amount of allowable payments made by the qualified employer.**

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

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

6 (1) The nonrefundable business incentive credits against the tax imposed by KRS
7 141.020 shall be taken in the following order:

- 8 (a) The limited liability entity tax credit permitted by KRS 141.0401;
- 9 (b) The economic development credits computed under KRS 141.347, 141.381,
10 141.384, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-207, and
11 154.12-2088;
- 12 (c) The qualified farming operation credit permitted by KRS 141.412;
- 13 (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 14 (e) The health insurance credit permitted by KRS 141.062;
- 15 (f) The tax paid to other states credit permitted by KRS 141.070;
- 16 (g) The credit for hiring the unemployed permitted by KRS 141.065;
- 17 (h) The recycling or composting equipment credit permitted by KRS 141.390;
- 18 (i) The tax credit for cash contributions in investment funds permitted by KRS
19 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
20 154.20-258;
- 21 (j) The research facilities credit permitted by KRS 141.395;
- 22 (k) The employer High School Equivalency Diploma program incentive credit
23 permitted under KRS 151B.402;
- 24 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 25 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 26 (n) The clean coal incentive credit permitted by KRS 141.428;
- 27 (o) The ethanol credit permitted by KRS 141.4242;

- 1 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 2 (q) The energy efficiency credits permitted by KRS 141.436;
- 3 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 4 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 5 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 6 (u) The distilled spirits credit permitted by KRS 141.389;
- 7 (v) The angel investor credit permitted by KRS 141.396;
- 8 (w) The film industry credit permitted by KRS 141.383 for applications approved
- 9 on or after April 27, 2018; and
- 10 (x) The inventory credit permitted by KRS 141.408.
- 11 (2) After the application of the nonrefundable credits in subsection (1) of this section,
- 12 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
- 13 shall be taken in the following order:
- 14 (a) The individual credits permitted by KRS 141.020(3);
- 15 (b) The credit permitted by KRS 141.066;
- 16 (c) The tuition credit permitted by KRS 141.069;
- 17 (d) The household and dependent care credit permitted by KRS 141.067;~~and~~
- 18 (e) The income gap credit permitted by KRS 141.066; and
- 19 (f) The qualified employer loan payment credit permitted by Section 1 of this
- 20 Act.
- 21 (3) After the application of the nonrefundable credits provided for in subsection (2) of
- 22 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
- 23 taken in the following order:
- 24 (a) The individual withholding tax credit permitted by KRS 141.350;
- 25 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 26 (c) The certified rehabilitation credit permitted by KRS 171.3961 and
- 27 171.397(1)(b); and

- 1 (d) The film industry tax credit permitted by KRS 141.383 for applications
2 approved prior to April 27, 2018.
- 3 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
4 tax imposed by KRS 141.040.
- 5 (5) The following nonrefundable credits shall be applied against the sum of the tax
6 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
7 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 8 (a) The economic development credits computed under KRS 141.347, 141.381,
9 141.384, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-207, and
10 154.12-2088;
- 11 (b) The qualified farming operation credit permitted by KRS 141.412;
- 12 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 13 (d) The health insurance credit permitted by KRS 141.062;
- 14 (e) The unemployment credit permitted by KRS 141.065;
- 15 (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 16 (g) The coal conversion credit permitted by KRS 141.041;
- 17 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
18 ending prior to January 1, 2008;
- 19 (i) The tax credit for cash contributions to investment funds permitted by KRS
20 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
21 154.20-258;
- 22 (j) The research facilities credit permitted by KRS 141.395;
- 23 (k) The employer High School Equivalency Diploma program incentive credit
24 permitted by KRS 151B.402;
- 25 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 26 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 27 (n) The clean coal incentive credit permitted by KRS 141.428;

- 1 (o) The ethanol credit permitted by KRS 141.4242;
- 2 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 3 (q) The energy efficiency credits permitted by KRS 141.436;
- 4 (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
5 permitted by KRS 141.437;
- 6 (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 7 (t) The railroad expansion credit permitted by KRS 141.386;
- 8 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 9 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 10 (w) The distilled spirits credit permitted by KRS 141.389;
- 11 (x) The film industry credit permitted by KRS 141.383 for applications approved
12 on or after April 27, 2018;~~and~~
- 13 (y) The inventory credit permitted by KRS 141.408; ***and***
- 14 ***(z) The qualified employer loan payment credit permitted by Section 1 of this***
15 ***Act.***
- 16 (6) After the application of the nonrefundable credits in subsection (5) of this section,
17 the refundable credits shall be taken in the following order:
- 18 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 19 (b) The certified rehabilitation credit permitted by KRS 171.3961 and
20 171.397(1)(b); and
- 21 (c) The film industry tax credit permitted by KRS 141.383 for applications
22 approved prior to April 27, 2018.
- 23 ➔Section 3. KRS 131.190 is amended to read as follows:
- 24 (1) No present or former commissioner or employee of the department, present or
25 former member of a county board of assessment appeals, present or former property
26 valuation administrator or employee, present or former secretary or employee of the
27 Finance and Administration Cabinet, former secretary or employee of the Revenue

1 Cabinet, or any other person, shall intentionally and without authorization inspect or
2 divulge any information acquired by him of the affairs of any person, or information
3 regarding the tax schedules, returns, or reports required to be filed with the
4 department or other proper officer, or any information produced by a hearing or
5 investigation, insofar as the information may have to do with the affairs of the
6 person's business.

- 7 (2) The prohibition established by subsection (1) of this section shall not extend to:
- 8 (a) Information required in prosecutions for making false reports or returns of
9 property for taxation, or any other infraction of the tax laws;
 - 10 (b) Any matter properly entered upon any assessment record, or in any way made
11 a matter of public record;
 - 12 (c) Furnishing any taxpayer or his properly authorized agent with information
13 respecting his own return;
 - 14 (d) Testimony provided by the commissioner or any employee of the department
15 in any court, or the introduction as evidence of returns or reports filed with the
16 department, in an action for violation of state or federal tax laws or in any
17 action challenging state or federal tax laws;
 - 18 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
19 energy resources assessed under KRS 132.820, or owners of surface land
20 under which the unmined minerals lie, factual information about the owner's
21 property derived from third-party returns filed for that owner's property, under
22 the provisions of KRS 132.820, that is used to determine the owner's
23 assessment. This information shall be provided to the owner on a confidential
24 basis, and the owner shall be subject to the penalties provided in KRS
25 131.990(2). The third-party filer shall be given prior notice of any disclosure
26 of information to the owner that was provided by the third-party filer;
 - 27 (f) Providing to a third-party purchaser pursuant to an order entered in a

- 1 foreclosure action filed in a court of competent jurisdiction, factual
2 information related to the owner or lessee of coal, oil, gas reserves, or any
3 other mineral resources assessed under KRS 132.820. The department may
4 promulgate an administrative regulation establishing a fee schedule for the
5 provision of the information described in this paragraph. Any fee imposed
6 shall not exceed the greater of the actual cost of providing the information or
7 ten dollars (\$10);
- 8 (g) Providing information to a licensing agency, the Transportation Cabinet, or
9 the Kentucky Supreme Court under KRS 131.1817;
- 10 (h) Statistics of gasoline and special fuels gallonage reported to the department
11 under KRS 138.210 to 138.448;
- 12 (i) Providing any utility gross receipts license tax return information that is
13 necessary to administer the provisions of KRS 160.613 to 160.617 to
14 applicable school districts on a confidential basis;
- 15 (j) Providing documents, data, or other information to a third party pursuant to an
16 order issued by a court of competent jurisdiction; or
- 17 (k) Providing information to the Legislative Research Commission under:
- 18 1. KRS 139.519 for purposes of the sales and use tax refund on building
19 materials used for disaster recovery;
 - 20 2. KRS 141.436 for purposes of the energy efficiency products credits;
 - 21 3. KRS 141.437 for purposes of the ENERGY STAR home and the
22 ENERGY STAR manufactured home credits;
 - 23 4. KRS 148.544 for purposes of the film industry incentives;
 - 24 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
25 tax credits and the job assessment fees;
 - 26 6. KRS 141.068 for purposes of the Kentucky investment fund;
 - 27 7. KRS 141.396 for purposes of the angel investor tax credit;

- 1 8. KRS 141.389 for purposes of the distilled spirits credit;
- 2 9. KRS 141.408 for purposes of the inventory credit;~~and~~
- 3 10. KRS 141.390 for purposes of the recycling and composting credit; and
- 4 11. Section 1 of this Act for purposes of the qualified employer loan
- 5 payment credit.

6 (3) The commissioner shall make available any information for official use only and on
7 a confidential basis to the proper officer, agency, board or commission of this state,
8 any Kentucky county, any Kentucky city, any other state, or the federal government,
9 under reciprocal agreements whereby the department shall receive similar or useful
10 information in return.

11 (4) Access to and inspection of information received from the Internal Revenue Service
12 is for department use only, and is restricted to tax administration purposes.
13 Information received from the Internal Revenue Service shall not be made available
14 to any other agency of state government, or any county, city, or other state, and shall
15 not be inspected intentionally and without authorization by any present secretary or
16 employee of the Finance and Administration Cabinet, commissioner or employee of
17 the department, or any other person.

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

23 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
24 submissions for the 1989 tax year, the department may make public or divulge only
25 those portions of mine maps submitted by taxpayers to the department pursuant to
26 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
27 out parcel areas. These electronic maps shall not be relied upon to determine actual

1 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
2 required under KRS Chapters 350 and 352 shall not be construed to constitute land
3 surveying or boundary surveys as defined by KRS 322.010 and any administrative
4 regulations promulgated thereto.