

#### **141.434 New Markets Development Program tax credit.**

- (1) There is hereby created a Kentucky New Markets Development Program tax credit.
- (2) A person or entity that makes a qualified equity investment earns a vested right to the tax credit created by subsection (1) of this section. The amount of the credit shall be equal to thirty-nine percent (39%) of the purchase price of the qualified equity investment made by the person or entity claiming the credit. The tax credit may be utilized as follows:
  - (a) The holder of the qualified equity investment on a particular credit allowance date of the qualified equity investment, whether it be the original purchaser or subsequent holder of the qualified equity investment, may utilize a portion of the tax credit against its tax liability for the taxable year that includes the credit allowance date equal to the applicable percentage for the credit allowance date multiplied by the purchase price paid for the qualified equity investment;
  - (b) Any tax credit that a taxpayer may not utilize during a particular year may be carried forward for use in any subsequent tax year; and
  - (c) An insurance company claiming a tax credit against the insurance premium tax is not required to pay additional retaliatory tax levied pursuant to KRS 304.3-270.
- (3) No tax credit claimed under this section may be sold or transferred. Tax credits that a partnership, limited liability company, S corporation, or other pass-through entity claims may be allocated to the partners, members, or shareholders of the entity for their direct use in accordance with the provisions of any agreement among the partners, members, or shareholders.
- (4) The total amount of tax credits that may be awarded by the department pursuant to KRS 141.432 to 141.434 shall be limited to ten million dollars (\$10,000,000) in each fiscal year. Once the department has certified a cumulative amount of qualified equity investments that can result in the utilization of this total amount of tax credits in a fiscal year, the department may not certify any more qualified equity investments. This limitation on qualified equity investments shall be based on scheduled utilization of tax credits without regard to the potential for taxpayers to carry forward tax credits to subsequent tax years.

**Effective:** July 15, 2014

**History:** Amended 2014 Ky. Acts ch. 102, sec. 31, effective July 15, 2014. -- Created 2010 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 18, effective June 4, 2010.