

**154.24-130 Limit on term of inducement after agreement activation date -- Effect of excess in assessments.**

- (1) Before the end of the first year following the activation date, the authority shall, using data supplied by the approved company, verify and determine the total start-up costs for the approved company's economic development project. The initial approved costs shall be fifty percent (50%) of the start-up cost.
- (2) Each year, during the ten (10) year life span of the agreement, fifty percent (50%) of the annualized rental payments shall be added to the unrecouped balance of approved costs.
- (3) Each year, the inducement earned and any in lieu of credits received shall be subtracted from the approved costs.
- (4) If, in any fiscal year of the approved company during which the agreement is in effect, the accumulated inducements equal the unrecouped remaining balance of the approved costs then expended, the assessments collected from the wages of the employees shall cease for the remainder of that fiscal year of the approved company, and the approved company shall resume normal personal income tax and occupational license fee withholdings from the employees' wages for the remainder of that fiscal year.
- (5) If in any fiscal year of the approved company during which the agreement is in effect, the total of the tax credit granted to the approved company plus the assessment collected from the wages of the employees exceeds the remaining balance of the approved costs then expended, the approved company shall pay the excess to the Commonwealth as income tax or limited liability entity tax as the case may be.
- (6) If in any fiscal year of the approved company during which the agreement is in effect the assessment collected from the wages of the employees exceeds the unrecouped remaining balance of the approved costs then expended, the assessment collected from the wages of the employees shall cease for the remainder of that fiscal year of the approved company, the approved company shall resume normal personal income tax and occupational license fee withholdings from the employees' wages for the remainder of that fiscal year, and the approved company shall remit to the Commonwealth and applicable local jurisdictions their respective shares of the excess assessment collected on the withholding filing date for employees' wages next succeeding the first date when the approved company collected excess assessments.

**Effective:** June 28, 2006

**History:** Amended 2006 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 54, effective June 28, 2006. -- Amended 1994 Ky. Acts ch. 450, sec. 18, effective July 15, 1994. "Created 1992 Ky. Acts ch. 358, sec. 13, effective July 14, 1992.

**Legislative Research Commission Note** (6/28/2006). 2006 (1st Extra Sess.) Ky. Acts ch. 2, sec. 73, provides that "unless a provision of this Act specifically applies to an earlier tax year, the provisions of this Act shall apply to taxable years beginning on or after January 1, 2007."