

**154.27-060 Severance tax incentives.**

- (1) (a) Notwithstanding any other provision of KRS 134.580 or KRS Chapter 143, an approved company that purchases or severs coal that:
  1. Is subject to the tax imposed under KRS 143.020; and
  2. Is used by the approved company exclusively as feedstock for an alternative fuel facility, energy-efficient alternative fuel facility, or a gasification facility;may be eligible for an incentive in an amount up to eighty percent (80%) of the taxes paid pursuant to KRS 143.020 on coal purchased or severed by the approved company that is above the base amount.
- (b) Notwithstanding any other provision of KRS 134.580 or KRS Chapter 143A, an approved company that purchases or severs natural gas or natural gas liquids on or after August 1, 2010, that:
  1. Is subject to the tax imposed under KRS 143A.020; and
  2. Is used by the approved company exclusively as feedstock for an alternative fuel facility described in KRS 154.27-020(4)(d);may be eligible for an incentive in an amount up to eighty percent (80%) of the taxes paid pursuant to KRS 143A.020 on natural gas or natural gas liquids purchased or severed by the approved company that is above the base amount.
- (2) An approved company that has purchased or severed coal subject to the tax imposed under KRS 143.020 or purchased or severed natural gas or natural gas liquids subject to the tax imposed under KRS 143A.020 prior to the execution of a tax incentive agreement shall not create an affiliate, subsidiary, corporation, or other related entity that would result in a base amount of zero (0).
- (3) The incentive may be requested beginning in the first calendar year after the construction of a new facility or the upgrade or retrofit of an existing facility is completed.
- (4) Upon completion of the construction of a new alternative fuel facility, energy-efficient alternative fuel facility, or gasification facility or the retrofit or upgrade of an existing facility, an approved company shall notify the authority and the department.
- (5) The approved company may obtain the incentive on an annual basis by filing a request for the incentive with the department as provided in KRS 143.024.
- (6) The department shall notify the authority of the incentives requested and the incentives distributed, upon request of the authority.

**Effective:** July 15, 2010

**History:** Amended 2010 Ky. Acts ch. 60, sec. 3, effective July 15, 2010; and ch. 139, sec. 4, effective July 15, 2010. -- Created 2007 (2d Extra. Sess.) Ky. Acts ch. 1, sec. 6, effective August 30, 2007.

**Legislative Research Commission Note (7/15/2010).** This section was amended by 2010 Ky. Acts chs. 60 and 139, which do not appear to be in conflict and have been codified together.