

**154.27-080 Income and limited liability entity tax incentives -- Assessment on employees' wages.**

An approved company may be eligible for income tax-related incentives as follows:

- (1) A credit of up to one hundred percent (100%) of the Kentucky income tax imposed under KRS 141.040 or 141.020, and the limited liability entity tax imposed under KRS 141.0401 that would otherwise be owed by the approved company to the Commonwealth for the approved company's tax year, on the income, Kentucky gross profits, or Kentucky gross receipts of the approved company generated by or arising from the eligible project, with the ordering of credits as provided in KRS 141.0205.
  - (a) The credit allowed the approved company shall be applied against both the income tax imposed by KRS 141.020 or 141.040, and the limited liability entity tax imposed by KRS 141.0401, with credit ordering as provided in KRS 141.0205, for the tax year for which the tax return of the approved company is filed.
  - (b) The approved company shall not be required to pay estimated tax payments as prescribed in KRS 141.042 on the Kentucky taxable income, Kentucky gross receipts, or Kentucky gross profits generated by or arising from the eligible project.
  - (c) The credit provided by this subsection shall be determined as provided in KRS 141.421.
- (2) The approved company or, with the authority's consent, an affiliate of the approved company may require that each employee subject to the state income tax imposed by KRS 141.020, as a condition of employment, agree to pay an assessment of up to four percent (4%) of his or her gross wages. The assessment shall be uniform against all employees against whom it is assessed and shall be imposed at a percentage rate that is negotiated as part of the tax incentive agreement.
  - (a)
    1. The assessment may be imposed against each employee:
      - a. Whose job was created as a result of the eligible project;
      - b. Who is employed by the approved company to work at the facility; and
      - c. Who is on the payroll of the approved company or, with the authority's consent, is on the payroll of an affiliate of the approved company.
    2. Construction workers, employees of the approved company directly employed in the construction, retrofit, or upgrade of the eligible facility, contract workers, and leased workers shall not be considered employees of the approved company for purposes of the assessment permitted by this subsection.
  - (b) Each employee so assessed shall be entitled to credits against Kentucky income tax equal to the assessment withheld from wages during the calendar year as provided by KRS 141.310 and 141.421.

- (c) An approved company that elects to impose the assessment as a condition of employment is authorized to deduct the assessment from each paycheck of each employee.
- (d) The approved company shall provide to the authority the information necessary to monitor the tax incentive agreement and the authorization for the authority to share the information with the department as necessary for purposes of enforcing the terms of the tax incentive agreement.
- (e) Any assessment imposed pursuant to this subsection shall permanently expire upon termination or expiration of the tax incentive agreement.

**Effective:** August 30, 2007

**History:** Created 2007 (2d Extra. Sess.) Ky. Acts ch. 1, sec. 8, effective August 30, 2007.