

**141.041 Tax credit for corporations for installing, modifying or utilizing coal for manufacturing or heating.**

- (1) There shall be allowed a credit against the tax imposed on any corporation subject to taxation under KRS 141.040 and 141.0401, and which, on or after January 1, 1984, installs, modifies, and utilizes facilities located in Kentucky for generating steam or hot water for space-heating or materials processing or for providing direct heat for industrial processes in the following ways:
  - (a) Replacement of an existing heat-generating facility not capable of using coal as a fuel with one in which coal can be used;
  - (b) Erection of a heat-generating facility additional to any existing heat-generating facility or facilities and capable of using coal as a fuel;
  - (c) Refurbishment for coal utilization of heat-generating facilities which were at one time capable of using coal but which had been altered to allow use of other fuels;
  - (d) Alteration of an existing heat-generating facility not capable of utilizing coal in such ways as to allow the use of coal;
  - (e) Substitution of coal for other fuels in any heat-generating facility which on January 1, 1984, was in existence and capable of utilizing coal and other fuels. Substitution means the increased heat input in BTU from coal matched by equal decreases of heat input in equivalent measures to BTU from other fuels, based upon relative fuel usage in the calendar year preceding the year in which the substitution occurred.
- (2) The amount of the allowable credit shall be equal to four and one-half percent (4.5%) of the purchase price of the coal subject to taxation under KRS Chapter 143 consumed or substituted in each eligible heating facility as described in subsection (1) of this section, minus any transporting cost included in the purchase price.
- (3) The credit shall be allowed for ten (10) years consecutive from the date of the initial installation, modification, or utilization of any heat-generating facility installed or modified on and after January 1, 1984, as defined in subsection (1)(a), (b), (c), and (d) of this section or ten (10) years consecutive from the filing of a fuel-switching credit claim in subsection (1)(e) of this section.
- (4) The credit allowable under this section shall be applied against both the taxpayer's income tax liability and the taxpayer's tax liability under the limited liability entity tax imposed by KRS 141.0401, with the ordering of the credits as provided in KRS 141.0205, and no part of the credit shall be applicable to the tax imposed by KRS 141.040 or 141.0401 for any other taxable year.
- (5) A corporation claiming the credit under this section must submit proof of the installation, modification, utilization or substitution as required by regulations issued by the Department of Revenue prior to the claiming of such credit.

**Effective:** June 28, 2006

**History:** Amended 2006 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 15, effective June 28, 2006. -- Amended 2005 Ky. Acts ch. 85, sec. 474, effective June 20, 2005. -- Amended 1994 Ky. Acts ch. 57, sec. 2, effective July 15, 1994. -- Created 1984 Ky.

Acts ch. 411, sec. 1, effective July 13, 1984.

**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."

**Legislative Research Commission Note (7/15/94).** The changes to this statute from 1994 Ky. Acts ch. 57 apply "to taxable years beginning after December 31, 1993." 1994 Ky. Acts ch. 57, sec. 4.