

**154.60-040 Farmer small business tax credit -- Application requirements -- Maximum credits permitted.**

- (1) In order to be eligible to receive approval for a tax credit, a selling farmer shall have, at a minimum:
  - (a) 1. Demonstrated the active use, management, and operation of real and personal property for the production of a farm product;
  2. Executed and effectuated a purchase contract to sell agricultural land with a beginning farmer for an amount evidenced by an appraisal; and
  - (b) Sold, conveyed, and transferred ownership of related agricultural land and assets to a beginning farmer.
- (2) The selling farmer shall submit an application after consummation of the sale, transfer of title, and conveyance of a farm and farming assets together with all information necessary for the authority to determine eligibility for the tax credit.
- (3) An application for the farmer small business tax credit shall contain, at a minimum, information about the:
  - (a) Selling farmer and purchasing beginning farmer eligibility;
  - (b) Purchase contract and closing statement;
  - (c) Documentation, such as a deed, title conveyance for the transfer of assets, including verification of Kentucky residency; and
  - (d) Any other information the authority may require to determine eligibility for the credit.
- (4)
  - (a) The maximum amount of the farmer small business tax credit for an approved selling farmer in each calendar year shall not exceed twenty-five thousand dollars (\$25,000) and shall be prorated based on factors determined by the authority.
  - (b) The maximum amount of credit an individual may claim over a lifetime shall not exceed one hundred thousand dollars (\$100,000).
  - (c) The credit shall be claimed on the tax return for the year during which the credit was approved. Unused credits may be carried forward for up to five (5) years.
- (5) Beginning January 1, 2020, the authority may approve farmer small business tax credits for selling farmers.

**Effective:** March 26, 2019

**History:** Created 2019 Ky. Acts ch. 172, sec. 7, effective March 26, 2019.