

**143.024 Tax incentive for purchase or severance of coal used in alternative fuel or gasification facility.**

- (1) As used in this section:
  - (a) "Alternative fuel facility" has the same meaning as in KRS 154.27-010;
  - (b) "Approved company" has the same meaning as in KRS 154.27-010;
  - (c) "Authority" has the same meaning as in KRS 154.27-010;
  - (d) "Base amount" has the same meaning as in KRS 154.27-010;
  - (e) "Capital investment" has the same meaning as in KRS 154.27-010;
  - (f) "Eligible project" has the same meaning as in KRS 154.27-010;
  - (g) "Energy-efficient alternative fuel facility" has the same meaning as in KRS 154.27-010;
  - (h) "Gasification facility" has the same meaning as in KRS 154.27-010; and
  - (i) "Tax incentive agreement" has the same meaning as in KRS 154.27-010.
- (2) Notwithstanding any other provision of KRS 134.580 or this chapter, an approved company that purchases or severs coal that is subject to the tax imposed under KRS 143.020 and that is specifically used by the approved company as feedstock for an alternative fuel facility, energy-efficient alternative fuel facility, or gasification facility may be eligible for an incentive under KRS 154.27-060.
- (3) A company approved for incentives under KRS 154.27-060 shall file a request for the incentive with the department within sixty (60) days of the completion of the construction, retrofit, or upgrade of the facility. In subsequent years, the approved company shall file a request for the incentive within sixty (60) days following the end of each calendar year. The request for incentives shall be in the form prescribed by the department through the promulgation of administrative regulations in accordance with KRS Chapter 13A. The request for incentives shall include but not be limited to the following information:
  - (a) Verification of the base amount;
  - (b) Verification of the tons of coal purchased and used or severed and used by the approved company as feedstock for an alternative fuel facility, energy-efficient alternative fuel facility, or gasification facility during the calendar year for which the request for incentives is being made;
  - (c) Verification that the minimum capital investment as set forth in the tax incentive agreement has been made;
  - (d) Verification of the output of coal-derived alternative transportation fuels, coal-derived synthetic natural gas, coal-derived liquid fuels, coal-derived energy-efficient alternative fuels, or other coal-derived chemicals or chemical feedstocks; and
  - (e) Any other information that the department may require.
- (4) To assist in determining the amount of coal purchased and used or severed and used that is eligible for the incentive, the department shall obtain from the University of Kentucky Center for Applied Energy Research a reasonable and typical estimate of

the tons of coal needed to produce a given output of coal-derived alternative transportation fuels, coal-derived synthetic natural gas, coal-derived liquid fuels, coal-derived energy-efficient alternative fuels, or other coal-derived chemicals or chemical feedstocks, considering:

- (a) The type of coal to be used;
  - (b) Equipment to be employed;
  - (c) Size and output of the facility;
  - (d) Slate of products produced; and
  - (e) Other characteristics of the alternative fuel facility, energy-efficient alternative fuel facility, or gasification facility.
- (5) (a) The department and the authority shall review the request for incentives jointly and shall verify that the request for incentives meets all requirements established by statute and administrative regulation.
- (b) The department shall verify the tax paid pursuant to KRS 143.020 on the coal purchased or severed by the approved company and used as feedstock for an alternative fuel facility, energy-efficient alternative fuel facility, or gasification facility during the calendar year for which the application was submitted and shall determine the amount of the tax paid that qualifies for distribution to the approved company pursuant to this section.
- (c) The incentive amount shall be distributed to the approved company in quarterly installments beginning on July 1 of the year following the calendar year for which the request for incentives required under this section was submitted.
- (6) The approved company seeking incentives shall execute information-sharing agreements prescribed by the department with vendors from which it purchased coal to verify the value of coal purchased by the approved company and used as feedstock for an alternative fuel facility, energy-efficient alternative fuel facility, or gasification facility and the amount of tax paid under KRS 143.020 on such coal.
- (7) The department shall notify the authority of the incentive distributed to each approved company upon request.

**Effective:** July 15, 2010

**History:** Amended 2010 Ky. Acts ch. 60, sec. 4, effective July 15, 2010. -- Created 2007 (2d Extra. Sess.) Ky. Acts ch. 1, sec. 11, effective August 30, 2007.

**Legislative Research Commission Note** (8/30/2007). A manifest clerical or typographical error in subsection (4) of this section has been corrected by the Reviser of Statutes during codification pursuant to the authority of KRS 7.136.