

## Sales/Use:

### Kentucky: New Law Includes Tax Incentives for Commercial Mining of Cryptocurrency

*S.B. 255* and *H.B. 230*, signed by gov. 3/25/21. Effective July 1, 2021, recently enacted legislation permits certain exemptions from Kentucky sales and use and excise taxes for commercial mining of cryptocurrency, where “commercial mining of cryptocurrency” generally means “the process through which blockchain technology is used to mine cryptocurrency at a cryptocurrency facility, and includes the process through which blockchain transactions are verified and accepted by adding the transactions to a blockchain ledger, which involves solving complex mathematical cryptographic problems associated with a block containing transaction data.” The newly enacted legislation explicitly exempts from Kentucky’s 6% sales tax the purchase of electricity directly used in commercial mining of cryptocurrency at a defined “colocation facility” consuming at least 200,000 kilowatt hours of electricity per month and exempts such energy from Kentucky’s local 3% utilities gross receipts tax. Qualifying facilities must apply for the exemption and be approved by the Kentucky Department of Revenue. The new law also extends various incentives for renewable energy projects to such miners for tangible personal property use to construct, retrofit, or upgrade a facility and specifically “the mining and other necessary equipment used therein” for qualifying taxpayers investing at least \$1 million. Please contact us with any questions.

URL: <https://apps.legislature.ky.gov/record/21rs/sb255.html>

URL: <https://apps.legislature.ky.gov/record/21rs/hb230.html>

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