



2022 Regular Session Overview of House Bill 8 Revenue Measures

**Interim Joint Committee on Appropriations and
Revenue**

August 17, 2022

Discussion Continued from the June Meeting

Individual Income Tax Rate Decrease

- The Department of Revenue, with assistance from the State Budget Director, shall review the reduction conditions and report the findings by September 5, 2022
- Two fiscal years will be evaluated by September 5

Fiscal Year Conditions Examined	Results Reported By	If Conditions Are Met, Rate Reduction Begins
FY 2021	9/5/2022	Tax Year 2023
FY 2022	9/5/2022	Tax Year 2024



Income Taxes-Other Provisions

- Internal Revenue Code update
- New tax credit - decontamination property
- Changed tax credit thresholds – historic properties



Sales and Use Tax Base Expansion

- The sales and use tax base is expanded to include 35 new services
 - Marketing/Telemarketing services
 - Website hosting services
 - Cosmetic surgery services
 - Testing services
 - Security system monitoring services

Sales and Use Tax-Other Provisions

- Expanded definition – extended warranty services to include real property
- Eliminated exemption – admissions to historical sites
- Created exemption – farm drugs (prescription and over-the-counter)
- Limited exemption – residential utilities

Car Rental and Ride Sharing Tax General Fund

- Begins January 1, 2023
- Imposed upon every person for the privilege of providing a motor vehicle for sharing or for rent
- 6% of the gross receipts derived from:
 - Peer-to-peer car sharing (sharing platforms)
 - Renting of motor vehicles (rental cars)
 - Transportation network company (Uber/Lyft)
 - Taxicab services
 - Limousine services

Electric Vehicle Power Excise Tax Road Fund

- Begins January 1, 2024
- EV power distributed by an EV power dealer
- Initial base rate = \$0.03 per kilowatt hour
- Surtax base rate = \$0.03 per kilowatt hour if the charging station is located on state property
- Rate adjustments-NHCCI 2.0 annually-January 1, 2025
- Change cannot be greater than 5% up or down
- Cannot decrease below base rate
- Staff study required

Electric Vehicle Ownership Fee General and Road Fund Split

- Begins January 1, 2024
- Imposed for the privilege of owning an electric vehicle
 - \$120 for electric vehicles
 - \$60 for electric motorcycles or hybrid vehicles
- Paid at the time of initial and annual registration
- Indexed at the same time and manner of EV power tax

Tax Amnesty

- 60-day Period – October 1 to November 29, 2022
- Finance Cabinet to procure services to conduct the program
- Taxpayer must
 - File all delinquent state returns
 - Pay all state tax due and ½ of that interest
 - Pay all federal tax, penalties, fees, and interest referred to the Department for collection

Tax Amnesty

- If a successful bid for the procurement of services is not secured, the Department of Revenue shall implement the tax amnesty program during a similar 60-day period during 2023

Local Taxes

- Transient Room – Beginning January 1, 2023
 - Statutory references to the taxpayer and taxable base are conformed to the sales and use tax statutory references
- Local Car Rental and Ride Sharing License Fee
 - Expanded to include the same taxpayers as the state tax

Questions?