

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2015 REGULAR SESSION**

**MEASURE**

2015 BR NUMBER **0072**

**HOUSE** BILL NUMBER **169**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE AN ACT relating to individual income tax.**

**SPONSOR Representative Tom McKee**

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: \_\_\_\_\_

FUND(S) IMPACT:  GENERAL     ROAD     FEDERAL     RESTRICTED AGENCY \_\_\_\_\_     OTHER

**FISCAL SUMMARY**

<b>FISCAL ESTIMATES</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>	(Indeterminable)	(Indeterminable)	(Indeterminable)
<b>EXPENDITURES</b>			
<b>NET EFFECT</b>	(Indeterminable)	(Indeterminable)	(Indeterminable)

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** This proposal, if enacted, will allow an owner of real estate not used for agricultural purposes to exclude his or her costs to construct a new boundary fence, or replace or repair an existing boundary fence, including costs to remove and dispose of vegetation and growth, on the boundary between his or her real estate and real estate used for agricultural purposes.

**PROVISIONS/MECHANICS:** Amends KRS 141.010 to amend definition of "adjusted gross income" to exclude the boundary line fence costs if borne by the owner of the real estate not used for agricultural purposes and adjacent to the real estate used for agricultural purposes; provides that the exclusion is applicable to taxable years beginning on or after January 1, 2015.

**FISCAL EXPLANATION:** According to the USDA 2012 Census of Agriculture, there were 77,064 farms in Kentucky encompassing 13,049,347 acres. In order to accurately estimate the fiscal impact of the proposal, one would have to know how many non-farming landowners would be affected, what type of fencing would be used to estimate the cost of materials and labor, how many feet of fencing would be constructed, replaced, or repaired, and how much

would be spent on costs to remove and dispose of the vegetation and growth. In addition, one would have to know how those costs would affect the amount of the landowner's adjusted gross income for purposes of determining the landowner's income tax liability.

Some farms will be adjacent to other farms, but others will be adjacent to land that is not used for agricultural purposes. To that extent, the passage of this proposal will have a negative, but indeterminable impact, on the General Fund.

**DATA SOURCE(S): USDA, Census of Agriculture, 2012**

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**REVIEW: GMR DATE: 2/17/2015**