

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2016 REGULAR SESSION**

MEASURE

2016 BR NUMBER **1118**

HOUSE BILL NUMBER **231**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to the taxation of drugs used in the treatment of cattle, sheep, swine, poultry, llamas, alpacas, buffalo, aquatic organisms, cervids or ratite birds.**

SPONSOR **Representative T. 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

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(6,500,000)	(\$6,500,000)	
EXPENDITURES				
NET EFFECT		(6,500,000)	(6,500,000)	

() indicates a decrease/negative

MEASURE'S PURPOSE: This proposal, if enacted, would exempt from sales and use tax sales and purchases of drugs and over-the-counter drugs for the treatment of beef cattle, dairy cattle, sheep, swine, poultry, llamas, alpacas, buffalo, aquatic organisms, cervids, or ratite birds for a period of six years beginning August 1, 2016. The over-the-counter drug exemption will apply to any drug product that contains on its label a drug facts panel or a statement of the active ingredients contained in the compound, substance, or preparation. This proposal does not include equine.

PROVISIONS/MECHANICS: Amends KRS 139.472, relating to the sales and use tax, to exempt drugs and over-the-counter drugs for the treatment of beef cattle, dairy cattle, sheep, swine, poultry, llamas, alpacas, buffalo, aquatic organisms, cervids, or ratite birds sold or purchased between August 1, 2016, and July 31, 2022.

FISCAL EXPLANATION: This proposal, if enacted, will have an estimated negative impact to the General Fund of (\$6,500,000) in FY 2016-2017 and (\$6,500,000) in FY 2017-2016. There will be no impact to the General Fund in FY 2015-2016 as the proposed exemption is not

LRC 2016-BR1118HB231

effective until August 1, 2016.

DATA SOURCE(S): LRC staff

PREPARER: Charlotte T. Quarles NOTE NUMBER: 55 REVIEW: JRS DATE: 2/1/2016

LRC 2016-BR1118HB231