

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

MEASURE

2016 BR NUMBER **0038**

HOUSE BILL NUMBER **27**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to sales and use tax.**

SPONSOR **Representative Terry Mills**

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		(\$140,000)	(\$160,000)	
EXPENDITURES				
NET EFFECT		(\$140,000)	(\$160,000)	

() indicates a decrease/negative

MEASURE'S PURPOSE: This proposal, if enacted, will exempt from sales and use tax bees used in a commercial enterprise for the production of honey or wax for sale, and specific items used in that pursuit.

PROVISIONS/MECHANICS: Effective August 1, 2016, KRS 139.480 is amended to exempt from sales and use tax: bees used in a commercial enterprise for the production of honey or wax for sale, and specific items used in that pursuit including sugar and high fructose corn syrup, medication and other chemicals used to control mites, fungi and parasites, hive components, hive accessories, beeswax foundation and frames, extractors, decapping tanks, knives, beekeeping apparel, and machinery and equipment designed for the management of bees and products derived from bees.

FISCAL EXPLANATION: This proposal, if enacted, would have an estimated negative fiscal impact to the general fund of (\$140,000) in FY 2016-2017, and (\$160,000) in FY 2017-2018. Since the bill is not effective until August 1, 2016, there is no fiscal impact for FY 2015-2016.

Based upon the 2012 Census of Agriculture-State Data, in 2012 Kentucky had 1869 farms with

12,669 bee colonies. Since that time the total number of bee colonies have not increased substantially due to greater than average winter mortality rates in 2014/2015 winter season. Therefore for purposes of this analysis, it is assumed that there are approximately 12,000 colonies currently with a slight growth of 500 colonies expected in each of the upcoming two fiscal years. It is assumed that the average start-up cost per hive is \$225 per hive, 20% of the existing hives would be replaced in each of the fiscal years, and the average cost of maintaining hives would be approximately \$150 per hive per year.

DATA SOURCE(S): “Beekeeping and Honey Production”, University of Kentucky, Cooperative Extension Service, February 2013, Dr. Tammy Horn, State Apiarist, 2012 Census of Agriculture-State Data, Tables 21 and 29, USDA

PREPARER: Charlotte T. Quarles, A/R staff NOTE NUMBER: 45 REVIEW: JRS DATE: 1/25/2016