

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

MEASURE

2016 BR NUMBER **1659**

SENATE BILL NUMBER **252**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

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

SPONSOR **Senator P. Hornback**

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		(Indeterminable) Substantial	(Indeterminable) Substantial	(Indeterminable) Substantial
EXPENDITURES				
NET EFFECT		(Indeterminable) Substantial	(Indeterminable) Substantial	(Indeterminable) Substantial

() indicates a decrease/negative

MEASURE'S PURPOSE: This proposal, if enacted, would exempt from sales and use tax textile linens:

- Purchased by full-service laundries accredited by the Healthcare Laundry Accreditation Council for sale or rent to a healthcare provider; and
- Purchased or rented by a for-profit healthcare provider from a full-service laundry accredited by the Healthcare Laundry Accreditation Council.

PROVISIONS/MECHANICS: KRS 139.480 is amended to provide an exemption for textile linens purchased or rented by accredited healthcare laundries, as well as textile linens purchased or rented by a for-profit healthcare provider for a period of four years beginning August 1, 2016 and ending prior to August 1, 2020.

FISCAL EXPLANATION: This proposal, if enacted, will have an indeterminable, but substantial, negative fiscal impact to the General Fund for FY 2016-2017, FY 2017-2018, and every fiscal year thereafter. There is no fiscal impact in FY 2015-2016 as the exemption is not

effective until August 1, 2016.

Currently, persons who clean or launder linens under an agreement to provide continuous service are considered to be consumers of the linens and other supplies used in performing their services. The sales and use tax applies at the time the linens and supplies are purchased. In addition, linens purchased or rented by a for-profit healthcare provider are subject to the 6% sales and use tax.

DATA SOURCE(S): LRC staff

PREPARER: Charlotte T. Quarles NOTE NUMBER: 128 REVIEW: JRS DATE: 3/8/2016

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