

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2017 REGULAR SESSION**

MEASURE

2017 BR NUMBER **1072**

HOUSE BILL NUMBER **214**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to a tax credit for donated edible agricultural products.**

SPONSOR **Representative B. Reed**

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	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			FY 2018-2019 (\$50,000)
EXPENDITURES			
NET EFFECT			FY 2018-2019 (\$50,000)

() indicates a decrease/negative

MEASURE’S PURPOSE: The purpose of this proposal is to increase the current food donation income tax credit amount to encourage more Kentucky producers of fruits, vegetables, beef, pork, poultry, fish, and any other edible agricultural products to donate those products free of fee or charge to nonprofit food programs that are operated and established to collect food for redistribution to persons in need. The proposal would increase the nonrefundable tax credit from 10% to 20% of the value of the donated products.

PROVISIONS/MECHANICS: KRS 141.392 is amended to increase the food donation tax credit from 10% to 20% of the value of the donated edible agricultural products. If enacted, the credit would apply to taxable years beginning on or after January 1, 2018, but before January 1, 2022, and may be allowed against the tax imposed by KRS 141.020, or 141.040 and 141.0401. The Department of Revenue is required to provide information to the Legislative Research Commission regarding the number of producers claiming the credit, the amount claimed by

county, and the number of nonprofit organizations participating, including the county in which they are located.

KRS 131.190 is amended to allow the Department of Revenue to comply with the reporting requirement, and various statutes are amended to conform.

FISCAL EXPLANATION: If this proposal is enacted, there will be no fiscal impact in FY 2016-2017 or FY 2017-2018 as the increase in the credit is not effective until taxable years beginning January 1, 2018. According to the information provided by the department, in tax year 2015 very few producers took advantage of the current credit and the total credit taken was less than \$6,000. For purposes of this analysis, it is assumed that the number of producers claiming the credit and the amount of credit claimed will increase due to efforts by the Department of Agriculture to educate producers about the credit, as part of department's Hunger Initiative. Therefore, it is estimated that this proposal if enacted, will have a negative impact to the General Fund of approximately (\$50,000) for FY 2018-2019 and the negative impact in future fiscal years will increase over time as more producers become aware of the increased tax benefit.

DATA SOURCE(S): Department of Revenue, LRC

PREPARER: Charlotte T. Quarles **NOTE NUMBER:** 44 **REVIEW:** JRS **DATE:** 2/16/2017