

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

MEASURE

2017 BR NUMBER 1415

HOUSE BILL NUMBER 302

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

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

SPONSOR Representative J. Nemes

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		(\$9,000,000)	(\$9,000,000)
EXPENDITURES			
NET EFFECT		(\$9,000,000)	(\$9,000,000)

() indicates a decrease/negative

MEASURE'S PURPOSE: The purpose of this bill is to allow restaurants a partial exemption from sales and use tax on their purchases of utilities to reduce operating costs.

PROVISIONS/MECHANICS: Amends KRS 139.470 to exempt from sales and use tax 35 percent of the gross receipts derived from the sale of utilities to restaurants located in Kentucky. The exemption applies to sales made on and after July 1, 2017, but before August 2, 2022 and the Department of Revenue is required to report to the Legislative Research Commission the amount of the exemption claimed.

FISCAL EXPLANATION: In formulating this estimate, staff examined economic census data, county business patterns, and industry reports pertaining to utility costs for various types of restaurants. This data indicates that the utility costs of restaurants represent an amount equal to 3-6 percent of their total sales. If this bill is enacted, it is estimated that the negative impact to the general fund in FY 2017-2018 will be approximately (\$9,000,000). There is no fiscal impact to the general fund in FY 2016-2017 as the exemption is not effective until July 1, 2017.

DATA SOURCE(S): 2012 Economic Census, National Restaurant Association, County Business Patterns, LRC staff economist

PREPARER: Charlotte T. Quarles **NOTE NUMBER:** 63 **REVIEW:** JRS **DATE:** 2/20/2017

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