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

MEASURE

2017 BR NUMBER **1414** **HOUSE** BILL NUMBER **339**

RESOLUTION NUMBER_____ AMENDMENT NUMBER _____

SUBJECT/TITLE An ACT relating to taxation.

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			See explanation below
EXPENDITURES			
NET EFFECT			See explanation below

( ) indicates a decrease/negative

MEASURE'S PURPOSE: The purpose of this measure is to incentivize restaurants to donate apparently wholesome food, prepared food that meets quality and labeling standards but may not be readily marketable, rather than discarding it.

PROVISIONS/MECHANICS: Section 1 of this bill defines "apparently wholesome food" and creates a refundable, but nontransferable, tax credit for the donation of apparently wholesome food for tax years between January 1, 2017 and January 1, 2021. The tax credit is equal to 20 percent of the value of the donated food and can be applied to the individual income tax, the corporate income tax, or the limited liability entity tax. This section also requires that the Department of Revenue report information on the credit to the Legislative Research Commission.

Section 2 of this bill describes the order in which tax credits are to be taken.

Sections 3 to 9 of this bill amend various sections of KRS Chapters 131 and 141 to allow the Department of Revenue to report information on the credit to the Legislative Research Commission.

FISCAL EXPLANATION: The fiscal impact of this bill is indeterminable. There are approximately 7,500 restaurants in the Commonwealth, many of which donate food that would be considered apparently wholesome food. However, there has been no centralized record of food donations or their values. Therefore, the fiscal impact of this measure cannot currently be determined.

This bill creates the tax credit for a four-year period. After that period, the credit is no longer given without further legislative action. The bill requires the Department of Revenue to report information on tax credits taken under this bill to the Legislative Research Commission for better understanding of the fiscal impact for future sessions of the General Assembly.

DATA SOURCE(S): **LRC Appropriations and Revenue Staff; Kentucky Restaurant Association; LRC Economists**
PREPARER: **Amit M. Shanker** **NOTE NUMBER**: **68** **REVIEW**: **JRS** **DATE**: **2/24/2017**