

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

MEASURE

2017 BR NUMBER **1417**

HOUSE BILL NUMBER **355**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to tax credits.**

SPONSOR **Representative A. Koenig**

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			(\$5,250,000)
EXPENDITURES			\$100,000
NET EFFECT			(\$5,350,000)

() indicates a decrease/negative

MEASURE’S PURPOSE: The proposal establishes the Kentucky affordable housing income tax credit. The purpose is to encourage a greater amount of private investment in affordable housing, expand the development of housing for persons with special needs, the elderly and the most vulnerable populations, and to eliminate chronic homelessness for Kentuckians recovering from substance abuse.

PROVISIONS/MECHANICS: Creates a new section of KRS Chapter 198A to establish the Kentucky affordable housing credit, which applies to the income and insurance taxes, in an amount related to the amount of federal low-income housing tax credit; limits the total amount of all credits awarded during any year to the greater of 50 percent of the federal low-income housing tax credits awarded on qualified projects or \$5,250,000; creates a new section of KRS Chapter 141 to allow the income tax credit; amends KRS 141.0205 to order the income tax credit; creates a new section of KRS Chapter 136 to order the insurance tax credits; amends various statutes to conform.

FISCAL EXPLANATION: The negative fiscal impact to the general fund in FY 2018-2019 will be (\$5,250,000) and every fiscal year thereafter as long as the credit is available. The

Department of Revenue estimates that the new tax credit will create an additional expenditure of \$100,000 to provide new tax forms and modify existing computer systems to administer the credit.

DATA SOURCE(S): LRC

PREPARER: Charlotte T. Quarles **NOTE NUMBER:** 69 **REVIEW:** JRS **DATE:** 2/22/2017