

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

**MEASURE**

2017 BR NUMBER **0434**

**HOUSE** BILL NUMBER **472**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to taxation.**

**SPONSOR** **Representative Pratt**

**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
<b>REVENUES</b>			
<b>EXPENDITURES</b>			
<b>NET EFFECT</b>			

( ) indicates a decrease/negative

**MEASURE’S PURPOSE:** The purpose of this measure is to expand the base of entities that may apply for the new markets development program tax credit.

**PROVISIONS/MECHANICS:** Section 1 of this bill expands the definition of “qualified community development entity,” that is, entities who may apply for the credit. Currently, entities must have entered into an allocation agreement with the U.S. Treasury Department. This bill allows entities who may not have entered into such an allocation agreement but are organized, formed in, or who have their principal place of business in Kentucky to be qualified. Section 1 also requires that any entity that becomes qualified by means of the allocation agreement must commit to invest federal credits in the same dollar amount as it invests state credits into a Kentucky project.

Section 2 requires the Department of Revenue to make the list of all qualified community development entities available to the public and disclose their credit amounts.

Section 3 requires reporting information about utilization of the credit to the Legislative Research Commission.

Sections 4 and 5 describe ordering of credits.

Sections 6–12 make conforming changes.

**FISCAL EXPLANATION:** This bill will have no impact on state revenues. The new markets development program tax credits are capped at \$10 million per year, and that cap has been reached. It is believed that this trend of maximizing the available credits will continue. This bill only expands who may apply for the credit, and does not change the total value of tax credits that may be awarded per year.

**DATA SOURCE(S):** LRC Appropriations and Revenue Staff; Department of Revenue

**PREPARER:** Amit M. Shanker **NOTE NUMBER:** 127 **REVIEW:** JRS **DATE:** 2/23/2017