

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2018 REGULAR SESSION**

**MEASURE**

2018 BR NUMBER **0010**

**HOUSE** BILL NUMBER **121**

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

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

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

**SPONSOR** **Representative C. McCoy**

**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**

<b>FISCAL ESTIMATES</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>		(\$105,000)	(\$110,000)	
<b>EXPENDITURES</b>				
<b>NET EFFECT</b>		(\$105,000)	(\$110,000)	

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** This proposal, if enacted, will exempt from sales and use tax:

1. Bees used in a commercial enterprise for the:
  - a. Production of honey or wax for sale;
  - b. Pollination of crops, the products of which constitute food for human consumption; or are to be sold; and
2. Specific items used in that commercial pursuit: sugar and high fructose corn syrup, medication and other chemicals used to control mites, fungi, and parasites, hive components, hive accessories, beeswax foundation and frames, decapping tanks, knives, beekeeping apparel, and machinery and equipment designed for the management of bees and products derived from bees.

**PROVISIONS/MECHANICS:** Section 1 amends KRS 139.480 to exempt from sales and use tax bees and certain items used in a commercial enterprise; provides that the exemption applies to retail sales made on or after August 1, 2018, but before August 1, 2022; requires the Department of Revenue to report to the Legislative Research Commission on or before October 1, the total amount of exemption claimed for the immediately preceding fiscal year and the total cumulative amount of exemptions claimed.

Section 2. Amends KRS 131.190 to allow the Department of Revenue to report to the Legislative Research Commission without breaching taxpayer confidentiality.

Sections 3 through 8 amends various section of KRS 131 and 141 to conform.

Section 9 makes the effective date August 1, 2018.

**FISCAL EXPLANATION:** Based upon the National Agricultural Statistics Service data released August 1, 2017, the maximum number of bee colonies in Kentucky was 7,500 compared to 12,000 bee colonies that were in existence in 2012 as reported by the 2012 Census of Agriculture-State Data. For purposes of this analysis, it is assumed that there will be a slight growth of 500 colonies in each of the upcoming two fiscal years and the average start-up cost per hive is \$225. It is also assumed that 20 percent of existing hives would be replaced in each of the fiscal years and the average cost of maintaining hives would be approximately \$150 per hive per year.

**DATA SOURCE(S): “Beekeeping and Honey Production”, University of Kentucky, Cooperative Extension Service, February 2013, 2012 Census of Agriculture-State Data, Tables 21 and 29, USDA, Honey Bee Colonies, National Agricultural Statistics Service, Agricultural Statistics Board, USDA**  
**PREPARER: Charlotte T. Quarles, A/R Staff** NOTE NUMBER: **16** REVIEW: **JAB** DATE: **1/25/2018**