

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

MEASURE

2018 BR NUMBER **1285**

HOUSE BILL NUMBER **306 GA**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to STABLE Kentucky accounts.**

SPONSOR **Representative B. Rowland**

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	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES				
NET EFFECT				

() indicates a decrease/negative

MEASURE’S PURPOSE: This bill codifies the STABLE Kentucky account, which is a tax-advantaged savings account for individuals with disabilities and their families. The account already exists under Kentucky and federal law, but this bill creates a section of KRS Chapter 164A to codify the definition of the plan and amends KRS 141.010 to add the earnings to the list of deductions in calculating adjusted gross income.

PROVISIONS/MECHANICS: Section 1 amends KRS 141.010 to add earnings of the STABLE Kentucky account to the list of deductions in calculating adjusted gross income.

Section 2 creates a new section of KRX Chapter 164A to define the STABLE Kentucky account, also known as a 529A plan from its codification at 26 U.S.C. 529A. The definition includes the tax treatment of the account and the permitted uses of funds in the account.

FISCAL EXPLANATION: This bill has no fiscal impact. All 529A plans, of which the STABLE Kentucky account is one, are created under 26 U.S.C. 529A. Qualified distributions from the account are not included in federal gross income under 26 U.S.C. 529A(c)(1)(B). Since Kentucky’s individual income tax is based on federal gross income, the nontaxability of distributions came when this account was established at the federal level. The adjustment in KRS 141.010 will not have any impact because of the lead-in language of KRS 141.010(10), which

reads, “[D]eductions shall be limited to amounts allocable to income subject to taxation under the provisions of this chapter, and except that nothing in this chapter shall be construed to permit the same item to be deducted more than once.” Therefore, this bill will have no fiscal impact.

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

PREPARER: Amit M. Shanker NOTE NUMBER: REVIEW: JAB DATE: 3/16/2018