

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

MEASURE

2018 BR NUMBER **1108**

HOUSE BILL NUMBER **541**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to the highly skilled employee tax credit.**

SPONSOR **Representative P. 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	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			(\$3,000,000)	(\$3,000,000)
EXPENDITURES				
NET EFFECT			(\$3,000,000)	(\$3,000,000)

() indicates a decrease/negative

MEASURE’S PURPOSE: The stated purpose of this tax credit is to provide an incentive for existing Kentucky residents to stay within Kentucky and fill an eligible position or new employees to relocate to Kentucky and fill an eligible position. Ultimately, the tax credit program will assist a new or an existing business in the recruitment and maintenance of highly skilled employees in eligible positions.

PROVISIONS/MECHANICS: Section 1 creates subchapter 13 of KRS Chapter 154 and provides definitions.

Section 2 establishes the purposes of the tax credit and the application process within the Cabinet for Economic Development.

Section 3 creates a new section of KRS Chapter 141. The tax credit is allowed for taxable years beginning January 1, 2018, but not after January 1, 2022. The maximum amount of credit that may be awarded in each fiscal year shall not exceed \$3 million. The maximum amount of credit that may be claimed by an individual in a taxable year shall not exceed \$1,500 and the lifetime maximum tax credit for that individual shall not exceed \$20,000. If not fully utilized within the

taxable year, the credit may be carried forward for use in a succeeding taxable year for a period not to exceed 5 years.

Section 4 amends KRS 141.0205 to place the new tax credit within the order for which all tax credits may be claimed.

Sections 5 through 7 make technical changes to various sections of KRS Chapters 131 and 141, consolidating the reports the Department of Revenue is required to submit to the Legislative Research Commission.

FISCAL EXPLANATION: It is estimated that the \$3 million tax credit cap will be reached upon full implementation of this bill.

DATA SOURCE(S): LRC Staff

PREPARER: Jennifer Hays **NOTE NUMBER:** 141 **REVIEW:** JAB **DATE:** 3/9/2018