

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

MEASURE

2018 BR NUMBER **1902**

HOUSE BILL NUMBER **589**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to affordable housing for veterans and senior citizens.**

SPONSOR **Representative Rothenburger**

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		(\$500,000)	(\$3,000,000)	(\$3,500,000)
EXPENDITURES				
NET EFFECT		(\$500,000)	(\$3,000,000)	\$(3,500,000)

() indicates a decrease/negative

MEASURE'S PURPOSE: The purpose is to expand the development of housing for veterans, the elderly, and Kentucky's most vulnerable population and to encourage a greater amount of private investment in affordable housing in Kentucky.

PROVISIONS/MECHANICS: Section 1 creates a new section in KRS Chapter 198A that establishes the tax credit provisions; definitions for the section; the purpose of the tax credit; and the taxable years that the tax credit can be taken.

Section 2 creates a new section in KRS Chapter 141 to permit the tax credit and to establish reporting requirements of the Department of Revenue.

Section 3 amends KRS 141.0205 to add the tax credit to the order of credits.

Section 4 creates a new section in KRS Chapter 136 to create an order of credits.

Sections 5 to 11 make conforming changes that pertain to the reporting requirements.

FISCAL EXPLANATION: HB 589 places a cap on the maximum amount of tax credits that can be awarded each allocation year as the smaller amount of 50 percent of the total annual federal low-income housing tax credits awarded by the Kentucky Housing Corporation or \$3,500,000. While it is unknown how many taxpayers will apply and be approved for the tax credit, the maximum fiscal impact is a negative \$3,500,000 to the general fund. The fiscal impact for FY 19 is estimated at a negative \$500,000 due to reduced estimated tax payments and FY 20 is estimated at a negative \$3,000,000 to account for tax return filing extensions.

DATA SOURCE(S): LRC Staff

PREPARER: Cynthia Brown **NOTE NUMBER:** 149 **REVIEW:** JAB **DATE:** 3/27/2018