

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

**MEASURE**

2018 BR NUMBER **1158**

**SENATE** BILL NUMBER **180**

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

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

**SUBJECT/TITLE** **An ACT relating to an earned income tax credit.**

**SPONSOR** **Senator M. McGarvey**

**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>			(\$99,000,000)	
<b>EXPENDITURES</b>				
<b>NET EFFECT</b>			(\$99,000,000)	

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** This proposal will provide a Kentucky earned income tax credit to certain individuals.

**PROVISIONS/MECHANICS:** Section 1 of the bill creates a new section of KRS Chapter 141 to provide a refundable income tax credit for individuals. If enacted, the Kentucky earned income tax credit will be an amount equal to 10 percent of the federal earned income tax credit allowed. Section 2 amends KRS 141.0205 to place the new income tax credit within the ordering statute for individual income tax purposes.

**FISCAL EXPLANATION:** The federal earned income tax credit is a refundable credit that a filer with earned income can receive. Earned income includes all taxable income, wages you get from working, and certain disability payments. The credit is targeted to workers who also have children, but a taxpayer with no children can receive a small credit. For federal income tax purposes, the maximum credit amount for tax year 2017 was:

- Up to \$6,318 with three or more qualifying children and less than \$48,340 (single) or \$53,930 (joint) in earned income and adjusted gross income;

- Up to \$5,616 with two qualifying children and less than \$45,007 (single) or \$50,597 (joint) in earned income and adjusted gross income;
- Up to \$3,400 with one qualifying child and less than \$39,617 (single) or \$45,207 (joint) in earned income and adjusted gross income; and
- Up to \$510 with no qualifying children and less than \$15,010 (single) or \$20,600 (joint) in earned income and adjusted gross income.

This proposal would create a Kentucky credit that would be equal to 10 percent of the federal credit amount.

**DATA SOURCE(S): LRC STAFF, Statistics of Income from Federal Returns with a Kentucky Address**

**PREPARER: Jennifer Hays NOTE NUMBER: 118 REVIEW: JAB DATE: 2/28/2018**