

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2019 REGULAR SESSION**

**MEASURE**

2019 BR NUMBER 0024

HOUSE BILL NUMBER 15

**TITLE** AN ACT relating to the taxation of pension income, making an appropriation therefor, and declaring an emergency.

**SPONSOR** Representative John Blanton

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: \_\_\_\_\_

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED \_\_\_\_\_

<b>FISCAL ESTIMATES</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>	(\$12,300,000)	(\$12,300,000)	(\$12,300,000)
<b>EXPENDITURES</b>			
<b>NET EFFECT</b>	(\$12,300,000)	(\$12,300,000)	(\$12,300,000)

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** The purpose of this proposal is to reverse the reduction of the pension income exclusion enacted in 2018 Regular Session HB 487.

**FISCAL EXPLANATION:** Prior to the enactment of 2018 Regular Session HB 487, the pension income exclusion for individual income was \$41,110 annually for each retiree. 2018 Regular Session HB 487 reduced the pension income exclusion to \$31,110 annually for each retiree. The proposal would restore the pension income exclusion to \$41,110 annually for each retiree retroactively for taxable years beginning on or after January 1, 2018, and require the Department of Revenue to automatically issue refunds of excess income tax paid for any individual who files an individual income tax return before the proposal is integrated into the tax return form.

**DATA SOURCE(S):** DOR Individual Income Tax data

**PREPARER:** Jennifer Hays **NOTE NUMBER:** 12 **REVIEW:** JAB **DATE:** 2/4/2019

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