

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

MEASURE

2019 BR NUMBER 1175

HOUSE BILL NUMBER 187

TITLE AN ACT relating to exempting property used in the deployment of advanced broadband technologies from state and local ad valorem taxation and declaring an emergency.

SPONSOR Representative Mark Hart

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 _____

FISCAL ESTIMATES	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES	(Indeterminable)	(Indeterminable)	(Indeterminable)
EXPENDITURES			
NET EFFECT	(Indeterminable)	(Indeterminable)	(Indeterminable)

() indicates a decrease/negative

PURPOSE OF MEASURE: HB 187 defines property used in the deployment of advanced broadband technologies and exempts it from state and local ad valorem taxation for tax years beginning on or after January 1, 2019, but prior to January 1, 2023. It also establishes the purpose of the exemption and requirements for reporting the exemption.

FISCAL EXPLANATION: HB 187 creates a new exemption of state and local ad valorem taxation and is expected to have a negative, indeterminable fiscal impact.

The property used in the deployment of advanced broadband, as defined by HB 187, is mostly used by communication service and multichannel video programming service providers and is taxed at a state tax rate of forty-five cents per one hundred dollars of assessed valuation and full local tax rates. The Kentucky Department of Revenue estimates that communication service and multichannel video programming service providers have an annual state property tax impact of \$15.6 million.

It is unknown how much of the property currently reported for tangible personal property tax would be exempted under HB 187. The tax return for reporting this property does not provide the information needed to determine if the property qualifies for the exemption. Therefore, the Department of Revenue cannot track the property or the tax receipts generated from it in order to determine the tax implications of HB 187.

DATA SOURCE(S): LRC A&R staff; Kentucky Department of Revenue

PREPARER: Cynthia Brown **NOTE NUMBER:** 39 **REVIEW:** JAB **DATE:** 2/25/2019

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