Local Government Mandate Statement Kentucky Legislative Research Commission 2019 Regular Session

Part I: Measure Information

Bill Request #: 1175 Bill #: HB 187 **Document ID #:** 2140 Bill Subject/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 Hart Unit of Government:XCityXCountyXUrban-County Unified Local **X** Charter County **X** Consolidated Local **X** Government Office(s) Impacted: Requirement: X Mandatory Optional Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

Section 1: Creates a new section of KRS Chapter 132 to exempt property used in the deployment of advanced broadband technologies from 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.

Section 2: Amends KRS 132.010 to define property used in deployment of advanced broadband as property used in the business of transmitting information such as images, text, voice, video, or data to end users and consumers for compensation at a rate, prior to taking into account the effects of any signal degradation, that is not less than fifty megabits per second in at least one direction.

Section 3: Amends KRS 131.190 to allow the Department of Revenue to report information about the exemption to the Legislative Research Commission.

Section 4: Provides an emergency clause for the bill.

Fiscal Explanation

The bill creates a new exemption of local ad valorem taxation and is expected to have a negative, indeterminable fiscal impact.

The property used in deployment of advanced broadband, as defined in the bill, is mostly used by communication service and multichannel video programming service providers and is taxed at full local tax rates. The Kentucky Department of Revenue estimates that communication service and multichannel video programming service providers have an annual local property tax impact of \$35.6 million dollars.

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

Part III: Differences to Local Government Mandate Statement from Prior Versions

The Part II section above pertains to the bill as introduced and there are not any prior introduced versions of the bill to complete the Part III section.

Data Source(s):	LRC A&R staff; Kentucky De	partment of Revenue;		
Preparer: Cynth	nia Brown Reviewer:	КНС	Date:	1/31/18