

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 Department of Revenue;

Preparer: Cynthia Brown **Reviewer:** KHC **Date:** 1/31/18