

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

**MEASURE**

2019 BR NUMBER 0072

HOUSE BILL NUMBER 27

**TITLE** AN ACT relating to exempting admissions to events held by nonprofit organizations from sales and use tax.

**SPONSOR** Representative Dennis Keene

**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		(\$12,000,000)	(\$12,000,000)
EXPENDITURES			
NET EFFECT		(\$12,000,000)	(\$12,000,000)

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** This proposal, if enacted, will exempt from sales tax the sale of admissions to events held by all nonprofit organizations on or after July 1, 2019.

**FISCAL EXPLANATION:** It is estimated that this proposal, if enacted, will have a negative impact of (\$12,000,000) to the General Fund in fiscal year 2019-2020 and each fiscal year thereafter. There is no impact to the General Fund in fiscal year 2018-2019 as the exemption is not effective until July 1, 2019.

This proposal exempts from sales tax the sale of admissions to events held by all nonprofit organizations. There are 29 separate classifications of nonprofit organizations recognized by the Internal Revenue Service under Section 501(c) of the Internal Revenue Code. These classifications include charitable, religious, educational institutions; labor, agricultural, or horticultural organizations; cemeteries, veteran's organizations, business leagues, chambers of commerce, real estate boards; clubs organized for pleasure; fraternal beneficiary societies; domestic fraternal orders operating under a lodge system; and others.

Sales and use tax return data reported by nonprofit accounts for six months before and after the passage of 2018 Regular Session HB 487 was analyzed by the Department of Revenue. Data from each of those periods were averaged and compared to estimate the net increase in receipts attributable to the tax on admissions on an annual basis.

**DATA SOURCE(S):** OSBD staff, Department of Revenue, Sales/Use Tax Return data

**PREPARER:** Charlotte Quarles **NOTE NUMBER:** 15 **REVIEW:** JAB **DATE:** 2/5/2019

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