

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

MEASURE

2019 BR NUMBER 0207

HOUSE BILL NUMBER 58

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

SPONSOR Representative Regina Huff

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	(\$12,300,000)	(\$12,300,000)	(\$12,300,000)
EXPENDITURES			
NET EFFECT	(\$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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