

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2020 REGULAR SESSION**

MEASURE

2020 BR NUMBER 921

HOUSE BILL NUMBER 212

TITLE AN ACT relating to the taxation of pension income.

SPONSOR Representative Ashley Tackett Laferty

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	2019-2020	2020-2021	2021-2022	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: This proposal will increase the pension income exclusion for individual income tax to \$41,110 for taxable years beginning on or after January 1, 2020. In 2018, the General Assembly reduced the amount of pension income excluded from taxation to an amount equal to \$31,110. This proposal will take the exclusion back to the exclusion amount in 2018 and prior taxable years.

FISCAL EXPLANATION: The estimated impact of increasing the amount of pension income exclusion to \$41,110 is a negative impact to General Fund receipts of \$12.3 million annually.

DATA SOURCE(S): OSBD; LRC staff

PREPARER: Jennifer Hays **NOTE NUMBER:** 57 **REVIEW:** JAB **DATE:** 1/17/2020