

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

MEASURE

2020 BR NUMBER 108

HOUSE BILL NUMBER 351/SCS2

TITLE AN ACT relating to revenue measures and declaring an emergency.

SPONSOR Senator Christian McDaniel

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: Vehicle Regulation and Highways

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED Ignition Interlock Administration Fund

FISCAL ESTIMATES	2019-2020	2020-2021	2021-2022	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		\$5.46 M GF Indeterminable RF	\$13.76 M GF Indeterminable RF	\$13.76 M GF Indeterminable RF
EXPENDITURES				
NET EFFECT		\$5.46 M GF Indeterminable RF	\$13.76 M GF Indeterminable RF	\$13.76 M GF Indeterminable RF

() indicates a decrease/negative

PURPOSE OF MEASURE: This is the annual revenue measures bill that balances the revenues with the appropriations contained in the budget bills. This document outlines only the items contained in the bill with either a positive or negative impact. There are various other technical changes and enactments that have no fiscal impact.

FISCAL EXPLANATION: Section 34 of the proposal expands the definition of “machinery for new and expanded industry” to include machinery directly used in the manufacturing of distilled spirits, wine, or malt beverages on the premises of the manufacturer that includes a retail establishment. Related to this definitional change, the exemption for supplies and industrial tools and the exemption of labor or services to install, repair, or maintain tangible personal property not otherwise exempt is also expanded to encompass these industries in Section 35 of the proposal.

Sections 36 to 38 provide additional restricted fund moneys related to the ignition interlock fee paid by providers of the device and an increased service fee paid by a person convicted of certain violations. These moneys are deposited in the Ignition Interlock Administration Fund.

Section 39 allows a 10-day delayed payment on the cigarette tax and surtaxes, except that all payments must be made by the end of any fiscal year. Because the payment of the tax is currently made prior to the issuance of the stamp showing that the tax has been paid, a negative impact will be realized if any non-compliance occurs related to the 10-day delayed payment period.

Sections 40 to 42 clarify that golf course admissions are taxable, unless the sale of admissions is the result of a fundraising event held by a nonprofit educational, charitable, or religious institution qualified as a 501(c)(3) entity for income taxation or a nonprofit civic, government or other nonprofit organization.

Section 46 allows a new refund process for coal severance and processing taxes, if the coal severance tax is paid on coal that is transported directly to a market outside North America. The refund process begins August 1, 2020, and sunsets, July 1, 2022, and is limited during any calendar year to the export of a combined total of 10 million tons of coal subject to tax and exported.

Sections 50 to 56 impose a vapor products tax, in an amount equal to \$1.50 on each closed vapor cartridge and 15% of the actual price for which the distributor sells the open vaping system. The new tax begins August 1, 2020.

DATA SOURCE(S): LRC Staff

PREPARER: Jennifer Hays NOTE NUMBER: 256 REVIEW: JAB DATE: 3/31/2020