

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

MEASURE

2020 BR NUMBER 1185

HOUSE BILL NUMBER 371

TITLE AN ACT relating to tax credits.

SPONSOR Representative Randy Bridges-

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			(\$10,500,000)	(\$10,500,000)
EXPENDITURES				
NET EFFECT			(\$10,500,000)	(\$10,500,000)

() indicates a decrease/negative

PURPOSE OF MEASURE: HB 371 creates a new income tax credit related to low-income housing. The Kentucky Housing Corporation may award a Kentucky affordable housing credit based on and equal to the federal low-income housing tax credit allocated to a qualified project in Kentucky.

FISCAL EXPLANATION: It is difficult to determine exactly when this new tax credit may be claimed on income tax returns since the tax credit cannot be claimed until the low-income housing is built. The bill also requires that the low-income housing cannot be placed in service until on or after January 1, 2021. Therefore, it is assumed that the tax credits will be awarded by the Kentucky Housing Corporation in a manner that would allow the Kentucky tax credit to first be claimed in taxable years beginning on or after January 1, 2021, and the next five consecutive taxable years.

The amount of allowable federal low-income housing credit has been stable for the past several years, equaling \$10.5 million each year. Since the Kentucky tax credit is equal to the federal tax credit, a negative impact of \$10.5 million will occur to the General Fund in each year that the Kentucky Housing Corporation awards the Kentucky tax credit.

DATA SOURCE(S): LRC staff

PREPARER: Jennifer Hays **NOTE NUMBER:** 115 **REVIEW:** JAB **DATE:** 2/12/2020