

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2021 REGULAR SESSION**

MEASURE

2021 BR NUMBER 293

HOUSE BILL NUMBER 230/HCS1

TITLE AN ACT relating to the taxation of the commercial mining of cryptocurrency.

SPONSOR Representative Brandon Reed

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	2020-2021	2021-2022	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$1,000,000)	(Substantial negative)
EXPENDITURES			
NET EFFECT		(\$1,000,000)	(Substantial negative)

() indicates a decrease/negative

PURPOSE OF MEASURE: This measure will provide sales and use tax exemptions to businesses that are located in colocation facilities of not less than two hundred thousand (200,000) square feet which are engaged in the commercial mining of cryptocurrency. The effective date of this proposal is July 1, 2021.

The sales and use tax exemption specified is for electricity used or consumed in the commercial mining of cryptocurrency. Applications for the exemption must be made on or after July 1, 2021, and on or before June 30, 2025. In order to receive the exemption, a qualifying company must file an application with the Department of Revenue, and when approved, it must report the exemptions claimed per fiscal year beginning September 1, 2021, and each September 1 every year thereafter. The exemption shall apply to purchases made on or after the date of application until June 30, 2030.

FISCAL EXPLANATION: This measure will have a negative impact on the General Fund.

Relating to the electricity purchased by persons engaged in the commercial mining of cryptocurrency in a facility of this size, the amount of the exemption is estimated to have a negative impact on the general fund of \$1,000,000 for FY 22. The annual impact at full implementation is indeterminable because it is unknown how many of the businesses might choose to locate here to avail themselves of this exemption.

There will be no impact on the General Fund in FY 21 as the exemption is not available until July 1, 2021.

DATA SOURCE(S): LRC Staff

PREPARER: Katy Jenkins **NOTE NUMBER:** 92 **REVIEW:** JAB **DATE:** 3/4/2021