

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2024 REGULAR SESSION**

**REVISED**

**MEASURE**

2024 BR NUMBER 1336

HOUSE BILL NUMBER 120

**TITLE** AN ACT relating to the limited liability entity tax.

**SPONSOR** Representative Patrick Flannery

**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 \_\_\_\_\_

<b>FISCAL ESTIMATES</b>	<b>2023-2024</b>	<b>2024-2025</b>	<b>2025-2026</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>			(\$18,300,000)	(\$18,300,000)
<b>EXPENDITURES</b>				
<b>NET EFFECT</b>			(\$18,300,000)	(\$18,300,000)

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** HB 120 proposes to exempt entities with gross receipts or gross profits of less than \$100,000 from limited liability entity tax for taxable years beginning on or after January 1, 2025.

**FISCAL EXPLANATION:** In the year 2020, there were 123,289 limited liability entity tax filers with gross receipts equal to or less than \$100,000. Of these filers, 18,980 are tax-exempt filers. Since the minimum amount of the limited liability tax is \$175, the estimated fiscal impact of HB 120 is expected to be negative \$18,300,000. The actual fiscal impact will vary depending on changes in the number of filers and errors in the reporting and paying of the tax.

**DATA SOURCE(S):** LRC Staff and Kentucky Department of Revenue

**PREPARER:** Cynthia Brown **NOTE NUMBER:** 120 **REVIEW:** JH **DATE:** 2/22/2024