

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2025 REGULAR SESSION**

MEASURE

2025 BR NUMBER 1092

HOUSE BILL NUMBER 2 HCS1

TITLE AN ACT relating to the taxation of currency and bullion currency and declaring an emergency.

SPONSOR Representative T.J. Roberts

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: Finance and Administration Cabinet

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED _____

FISCAL ESTIMATES	2024-2025	2025-2026	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			
EXPENDITURES	Indeterminable	Indeterminable	Indeterminable
NET EFFECT	(Indeterminable)	(Indeterminable)	(Indeterminable)

() indicates a decrease/negative

PURPOSE OF MEASURE: The purpose of HB 2 is to introduce a new section within KRS Chapter 139, establishing a violation for the Finance and Administrative Cabinet or the Commissioner of the Department of Revenue for any notice or directive issued that states the collection and remittance of sales and use tax is required on currency or bullion.

Any individual who paid sales tax on or after August 1, 2024, for bullion or currency that is exempt from such tax may file a claim for a refund with the Department of Revenue. This claim may be pursued in the Circuit Court of the plaintiff's county of residence. In addition to receiving the refunded sales tax, plaintiffs who prevail in this action will be entitled to reimbursement for reasonable attorney fees and costs, as well as a penalty of \$1,000 for each day the violation occurred from the passage of this act until the violation is rectified.

FISCAL EXPLANATION: HB 2 could have significant fiscal implications if the Finance and Administration Cabinet or the Department of Revenue continue to publish the exemption on currency bullion, and if individuals pursue and prevail in refund claims in Circuit Court. In such cases, each prevailing claimant would be entitled to reasonable attorney fees, along with a penalty of \$1,000 for each day the violation occurs after the passage of this act.

Given the uncertainty surrounding how long the Finance and Administration Cabinet or the Department of Revenue may continue to publish the taxability of bullion, as well as the unknown number of individuals who may legally pursue these claims in court, the full fiscal impact remains indeterminable but is expected to be substantial.

State revenue will not be affected as the current biennial budget took into account this tax exemption therefore any refunds of tax would have no impact.

DATA SOURCE(S): Legislative Research Commission

PREPARER: Jeremy Simpson NOTE NUMBER: 97 REVIEW: JMR DATE: 2/17/2025