

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

MEASURE

2025 BR NUMBER 1092

HOUSE BILL NUMBER 2_SCS1

TITLE AN ACT relating to the taxation of currency and bullion currency 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 STATE
EMPLOYEE HEALTH PLAN IMPACT

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 Senate Committee Substitute (SCS) 1 to HB 2 is to introduce a new section within KRS Chapter 139, establishing a violation for the Finance and Administrative Cabinet (FAC) or the Commissioner of the Department of Revenue (DOR) 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 and use tax on or after August 1, 2024, for the purchase of bullion or currency that is exempt from the tax may file a claim for a refund with the DOR. 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 until the violation is rectified.

Section 3 of this measure applies solely to individuals whose primary residence, or to a business entity whose headquarters, was physically located in any county outlined in the Presidential Declaration of a Major Disaster, designated FEMA-4860-DR-KY, on or before February 14, 2025.

FISCAL EXPLANATION: HB 2 SCS 1 could have significant fiscal implications if the FAC or the DOR continue to publish guidance related to taxation 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 on or after the effective date of this Act. Given the uncertainty surrounding how long the FAC or the DOR 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 may be substantial.

State revenue will not be affected by the bullion or currency exemption as the current biennial budget took into account this tax exemption therefore any refunds of tax would have no impact. Some state revenue may be delayed due to section 3 of this measure.

DATA SOURCE(S): Finance and Administration Cabinet, LRC Staff

PREPARER: Jeremy Simpson and Jennifer Hays **NOTE NUMBER:** 187 **REVIEW:** JMR **DATE:** 3/13/2025