

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2026 REGULAR SESSION**

**MEASURE**

2026 BR NUMBER 90

HOUSE BILL NUMBER 757 HCS 1

**TITLE** AN ACT relating to revenue measures and declaring an emergency.

**SPONSOR** Representative Jason Petrie

**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: Kentucky Infrastructure Authority, Auditor of Public  
Accounts, Personnel Board, Kentucky River Authority, State Police, Executive Branch Ethics  
Commission, Department for Local Government, Department of Agriculture

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED Various

FISCAL ESTIMATES	2025-2026	2026-2027	2027-2028	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES				
NET EFFECT				

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** HB 757 HCS 1 contains various revenue measures and impacts the fiscal matters of the Commonwealth. The various fiscal impacts are described in the chart below. The chart excludes measures that will not have a General Fund or Road Fund fiscal impact during the 2027 – 2028 biennium.

**FISCAL EXPLANATION:**

Description	General Fund FY 2027	General Fund FY 2028	Road Fund FY 2027	Road Fund FY 2028
<u>Sales and Use Taxes</u> <ul style="list-style-type: none"> <li>• Remove the \$200 transaction threshold to redefine the nexus</li> </ul>	Negative Minimal	Negative Minimal		

Description	General Fund FY 2027	General Fund FY 2028	Road Fund FY 2027	Road Fund FY 2028
standard for remote retailers and marketplace providers				
<u>Sales and Use Taxes &amp; Utility Gross Receipts License Tax</u> <ul style="list-style-type: none"> <li>• Apply tax to calls made by pay phones</li> </ul>	Positive Minimal	Positive Minimal		
<u>Sales and Use Taxes</u> <ul style="list-style-type: none"> <li>• Apply tax to data brokering services, except governmental entities</li> </ul>	Positive Indeterminable	Positive Indeterminable		
<u>Fluidized Bed Energy Production Facilities</u> <ul style="list-style-type: none"> <li>• Remove tax exemptions for property certified as a fluidized bed energy production facility</li> </ul>		Positive Minimal		
<u>Income Taxes</u> Delay the start date for the corporate income tax deferred tax deduction from January 1, 2026 to January 1, 2028	\$44,800,000	\$44,800,000		
<u>Income Taxes</u> <ul style="list-style-type: none"> <li>• Update to the IRC in effect on December 31, 2025 for taxable years beginning on or after January 1, 2026, but decouple from the following provisions:               <ul style="list-style-type: none"> <li>○ Deduction for employer contributions to Trump accounts</li> <li>○ Deduction for domestic research or experimental expenditures under 26 U.S.C. sec. 174A</li> <li>○ Deduction for qualified film or television production, qualified live theater production, and qualified sound recording under 26 U.S.C. sec 181</li> <li>○ Deduction under 26 U.S.C. sec 139L for interest paid to a</li> </ul> </li> </ul>	(\$9,800,000)	(\$9,800,000)		

Description	General Fund FY 2027	General Fund FY 2028	Road Fund FY 2027	Road Fund FY 2028
<p>qualified lender on a qualified real estate loan</p> <ul style="list-style-type: none"> <li>○ Business interest limitation calculation under 26 U.S.C. sec. 163(j); use the provisions in effect on December 31, 2024 for purposes of computing the deduction allowed for business interest</li> <li>○ Deduction for interest paid on mortgage &amp; home equity loans for more than the primary residence</li> <li>○ Deduction for qualified tips</li> <li>○ Deduction for qualified overtime</li> <li>○ Deduction for qualified passenger vehicle loan interest</li> </ul>				
<p><u>Premium Cigar Excise Tax</u></p> <ul style="list-style-type: none"> <li>• Establish an excise tax on premium cigars at a rate of 15% of the price up to 60¢ per cigar</li> <li>• Require the 60¢ cap to be adjusted annually by CPI</li> </ul>	(\$1,200,000)	(\$1,500,000)		
<p><u>Fantasy Contest Operators Excise Tax</u></p> <ul style="list-style-type: none"> <li>• Create a new excise tax on fantasy contest operators at a rate of 12% of entry fees</li> </ul>	\$400,000	\$1,000,000		
<p><u>Prediction Markets Excise Tax</u></p> <ul style="list-style-type: none"> <li>• Create a new excise tax on prediction market operators at a rate of 17.25% of transaction fees</li> </ul>	\$800,000	\$2,100,000		
<p><u>Severance Taxes</u></p> <ul style="list-style-type: none"> <li>• Add fluorspar to the definition of "natural resources"; thereby making it taxable as a natural resource</li> </ul>	Positive Minimal	Positive Minimal		

Description	General Fund FY 2027	General Fund FY 2028	Road Fund FY 2027	Road Fund FY 2028
<u>Inheritance Tax</u> <ul style="list-style-type: none"> <li>Extend the filing deadline to 24 months from 18 months</li> <li>Extend the early pay discount period to 14 months from 9 months</li> <li>Apply to deaths occurring on or after July 1, 2026</li> </ul>	Negative Indeterminable	Negative Indeterminable		
<u>Kentucky Access</u> <ul style="list-style-type: none"> <li>Require insurance premium and retaliatory taxes for accident and health premiums, in excess of the amount collected in 1997, to be deposited into the General Fund instead of the Kentucky Access fund</li> </ul>	\$24,600,000	\$24,600,000		
<u>Coal Severance Taxes</u> <ul style="list-style-type: none"> <li>Extend the date for refunds on coal shipped directly to a market outside of North America</li> </ul>	(\$15,000,000)	(\$15,000,000)		
<u>Kentucky Business Investment Program</u> <ul style="list-style-type: none"> <li>Include laboratory equipment, computer servers, software, capitalized leases, and leasehold improvements directly related to research and development, headquarters, high-technology operations, or service sector facilities as eligible costs and start-up costs, respectively</li> </ul>	Negative Indeterminable	Negative Indeterminable		
<u>Motor Fuels Taxes</u> <ul style="list-style-type: none"> <li>Allow refunds of the tax to taxicab companies</li> </ul>			\$50,000	\$50,000

The measure allows the Auditor of Public Accounts to receive General Fund appropriations for statewide audits and includes language that requires an audit of federal funds to be paid by the agency being audited. There is no fiscal impact to the Auditor of Public Accounts.

The fiscal impact of Sections 19 and 20 is indeterminable as it is unknown how many projects will have cost overruns, the cost escalations while obtaining additional funding in an appropriations bill, or the sunk costs if the project cannot be completed.

**DATA SOURCE(S):** OSBD Tax Expenditure Analysis, Kentucky Department of Revenue, Joint Committee on Taxation, US Government Accountability Office, Society for Research on Nicotine and Tobacco, US Department of Health and Human Services, Centers for Disease Control and Prevention, Dune.com and ainvest.com, various state gaming corporations

**PREPARER:** Cynthia Brown; Jon Roenker **NOTE NUMBER:** 117 **REVIEW:** JMR **DATE:** 3/16/2026