

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER **1630**

HOUSE BILL NUMBER **540**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to a new tax credit.**

SPONSOR **Representative P. Pratt**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: _____

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			(\$4,000,000)	(\$16,250,000)
EXPENDITURES				
NET EFFECT			(\$4,000,000)	(\$16,250,000)

() indicates a decrease/negative

MEASURE'S PURPOSE: The stated purpose of this tax credit is to provide incentives for a qualified company providing tuition assistance to qualified employees or qualified employees in recovery, encourage qualified employees or qualified employees in recovery to attend educational courses provided by an educational institution, and assist the qualified employees or qualified employees in recovery with tuition and other educational expenses.

PROVISIONS/MECHANICS: Section 1 establishes a new subchapter of KRS Chapter 154 and creates definitions related to the new tax credit.

Section 2 establishes the purposes of the Act, the application process within the Cabinet for Economic Development for a qualified company, and the parameters for the tax credit.

Section 3 creates a new section of KRS Chapter 141 to allow the tax credit for taxable years beginning on or after January 1, 2019, but before January 1, 2023. The credit is nonrefundable and nontransferable. The amount of credit awarded to an approved company may be an amount up to 25 percent of the actual costs incurred for tuition or other educational expenses paid on behalf of a qualified employee, not to exceed \$1,500, or 50 percent of the actual costs incurred

for tuition or other educational expenses paid on behalf of a qualified employee in recovery, not to exceed \$2,000. The maximum amount of tax credit that may be awarded in each fiscal year is \$16,250,000. Of this limit, not more than 10,000 qualified employees and qualified employees in recovery are to be approved in a single fiscal year and not more than 2,500 of the 10,000 can be qualified employees in recovery.

Section 4 amends KRS 141.0205 to place the new tax credit within the order for which all tax credits may be claimed.

Sections 5 through 7 make technical changes to various sections of KRS Chapters 131 and 141, consolidating the reports the Department of Revenue is required to submit to the Legislative Research Commission.

FISCAL EXPLANATION: It is estimated that the tax credit cap of \$16,250,000 will be reached upon full implementation of this bill.

DATA SOURCE(S): LRC Staff

PREPARER: Jennifer Hays **NOTE NUMBER:** 143 **REVIEW:** JAB **DATE:** 3/9/2018