

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

**MEASURE**

2018 BR NUMBER **0052**

**HOUSE** BILL NUMBER **90**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to tax credits for airport noise mitigation.**

**SPONSOR** **Representative J. Donohue**

**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**

<b>FISCAL ESTIMATES</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>	(\$100,000)	(\$1,500,000)	(\$3,000,000)	(\$3,000,000)
<b>EXPENDITURES</b>				
<b>NET EFFECT</b>	(\$100,000)	(\$1,500,000)	(\$3,000,000)	(\$3,000,000)

( ) indicates a decrease/negative

**MEASURE’S PURPOSE:** The purpose of this proposal is to provide a refundable tax credit against the individual income tax or the corporation income tax and limited liability entity tax that is equal to 100 percent of the taxpayer’s costs of mitigating noise associated with being located near a commercial airport but not near enough to qualify for reimbursement of those costs under the airport’s noise compatibility plan approved by the Federal Aviation Administration. This proposal would include the taxpayer’s costs incurred on or after January 1, 2009. This measure would apply to taxable years beginning on or after January 1, 2018, but before January 1, 2022. The maximum amount of credit awarded to all taxpayers for each taxable year is limited to \$3,000,000.

**PROVISIONS/MECHANICS:** A new section of KRS Chapter 141 is created to define terms and create a refundable credit against the tax imposed by KRS 141.020, 141.040 and 141.0401, state the purpose of the proposal, and require the Department of Revenue to report information to the Legislative Research Commission on or before December 1, each year. KRS 131.190 is amended to allow the Department of Revenue to report taxpayer information to the Legislative Research Commission. KRS 131.135, 131.618, 131.650, 131.990, 141.389, and 131.020 amended to conform. KRS 141.0205 is amended to provide the order in which the credit may be taken.

**FISCAL EXPLANATION:** This proposal, if enacted, would have a small negative impact to the General Fund in FY 2017–2018, estimated to be approximately \$100,000. Since the proposal includes costs incurred from 2009 onwards, some taxpayers may adjust their estimated payments for tax year 2018 that they pay during fiscal year 2017–2018.

This proposal is estimated to have a negative impact to the General Fund of \$1,500,000 in FY 2018–2019. For subsequent fiscal years, there would be a negative impact to the General Fund of no more than \$3,000,000 per year.

**DATA SOURCE(S):** LRC Appropriations and Revenue Staff

**PREPARER:** Amit M. Shanker **NOTE NUMBER:** 9 **REVIEW:** JAB **DATE:** 1/5/2018