

Kentucky Youth Advocates

Updated March 3, 2010

The Kentucky General Assembly began its 2010 Legislative Session on January 5. Governor Beshear delivered his budget proposal on January 19 and the state budget bill (HB 290) was posted in the House, where it must begin its passage through the legislature, on January 20. The Governor's proposal to close a \$1.5 billion shortfall in budget years 2011 and 2012 relied heavily on new revenue from the expansion of gaming. Legislative leadership declined to entertain the Governor's proposal and are therefore deliberating a proposal of their own. In the coming weeks, the Kentucky Tax and Budget Initiative will work to keep you up-to-date on relevant tax and budget bills working their way through the legislature.

Budget

[HB 290](#) – THE STATE BUDGET BILL

This bill outlines spending and revenues for the operating and capital budget.

Sponsor: Rep. Rand

Introduced in House, January 20, 2010

[HB 39](#) – FINANCING CAPITAL PROJECTS

Would allow colleges and universities to undertake capital projects without prior authorization from the General Assembly and with financing from the institutions own restricted and reserve funds.

NET FISCAL IMPACT: \$-0-

Sponsor: Rep. Damron (3 co-sponsors)

Introduced in House, January 5, 2010

Bill posted in Senate Appropriations and Revenue Committee, February 16, 2010.

Budget Transparency

[SB 40](#) – “TAXPAYER TRANSPARENCY ACT OF 2010”

Requires the Legislative Research Commission to create a website that outlines all state spending.

Sponsor: Rep. Thayer (6 co-sponsors)

Introduced in Senate, January 5, 2010

Posted in House State Government Committee, February 8, 2010

Taxes

[HB 383](#) – CHANGES KY'S TAX CODE TO INCLUDE FEDERAL CHANGES AS OF DECEMBER 2009

Changes Kentucky's Internal Revenue Code (IRC) to a reference date of December 31, 2009. The current IRC reference date is December 31, 2006. Changes to the federal tax code since 2006 would be incorporated into Kentucky's tax code with the passage of this bill.

NET FISCAL IMPACT: FY2011 –(\$5.4 million); FY2012 –(\$4.0 million)

Sponsor: Rep. Overly (1 co-sponsor)
Introduced in House February 4, 2010
Assigned to Appropriations and Revenue committee February 8, 2010

Tax Reform

HB 13 – “WAYNE” TAX REFORM PACKAGE

Proposes several measures for overhauling the current tax system, including increasing the marginal tax rate on incomes over \$75,000; establishes a refundable state earned income tax credit; and extends the sales tax to certain services

Sponsor: Rep. Wayne (4 co-sponsors)

Introduced in House, posted in Appropriations and Revenue Committee, January 5, 2010

Floor Amendment filed, February 11, 2010

HB 78 – “FARMER” TAX REFORM PACKAGE

Proposes several measures for overhauling the current tax system, including expanding the sales and use tax base to certain services; lowering the sales tax rate from 6% to 5.5%; phasing out the individual income tax, corporation income tax, and the limited liability entity tax

Sponsor: Rep. Farmer (1 co-sponsors)

Introduced in House, January 5, 2010

Posted in House Appropriations and Revenue Committee, January 5, 2010

Individual Income Taxes

HB 59 – “BETH’S BILL” ESTABLISHES A TAX CREDIT FOR ORGAN DONATION

Sponsor: Rep. Keene (3 co-sponsors)

Introduced in House, January 5, 2010

Posted in House Appropriations and Revenue Committee, January 5, 2010

HB 68 – ESTABLISHES A TAX EXEMPTION FOR SMALL BUSINESSES

Sponsor: Rep. Dossett

Introduced in House, January 5, 2010

Posted in House Appropriations and Revenue Committee, January 5, 2010

HB 108 – EXCLUDES MORTGAGE DEBT FORGIVENESS FROM INCOME TAX

Sponsor: Rep. Farmer

Introduced in House, January 5, 2010

Posted in House Appropriations and Revenue Committee, January 5, 2010

HB 178 – EXTENDS HOME TAX CREDIT TO HOMES BUILT ON OWN PROPERTY

Sponsor: Rep. Fischer

Introduced in House, January 5, 2010

Posted in House Appropriations and Revenue Committee, January 6, 2010

HB 183 – ESTABLISHES A TAX CREDIT FOR NOISE INSULATION NEAR AIRPORTS

Sponsor: Rep. Wayne (2 co-sponsors)

Introduced in House, January 5, 2010
Posted in House Appropriations and Revenue Committee, January 6, 2010

HB 235 – EXTENDS ESTATE TAX EXEMPTIONS TO INCLUDE GREAT-GRANDCHILDREN

Sponsor: Rep. Osborne

Introduced in House, January 11, 2010

Posted in House Appropriations and Revenue Committee, January 13, 2010

HB 362 – ESTABLISHES THE “ENERGY STAR” TAX CREDIT

Sponsor: Rep. Thompson (3 co-sponsors)

Introduced in House, February 2, 2010

Posted in House Appropriations and Revenue Committee, February 3, 2010

HB 394 – LOWERS THE NEW HOME TAX CREDIT CAP AND EXPANDS QUALIFYING CRITERIA

Sponsor: Rep. Thompson (3 co-sponsors)

Introduced in House, February 5, 2010

Posted in House Appropriations and Revenue Committee, February 8, 2010

Business Taxes

HB 275 – ESTABLISHES A JOB STIMULUS TAX CREDIT

Sponsor: Rep. Moore (1 co-sponsor)

Introduced in House, January 15, 2010

Posted in House Appropriations and Revenue Committee, January 19, 2010

HB 287 – EXTENDS TAX INCENTIVES IN THE KENTUCKY RURAL ECONOMIC DEVELOPMENT ACT

Sponsor: Rep. Henderson (16 co-sponsors)

Introduced in House, January 21, 2010

Recommitted to House Appropriations and Revenue Committee, February 16, 2010

HB 370 - CREATES TAX CREDITS FOR THE “NEW MARKETS DEVELOPMENT PROGRAM”

Sponsor: Rep. Hall (31 co-sponsors)

NET FISCAL IMPACT: -\$350,000 in 2010-2011 and -\$1,100,000 in 2011-2012

Introduced in House, February 3, 2010

Posted in House Appropriations and Revenue Committee, February 8, 2010

HB 74 – ESTABLISHES A WELLNESS TAX CREDIT FOR EMPLOYERS THAT ENCOURAGE HEALTHY LIFESTYLES

Sponsor: Rep. Tilley (1 co-sponsor)

Introduced in House, January 5, 2010

Posted in House Appropriations and Revenue Committee, January 5, 2010

HB 392 – ASSIGNS TAX RESPONSIBILITY TO INDIVIDUAL OFFICERS OF LIMITED LIABILITY ENTITIES

Sponsor: Rep. Pasley (31 co-sponsors)

Introduced in House, February 5, 2010

Assigned to House Appropriations and Revenue Committee, February 8, 2010

HB 371 – CREATES A CATEGORY OF LOW-PROFIT LIMITED LIABILITY COMPANY

Sponsor: Rep. Flood

Introduced in House, February 3, 2010

Posted in House Judiciary Committee, February 8, 2010

Sales and Excise Taxes

HB 46 – ESTABLISHES A SALES TAX HOLIDAY

Establishes a three-day sales and use tax holiday the first weekend in August each year to exempt clothing, school supplies, school art supplies, computers, and school computer supplies.

Sponsor: Rep. Steele (2 co-sponsors)

Introduced in House, to Appropriations and Revenue, January 5, 2010

HB 61 – ESTABLISHES TAX EXEMPTIONS ON ALCOHOL SALES

Exempts gross receipts from the sale of distilled spirits, wine, and malt beverages, not consumed on the premises, from sales and use tax; effective August 1, 2010.

Sponsor: Rep. Farmer (5 co-sponsors)

Introduced in House; to Appropriations and Revenue, January, 5, 2010

HB 62 & HB 102 – REDUCES THE TAX RATE ON ALCOHOL SALES

Reduce the tax rate on gross receipts from wholesale sales of malt beverages, wine, and distilled spirits to 5.5% for sales made on or after July 1, 2010, and to provide that the tax shall not apply to sales made on or after July 1, 2011.

Sponsor: HB 62 - Rep. Farmer (6 co-sponsors); HB 102 – Rep. Floyd (2 co-sponsors)

Introduced in House; to Appropriations and Revenue, January 5, 2010

HB 67 – ESTABLISHES A SALES TAX REFUND PROGRAM FOR SMALL BUSINESSES

Sponsor: Rep. Dossett

Introduced in House, January 5, 2010

Posted in House Appropriations and Revenue Committee, January 5, 2010

HB 228 - ESTABLISHES A DISTILLED SPIRITS CREDIT

Creates a distilled spirits credit in an amount equal to the distilled spirits ad valorem tax.

Sponsor: Rep. Floyd (4 co-sponsors)

Introduced in House; to Appropriations and Revenue, January, 13, 2010

HB 296 - LOWERS THE TAX RATE ON "OTHER TOBACCO PRODUCTS"

Redefines "other tobacco products" to include moist snuff; lowers the excise tax rate on other tobacco products to 12.1 percent.

NET FISCAL IMPACT: \$-0-

Sponsor: Rep. Tommy Thompson (14 co-sponsors)

Introduced in House; to Appropriations and Revenue, January 21, 2010

Posted in Committee, February 5, 2010

HB 310 – INCREASES THE SALES TAX AND EARMARKS THE REVENUE

Increases the sales and uses tax rate by three-eighths of one percent to establish an outdoor heritage fund, a parks and trails fund, a clean water fund and a sustainable drinking water account, and an arts and cultural heritage fund in the state treasury. If passed the bill would create a new section in the Constitution of Kentucky and would therefore require the approval of voters before being fully enacted.

Sponsor: Rep. Mary Lou Marzian

Introduced in House, January 21, 2010

Assigned to Elections, Const. Amendments and Intergovernmental Affairs, January 26, 2010

Property Taxes

HB 209 – INCREASES THE HOMESTEAD EXEMPTION FOR MILITARY VETERANS

Propose an amendment to Section 170 of the Constitution of Kentucky to increase the homestead exemption for property tax purposes for disabled veterans 65 or older of the United States Armed Forces; submit question to voters for approval or disapproval; to apply to property assessed after approval.

LOCAL FISCAL IMPACT: \$-0-

Sponsor: Rep. Moore

Introduced in House, January 7, 2010

Assigned to Elections, Const. Amendments and Intergovernmental Affairs, January 11, 2010

HB 270 – DOUBLES THE HOMESTEAD TAX EXEMPTION

Doubles the homestead exemption for property tax purposes in certain circumstances if a Constitutional amendment is enacted by the General Assembly and approved by the voters in the November 2010 general election.

Sponsor: Rep. Moore

Introduced in House, January 15, 2010

Assigned to Elections, Const. Amendments and Intergovernmental Affairs, January 19, 2010

Other

SB 21 – PROPOSAL TO ALLOW VIDEO GAMING AT HORSE RACING TRACKS

Would allow video lottery terminals in counties where horse racing tracks exist.

Sponsor: Sen. Thayer (1 co-sponsor)

Introduced in Senate, January 5, 2010

Returned to State and Local Governments Committee, January 12, 2010

HB 368 – REQUIRES TAX ON WAGERS PLACED BY KENTUCKY RESIDENTS

Amount of tax would equal 1 ½ percent of wager placed.

NET FISCAL IMPACT: Positive but indeterminable

Sponsor: Rep. Clark (2 co-sponsors)

Introduced in House, February 3, 2010

Posted for Passage in House, February 24, 2010

Tax Expenditure Transparency

[HJR 122](#) – STUDY OF TAX EXPENDITURES

Direct the Director of the Legislative Research Commission to engage a consulting firm to study the effectiveness of economic development incentive programs; require results to be submitted by December 1, 2010.

Sponsor: Rep. Clark (4 co-sponsors)

Introduced in House, February 1, 2010

Adopted by House, 98-0, February 24, 2010

Received in Senate, February 25, 2010

[HB 335](#) – TAX EXPENDITURE REPORT

Annually publish a report of all tax expenditures used for economic development and tourism. Provide data of tax expenditures to Office of State Budget Director.

Sponsor: Rep. Wayne (3 co-sponsors)

Introduced in House, January 27, 2010

Posted in Committee, February 19, 2010

[HB 336](#) – SUNSETTING TAX EXPENDITURES

Requires the review of all tax expenditures one year prior to their expiration date.

Sponsor: Rep. Wayne (2 co-sponsors)

Introduced in House, January 27, 2010

Posted in Committee, February 19, 2010

END

Kentucky Youth Advocates is the home of Kentucky's Tax and Budget Initiative, a member of the nationwide State Fiscal Analysis Initiative.