

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2019 REGULAR SESSION**

**MEASURE**

2019 BR NUMBER 0111

HOUSE BILL NUMBER 488

**TITLE** AN ACT relating to tax credits.

**SPONSOR** Representative Randy Bridges

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: \_\_\_\_\_

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED \_\_\_\_\_

<b>FISCAL ESTIMATES</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>	(\$500,000)	(\$3,000,000)	(\$5,250,000)
<b>EXPENDITURES</b>			
<b>NET EFFECT</b>	(\$500,000)	(\$3,000,000)	(\$5,250,000)

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** The measure encourages private investment in affordable housing in Kentucky and expands the development of housing for older individuals, workforce housing in areas where economic development and job creation is being limited, and supportive housing for:

1. Veterans;
2. Youths ages 18 to 21 who are transitioning out of foster care;
3. Individuals recovering from substance abuse; and
4. Individuals needing home health care services.

**FISCAL EXPLANATION:**

HB 488 places a cap on the maximum amount of tax credits that can be awarded each allocation year as the smaller amount of 50 percent of the total annual federal low-income housing tax credits awarded by the Kentucky Housing Corporation or \$5,250,000. While it is unknown how many taxpayers will apply and be approved for the tax credit, the maximum fiscal impact is a negative \$5,250,000 to the General Fund at full implementation. The fiscal impact for Fiscal Year 2018-2019 is estimated at a negative \$500,000 due to reduced estimated tax payments and Fiscal year 2019-2020 is estimated at a negative \$3,000,000 to account for tax return filing extensions. The credit would apply to allocation years beginning on or after January 1, 2019, and before January 1, 2023.

**DATA SOURCE(S):** LRC Staff

**PREPARER:** Cynthia Brown **NOTE NUMBER:** 106 **REVIEW:** JAB **DATE:** 3/4/2019

LRC 2019-BR0111-HB488