

HB 366 – Free Conference Committee Report

	Fiscal Year 2019	Fiscal Year 2020
Sales and Use Tax	+188.9	+247.4
Remote Sales Position our law to be ready if <i>Quill</i> is overturned at the U.S. Supreme Court Allow remote sellers to elect to collect and remit tax to Kentucky or report information to the Department for use tax compliance		
Labor and Services for Certain Repair, Installation, Maintenance Impose tax on the labor and services associated with the repair, installation, and maintenance related to the sale of taxable tangible personal property		
Pollution Control Facilities Impose tax on pollution control property		
Impose Tax on Certain Services Including:		
Landscaping Services		
Janitorial Services		
Pet Care Veterinarian Services (small animals)		
Fitness and Recreational Sports Centers		
Industrial Laundry Services (uniforms)		
Golf Courses and Country Clubs		
Dry Cleaning and laundry Services, except coin-operated		
Pet Grooming and Boarding Services, except Veterinary Services		
Linen Supply (bed linens, gowns, diapers, towels, excluding charitable hospitals)		
Diet and Weight Reducing Centers (non-medical)		
Overnight Trailer Campgrounds		
Other Personal Care Services		
Bowling Centers		
Limousine Services		
Extended Warranties		
Corporate Income Tax	-29.8	-50.2
Rate Flat rate at 5% instead of current brackets 4%, 5%, and 6%		
Internal Revenue Code Reference Date Update to the Internal Revenue Code in effect on December 31, 2017		
Apportionment of Income Apply a single-factor apportionment formula with market-based sourcing of receipts		
Disallow the Deduction for Domestic Production Activities To conform with the Internal Revenue Code update		
Establish a Phased-in Inventory Tax Credit In an amount equal to the property tax timely paid on business inventory		

	Fiscal Year 2019	Fiscal Year 2020
Individual Income Tax	-53.0	-61.1
Lower Rate Flat rate at 5% instead of current brackets of 2%, 3%, 4%, 5%, 5.8%, and 6%		
Internal Revenue Code Reference Date Update to the Internal Revenue Code in effect on December 31, 2017		
Pension Income Exclusions Decrease the threshold for pension income to \$31,110. Currently \$41,110		
Disallow the Deduction for Domestic Production Activities To conform with the Internal Revenue Code update		
Disallow Deduction for Cost of Medical Insurance		
Disallow Deduction for Medical Expenses		
Disallow Deduction for Taxes Paid		
Disallow Deduction for Interest Expense on Investments		
Disallow Deduction for Casualty and Theft Losses		
Disallow Deduction for Miscellaneous Deductions		
Disallow Deduction for Other Miscellaneous Deductions on the Return		
Remove Personal Credit of \$10 Credit for each – taxpayer, spouse, and dependents		
Tobacco Taxes	+132.7	+112.0
Increase Cigarette Tax Increase by \$0.50 per pack, to \$1.10 per pack Current rate is \$0.60 per pack Impose floor stock tax		
Impose tax on Electronic Cigarettes Include Electronic Cigarettes as a Tobacco Product at the current rate of 15% Impose floor stock tax		
Suspension of Tax Incentives	+0.0	+0.0
Kentucky Industrial Revitalization Tax Credit		
Kentucky Investment Fund Tax Credit		
Kentucky Angel Investor Tax Credit		
KY-CPA Proposals	+0.0	+0.0
Extend the time to protest an assessment to 60 days, currently 45 days		
Extend the time to report federal tax changes to 90 days, currently 30 days		
Eliminate the “pay-to-play” bond to appeal a tax assessment		
Prohibit contingency fee contracts for tax collection		

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Repeal of Incentives Not Used	+0.0	+0.0
Leasehold Interest of Property Contributed as Living Quarters for Homeless		
Coal Incentive Credit – the credit has expired		
Donated Edible Agricultural Products Tax Credit		
Incentives for Energy Independence Act Tax Credit (IEIA)		
Kentucky Environmental Stewardship Tax Credit (KESA)		
Kentucky Jobs Retention Tax Credit (KJRA)		
Total General Fund Impact	+238.8	+248.1