



**Header: Kentucky House Passes Biennial Budget, Now Heads to the Senate**  
**Sub-Header: KyCPA's Weekly Recap of the General Assembly**  
**February 5, 2024**

### **CPA Day 2024 Recap**

Last Wednesday, KyCPA members from across the Commonwealth attended CPA Day at the Kentucky Capitol in Frankfort. Key policymakers in state government provided updates on the Legislative Session including Senate Majority Leader Damon Thayer, House Majority Caucus Chair Suzanne Miles, Department of Revenue Commissioner Tom Miller, and Executive Director of State Audits Matt Frey with Auditor of Public Accounts Allison Ball's office.

New House Appropriations and Revenue Committee Vice Chairs, Representatives Josh Bray, Adam Bowling, and Senate Majority Whip Mike Wilson were able to stop by KyPCA's networking breakfast hour.

We appreciate the KyCPA members able to attend CPA Day, especially with the start of tax season on January 29. Approximately 35 members represented the profession with a diverse group of practitioners traveling from all across the Commonwealth including Paducah, Somerset, Louisville, and Covington.



**Photo Caption:** KyCPA members from across the Commonwealth attend CPA Day 2024 in the Kentucky Capitol, Senate Chambers.

### **Budget bills pass Kentucky House, move onto Senate**

Last Thursday, multiple budget bills were debated into the evening hours on the House floor before all measures passed for further consideration in the Senate. As a reminder, [House Bill \(HB\)1](#) authorizes **one-time appropriations** of approximately \$1.74 billion from the Budget Reserve Trust Fund, or the “Rainy Day Fund,” towards the state’s pension liabilities, infrastructure projects, economic development, and public safety initiatives. [HB6](#) serves as the **operating budget** for the Executive Branch with a total of \$129.6 billion over the next two-year period. \$14.3 billion in fiscal year 2025 and \$15.6 billion in fiscal year 2026 will be appropriated directly from Kentucky’s General Fund. During his December budget address, Governor Andy Beshear proposed a \$136.6 billion budget.

[HB262](#), [HB263](#), and [HB264](#) also moved onto the Senate. These bills amend the prior budget and provide funding for the Legislative and Judicial branches of government. All budget bills received

amendments during a House Appropriations and Revenue Committee meeting on Wednesday, notably increasing funding for the Executive Branch operating budget from \$124.8 to \$129.6 billion. Amendments included increased funding for K-12 and postsecondary education, the per-pupil formula, school transportation, and family and youth services centers.

With all budget bills passed out of the House, the Senate will begin to deliberate and likely adjust the funding proposals. After the Senate approves their amendments, both Chambers will move forward to conference committees, which will require an agreed upon budget compromise before heading to the Governor for signature.

As the budget proposals move out of the House, discussions and recommendations for a revenue bill will begin to take shape.

### **2023 Inventory Tax Credit Calculator**

The Kentucky Department of Revenue has updated the [inventory tax credit calculator](#) to the 2023 tax year.

### **Bills to keep an eye on**

Although the budget bills remain the primary focus of this Legislative Session, multiple other bills remain under consideration in the House and Senate. Check out the priority bills and issues KyCPA is tracking below:

- [HB120](#): Amends KRS 141.0401 to prevent entities doing business in Kentucky with gross receipts of less than \$100,000 from paying the **limited liability entity tax** for taxable years beginning on or after January 1, 2025.
  - Status: *Referred to the House Appropriations & Revenue Committee, 1/18/2024*
- [HB179](#): This legislation allows life and health insurers to offer disability income and paid family leave insurance, defining and regulating these types of insurance while making technical corrections, and granting authority to the insurance commissioner for enforcement.
  - Status: *Adopted by the House 92-1, referred to the Senate, 1/30/2024*
- [HCR38](#): A concurrent Resolution relating to the establishment of the **Artificial Intelligence Task Force** to study the impact of artificial intelligence on operation and procurement policies of Kentucky government agencies and consumer protection needed in private and public sectors.
  - Status: *Adopted by the House 93-0, referred to the Senate, 1/25/2024*

Review all priority legislation KyCPA is tracking **HERE**.

## KyCPA 2024 Policy Priorities



### **[H.R.7024](#), *Tax Relief for American Families & Workers Act of 2024***

With passage out of the U.S. House, the U.S. Senate will now debate H.R.7024. It is likely Senate amendments will be added before final passage. The House proposal includes temporary R&D expensing, full expensing for short-lived assets (100% bonus depreciation), updated child tax credit provisions, enhanced IRC Sec. 179 deduction, and additional federal tax changes. It is important to review this bill, as there are multiple retroactive tax policies included.

### **KyCPA-PAC, [Kentucky Counts on CPAs](#)**

The KyCPA Political Action Committee (KyCPA-PAC) enables the CPA profession to elect business-minded legislators who support our position on issues related to tax, licensing, and client advisory services. By pooling our resources, together we can ensure the accounting profession continues to have a strong presence in Kentucky's legislative and regulatory activities.

For more information on KyCPA-PAC, what it is, why it is important, and how you can support, visit [www.kycpa.org/advocacy/pac](http://www.kycpa.org/advocacy/pac).