

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2023 REGULAR SESSION**

**CONFIDENTIAL**

**MEASURE**

2023 BR NUMBER 1696

HOUSE BILL NUMBER 447/PHS2

**TITLE** AN ACT relating to appropriations.

**SPONSOR** Representative Jason Petrie

**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: Budget Reserve Trust Fund

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

FISCAL ESTIMATES	2022-2023	2023-2024	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			
EXPENDITURES			Indeterminable but up to \$21.3 million each fiscal year
NET EFFECT			(Indeterminable but up to \$21.3 million each fiscal year)

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** The purpose of the measure is to establish a floor guarantee beginning July 1, 2025, for school districts with revenues from ad valorem taxes on distilled spirits stored or aging in barrels located in bonded warehouses in fiscal year 2022-2023, and appropriate moneys from the Budget Reserve Trust Fund (BRTF) to affected school districts if tax revenues from distilled spirits fall below the floor guarantee.

**FISCAL EXPLANATION:** Beginning July 1, 2025, if school district revenue from ad valorem taxes on distilled spirits declines or is eliminated, moneys would be appropriated from the BRTF to affected school districts to meet the floor guarantee on an annual basis.

Tax assessments for 2023 on distilled spirits and tax rates for 2022 were used to estimate the floor guarantee totaling \$21.3 million. This is the maximum that would be appropriated from the BRTF if the ad valorem tax on distilled spirits was eliminated. If school districts adopt lower tax rates in 2023, the floor guarantee will be less than \$21.3 million.

Note: Since tax rates for 2023 have not been finalized, tax rates for 2022 were used.

**DATA SOURCE(S): Department of Revenue, Department of Education**

**PREPARER: Seth Dawson NOTE NUMBER: 117 REVIEW:      DATE: 3/5/2023**