

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement

Minutes of the 4th Meeting of the 2022 Interim

October 19, 2022

Call to Order and Roll Call

The fourth meeting of the Budget Review Subcommittee on General Government, Finance, Personnel, and Public Retirement of the Interim Joint Committee on Appropriations and Revenue was held on Wednesday, October 19, 2022, at 9:00 AM, in Room 131 of the Capitol Annex. Senator Michael J. Nemes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Michael J. Nemes, Co-Chair, and Representative John Blanton, Co-Chair; Senators Adrienne Southworth and Stephen West; Representatives Kevin D. Bratcher, Jeffery Donohue, Jim Gooch Jr., Derrick Graham, Mark Hart, Adam Koenig, Michael Meredith, Jerry T. Miller, Phillip Pratt, Josie Raymond, Nancy Tate, and Buddy Wheatley.

Guests: Representative Thomas Huff; Brian Dillard, Vice President, Rogers Group, Inc.; Scott Harrison, Sales Manager, Rogers Group, Inc.; and Cynthia Brown, Committee Analyst, Interim Joint Committee on Appropriations and Revenue.

LRC Staff: Emma Mills, Joey Holt, Liz Columbia, Ethan Williams, and Spring Emerson.

Approval of Minutes

A motion was made by Co-Chair Blanton to approve the minutes of the September 21, 2022 meeting. The motion was seconded by Representative Koenig, and the minutes were approved without objection.

Discussion of Rock Quarries

Representative Thomas Huff, along with Mr. Dillard and Mr. Harrison of Rogers Group, Inc., presented information regarding proposed legislation relating to mineral severance tax for outlying states.

In response to a question from Senator West regarding how the tax would be implemented, Mr. Dillard said the proposal is currently only a concept. Representative Huff commented that no specific language has been drafted for the collection of the proposed tax. Chair Nemes said Representative Miles had filed a similar measure in the past.

Representative Miller commented that the proposed new tax revenue should go to the Road Fund, due to out-of-state trucks using Kentucky's roads but not buying gasoline here.

Representative Gooch expressed his concern that laws of interstate commerce must be considered.

In response to a question from Senator West regarding where the tax revenues are deposited, Mr. Dillard said it currently goes to the state, and then fifty percent is sent back to the local district. Representative Graham commented that the impact on the budgets of local governments should also be considered. Chair Nemes explained that the idea was for the percentage that is retained by the state now would then go directly to the Road Fund, so the percentage going back to the local government would not be affected.

Homestead Property Tax Exemption

Ms. Brown provided an informational overview of the Homestead Exemption for Property Tax, as outlined in Section 170 of the Kentucky Constitution.

Chair Nemes commented that there would be no revenue loss as a result of the measure.

In response to a question from Co-Chair Blanton regarding ages of co-owners, Ms. Brown said when one of the co-owners turns age 65, the property would qualify for the exemption.

Representative Donohue commented that this is similar to legislation that he filed previously, and he would be happy to work on it as a co-sponsor. Chair Nemes said he would look forward to working with him on this measure.

Representative Tate said the homeowner has to request a re-evaluation, but there is nothing in the statute requiring the Property Valuation Administrators (PVAs) to communicate the eligibility to affected homeowners. She suggested that there should be an additional obligation on the PVAs for communication.

In response to questions from Representative Wheatley regarding if eligibility would occur in the year the property was purchased versus the year the owner turned age 65, Ms. Brown replied that eligibility would occur on the latter of the two scenarios.

In response to questions from Representative Meredith regarding fiscal impact, Chair Nemes said there would be no immediate impact locally, due to no increase in the tax rate. There would only be an impact when assessments are increased in the future.

In response to a question from Representative Gooch regarding past values, Chair Nemes said no retroactivity would be applied.

Adjournment

There being no further business before the subcommittee, the meeting was adjourned at 9:30 AM.