



including debt service and financing costs; and limitation of the levies to a specific number of years, not to extend beyond the time for completion and payment of the capital project(s).

The General Assembly may allow the Commonwealth to collect the tax on behalf of the city or county and charge a fee of up to one percent of the proceeds to offset the cost of collection. Net proceeds from the collection of the tax (including interest) for periods prior to the expiration of the tax that are received after the tax expiration date shall be used for maintenance of the capital project(s).

Entities administering the tax (city, county, or Commonwealth) may assess penalties, interest, and fees for noncompliance to retailers and purchasers; with the penalties and fees retained by the entity administering the tax and the interest applied toward the capital project(s).

### **Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost**

**The costs of HB 1 GA to local governments due to adding a constitutional amendment to a ballot would be minimal.**

Section 256 of the Kentucky Constitution specifies that constitutional amendments are only added to the ballot for the general election in even-numbered years (“next general election for members of the House of Representatives”). Therefore the constitutional amendment would be submitted to the voters in November, 2016.

According to Harp Enterprises, a vendor that provides electronic voting machines to 97 Kentucky counties, there are additional programming costs associated with adding a new category to the ballot on an already scheduled statewide election. For example, the cost to add a new category to the ballot for Lexington-Fayette Urban County Government, with 291 precincts, is estimated to be between \$3,000 and \$4,000, and for Franklin County, with 44 precincts, the cost is estimated to be between \$1,250 and \$2,000.

*This review does not include an analysis of the fiscal impact on local government that would occur if the proposed constitutional amendment is adopted and the General Assembly acts in accordance with the constitutional amendment at a future date.*

*If the constitutional amendment is adopted and the General Assembly acts in accordance with the constitutional amendment at a future date; then, as the bill specifies that the funding of local capital projects shall be approved by voters during a general election, the earliest that voters could approve funding for capital projects(s) would be November, 2018.*

**Data Source(s):** LRC Staff, Harp Enterprises

**Preparer:** Katherine L. Halloran **Reviewer:** MCY **Date:** 2/13/15