

AN ACT relating to the impact of refunds of natural resources severance and processing tax upon distributions from the local government economic assistance fund and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 42.470 is amended to read as follows:

Moneys in the local government economic assistance fund shall be allocated among the counties as follows:

(1) Funds allocated under KRS 42.4585:

- (a) Sixty percent (60%) shall be distributed to each coal producing county on the basis of the ratio of tax collected on coal severed in each respective county to the tax collected statewide.
- (b) Thirty percent (30%) shall be distributed to each coal producing county on the basis of per capita income (inverse order), ton miles of resource roads and population, equally weighted.
- (c) Ten percent (10%) shall be distributed to non-coal producing counties impacted by the transport of coal on the basis of geographic area, ton miles of resource roads, and per capita income (inverse order), weighted on a basis of 30/100, 40/100, and 30/100, respectively. The expenditure of such funds shall be limited to the categories of projects set out in KRS 42.455(2)(c). All counties shall receive an annual payment based on the average of total ton miles within the county during the most recent three (3) year period. To qualify for the funds distributed under the provisions of this paragraph, a county must have within its geographic boundaries in any single year twenty-five hundredths of one percent (0.25%) of the total ton miles within coal impact counties during the most recent three (3) year period.

(2) (a) All funds allocated under KRS 42.450(2) shall be distributed among the mineral producing counties on the basis of the tax collected on minerals

severed in each respective county.

(b) Effective April 1, 2015, in no event shall the amount of funds distributed to a mineral producing county in any given quarter be reduced by greater than twenty percent (20%) as a result of any refund of the tax imposed on the severance and processing of minerals. If a refund of tax occurs and the county's allocated share of the refund amount is greater than twenty percent (20%) of the county's quarterly distribution, the remainder shall carry forward to be offset in successive quarters as necessary until it is satisfied in full.

➔Section 2. Whereas many mineral producing counties rely on each quarterly distribution from the Local Government Economic Assistance Fund to satisfy already budgeted expenditures in priority categories relating to improving the environment for new industry and the quality of life in the county and any unanticipated reductions in those distributions may cause serious financial hardships on these counties, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.