

**Local Mandate Fiscal Impact Estimate
Kentucky Legislative Research Commission
2015 Regular Session**

Part I: Measure Information

Bill Request #: 1374

Bill #: HB 289

Bill Subject/Title: AN ACT relating to the distribution of fuel tax revenues.

Sponsor: Representative Arnold R. Simpson

Unit of Government: X City X County X Urban-County
Unified Local
X Charter County X Consolidated Local X Government

Office(s) Impacted: _____

Requirement: X Mandatory ___ Optional

Effect on
Powers & Duties: ___ Modifies Existing X Adds New ___ Eliminates Existing

Part II: Purpose and Mechanics

HB 289 changes how the motor fuels portion of the road fund will be allocated to counties and cities for the construction, reconstruction, and maintenance of secondary roads, rural roads, county roads, and city roads. Motor fuels tax is inclusive of the excise tax on gas and special fuels, the supplemental highway user motor fuels tax, the motor carrier weight distance tax, the heavy equipment motor carrier surtax, and the liquid petroleum excise tax. The amount of motor fuels tax receipts going to local governments will remain at 48.2% of total receipts.

HB 289 provides that the funds will be divided between incorporated and unincorporated areas based on three equal and separate calculated ratios of population, revenue sharing road miles, and land areas attributable to incorporated and unincorporated areas. Determinations of population and land area will be based on the most recent decennial census data.

The portion of motor fuels tax allocated to unincorporated areas will be further allocated so that 54.8% will be set aside for the construction, reconstruction, and maintenance of secondary and rural roads and 45.2% will be set aside for the construction, reconstruction, and maintenance of county roads and bridges. The amount going to

county roads and bridges will be further allocated based on the same three equal and separate calculated ratios of population, revenue sharing road mileage, and land areas that each unincorporated area bears to total unincorporated areas statewide.

The Department of Rural and Municipal Aid will also further allocate the above unincorporated funds set aside for secondary and rural roads based on the same ratios.

The portion of motor fuels tax allocated to incorporated areas will be allocated to cities based on three equal and separate calculated ratios based on population, city street miles, and land areas that each city bears to the total incorporated areas statewide.

The definition of “Revenue Sharing Roads” is added to KRS 177.010.

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

The fiscal impact of HB 289 is dependent on population, road mileage, and land areas of each area of the Commonwealth receiving road funds. **The total amount available to counties and cities remains the same.** This proposal is an effort to more accurately and fairly distribute these funds by reducing the influence of land area and putting more emphasis on population and road miles. Attached are flow charts visually showing the current method and the method proposed by HB 289.

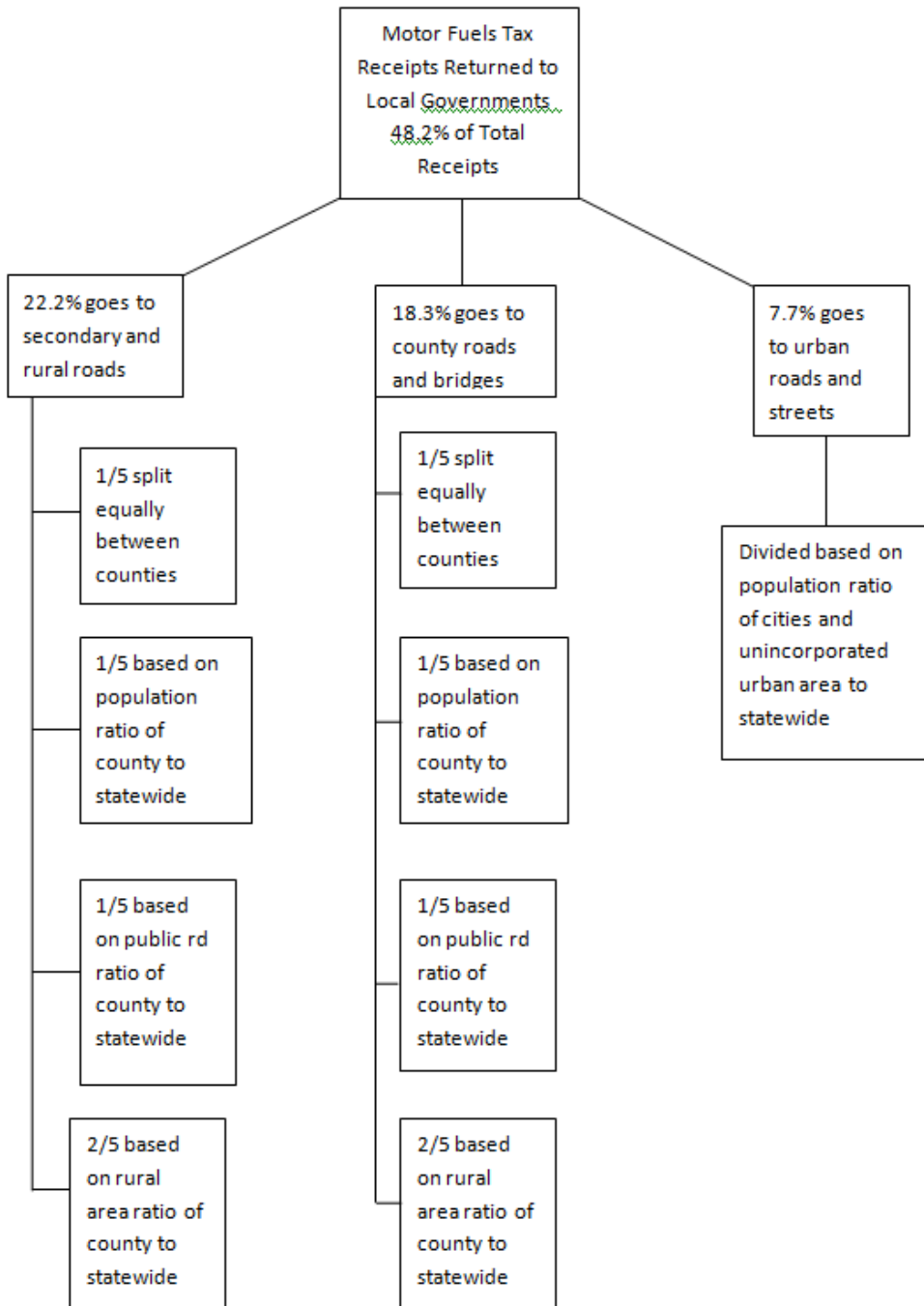
The following data was provided by the Kentucky League of Cities:

Proposed Road Aid Distributions

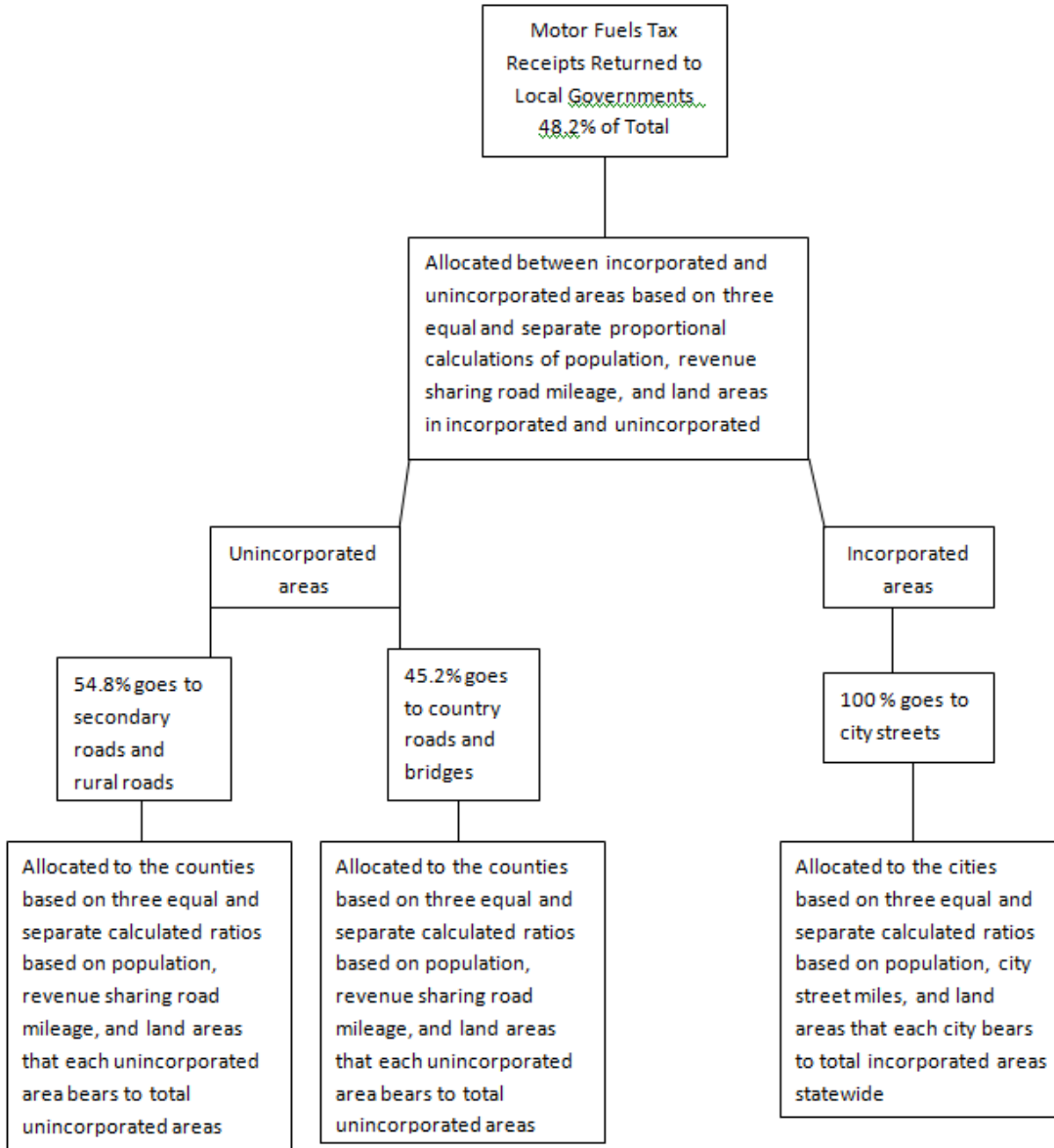
	Cities		Counties	
	City Streets & Roads	County Streets & Roads	Rural Secondary Roads	County Total
FY 2014 Roads Expenditures*	\$286,373,959			\$289,033,631
Current Road Aid Allocation	\$58,991,605	\$158,176,920	\$166,064,233	\$324,241,153
% Expenditures Covered by Road Aid	20.6%			112.2%
% of All Road Aid	15.4%	41.3%	43.3%	84.6%
Proposed Road Aid Allocation	\$97,609,350	\$139,038,806	\$146,052,230	\$285,091,036
% Expenditures Covered by Road Aid	34.1%			98.6%
% of All Road Aid	25.5%	36.3%	38.2%	74.5%
Proposed Per Capita Distribution	\$41.15	\$70.67	\$74.23	\$144.90

*City expenditures from FY 2013; County totals estimated due to two counties not reporting to date

CURRENT METHOD



PROPOSED METHOD



Data Source(s): LRC Staff, Kentucky League of Cities

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Reviewer: MCY

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