

Local Mandate Fiscal Impact Estimate
Kentucky Legislative Research Commission
2016 Regular Session

Part I: Measure Information

Bill Request #: 988

Bill #: HB 2 GA

Bill Subject/Title: AN ACT proposing to amend Section 181 of the Constitution of Kentucky relating to local levies of sales and use taxes.

Sponsor: Representative Greg D. Stumbo

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

Office(s) Impacted: County Clerks

Requirement: X Mandatory Optional

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

Part II: Purpose and Mechanics

HB 2 GA proposes to submit an amendment to Section 181 of the Kentucky Constitution to the voters for ratification, using the following language on the ballot:

“Are you in favor of giving local voters a new right to approve or reject the imposition of a temporary local sales and use tax of no more than one percent, for a limited period of time, and for a specific purpose, as authorized by the General Assembly?”

If voters ratify the constitutional amendment, it would permit the General Assembly to allow cities and counties to levy and collect, with voter approval, a specific-purpose sales and use tax; with the General Assembly establishing the necessary procedures and parameters for the levy and collection of the tax.

Procedures and parameters shall include approval of the specific-purpose sales and use tax by a simple majority of those voting at a general election within the city or county proposing the tax, with the tax applied towards areas subsequently annexed by the city or county; one percent aggregate limit for the tax within a county; and limitation of the levies to a specific number of years, or receipt of the total amount of revenue sought, all of which shall be identified when placed on the ballot.

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

The costs of HB 2 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 the specific purpose shall be approved by voters during a general election, the earliest that voters could approve funding for specific purposes would be November, 2018.

Data Source(s): LRC Staff, Harp Enterprises

Preparer: Wendell F. Butler **Reviewer:** JWN **Date:** 3/14/16