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

Part I: Measure Information

Bill Request #: 353
Bill #: HB 232
Bill Subject/Title: AN ACT proposing to amend Section 170 of the Kentucky Constitution relating to property exempt from taxation.
Sponsor: Representative Jim Decesare
Unit of Government: X City County Urban-County Unified Local
Charter County Consolidated Local Government
Office(s) Impacted:
Requirement: Mandatory _X_ Optional
Effect on Powers & Duties: X Modifies Existing Adds New X Eliminates Existing
Part II: Purpose and Mechanics
HB 232 proposes a change to the Constitution that would allow the General Assembly to authorize any incorporated city or town to provide specific exemptions for the purpose of economic development within the city or town.

HB 232 removes language allowing the General Assembly to authorize any incorporated city or town to exempt manufacturing entities from municipal taxation, for a period not exceeding five years, as an inducement to their location.

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

The fiscal impact of HB 232 on local governments is expected to be minimal. The county clerk will have expenses when placing this question on the ballot.

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.

In addition to the above election-related cost, there might also be administrative cost associated with the removal of any ordinance language exempting manufacturing entities from municipal taxation as well as the passage and implementation of an ordinance establishing a specific tax exemption.

Data Source(s): LRC Staff, Harp Industries

Preparer:Wendell F. ButlerReviewer:JWNDate:1/25/16