

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2016 REGULAR SESSION**

**MEASURE**

2016 BR NUMBER 337

**HOUSE** BILL NUMBER 57

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** An ACT relating to tax increment financing.

**SPONSOR** Representative Keene

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: \_\_\_\_\_

FUND(S) IMPACT:  GENERAL     ROAD     FEDERAL     RESTRICTED AGENCY \_\_\_\_\_     OTHER

**FISCAL SUMMARY**

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
<b>REVENUES</b>		(Indeterminable)	(Indeterminable)	(Indeterminable)
<b>EXPENDITURES</b>				
<b>NET EFFECT</b>		(Indeterminable)	(Indeterminable)	(Indeterminable)

( ) indicates a decrease/negative

**MEASURE’S PURPOSE:** The proposed legislation expands an exception enacted during the 2014 legislative session for projects in consolidated local governments and urban county governments under the mixed-use redevelopment program to projects in all counties. The proposal also deletes the upper expenditure cap that allow projects to qualify for the program.

**PROVISIONS/MECHANICS:** KRS 154.030-060 is amended to expand the combination of uses in a mixed-use project that will allow a project to qualify for the program and to remove the upper capital investment limit of \$200 million so that any project over \$20 million could qualify for the program.

**FISCAL EXPLANATION:** The proposed legislation removes some restrictions currently in place for projects to qualify for the mixed-use redevelopment program, and thus will likely result in more projects that qualify for state participation under the tax increment financing mixed-use redevelopment program. An approved project can recover up to 100% of approved public infrastructure costs, and up to 100% of the cost of land preparation, demolition, and clearance necessary for development to occur. Up to 80% of the incremental revenues generated through state taxes imposed in or attributable to the footprint of the project may be pledged to the project.

Local taxes may also be pledged to allow developers to recoup these costs.

Since there is no way to determine how many additional projects will qualify as a result of HB 57, it is impossible to determine the magnitude of the negative impact.

**DATA SOURCE(S): Appropriation & Revenue Committee Staff, OSBD**

**PREPARER: Pam Thomas NOTE NUMBER: 43 REVIEW: JRS DATE: 1/25/2016**