

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2017 REGULAR SESSION**

MEASURE

2017 BR NUMBER **0834**

HOUSE BILL NUMBER **168**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to TVA in-lieu-of-tax payments and making an appropriation therefor.**

SPONSOR **Representative B. Rowland**

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	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$5.56 million)	(\$6 million)
EXPENDITURES			
NET EFFECT		(\$5.56 million)	(\$6 million)

() indicates a decrease/negative

MEASURE’S PURPOSE: The purpose of this measure is to direct more of the revenue from the Tennessee Valley Authority (TVA) in-lieu-of-tax payments to the counties serviced by the TVA, by creating a fund to give money to agencies designated by these counties.

PROVISIONS/MECHANICS: This measure amends KRS 96.895 to change the distribution of TVA in-lieu-of-tax payments. Currently, 70% of the revenue goes to cities, counties, and school districts in the TVA service area or where the TVA owns property. The other 30% of the revenue goes to the General Fund.

Under this bill, the regional development agency assistance fund (RDAAF) is created. The 30% of the TVA in-lieu-of-tax payments that currently goes to the General Fund will be split with 50% of the portion (15% of the total), up to \$6 million, going to the RDAAF and the remaining portion going to the General Fund. This is shown in the table below:

Destination	Current	Proposed
Counties, Cities, School Districts	70%	70%
RDAAF	(Does not exist)	15% (Limited to \$6 million)
General Fund	30%	Remainder

FISCAL EXPLANATION: The Consensus Forecasting Group projects TVA in-lieu-of-tax revenues allocated to the General Fund to be approximately \$10.25 million in fiscal year 2016–2017 and approximately \$11.11 million in fiscal year 2017–2018. Since this bill takes effect starting in fiscal year 2017–2018, there is no effect immediately, but starting in fiscal year 2017–2018, the General Fund will lose half of its projected revenue, or about \$5.56 million. There is no projection extending beyond fiscal year 2017–2018 currently, but since the bill includes a statutory cap of \$6 million redirected from the General Fund, the loss to the General Fund will never exceed \$6 million.

DATA SOURCE(S): LRC Appropriations and Revenue Staff; Consensus Forecasting Group

PREPARER: Amit M. Shanker **NOTE NUMBER:** 30 **REVIEW:** JRS **DATE:** 2/8/2017