

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER **1467**

HOUSE BILL NUMBER **556**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to property valuation administrators' offices and making an appropriation therefor.**

SPONSOR **Representative Petrie**

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 PVA Compensation Fund OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		\$62,000,000	\$62,000,000	\$62,000,000
EXPENDITURES		(Minimal)	(Minimal)	(Minimal)
NET EFFECT		\$62,000,000	\$62,000,000	\$62,000,000

() indicates a decrease/negative

MEASURE'S PURPOSE: HB 556 provides funding for the salaries and employee benefits of property valuation administrators and their staff. This is done through a state real property tax rate increase and appropriations made by special purpose governmental entities for use of the property assessment data.

PROVISIONS/MECHANICS:

Section 1 amends KRS 132.020 to add an increase of 2.6 cents per one hundred dollars of assessed valuation to the state real property tax rate. It requires that the tax rate increase not carry forward into the following year's calculation of the state real property tax rate, but be added after the state real property tax rate is determined. It requires the revenue generated from the tax rate increase be deposited into the PVA compensation fund.

Section 2 amends KRS 132.590 to add a fee schedule for special purpose governmental entities to appropriate and pay each fiscal year as its cost for use of the property assessment data;

provides provisions for the administration of the appropriation; and creates the PVA compensation fund.

Section 3 amends KRS 132.200 to require that receipts from the assessment of unmined coal be included in the calculation of the special purpose governmental entity's appropriation required by Section 2 of this Act.

Sections 4 and 5 make conforming changes.

FISCAL EXPLANATION: Currently, the salaries of property valuation administrators and their staff are funded through an appropriation in the biennial budget and by the counties and cities remitting a fee for use of the property assessment data.

Based on the 2017 state tax collections for real property tax, the 2.6 cents per one hundred dollars of assessed valuation tax rate increase would generate approximately \$58.3 million dollars in tax revenue. This revenue would be deposited into the PVA compensation fund, which would be administered by the Department of Revenue.

Based on the 2016 tax collections for special purpose governmental entities, the fee assessed for use of the property assessment data would generate approximately \$3.7 million dollars in revenue. This revenue would be remitted to the State Treasury and expended by the Department of Revenue.

The Department of Revenue may incur minimal expenditures for the administration of the PVA compensation fund. The Department of Revenue already expends the county and city fee for the use of the property assessment data. Therefore, the addition of the special purpose governmental entity fee is not expected to increase expenditures.

DATA SOURCE(S): LRC staff; Office of State Budget Director; Kentucky Department of Revenue
PREPARER: Cynthia Brown NOTE NUMBER: 147 REVIEW: JAB DATE: 3/27/2018