Local Government Mandate Statement Kentucky Legislative Research Commission 2018 Regular Session

Part I: Measure Information

Bill Request #: 1449						
Bill #: HB 609						
Document ID #: 5819						
Bill Subject/Title: AN ACT relating to the funding of transportation, making an appropriation thereof, and declaring an emergency.						
Sponsor: Representative Sal N. Santoro						
Unit of Government:XCityXCountyXUrban-CountyXCharter CountyXConsolidated LocalXGovernment						
Office(s) Impacted: County Clerks						
Requirement: <u>X</u> Mandatory Optional						
Effect on Powers & Duties: X Modifies Existing Adds New Eliminates Existing						

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

The mandate statement deals only with the aspects of HB 609 that impact local government.

Section 1: Emergency Clause / Effective Date: July 1, 2018.

HB 609 increases the wholesale floor price of gasoline from \$2.177 cents to \$2.90.

Section 2 and 3: Emergency Clause / Effective Date: July 1, 2018.

HB 609 increases the five-cent motor fuels tax per gallon on gasoline and the two-cent motors fuels tax per gallon on special fuels to .085 cents per gallon for both. HB 609 requires that at least twenty days in advance of the first day of each fiscal year, the adjusted supplemental highway user motor fuel tax rate for the upcoming fiscal year be provided to all licensed dealers and the base fee for highway usage be provided to all county clerks. The Department of Revenue (DOR) shall calculate the supplemental highway user motor fuels tax as follows:

For the fiscal year beginning July 1, 2018, the tax shall be 8.5 cents.

For the fiscal year beginning July 1, 2019 and subsequent fiscal years, the tax shall be adjusted annually to the nearest one-tenth of one cent effective on the first day of the fiscal year.

On or before June 1, 2019 and on and before each June 1 thereafter, the DOR shall compare the most current quarterly National Highway Construction Cost Index (NHCCI) value and determine the percentage change in relation to the NHCCI value from the same quarter for the previous year. The tax shall be adjusted on July 1, 2019 and each July thereafter based on the NHCCI percentage within the following constraints:

- Limited to an increase of not more than 10% over the prior year,
- Limited to a decrease of not more than 10% under the prior year, and
- Can never be lower than 8.5 cents, the rate as of July 1, 2018

Both the gasoline excise tax and the supplemental tax go to the road fund of which the Transportation Cabinet gives approximately 48.2% of the fund to the cities, counties, and municipalities to pay for the maintenance of county roads and city streets within their jurisdiction. The total increase going to local governments is \$152,620,721 resulting from the excise tax and the supplemental tax adjustments.

Section 7: Effective Date: July 1, 2019

HB 609 eliminates the \$30 county clerk registration fee for vehicles weighing over 44,001 lbs. **KYTC estimates this to be an annual loss to the clerks of \$860,000.**

Sections 9 and 10: Effective Date: July 1, 2019

HB 609 conforms KRS 186.162 with KRS 186.040 which when amended in 2006 increased the initial fee and renewal fee for a special license plate and the amount retained by the county clerks was increased from \$3 to \$6. Whereas this has been the amount retained by the county clerks since 2006, no impact is realized.

Sections 15 and 16: Effective Date: 90 days after sine die adjournment.

HB 609 increases the application fee for a certificate of title from \$9 to \$25, of which the county clerk's retainage increases from \$6 to \$10. Each application for a replacement or corrected title increases from \$6 to \$10 of which the county clerk's retainage increases from \$2 to \$6. Given approximately 1,552,000 applications are received annually, at a \$4 increase, **this results is an annual increase of \$6,208,000 for the clerks**.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II pertains to the bill as introduced. No prior versions of the bill have been introduced necessitating Part III to be completed at this time.

Data Source(s): <u>LRC Staff</u>

Preparer:	Wendell F. Butler	Reviewer:	KHC	Date:	3/19/18
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