## Local Government Mandate Statement Kentucky Legislative Research Commission 2018 Regular Session

## **Part I: Measure Information**

Bill Request #: 433							
<b>Bill #:</b> SB 9							
<b>Document ID #:</b> 952							
Bill Subject/Title:	AN ACT relating to TVA in-lieu-of-tax payments, making an appropriation therefor, and declaring an emergency.						
Sponsor: Sen. Stan Humphries							
Unit of Government:	CityxCountyUrban-CountyCharter CountyConsolidated LocalGovernment						
Office(s) Impacted:							
Requirement: <u>x</u>	Mandatory Optional						
Effect on Powers & Duties:	Modifies Existing Adds New Eliminates Existing						

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

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 services by the TVA by creating a fund to give money to agencies designated by those counties.

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

This bill creates the regional development agency assistance fund (RDAAF). The 30 percent of the TVA in-lieu-of-tax payments that currently goes to the General Fund will be split, with 50 percent of the portion (15 percent of the total), limited 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	70 percent	70 percent	
Districts			
RDAAF	(Does not exist)	15 percent (Limited to \$6	
		million)	
General Fund	30 percent	Remainder (at least 15	
		percent)	

The Consensus Forecasting Group projects that TVA in-lieu-of-tax revenues allocated to the General Fund will be approximately \$12.58 million in fiscal year 2017–2018, \$12.81 million in fiscal year 2018–2019, and \$13.04 million in fiscal year 2019–2020.

Since, under this bill, money is moved to the RDAAF for fiscal years starting on or after July 1, 2018, there is no fiscal impact in fiscal year 2017–2018. However, starting in fiscal year 2018–2019, the General Fund will lose half of its projected revenue from the TVA in-lieu-of-tax payments. This is estimated to be in excess of \$6 million. 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.

The diversion of general fund moneys to the impacted counties represents funding in addition to the TVA funds they currently receive. Impacted counties are those counties that have TVA property located within the county. Fund-eligible counties are those counties that were either served by a utility that purchases power from the TVA, distributes TVA power in Kentucky, the situs for any TVA property, or one of the following counties:

Adair	Caldwell	Edmonson	Henderson	McCracken	Ohio	Union
Allen	Calloway	Fulton	Hickman	McCreary	Russell	Warren
Ballard	Carlisle	Graves	Livingston	Metcalfe	Simpson	Wayne
Barren	Christian	Grayson	Logan	Monroe	Todd	Webster
Bell	Clinton	Harlan	Lyon	Muhlenberg	Trigg	Whitley
Butler	Cumberland	Hart	Marshall			

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

The Part II section above pertains to the bill as introduced and there are not any prior introduced versions of the bill to complete the Part III section.

Data Source(s): <u>LRC Appropriations and Revenue Staff; Tennessee Valley Authority</u>

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