

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2019 REGULAR SESSION**

**MEASURE**

2019 BR NUMBER 1136

HOUSE BILL NUMBER 173

**TITLE** AN ACT relating to natural resources severance and processing tax.

**SPONSOR** Representative Jim Stewart III

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: \_\_\_\_\_

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED \_\_\_\_\_

FISCAL ESTIMATES	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		\$1,925,000	\$2,100,000
EXPENDITURES			
NET EFFECT		\$1,925,000	\$2,100,000

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** This measure eliminates the transportation deduction from the natural resources severance and processing tax. This proposal would apply to periods on or after July 1, 2019.

**FISCAL EXPLANATION:** This proposal, if enacted, would have no impact in Fiscal Year 2018-2019 because it would not go into effect until July 1, 2019.

The elimination of the transportation deduction from the natural resources severance and processing tax would increase total receipts by \$3.85 million in Fiscal Year 2019-2020. Half of this amount, \$1.925 million, would be transferred to the local government economic assistance fund, with the other half remaining in the General Fund. This estimate is based on the Tax Expenditure Analysis estimate of \$4.2 million for transportation expense in Fiscal Year 2019-2020. This number was reduced to \$3.85 million because only eleven months of receipts will be collected in Fiscal Year 2019-2020.

Assuming no change in receipts, this elimination of the tax deduction under the bill would generate an extra \$2.1 million to the General Fund at full implementation.

**DATA SOURCE(S):** Tax Expenditure Analysis 2018-2020, LRC Staff

**PREPARER:** Kevin Branscum **NOTE NUMBER:** 36 **REVIEW:** JAB **DATE:** 2/8/2019

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