

was reduced to \$3.85 million because only eleven (11) months of revenue will be collected in fiscal year 2020-2021 due to a one month lag in receipts.

The elimination of the transportation deduction from the natural resources severance and processing tax should increase total revenue from the severance and processing tax by \$4.2 million in fiscal year 2021-2022. Half of this amount, \$2.1 million, would be transferred to the Local Government Economic Assistance Fund, with the other half remaining with the General Fund. This estimate is based on the Tax Expenditure Analysis estimate of \$4.2 million for transportation expense in fiscal year 2021-2022.

The local impact will be limited to those cities and counties receiving distributions from the local government economic assistance fund (LGEAF) pursuant to KRS 42.470(2) and 42.475. These are limited to counties where limestone is severed or processed. The severance tax collected on natural resources is allocated equally to the general fund and the LGEAF. The LGEAF portion is distributed among cities and counties according to the amount of tax collected in each county.

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

Part II, above, pertains to the bill as introduced.

Data Source(s): Tax Expenditure Analysis 2020-2022, LRC Staff

Preparer: Kevin Branscum **Reviewer:** KHC **Date:** 1/10/20