

The fiscal impact of these provisions is indeterminable.

Coal Severance Tax

The current sunset date is July 1, 2024. HB 8 SCS 1 proposes to extend the date to July 1, 2028.

Coal severance tax revenues are deposited into the State Treasury and then transferred to the Local Government Economic Assistance Fund and the Local Government Economic Development Fund for the purpose of distribution to coal producing counties and incorporated cities within those counties. The distribution of the funds is governed by statute, but is often amended through budget bill provisions.

Using annual U.S. EIA data on Kentucky coal exports, national coal export prices, and forecasted coal exports to forecast out to 2025 and 2026, the fiscal impact of HB 8 PHS 1 is expected to be negative \$9 million for fiscal year 2024-2025 and negative \$9.8 million for fiscal year 2025-2026.

Property Tax

As the result of the Department of Revenue v. Marathon Pipe Line LLC, 653 S.W.3d 104 (Ky. App. 2022) court case, the Department of Revenue reclassified all pipelines as tangible personal property for assessment years beginning on or after 2023. HB 8 SCS 1 proposes to classify mains, pipes, pipelines, and conduits as real property when the property is used in the collection, transmission, distribution, conducting, sale or furnishing of heat, steam, water, sewage, natural or manufactured gas, or electricity to or for the public. Local property tax rates vary by taxing district and by the different classes of property, such as real property and tangible personal property. Further, differences in the taxation of this property can occur if the property is considered manufacturing property or is in a foreign trade zone. Data on this type of property is not available to determine the fiscal impact of this provision.

Annual Supplements from the Kentucky Law Enforcement Firefighter Program Fund

HB 8 SCS 1 proposes to increase the annual supplements provided to firefighters and police officers from \$4,000 to \$4,527 and the annual supplements provided to volunteer fire departments from \$11,000 to \$15,000. It also adds an annual indexing requirement to increase the annual supplements in future years. The annual supplements are provided to local governments from state appropriations into the Kentucky Law Enforcement Firefighter Program Fund. Any increases in annual supplements would occur on or after July 1, 2026, which is outside of the biennium.

Local Rental Ride Share License Fee

HB 8 SCS 1 proposes to apply the rental ride share license fee to gross receipts derived from the provision of transportation network company services. This provision would allow local governments who impose the license fees to collect revenues on the total consideration received for providing transportation network services by a transportation network company. It is estimated that most transportation network companies, which are operating in a local government imposing the license fee, already base the fee on gross

receipts; however, it is unknown if all of them do. The fiscal impact of this provision is indeterminable, but expected to be positive for local governments that impose the license fee.

Data Source(s): U.S. Energy Information Administration; LRC Staff

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