Local Government Mandate Statement
Kentucky Legislative Research Commission
2025 Regular Session

Part I: Measure Information

Bill Request #:	1870	**Bill #:**	HB 616
Document ID #:	4656	**Sponsor:**	Representative Bobby W. McCool
Bill Title:	AN ACT relating to investor-owned electric utilities.		

Unit of Government: ☒ City ☒ County ☒ Urban-County ☒ Charter County ☒ Consolidated Local ☒ Unified Local

Office(s) Impacted: Any who collect revenue from investor-owned electric utilities

Requirement: ☒ Mandatory ☐ Optional

Effect on Powers & Duties: ☒ Modifies Existing ☐ Adds New ☐ Eliminates Existing

Other Fiscal Statement(s) that may exist: ☐ Actuarial Analysis ☐ Corrections Impact ☐ Health Benefit Mandate ☐ State Employee Health Plan

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

HB 616 would amend KRS 278.160 to prohibit investor-owned electric utilities from collecting taxes, fees, or other amounts imposed on its customers by any other governmental unit. The bill would prohibit the collection of surcharges relating to environmental compliance, demand-side management, and voluntary energy cost assistance. Additionally, investor-owned utilities would be prohibited from collecting any amounts from ratepayers that are not directly and exclusively related to the provision of electric service. The bill would require investor-owned utilities to file new tariffs in conformance no later than 90 days after the bill would take effect on December 30, 2025.

The fiscal impact of HB 616 is indeterminable but would be negative.

Under HB 616, any local government in Kentucky that imposes franchise fees, local taxes, or other charges on electric utility customers would be affected. While the exact number of local governments that do so is unknown, examples do exist. For instance, under Ordinance No. O-06-2015, the City of Fort Thomas established a franchise fee of up to 5% of gross receipts from the sale of electricity and natural gas within the city's

corporate limits. Similarly, the City of Fort Mitchell enacted Ordinance 2019-10, which imposed a 3% franchise fee on gross receipts from the sale of electricity and natural gas.

The fiscal impact of HB 616 would vary by jurisdiction. Not all local governments have enacted these fees or taxes. For those that have, the impact would depend on factors such as the number of electric utility customers, prevailing utility rates, and the amount imposed by the local government.

Input was sought from the Kentucky Association of Counties (KACo) and the Kentucky League of Cities (KLC) to prepare this mandate. If information is received from them this mandate statement may be amended.

Data Source(s): LRC Staff: Fort Thomas, Ky., Ordinance No. O-06-2015 (May 18, 2015); Fort Mitchell, Ky., Ordinance No. 2019-10 (Aug. 5, 2019)

Preparer: AS **Reviewer:** JB (MDA) **Date:** 2/27/25