

STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

KENTUCKY COUNTIES

FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

From State Funds:

- State law dedicates 48.2 percent of the state's motor fuel tax revenues to county and city governments for construction, reconstruction and maintenance of local roads and bridges. A total of 40.5 percent goes to county governments, with the following distribution between programs:

• County Road Aid	18.3%
• Rural Secondary Program	22.2%
• Municipal Aid Program	7.7%
• Total to local governments	48.2%
- Counties have the option of receiving their County Road Aid funds on a monthly basis or they can participate in the Office of Rural Secondary Roads (ORSR) Cooperative Programs. Participants of the cooperative programs receive a portion of their funds three times a year, and have three percent of their road aid funds withheld and placed in emergency funds. Only participants are eligible to request emergency funds for projects.
- A few county governments also receive a small amount of funding through the state municipal road aid program. The program has a provision allowing "urban areas" to receive funds, and therefore funding is distributed to county fiscal courts in "urban areas" that are not a part of an incorporated city.
- Both the County Road Aid program and Rural Secondary programs distribute their funds using a "formula of fifths" that benefit rural counties. Each county receives a portion of the state total, split up into fifths as follows:
 - 1/5th is divided evenly among all counties,
 - 1/5th is divided proportionately based on the amount of rural population in each county,
 - 1/5th is distributed on the basis of rural road mileage in each county, and
 - 2/5th is apportioned according to each county's share of the total land area in the state.
- Each coal producing county receives a portion of the revenues collected from a state tax on the severance of coal.

Share of County Owned Road Miles Out of Public Roads Statewide	55%
Share of County Owned Bridges Out of Public Bridges Statewide	34%
Share of Structurally Deficient Bridges Out of County Owned Bridges	13%

COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	Counties have limitations on property tax rates. Taxes may not generate more than 104% increase in revenues from the previous year.
Levy Personal Property Taxes	X	Motor vehicles are subject to ad valorem personal property taxes.
Levy Local Option Sales Taxes		
Levy a Local Gas Tax		
Charge a Motor Vehicle License or Registration Fee		
Form Special Districts for Transportation	X	Counties must collect signatures on a petition in favor of the special district by a majority of the district's voters.

- For every driver's license issued within its jurisdiction, each county receives \$0.50 of the fees collected by the state, to be used for county road purposes.

COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- The formula of fifths, which is used to distribute County Road Aid and Rural Secondary programs hurts counties that are growing rapidly.
- The gasoline tax is levied on the average wholesale price of gasoline per gallon with a minimum wholesale price of \$1.786 per gallon. The new gas tax rate (based on the average wholesale price) goes into effect on the first day of each quarter. The minimum wholesale price and resulting gas tax revenues are too low to adequately meet the transportation needs of counties.

NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- Faced with restrictions on ways to raise revenues, counties are working together in interlocal agreements to raise revenues for transportation projects.

BREAKDOWN OF COUNTY TRANSPORTATION FUNDING¹

County Share	83%
State Share	15%
Federal Share	2%

¹ This is an estimate based on information from the Kentucky Association of Counties.