

2020 LEGISLATIVE PRIORITIES

KLC President & Jeffersontown Mayor Bill Dieruf

KLC First Vice President & London Mayor Troy Rudder

KLC Deputy Executive Director J.D. Chaney

Urban City Population Increases

Kentucky cities have grown by more than 97,000 people since 2010.

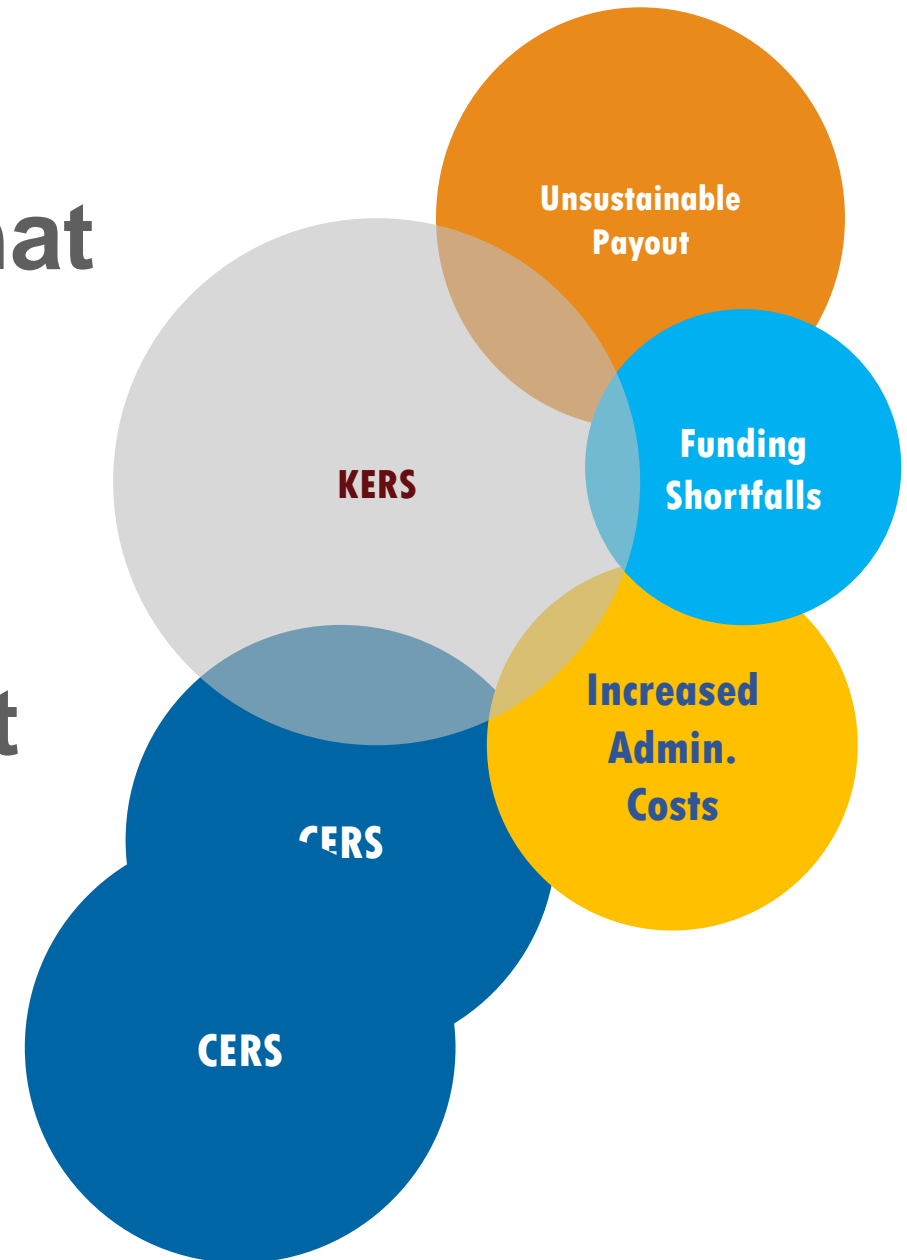
In this decade, 81% of the state's population increase has occurred within city limits.



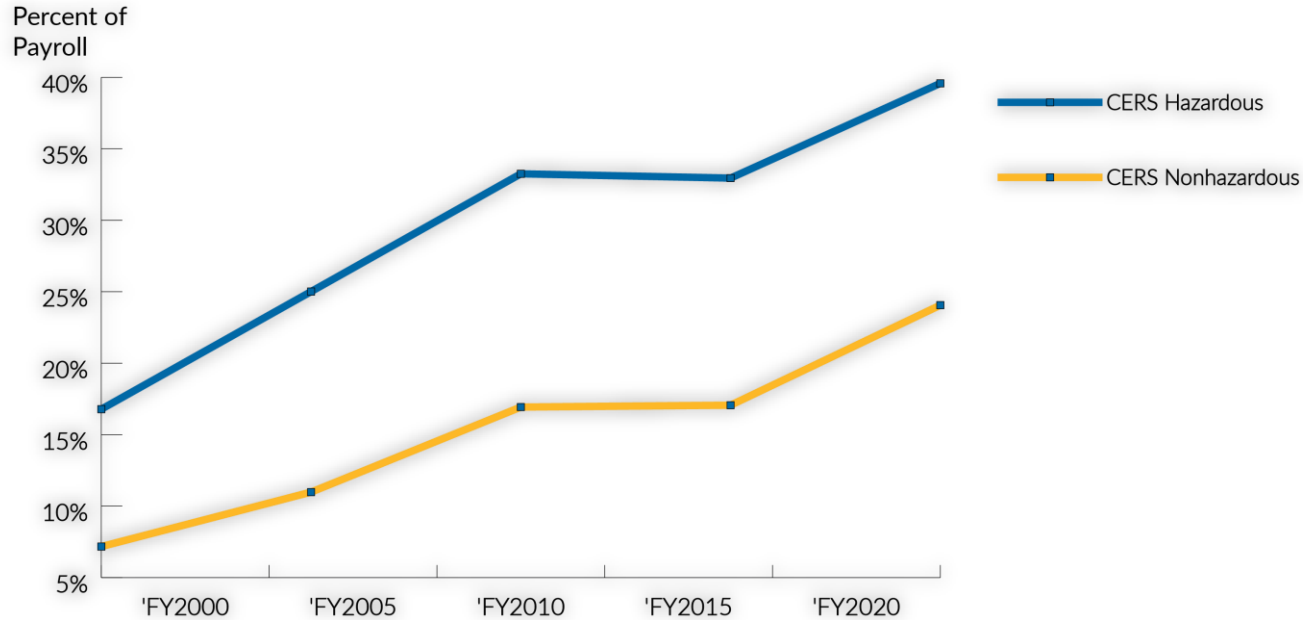
TOP PRIORITY:

Separate governance of CERS that is free from political influence.

Management and investment decisions that are based on what is best for CERS – not just for KERS.



TOP PRIORITY: CERS affordability threatens financial security of cities



CERS employer contribution rates have more than doubled in the past 20 years.

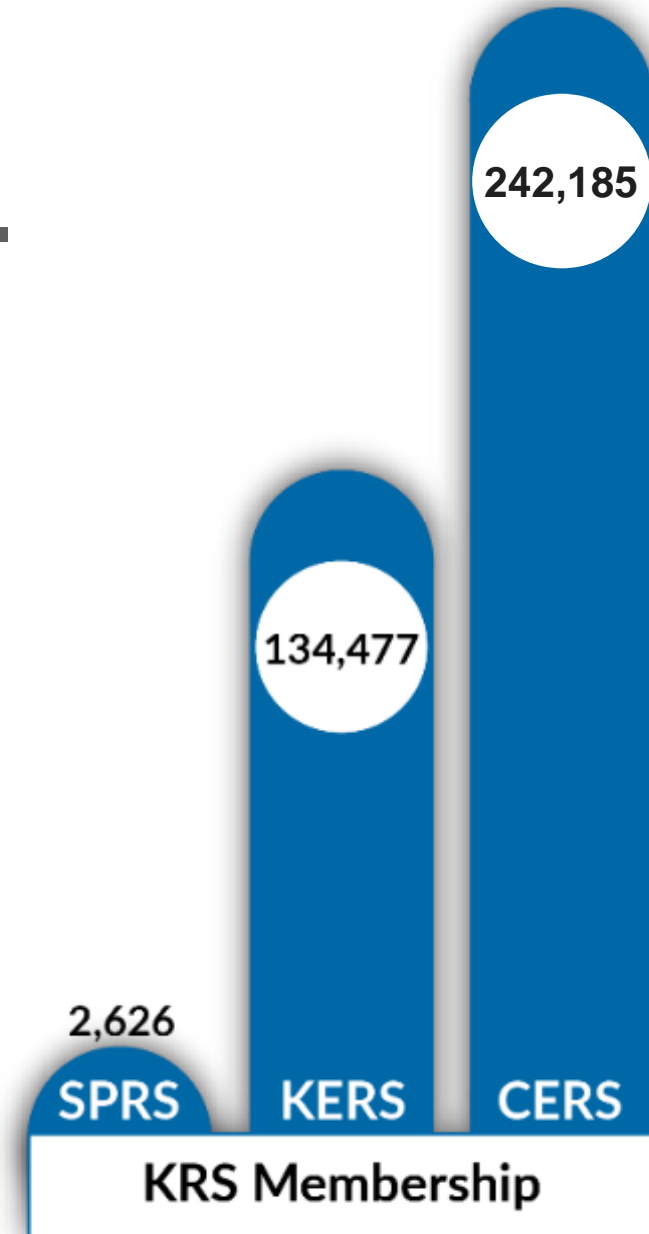
The KRS Board of Trustees has invested CERS assets in low yielding core fixed-income funds that earned the nonhazardous pension system a 1-year return of 5.8% compared to 6.4% to 6.8% earned by peer groups.

TOP PRIORITY:

Separate governance of CERS...

CERS is the largest system in Kentucky Retirement Systems (KRS) representing 64% of all membership:

- ▶ **CERS**: 242,185 members
- ▶ KERS: 134,477 members
- ▶ SPRS: 2,626 members
- ▶ **CERS** Assets: \$13.4 billion
- ▶ KERS Assets: \$4.4 billion



TOP PRIORITY – Separate governance of CERS...

CERS Representation

- ✓ 6 of 17 seats on Board of Trustees (35%)
- ✓ 1 of 8 seats on Investment Committee (11%)
- ✓ 1 of 6 seats on Actuarial Subcommittee (17%)

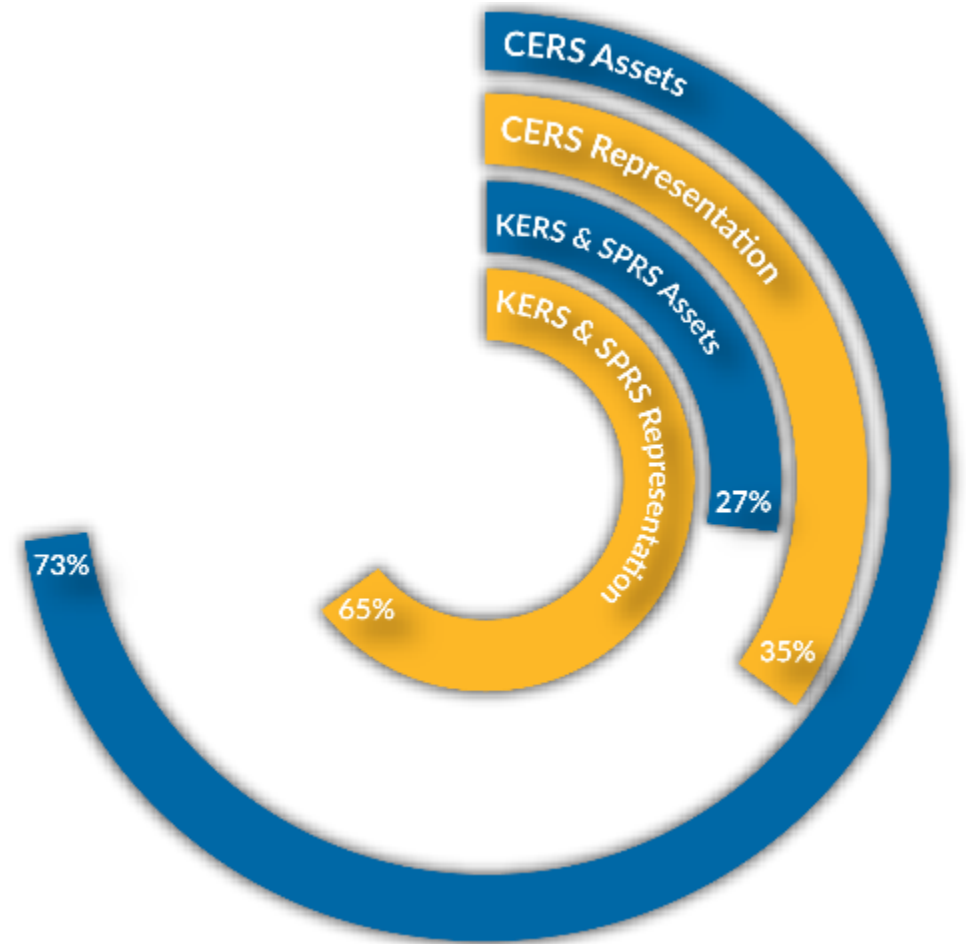
A separate CERS Board of Trustees would still report to the Public Pension Oversight Board (PPOB)

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Road Funding Modernization

Kentucky cities are responsible for more than 10,000 miles of public roads.

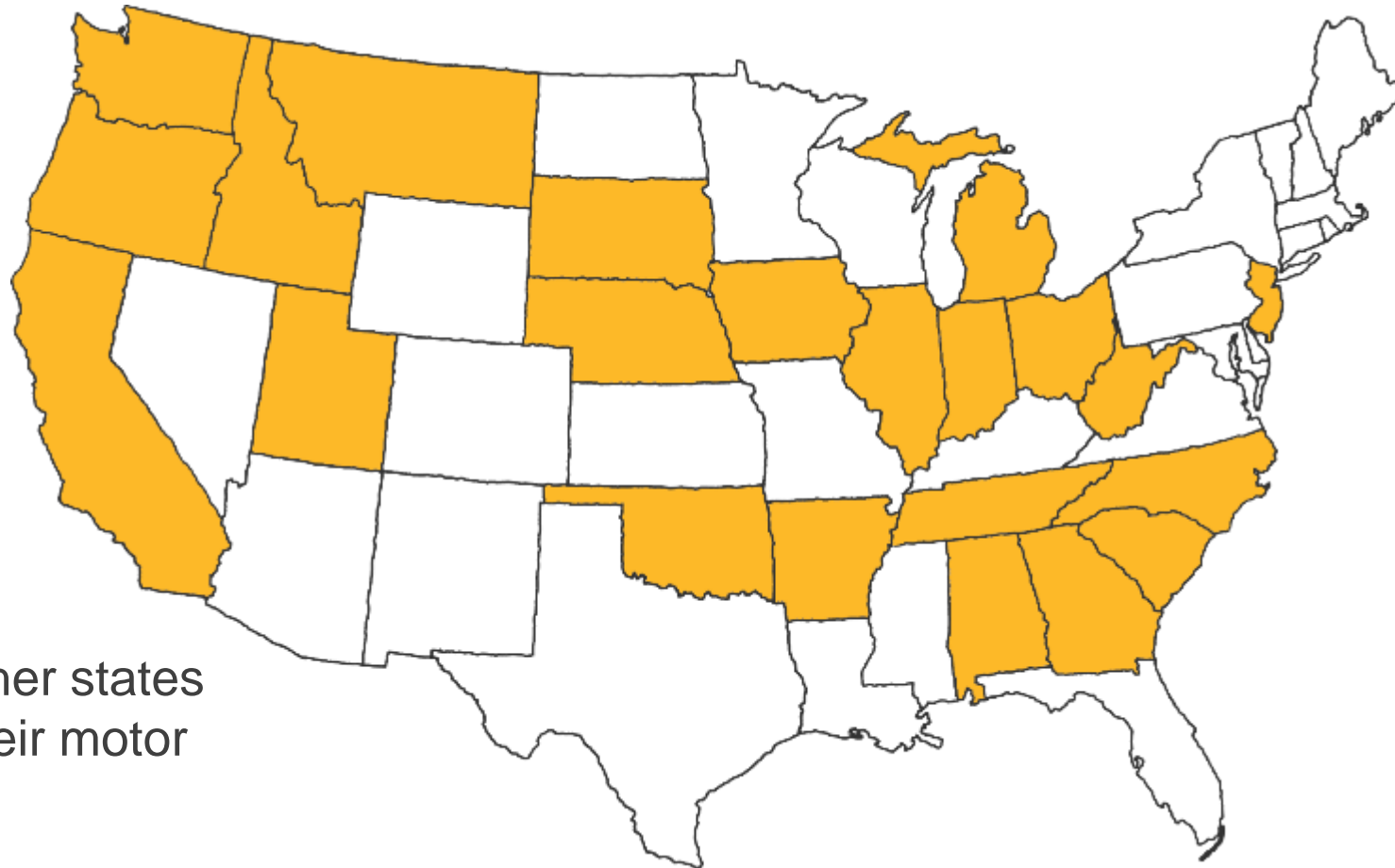
City spending on streets climbed 17% since 2010.

State and federal funding dropped 21%.



Road Funding Modernization

The legislature has not changed Kentucky's gas tax since 2015. It remains at 26 cents a gallon.



Since 2015, 22 other states have increased their motor fuel tax.

Road Funding Modernization



Vehicle Miles Traveled on Local Roads Compared to Funds Distributed Through All Road Aid Formulas

Type of Roads	% Vehicle Miles Traveled on Local Roads	Location of Roads	% Received through All Road Aid Formulas
URBAN	44%	Inside Cities	15%
RURAL	56%	Outside Cities	85%



Revenues are distributed largely by a system established in 1948 that is known as the “**formula of fifths**.”



It is heavily slanted toward rural counties and has not changed in 70 years.

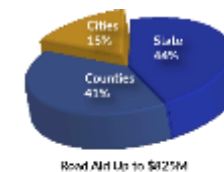
Road Funding Modernization

Agreement by City & County Governments



Revenue split will remain the same until total amount exceeds \$825 million, the historical high mark from FY 2014.

Cities and counties will equally split local government portion above \$825 million at 13% each.



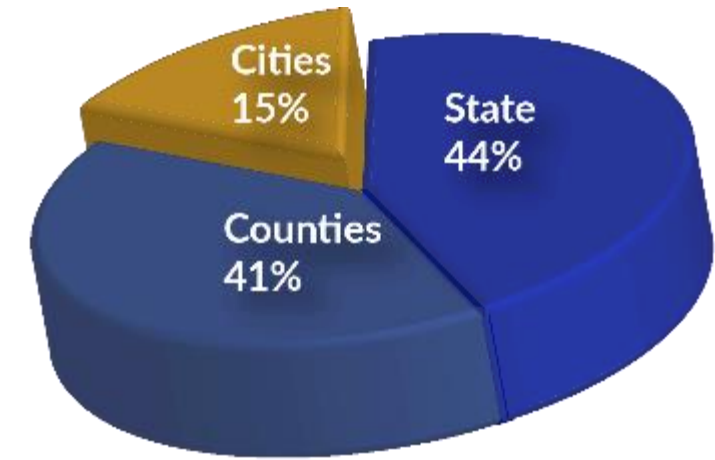
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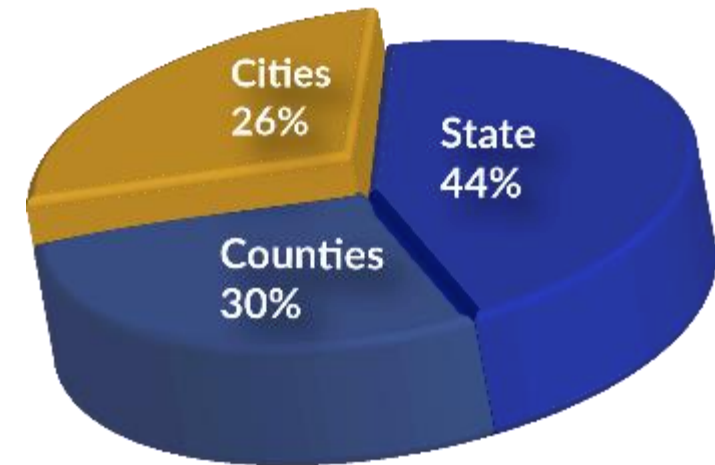


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Road Aid Up to \$825M



Road Aid Over \$825M



Revenue Diversification

Equalization and modernization of funding options for cash-strapped cities.

Cities will oppose any effort to centralize tax collection.



Revenue Diversification



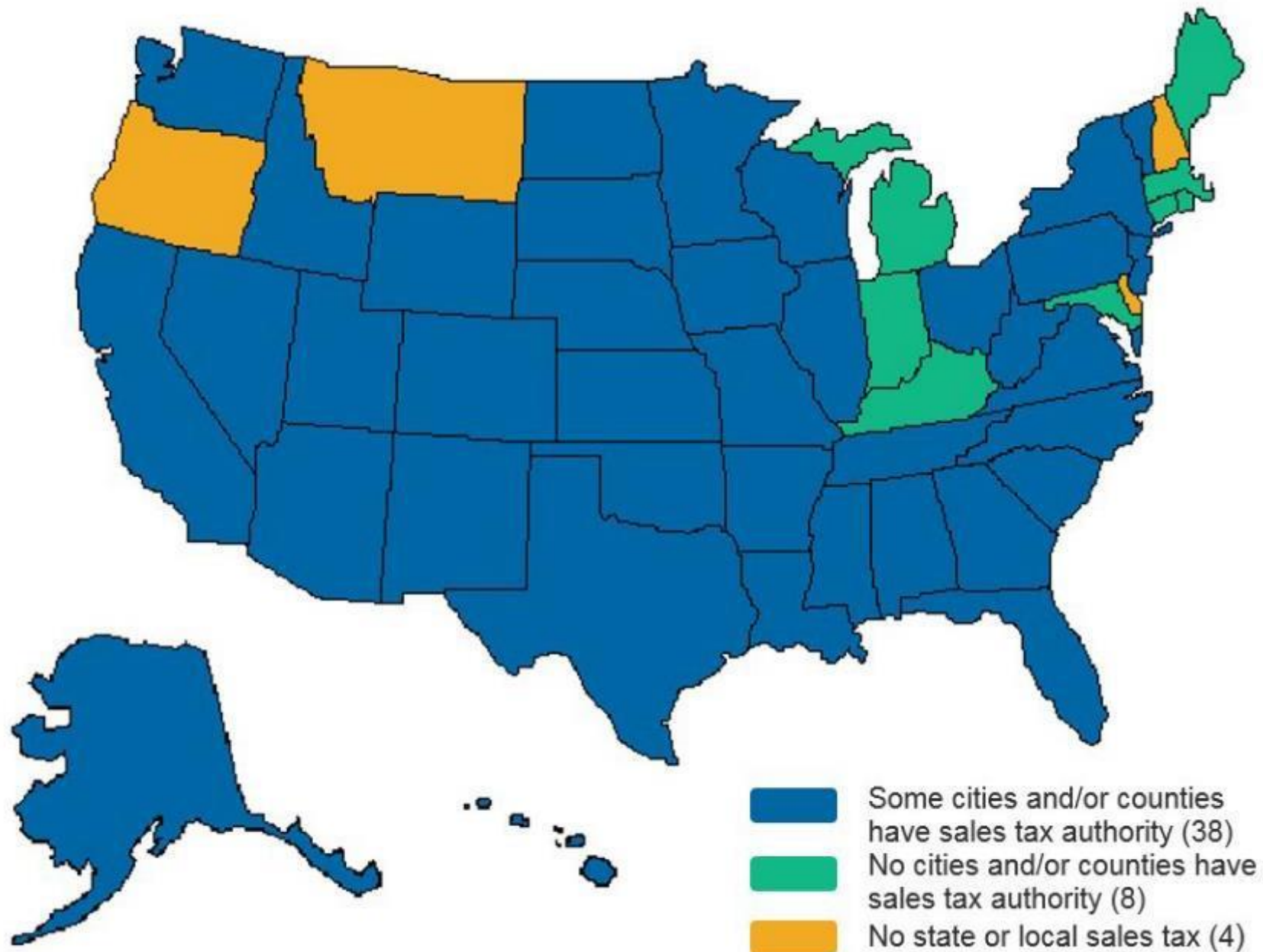
Consumer-Based Restaurant Revenue

- Currently only available to former 4th & 5th class cities.
- Fee is collected in lieu of net profits or gross receipts tax.



Consumption-Based Local Taxation

Kentucky is one of only 12 states that does not allow one or more local governments to collect the funds.





Revenue Diversification



Protection of occupational tax credit

- Allowing credit of taxes paid to a city against any county tax owed ensures taxes are not stacked on citizens.*
- Removing the credit would result in millions of dollars of higher taxes for a quarter million Kentuckians.

*In most counties over 30,000.

Blighted, Deteriorated & Vacant Properties

- ⊗ Bring Down Property Values
- ⊗ Pose Safety Risk
- ⊗ Invite Crime

Conservatorship for rehabilitation of qualifying areas

- ✓ Court appointed with experience & ability to secure financing



Blighted, Deteriorated & Vacant Properties



Conservatorship for rehabilitation of qualifying areas

Buildings must be:

- Vacant for 1+ years, not marketed within previous 60 days and not subject to pending foreclosure
- Out of compliance with local codes
- Unfit for occupancy
- A danger to the community's health, safety and economic well-being



MODERNIZATION OF PUBLICATION REQUIREMENTS

Only 20% of adults look to the local newspaper for information. 90% of adults use the internet. *

Internet-based options, such as a city website, are free to access and available longer.

Temporary legislation passed in 2018 only impacted 135 cities and expires in 2020.

* Pew Research Center

Alcohol Regulatory License Equity



Local regulation is difficult due to disparity between what is issued at the state and local level.



SB 29 (2019) only allowed cities with a population of less than 20,000 to impose a regulatory license fee.



Regulatory license fees help cities offset costs of additional policing and regulation.



OPEN RECORDS & MEETING LAWS

Open Records

- Reduce the cost to Kentucky taxpayers in responding to numerous requests from out of state requestors.
 - Correct the misuse of the system to circumvent the discovery process used in civil litigation.
-

Open Meetings

- Ensure exceptions can be used for purchase and sale of property so that costs to cities and their taxpayers are not negatively impacted.
- Permit an exception for job evaluations of city managers to be conducted in closed session.

ECONOMIC DEVELOPMENT

KLC will support legislation that enhances economic development opportunities in our cities, which bring job growth and financial prosperity to local communities.



SUBSTANCE ABUSE

KLC will have an active position on and participate in efforts to combat the criminal aspects of drug trafficking and abuse as well as a proactive stance on treatment, rehabilitation, training and workforce reentry.



ADDITIONAL PRIORITIES



Employees Carrying Weapons

Amend state law to provide cities the same option private employers have to prohibit an employee from carrying weapons during his or her official duties.



Untrained Constables

Amend state law to eliminate the peace officer powers of constables unless they are certified by the Kentucky Law Enforcement Council and approved by the county fiscal court.



Legacy Police & Fire Pension Plans

Modify membership requirements for local boards of trustees.

Allow the payment of annuities to beneficiaries.

AMBULANCE SERVICE CONTRACTS

Allow municipalities to enter into a contract with a private entity to provide ambulance service to the city for term longer than one year.

PARAMEDIC & EMT TRAINING

Change the way the Kentucky Board of Emergency Medical Services certifies paramedics and emergency medical technicians (EMTs) to improve the hiring of qualified candidates.

Elected City Official Career Retirement

Elected, local public officers usually serve their community part-time with minimal pay.

If their full-time career is with an employer that participates in one of the state's public retirement systems, retiring from that career could require city officials to resign their elected position.

Cities are seeking legislation to permit elected city officials participating in the County Employees Retirement System (CERS) who have a full-time job with an employer participating in the Kentucky Retirement Systems to retire from their career while still being allowed to serve their community.

Annexation Filings with Secretary of State

Allow use of electronic filings to ease the recording process by state government.

Interlocal Cooperation Act

Update the Interlocal Cooperation Act to streamline and ease the process for execution and filing to further encourage cooperation.

ADDITIONAL PRIORITIES



PLANNED-UNIT/HOMEOWNER ASSOCIATION LEGISLATION

Address issues with defunct homeowner associations and planned-unit documents that do not cover maintenance of common areas.



SPLASH PARKS & PADS

Define laws and regulations that apply to splash parks/pads.

Thank You!

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