

Kentucky
League
of Cities



2022 LEGISLATIVE AGENDA

Presenters: JD Chaney, KLC Executive Director/CEO

Versailles Mayor Brian Traugott, KLC President

Southgate Mayor James Hamberg, KLC First Vice President

KLC Principles of Advocacy

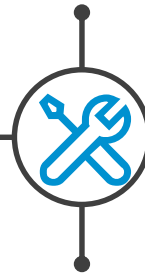
The Kentucky League of Cities serves as the united voice of cities by supporting community innovation, effective leadership, and quality governance.

#1 HOME RULE



City officials must have the authority to make decisions to meet the needs of their citizens.

#2 ADEQUATE, STABLE, & FLEXIBLE RESOURCES



Cities must be able to generate sufficient revenues to provide for the level of services desired by local citizens.

#3 ECONOMIC PROSPERITY



Cities must have the ability to encourage economic development and enhance quality of life.



Kentucky cities are growing!

2020 U.S. Census showed city residents account for 56% of Kentucky's total population.

Kentucky cities collectively increased their population by 7.1% from 2010 to 2020.

Cities added over 167,000 people – slightly more than the number of new residents, meaning current Kentuckians also moved into a city.

TOP PRIORITY: Revenue Diversification

Revenue-limited cities must have the ability to generate the funds needed to pay for the services people expect if Kentucky wants to continue to grow and prosper.

- Modernize Kentucky's antiquated funding options
- Equalize revenue tools currently only available to some cities
- Amend Kentucky's antiquated constitutional provision



TOP PRIORITY: Revenue Diversification

A 130-year-old section of the Kentucky Constitution impedes the legislature's ability to comprehensively reform local government tax policies.

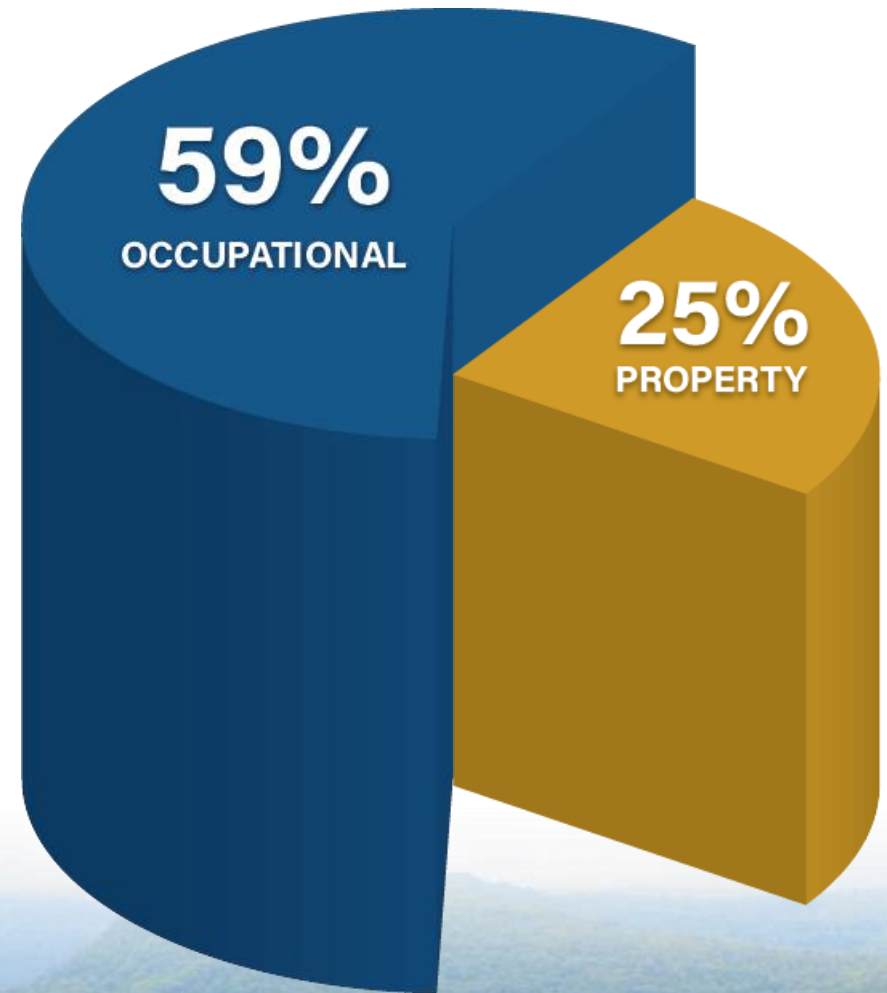
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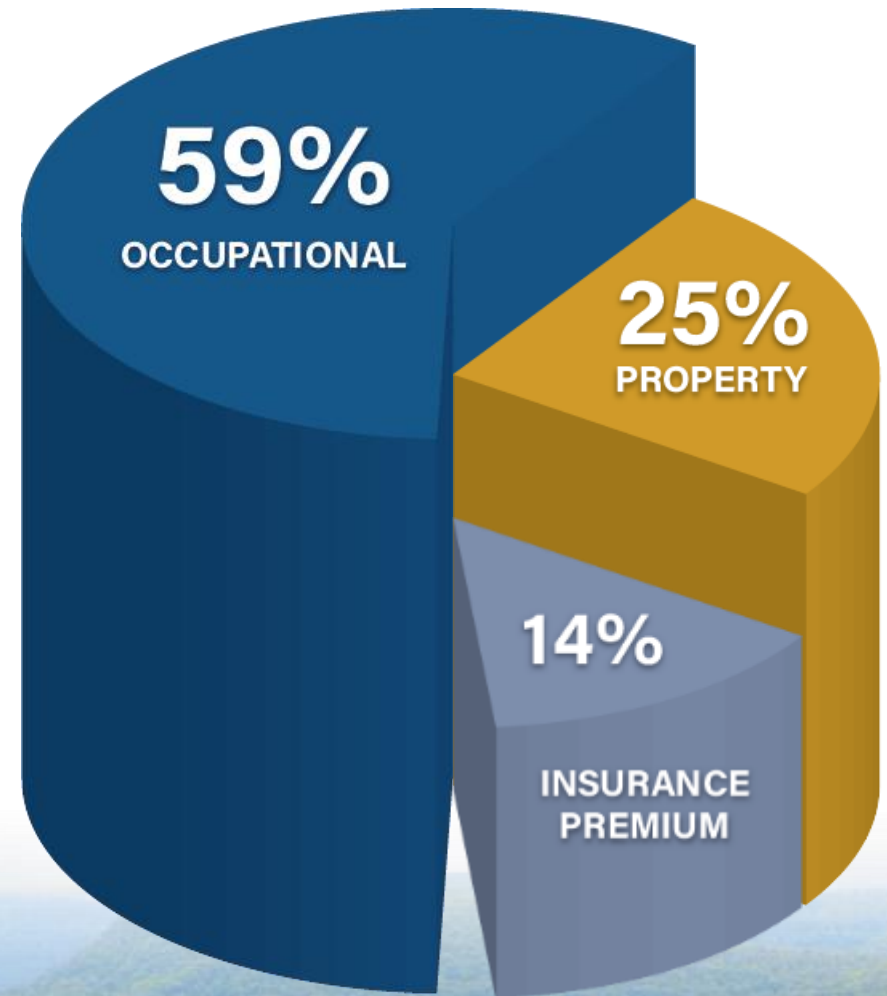
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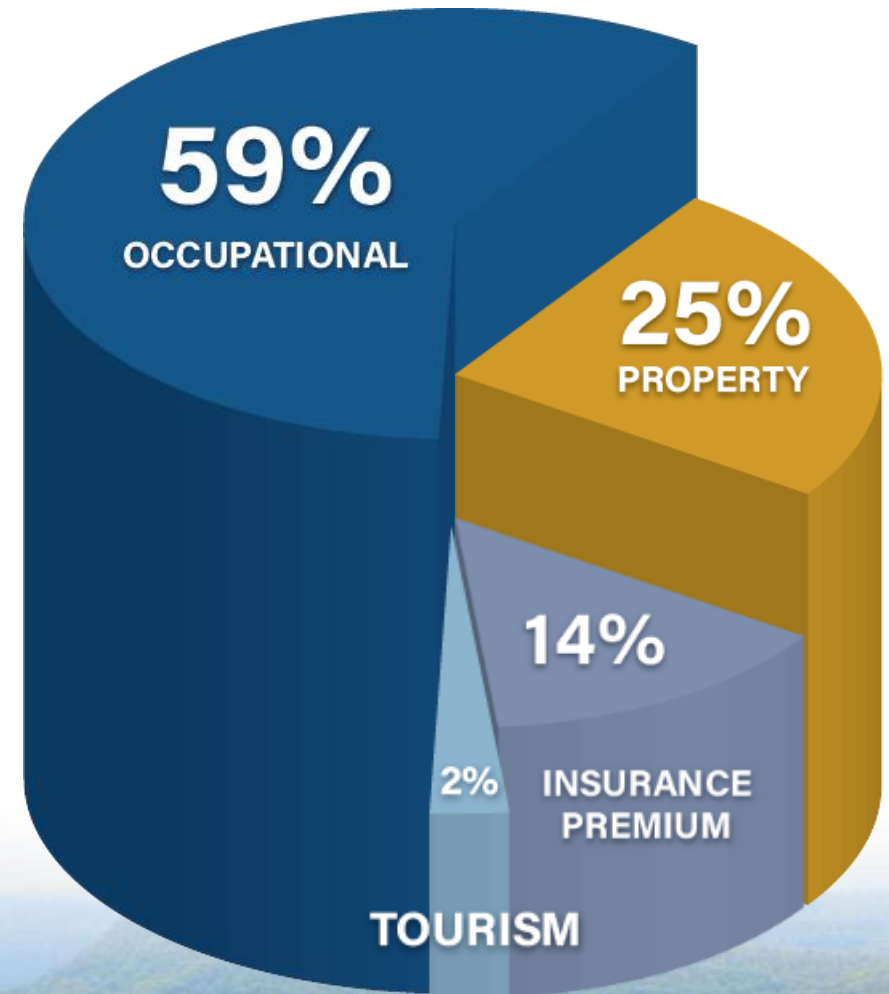
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TOP PRIORITY: Revenue Diversification

Consumption-based restaurant revenue.

- Currently only available to former fourth and fifth class cities
- Does NOT increase taxes on businesses
- Is paid by tourists, so entire financial burden is not solely on residents




Other Revenue Issues

- Local sales tax
- Protect credit of occupational license taxes
- Oppose centralized collection of local revenue



A stylized map of Kentucky is shown on the left side of the slide. A winding road with dashed white lines runs through the map. A red car with a flag that says 'KY' is driving on the road. There are several green location pins along the road. The map features various shades of green for land, blue for water, and brown for roads and buildings.

Road Funding

-  Kentucky has not updated the amount it collects at the gas pump since 2015.
-  Kentucky is dead last among neighboring states for motor fuels revenue.
-  The average for Kentucky and surrounding states is \$0.36 a gallon. **Kentucky is currently at \$0.26.**



Road Funding

Motor fuels taxes are the only portion of the Road Fund shared with local governments.

48.2% is allocated to city, state, and rural roads.

- Almost all of it (40.5%) is divided with a system known as the Formula of Fifths, which the legislature established in 1948.

FORMULA OF FIFTHS

- one-fifth to all **counties**
- one-fifth based on rural **population**
- one-fifth based on rural **road miles**
- two-fifths based on rural **land area**





Road Funding

- Current road funding modernization proposal includes update to antiquated funding formulas.
- Funds over the FY 2014 high mark of \$825 million would be evenly split between the municipal and county road aid programs at 13% each.





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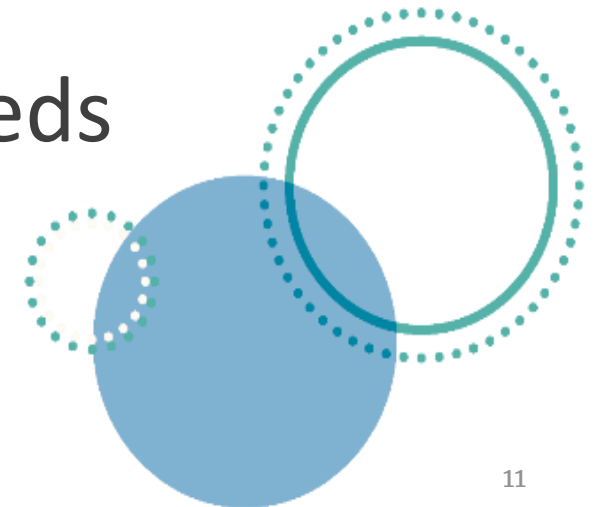
- Cities maintain more than 10,000 miles of public streets.
- Since 2009, Kentucky cities spent 62% more on city streets, while state and federal funding declined more than 4%.
- Cities spend more than \$340 million a year to maintain and build streets.
- City streets are currently operating on a 40-year replacement cycle, more than double the industry standard of 15 years.

ARPA is NOT the answer...

American Rescue Plan Act (ARPA) funds are limited in use
– restricted to COVID recovery.

They generally **CANNOT** be used for:

- ➔ Transportation funding shortfalls
- ➔ Supporting city services and revenue needs



Economic Development



Kentucky cities drive the state's economy.

- Cumbersome and outdated restrictions can cause roadblocks
- Local-only TIF provision of Senate Bill 162 (2021) creates unnecessary expenses and delays

Law Enforcement Training



Police cadets can wait several months for training at the Kentucky Department of Criminal Justice Training (DOCJT).

- ➔ This can delay by more than a year the time it takes for a new hire to begin patrol duty.

Paramedic Training/Certificate of Need

Seconds matter in life-saving EMS calls.

Current delays are being caused by:

- ➔ Statewide paramedic shortage
- ➔ Lengthy process to obtain an emergency certificate of need



Substance Abuse

The current COVID pandemic resulted in an increased wave of overdose deaths...

Up nearly 50% in 2020.

KLC supports legislation that addresses the criminal aspects of the substance abuse issue and those that take a proactive stance on treatment, rehabilitation, training, and workforce reentry.



Modernization of **Publication Requirements**

- Costs city taxpayers around \$1.4 million a year
- Publicly owned city websites are available free of charge and allow documents to be available longer
- House Bill 195 (2020):
 - Allows cities in counties that have a population of 80,000 or more to publish documents and advertisements on a website in lieu of publishing in a local newspaper
 - Only covers 145 cities in nine counties

Property Tax Notification




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- ⊗ Cities are looking to work with PVAs and others to ensure more current property ownership information is received in a timely manner
- ⊗ Streamline process for proposing a tax rate that would generate more than 4% more revenue than the compensating rate



Public Safety Personnel

Cities are responsible for public safety.

-  Employ around 57% of Kentucky's full-time law enforcement officers
-  Handle 74% of the state's reported violent crime
-  Spend more than \$500 million a year in wages and benefits for police services



Public Safety Personnel

Current issues needing legislative attention:

- ✓ Limitations on number of former officers and firefighters a city may employ
- ✓ Limitations on work schedules and policies
- ✓ Clarity about unique aspects of jobs within a fire and police department



Public Safety Personnel

HB 191 (2019) and SB 80 (2021) strengthened Kentucky's police decertification law.

The Kentucky Law Enforcement Council (KLEC) needs to be able to terminate trouble officers without a bill of rights hearing if the officer has been decertified.

Open Meetings Act

Closed sessions of the locally elected legislative body are sometimes required to protect proprietary information and taxpayer resources.

Public Hearing Requirements

Mandatory public hearings on municipal road aid and Local Government Economic Assistance program funds are often inconvenient for citizens and unattended.

Alcohol Licensure



SB 29 (2019) allowed cities with a population of less than 20,000 to impose a regulatory license fee to help offset the cost of extra policing and regulation.



Cities are seeking a level playing field for all municipalities to recover those costs.



Untrained Constables

Untrained constables threaten the safety of citizens and trained law enforcement.



Audits

Municipal audit requirements are often cumbersome and costly for cities with no long-term debt and small budgets.



Defunct homeowner associations and planned-unit developments can create unfavorable living conditions and lead to concern about maintenance of common areas.



Energy-efficient lighting can save taxpayer resources while ensuring safety.

Wholesale Water Rates

Ability for municipal utility to escrow funds from a proposed rate increase if appealed to the Public Service Commission.

Utility Franchise Agreements

Safeguards for local governments to protect citizens from utilities that violate franchise agreements.




Damaged City Records

Natural disasters, such as a flood or fire, can hit government offices.

Replacing damaged records is often complicated and expensive.

Allowing an affidavit process to provide documents to DLG can help speed up the process and ensure assets are not frozen.



Tourism Commissions – Cities covered by a regional tourism commission need representation from at least the largest city in each county. Cities served by a consolidated local government tourism commission seek representation.

Paramedic Response Fees

- Paramedic and EMS are vital but costly. Cities often foot the bill.
- A user fee, like current 911 fees, could help ensure funding is there to maintain these life-saving services.



Waste Hauler Franchise Fees

Ensure cities providing waste collection do not encounter lengthy requirements before extending an agreement



Inactive Cities

Allow cities that do not collect funds or have elected officials to dissolve through an administrative process

Thank You!

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