

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the Fifth Meeting of the 2023 Interim

October 24, 2023

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on Local Government was held on October 24, 2023, at 9:00 AM in Room 154 of the Capitol Annex. Senator Robby Mills, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Randy Bridges Co-Chair; Senator Robby Mills Co-Chair; Senators Cassie Chambers Armstrong, Greg Elkins, Amanda Mays Bledsoe, Christian McDaniel, Michael J. Nemes, Damon Thayer, and Gex Williams; Representatives Adam Bowling, Josh Bray, George Brown Jr., Beverly Chester-Burton, Deanna Frazier Gordon, Jacob Justice, Matt Lockett, Michael Meredith, Marianne Proctor, Rebecca Raymer, Brandon Reed, Sarah Stalker, and Walker Thomas.

Guests: Tammy Vernon and David Gibson, Department for Local Government; Bruce Roberts and Chuck Bonta, Kentucky Fire Commission.

LRC Staff: Christopher Jacovitch, Jessica Zeh, and Cheryl Walters.

Approval of Minutes

Upon the motion of Representative Lockett, seconded by Representative Thomas, the minutes from the September 26, 2023, meeting were approved.

Discussion of Special Purpose Governmental Entity Reports

Tammy Vernon, Cities and Special Districts Branch Manager with the Department for Local Department (DLG), said that Special Purpose Governmental Entity Reports (SPGEs) are independent political subdivisions of the state, which are government entities, that exercise less than statewide jurisdiction and are organized for the purpose of performing specific services within limited boundaries. A few examples include libraries, tourism, and extensions.

DLG's statutory responsibility is to create and maintain an online central registry, reporting and public access portals, and to monitor compliance by tracking status

changes when notified, prepare statutorily required reports, and activate noncompliance procedures.

The new SPGE automated system project start date was January 1, 2021, with the estimated project end date of December 31, 2024. The project is on schedule. There are two versions—task compliances, which includes registration and budget submissions; and audit compliance, which includes requirements and submissions. Releases one and two were completed November 19, 2021 to January 31, 2022, which is currently in production. Data from the previous system is now incorporated into the new system.

Ms. Vernon discussed the dates for the various releases relative to the automated system. She noted auditing, dissolution, lost records, and other features of the various releases.

Ms. Vernon said that regarding the LRC Compliance Report, data is updated as of October 18, 2023. Compliance is based on all active SPGEs. The Audit Feature is complete except for the District Type—Municipal Utilities. In April 2023, the first phase of the public portal went live.

Ms. Vernon noted the various statuses of the actual SPGEs that are used in the public portal and provided brief explanations of them.

Overall SPGE compliance with KRS Chapter 65A DLG reporting is at 90.70 percent. There are 1,278 SPGEs that are active and compliant. There are 131 SPGEs that are noncompliant.

By examining districts by type, DLG can determine which categories of districts need additional training, which DLG is tasked with by statute.

DLG has never been able to determine audit compliance because it was difficult to determine what the actual audit requirements were. Now that capability exists with the new program. Overall audit compliance is at 71.89 percent, with 1,013 that are compliant, and 396 that are non-compliant.

Senator Thayer commented that SPGEs have not always been transparent. Legislation was passed to require SPGEs to report. Any district that has taxing authority should be held accountable to the public. He added that SPGE board members should be elected rather than appointed.

Bruce Roberts, Deputy Executive Director, and Chuck Bonta, Training Records and Compliance Specialist, Kentucky Fire Commission, discussed fire department compliance reporting. Mr. Bonta noted that it has been found to be more feasible to visit the fire departments in person. At the time of the submitted report, 31 of 35 fire departments were compliant, equating to 89 percent of the total—three are working to submit, and one is pending merger due to inactivity.

The average revenues based on year-end actuals from the 2023 form was \$1.9 million. The average revenues based on current year estimates from the 2023 form was \$54,286.

There are 766 total fire departments in the state, which include: 20 Chapter 67 that are county fire departments; 110 Chapter 75 fire taxing districts; 195 Chapter 95 city fire departments; 437 Chapter 273 fire departments reporting to the Fire Commission that are reviewed annually under KRS 95A.055; and four others, such as those based at airports or military installations.

There were 647 reviews completed for FY23, which was switched from the calendar year. There have been 11 in-house investigations relating to training records issues and needing administrative guidance; two referred to the Kentucky State Police, one of which was subject to a grand jury indictment and one still under investigation; and three referred to the State Auditor/Attorney General, one awaiting a grand jury hearing and two pending an investigation.

Senator Mills commented that it was encouraging to hear that the fire departments are visited.

Consideration of Referred Administrative Regulation

Senator Mills noted that 202 KAR 002:020 had been referred to the committee and asked for any comment from the membership.

Senator Mills announced that the last meeting of the interim would be November 6, 2023. There being no further business, the meeting was adjourned at 9:30 a.m.