

CHAPTER 39

(HB 392)

AN ACT relating to local public agency transactions.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 45A.385 is amended to read as follows:

- (1) The local public agency may use small purchase procedures for any contract for which a determination is made that the aggregate amount of the contract does not exceed **fifty thousand dollars (\$50,000)**~~forty thousand dollars (\$40,000)~~ if small purchase procedures are in writing and available to the public.
- (2) ***Beginning in calendar year 2030, the small purchase maximum amount set out in subsection (1) of this section shall be increased by ten thousand dollars (\$10,000) every five (5) years effective on January 1 of each year. The Finance and Administration Cabinet shall, through a technical advice memorandum or other official means of communication, announce the small purchase maximum amount in effect for the current year, and shall also prominently post that information on its website.***

➔Section 2. KRS 45A.420 is amended to read as follows:

- (1) Any local public agency may enter into an agreement for cooperative purchasing with any other local public agency. When the contracting local public agency contracts for supplies, services or construction pursuant to KRS 45A.365, 45A.370, 45A.375, or 45A.380, all other parties to the agreement shall be deemed to have complied with the provisions of those sections.
- (2) Nothing in KRS 45A.345 to 45A.990 shall deprive a local public agency from negotiating with vendors for supplies where such supplies are the subject of a price agreement with the Commonwealth of Kentucky provided, however, that no contract executed under this section would authorize a price higher than is contained in the price agreement with the Commonwealth of Kentucky for such specific supplies.
- (3) ***For agreements that do not establish a fixed unit price, a local public agency may make purchases using an established discount, quote, formula, or other pricing method as established by the Commonwealth in the agreement. A local public agency shall retain records documenting its compliance with the procedures required in the applicable agreement.***
- ~~(4)~~~~(3)~~ Nothing in KRS 45A.345 to 45A.990 shall deprive a local school district from acquiring supplies outside of price agreements with the Commonwealth of Kentucky if the supplies meet the same specifications as the contract items and the supplies are purchased at a lower price than is contained in the price agreement with the Commonwealth of Kentucky for such specific supplies and the purchase does not exceed two thousand five hundred dollars (\$2,500).

➔Section 3. KRS 82.083 is amended to read as follows:

- (1) As used in this section, "independent appraisal" means an appraisal made by:
 - (a) An individual or organization not affiliated with the city or its officers or employees, using a generally accepted national or professional standard; or
 - (b) A city's officers or employees using:
 1. A nationally published valuation of property based on the most recent edition of the publication; ***or***
 2. ***For personal property with no applicable nationally published valuation standard, a generally accepted method to determine a good-faith estimate of the value of the personal property.***
- (2) A city may sell or otherwise dispose of any of its real or personal property.
- (3) Before selling or otherwise disposing of any real or personal property that has any value, the city shall make a written determination setting forth and fully describing:
 - (a) The real or personal property;
 - (b) Its intended use at the time of acquisition;

- (c) The reasons why it is in the public interest to dispose of it;~~and~~
 - (d) ***The method used to estimate value when the property is personal property appraised under subsection (1)(b)2. of this section; and***
 - (e) The method of disposition to be used.
- (4) Real or personal property may be:
- (a) Transferred, with or without compensation, to another governmental agency;
 - (b) Transferred, with or without compensation, for economic development purposes, which shall include but not be limited to real property transfers for the elimination of blight;
 - (c) Sold at public auction following publication of the auction in accordance with KRS 424.130(1)(b);
 - (d) Sold by electronic auction following publication of the auction, including the uniform resource link (URL) for the site of the electronic auction, in accordance with KRS 424.130(1)(b);
 - (e) Sold by sealed bids in accordance with the procedure for sealed bids under KRS 45A.365(3) and (4);
 - (f) Traded towards the purchase of the same or similar type of property, if the trade-in value received equals or exceeds the actual fair market value of the property as determined using an independent appraisal as defined in subsection (1) of this section;
 - (g) Sold for its appraised fair market value or a greater amount if the property is valued at ten thousand dollars (\$10,000) or less in an independent appraisal. Property sold under this paragraph may not be sold to a city officer or employee or family member of a city officer or employee as defined in the city's ethics ordinance adopted under KRS 65.003;
 - (h) Notwithstanding subsection (3) of this section, sold for scrap or disposed of as garbage in a manner consistent with the public interest if the property has no value, or is of negligible value as determined by an independent appraisal;
 - (i) Sold by the Finance and Administration Cabinet under an agreement with the city; or
 - (j) Notwithstanding subsection (3) of this section, when the property is an animal used in service by the city, given to the animal's primary handler or trainer, without the payment of compensation, when the animal is retired or is no longer capable of performing service to the city.
- (5) If a city receives no bids for the real or personal property, either at public or electronic auction or by sealed bid, the property may be disposed of, consistent with the public interest, in any manner deemed appropriate by the city. In those instances, a written description of the property, the method of disposal, and the amount of compensation, if any, shall be made.
- (6) Any compensation resulting from the disposal of this real or personal property shall be transferred to the general fund of the city.

➔Section 4. KRS 82.084 is amended to read as follows:

KRS 45A.345 to 45A.460 and 424.260 shall not apply to city governments, urban-county governments, consolidated local governments, or air boards identified in and operating under the provisions of KRS 183.142(1) for the purchase of:

- (1) Products or services when there is a single source of the product or service to be procured within a reasonable geographic area;
 - (2) Products needed as replacement parts for personal property or equipment where the need cannot be reasonably anticipated and maintaining an inventory of replacement parts is not feasible;~~and~~
 - (3) ***Vehicles and equipment installed on vehicles that are used exclusively for law enforcement purposes, if the purchaser obtains at least three (3) quotes prior to making the purchase and retains records documenting the quotes; and***
- (4) Products or services that are provided by:
- (a) Entities recognized by the Office of Vocational Rehabilitation under KRS Chapter 163 that operate programs for the rehabilitation of individuals who are blind or visually impaired;
 - (b) Agencies for individuals with severe disabilities as described in KRS 45A.465;

- (c) A qualified veterans' workshop providing job and employment-skill training to veterans where such a workshop is operated by the United States Department of Veterans Affairs;
- (d) Nonprofit organizations, employment services organizations, or other private business organizations with established operations within the jurisdiction of the city, urban-county government, or consolidated local government with the main mission or business purpose of serving individuals with disabilities by offering transitional or supported employment services or other rehabilitative programs and services, including but not limited to serving individuals with severe mental or physical disabilities or those recovering from substance abuse disorders; or
- (e) Nonprofit community service organizations operating within the jurisdiction of the city, urban-county government, or consolidated local government when there is a determination in the official record of the legislative body that the purchase of the products or services would serve a mutual benefit to the government and the organization by:
 - 1. Furthering the purposes of the organization;
 - 2. Providing a service or product needed by the government;
 - 3. Advancing a specific public purpose; and
 - 4. Serving the best interest of the public.

If two (2) or more organizations meet the qualifications set out in this paragraph, then the government shall award the contract to one (1) of the qualifying organizations using the selection criteria of its adopted competitive bidding process.

➔Section 5. KRS 424.260 is amended to read as follows:

- (1) Except where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for:
 - (a) Materials;
 - (b) Supplies, except perishable foods such as meat, poultry, fish, egg products, fresh vegetables, and fresh fruits;
 - (c) Equipment; or
 - (d) Contractual services other than professional;
 involving an expenditure of more than **fifty thousand dollars (\$50,000)**~~forty thousand dollars (\$40,000)~~ without first making newspaper advertisement for bids. This subsection shall not apply to the transfer of property between governmental agencies as authorized in KRS 82.083(4)(a).
- (2) If the fiscal court requires that the sheriff or county clerk advertise for bids on expenditures of less than **fifty thousand dollars (\$50,000)**~~forty thousand dollars (\$40,000)~~, the fiscal court requirement shall prevail.
- (3)
 - (a) Nothing in this statute shall limit or restrict the ability of a local school district to acquire supplies and equipment outside of the bidding procedure if those supplies and equipment meet the specifications of the contracts awarded by the Office of Material and Procurement Services in the Office of the Controller within the Finance and Administration Cabinet or a federal, local, or cooperative agency and are available for purchase elsewhere at a lower price. A board of education may purchase those supplies and equipment without advertising for bids if, prior to making the purchases, the board of education obtains certification from the district's finance or purchasing officer that the items to be purchased meet the standards and specifications fixed by state price contract, federal (GSA) price contract, or the bid of another school district whose bid specifications allow other districts to utilize their bids, and that the sales price is lower than that established by the various price contract agreements or available through the bid of another school district whose bid specifications would allow the district to utilize their bid.
 - (b) The procedures set forth in paragraph (a) of this subsection shall not be available to the district for any specific item once the bidding procedure has been initiated by an invitation to bid and a publication of specifications for that specific item has been published. In the event that all bids are rejected, the district may again avail itself of the provisions of paragraph (a) of this subsection.

- (4) This requirement shall not apply in an emergency if the chief executive officer of the city, county, or district has duly certified that an emergency exists, and has filed a copy of the certificate with the chief financial officer of the city, county, or district, or if the sheriff or the county clerk has certified that an emergency exists, and has filed a copy of the certificate with the clerk of the court where his necessary office expenses are fixed pursuant to KRS 64.345 or 64.530, or if the superintendent of the board of education has duly certified that an emergency exists, and has filed a copy of the certificate with the chief state school officer.
- (5) The provisions of subsection (1) of this section shall not apply for the purchase of wholesale electric power for resale to the ultimate customers of a municipal utility organized under KRS 96.550 to 96.900.
- (6) Subsection (1) of this section shall not apply to purchases for products or services made pursuant to KRS 82.084.
- (7) *Beginning in calendar year 2030, the small purchase maximum amount set out in subsections (1) and (2) of this section shall be increased by ten thousand dollars (\$10,000) every five (5) years effective on January 1 of each year. The Finance and Administration Cabinet shall, through a technical advice memorandum or other official means of communication, announce the small purchase maximum amount in effect for the current year, and shall also prominently post that information on its website.*

Signed by Governor April 7, 2026.