

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the 7th Meeting Of the 2021 Interim

November 22, 2021

Call to Order and Roll Call

The 7th meeting of the Interim Joint Committee on Local Government was held on Monday, November 22, 2021, at 10:00 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: Senator Robby Mills, Co-Chair; Representative Michael Meredith, Co-Chair; Senators Ralph Alvarado, Denise Harper Angel, Morgan McGarvey, Michael J. Nemes, Wil Schroder, Adrienne Southworth, and Damon Thayer, Representatives Danny Bentley, Josh Bray, George Brown Jr., Ken Fleming, Deanna Frazier, Regina Huff, Mary Beth Imes, DJ Johnson, Adam Koenig, Mary Lou Marzian, Jerry T. Miller, Brandon Reed, Rachel Roberts, and Walker Thomas.

Guests: Jim Henderson, Shellie Hampton, Gracie Lagadinos, and Grace Clark, Kentucky Association of Counties; Jerry Wagner, Kentucky Sheriff's Association; Todd Ruckel, Kentucky County Judge/Executives Association; Tony Wilder, Kentucky Council of Area Development Districts; and Mack Bushart, Property Valuation Administrators.

LRC Staff: Mark Mitchell, Christopher Jacovitch, Joe Pinczewski-Lee, and Cheryl Walters

Approval of Minutes

Upon the motion of Senator Alvarado, seconded by Representative Bentley, the minutes from the October 19, 2021 meeting were approved.

Kentucky Association of Counties' Legislative Platform for the Upcoming 2022 Session of the General Assembly

Mr. Jim Henderson, Executive Director/CEO of the Kentucky Association of Counties (KACo) told the committee that KACo's top priority for the 2022 Session was to educate and inform by telling the county story. KACo's top priority does not require legislation or funding. KACo is committed to informing the policymakers about the functions and roles played by county government, including the constitutionally required duties counties must perform on behalf of the Commonwealth. People are not fully aware of the many roles of the county and county officers, such as the county's responsibility for

incarcerating persons charged with breaking laws regardless of whether or not the county operates a jail and the sheriff's importance in tax collection.

Ms. Shellie Hampton, Director of Government Affairs with KACo, pointed out that KACo's 2022 legislative priorities include five categories: to educate and inform, which Mr. Henderson discussed; county jails; transportation; criminal justice; and revenue and budgets.

In regard to county jails, Ms. Hampton stated that Kentucky's incarcerated population is being driven in large part by addiction and a mental health crisis, or inmates with a combination of the two. Law enforcement is usually who is called to handle situations with this population, and often feels it has few other options but to take them to jail.

The jail crisis across Kentucky affects every county, whether it operates its own jails or contracts with neighboring counties to house inmates. Each county is financially responsible for its own incarcerated population regardless of where they are housed. The state also faces corrections-related challenges. The growth of Kentucky's population has far outpaced the state's population growth. Between 2011 and 2019, the state's population grew by two percent. Counties' incarcerated population grew by 31 percent, which means an increase in the financial obligation of the state and counties.

Counties spend over \$100 million a year in jail-related costs for inmates who are arrested and charged on state crimes. Over 21,000 inmates are housed in county jails. Expenses have exploded with the COVID pandemic. Recruitment and retention challenges, present in the public sector as well as the private sector, not only affect jails, but also affect sheriffs, fire departments, road departments, 911 call centers, and paramedic staff.

For persons who are arrested for violations of state crimes, counties are not reimbursed for the housing of those persons until after trial and sentencing has been determined, which can take years. The per diem of \$31.34 has not increased since 2008, and does not cover actual costs which averages the state at \$45 per day. Adjusting the \$31.34 sum from 2008 to account for inflation, that number equals around \$40. KACo plans to pursue fulfillment of the \$12 million allocated by the General Assembly from the American Rescue Plan Act (ARPA).

KACo's board voted transportation funding as a top priority again for 2022. More than 40 percent of county roads are in need of moderate to significant repair, and a quarter of KACo's members have said that more than 60 percent of their roads are in need of moderate to significant repair.

Over 95 percent of the state road fund is supplied by four revenue streams. Those streams are the motor fuels tax, the motor vehicle usage tax, the motor vehicle license tax,

and the weight distance tax. Out of those revenue sources, counties only receive a minor portion from one--the motor fuels tax--to help supplement county funds. Counties own and maintain half of Kentucky's 80,000 miles of roads.

While the overall road fund has seen some growth, the motor fuels tax has declined since 2015 when the General Assembly passed legislation that instituted a floor on the decrease in motor fuels revenues which did help stabilize decreasing revenues.

KACo thanks Representative Santoro, who has led the transportation issue since the start, sponsoring legislation for the last four sessions that would begin to address the need.

Fifteen other states have increased road funds and fees in just the last six years, including Indiana, Tennessee, Ohio, West Virginia, and Illinois. This past spring, Missouri voted to increase its motor fuels tax 2.5 percent over five years.

Representative Santoro's bills included electric vehicles, which use the road but do not pay into the road fund, to begin contributing to that revenue stream. With electric vehicles presently accounting for less than one percent of cars on the road in Kentucky, this will only generate a small amount in the first year based on last year's bill. It is a forward-looking approach for such a small but growing percentage of all cars on the road. Global automakers are beginning to phase out internal combustion engines with plans to completely do so in 15 to 20 years. The time for Kentucky to address electric vehicles is now. Thirty states, including all of those surrounding Kentucky, have already instituted an electric vehicle fee. The vast majority of those continue to share that revenue with their counties. KACo is asking for the same sharing of revenues, as the electric vehicle market will only continue to grow.

Criminal justice issues impact counties on many fronts. Virtual court appearances or video arraignments has been an option for several years, but some jails could not afford the technology or judges refused to use it, insisting that every inmate be physically present in the courtroom for every hearing. That is a particular challenge when that inmate is being housed in, for example, Kenton County, but must be driven to Fulton County for the appearance. That is a full day on the road away from their home county, leaving their home department short-staffed and risking the safety of the deputies. COVID spurred the Supreme Court to order video arraignments on jails and while it has saved money, time, and safety in terms of transport, it increased pressure on jails to provide the technology, provide space for private conversation with attorneys, and install the equipment required for those in attendance in the courtroom to be able to see and hear them. KACo is working with a large stakeholder group to implement and begin using equipment provided by the \$14 million allocated by the General Assembly this year.

Regarding revenue and budgets, Mr. Henderson stated that KACo is pursuing options to improve county revenue flexibility and diversification which includes changing

the Constitution. KACo is working to maintain transparency and increase efficiency while reducing costs of required county audits, including expansion of competitive, market-based solutions.

In response to a question from Representative Miller, Ms. Hampton replied that the federal government's contribution to the jail per diem depends on the contract each county has with the federal government, but is usually in the mid to high 40's or sometimes the 50's.

Responding to a question from Representative Frazier, Ms. Hampton stated that there are plenty of stakeholders regarding video arraignments. The stakeholders include all county offices.

Responding to a question from Representative Bentley, Mr. Henderson said counties are having conversations with the Attorney General's Office regarding spending the global opioid settlement money. KACo supports spending the money in a collaborative manner among the counties.

In response to a question from Senator Nemes, Mr. Henderson stated that KACo has looked at what other states are doing to integrate electric vehicles into the tax structure. KACo would be open to having a usage tax instead of an electric vehicle and gas tax, but the bottom line is having enough funds available, no matter the tax model.

In response to a question from Senator Alvarado regarding tax reform, Mr. Henderson replied that most county officials would welcome having more control at the county level in setting tax rates established by sub county entities.

In response to another question from Senator Alvarado, Mr. Henderson stated that redistricting of the legislative seats would be better if it were performed sooner than later. County clerks draw local precinct boundaries based on that information.

Representative Koenig commented that he has sponsored a couple of bills to form a task force on electric vehicles that would look at the issue of charging by the number of miles travelled rather than the amount of gas purchased.

Senator Mills announced that this was the last committee meeting of the interim.

There being no further business, the meeting was adjourned at 10:50 a.m.