

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the First Meeting of the 2025 Interim

June 24, 2025

Call to Order and Roll Call

The first meeting of the Interim Joint Committee on Local Government was held on June 24, 2025, at 9:00 AM in Room 149 of the Capitol Annex. Senator Michael J. Nemes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Michael J. Nemes, Co-Chair; Representative Patrick Flannery, Co-Chair; Senators Julie Raque Adams, Greg Elkins, Amanda Mays Bledsoe, Christian McDaniel, Robby Mills, Steve Rawlings, and Lindsey Tichenor; and Representatives Josh Bray, George Brown Jr., Beverly Chester-Burton, Steven Doan, Ken Fleming, Chris Freeland, Peyton Griffie, Tony Hampton, Mark Hart, Mary Beth Imes, Chris Lewis, Michael Meredith, Amy Neighbors, Rachel Roarx, Sarah Stalker, and Susan Witten.

Guests: Daniel London, Executive Director, Lincoln Trail Area Development District; Steve Henry, Webster County Judge/Executive; Kevin Cotton, Mayor of Madisonville; Harry Clark, Rowan County Judge/Executive; Brandon Lincoln, Chair of Governmental Affairs, Kentucky State Fraternal Order of Police; Tabatha Clemons, Past President, Kentucky County Clerk's Association; Trey Grayson, Attorney, Kentucky County Clerk's Association; Jim Henderson, Executive Director, Kentucky Association of Counties; Shellie Hampton, Director of Legislative Affairs, Kentucky Association of Counties; J.D. Chaney, Executive Director, Kentucky League of Cities; and Gracie Kelly, Director of Government Affairs, Kentucky League of Cities.

LRC Staff: Mark Mitchell, Christopher Jacovitch, and Faithe Wheatley.

Discussion of County Clerks' Land Records Update

Tabatha Clemons, Past President, Kentucky County Clerk's Association, and Trey Grayson, Attorney, Kentucky County Clerk's Association, discussed the transition to electronic records in county clerk offices.

Mr. Grayson said the transition to electronic records began with the County Clerks Modernization Task Force created during the 2021 Regular Session. Several pieces of legislation resulted. Guidelines, mandates, and funding in the 2022 budget provided

funding for documents to be electronically recorded and available on-line. Legislation required each county to have an on-line portal containing land records going back 30 years by 2024 and 60 years by 2026.

Mr. Grayson said it is difficult to get data on the status of all counties compliance. A handful of counties still are not doing electronic recording and approximately one-third of counties have met the 30-year deadline. It is likely all counties will meet the 60-year deadline.

Ms. Clemons said it was easier and more cost effective for counties to scan 60 years of records due to a shortage of vendors who have the equipment necessary to scan these types of records and meet the requirements of the legislation. The most important and time-consuming piece of the transition to electronic records is the verification process.

Mr. Grayson and Ms. Clemons also discussed: deed fraud, document storage fees added to deed filing for the grant program from the Kentucky Department of Library and Archives (KDLA), a stronger relationship between the Kentucky County Clerks' Association and the Land Title Association, and the question of public accessibility to physical records in county clerk offices once the electronic recording transition is complete.

In response to Senator Mills, Ms. Clemons stated she did not know the balance in the KDLA fund.

In response to Representative Flannery, Mr. Grayson stated he did not think money from the General Assembly would help counties get to compliance. Ms. Clemons stated staffing and so much modernization in other areas is affecting fulfilling the e-filing mandate.

In response to Representative Meredith, Ms. Clemons stated the \$25 million provided by the General Assembly has all been awarded, but not all has been expended, because not all the work has been completed by vendors.

Discussion of Area Development Districts-History, Duties, Successes, and Challenges

Daniel London, Executive Director, Lincoln Trail Area Development District; Steve Henry, Webster County Judge/Executive; Kevin Cotton, Mayor of Madisonville; Harry Clark, Rowan County Judge/Executive, discussed the history, duties, success, and challenges of Area Development Districts (ADD).

Mr. London discussed what an ADD is and does, ADD historical benchmarks, and ADD governance. Kentucky's 15 ADDs work together as one regionally for the greater good of cities and counties collectively.

Mayor Cotton discussed the ADD's role in community and economic development and the statewide impact of that development in fiscal year 2024.

County Judge/Executive Henry discussed the ADD's aging and social services and the statewide impact of these services in fiscal year 2024.

County Judge/Executive Clark discussed a regional success story with the Gateway Area Development District (GADD) and the city of Morehead regarding its water treatment plant.

In response to Representative Hart, Mr. London stated it is difficult to recruit and find qualified candidates in rural versus urban communities. There is a large pay gap between rural and urban communities and subject matter experts are traditionally in urbanized areas.

Discussion of Legislative Measures

Senator Elkins and Representative Roarx discussed legislative proposals they each plan to file in the 2026 Regular Session.

Senator Elkins discussed SB 37 from the 2025 Regular Session that provided local governments the authority to bury or cremate deceased indigent individuals under certain circumstances in the manner that best fits the need.

Senator Nemes commented that those in authority should have the option to choose the method of disposal, if a family member is not willing or able to take on the responsibility after a certain amount of time has elapsed. Senator Elkins responded that this language would be added to the bill.

Representative Roarx discussed HB 367 from the 2025 Regular Session added to the definition of "hazardous position" as used in the County Employees Retirement System (CERS) to include Louisville Metro Code Enforcement Officers whose duties include investigation, inspection, issuance of certain citations, and duties that require frequent exposure to a high degree of danger. Brandon Lincoln, Chair of Governmental Affairs, Kentucky State Fraternal Order of Police, discussed the need for the bill and the local cost.

Senator Nemes commented that this bill would not affect public pension funds since monies would come from the locality, and that this would be an option, not a state mandate.

Discussion of Local Taxing Sources

Jim Henderson, Executive Director, Kentucky Association of Counties (KACO); Shellie Hampton, Director of Legislative Affairs, KACO; J.D. Chaney, Executive Director, Kentucky League of Cities (KLC); and Gracie Kelly, Director of Government Affairs, KLC, discussed local taxing sources.

Mr. Chaney discussed the three main tax revenue options for cities: occupational license fees, property taxes, and insurance premium taxes. He provided a breakdown of the average percentage each tax comprises of city budgets.

Ms. Kelly discussed municipal revenue by source and population among Kentucky's 408 differently populated cities, additional revenue sources cities may use, what cities do with revenue dollars, and that rising costs are outpacing local revenue growth.

Mr. Henderson stated the differences between each county's reliance on particular revenue sources was as numerous as there are counties in Kentucky. Counties rely on the same taxing and revenue sources as cities, but some of the expenditures are different.

Ms. Hampton discussed the three main tax revenue options for counties: occupational license fees, property taxes, and insurance premium taxes. As of FY 2023, there has been a revenue shift with occupational license fees surpassing property taxes as the highest source of revenue. She provided a breakdown of total tax revenue for each tax revenue source by county and a breakdown of county expenditures. Ms. Hampton noted the five most common countywide taxing districts, also known as, Special Purpose Governmental Entities, are: agricultural extension districts, health department districts, library districts, soil conservation districts, and ambulance districts.

Adjournment

There being no further business, the meeting was adjourned at 10:32 AM.