Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2015 Regular Session

Part I: Measure Information

Bill Request #: 266	
Bill #: HB 77	
Bill Subject/Title:	AN ACT relating to prohibiting various state and local governmental entities from procuring goods and services from delinquent taxpayers.
Sponsor: Representative Steve R. Riggs	
Unit of Government:	xCityxCountyxUrban-CountyxCharter CountyxConsolidated LocalxGovernment
Office(s) Impacted:	Procurement offices / offices charged with purchasing or entering into contracts to acquire goods or services
Requirement: <u>x</u>	Mandatory Optional
Effect on Powers & Duties:	Modifies Existing <u>x</u> Adds New Eliminates Existing

Part II: Purpose and Mechanics

This proposal will prohibit local government entities, local school boards of education, governing boards of postsecondary educational institutions, the Kentucky Turnpike Authority, the Department of Highways, and the Transportation Cabinet from procuring goods and services from delinquent taxpayers in regards to taxes administered by the Department of Revenue.

This proposal defines in certain terms 'delinquent taxpayer' by citing KRS 131.670.

The Department of Revenue will make a list of current delinquent taxpayers available to local governmental entities.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The fiscal impact of HB 77 on local governmental agencies is expected to be minimal.

Whereas the Department of Revenue currently keeps this information, there will be no additional cost associated with producing such a list. A means to search for individual debtors and business debtors is currently available on the Department of Revenue's public web site at no cost to the user.

Minimal cost would be associated with altering the procurement procedures within city ordinances, county administrative codes, and local governing regulations to exclude delinquent taxpayers from the procurement process.

The provisions will benefit local agencies by removing inauspicious vendors from the procurement process, thus potentially saving time, effort, and money.

Local governmental entities are required by ordinance to use either the general bidding statutes (KRS 424.260 and KRS 424.130) or to adopt the provisions of the Model Procurement Code (KRS 45A.343-45A.460), which provides a comprehensive code for the procurement of goods and services valued at \$20,000 and over. There are no provisions for excluding delinquent taxpayers from the process within the Model Procurement Code, albeit such an exclusion can be imputed from the language of KRS 45A.485 (which is not within the Model Procurement Code). For purchases where the aggregate amount of the contract is less \$20,000 a local governmental entity must use small purchase procedures which are required to be in writing and available to the public.

Data Source(s):	Kentucky Department of Revenue; LRC staff; County Government in
	Kentucky, Informational Bulletin No. 115; Kentucky Municipal Statutory
	Law, Informational Bulletin No. 145; and Local City Treasurer

Preparer:Wendell F. ButlerReviewer:MCYDate:12/18/14