

**Local Mandate Fiscal Impact Estimate
Kentucky Legislative Research Commission
2016 Regular Session**

Part I: Measure Information

Bill Request #: 963

Bill #: HB 161

Bill Subject/Title: Voluntary Consolidation of Two or More Counties

Sponsor: Rep. Adam Koenig

Unit of Government: ___ City X County ___ Urban-County
 Unified Local
 ___ Charter County ___ Consolidated Local ___ Government

Office(s) Impacted: County Fiscal Court, County Clerk, County Judge/Executive, and
 other county offices

Requirement: ___ Mandatory X Optional

Effect on
Powers & Duties: X Modifies Existing X Adds New X Eliminates Existing

Part II: Purpose and Mechanics

Section 1 to 8 of HB 161 create new sections of KRS Chapter 67.

Section 1 permits two or more adjoining counties to consolidate. (The measure excludes consolidated local governments, charter county governments, urban-county governments, and unified local governments from consolidation.) Two methods are established for initiating consolidation:

(1) Adoption of an ordinance by a Fiscal Court stating the intent of the county to consider consolidation with another county or counties; or

(2) Petitioning of the fiscal court by at least 20% of registered voters within the county who voted in the last presidential election.

Upon receipt of a certified petition or the final adoption of an ordinance stating the intent of a county to consolidate with another county or counties, the County Judge/Executive in the initiating county shall provide notice, under Section 1, of the certified petition or ordinance to the Fiscal Court and residents of each adjoining county that may participate

in the consolidation. If an adjoining county takes no action within 120 days of receiving notice, then that county shall not be eligible for consolidation.

If, in the county proposed for consolidation, a petition is received or an ordinance is enacted stating the intent of the county to consolidate with the initiating county, a timetable is provided for a special election under Section 1 to be held in each county on the same day. **All general costs associated with the conduct of the special election relating to a proposed consolidation of counties shall be paid for by the state.**

In each county proposed for consolidation, the County Judge/Executive shall deliver a certified copy of the enacted ordinance or the final certified petition to the County Clerk of the county in which the election is to be held under Section 1. The County Clerk shall prepare the question or questions to be placed before the voters. (Voters may be given the option of adopting a commission form of government for a newly consolidated county.)

Upon certification of an election to consolidate counties, the County Judge/Executive of each county (under Section 3) shall appoint a Transition Committee to divide the area of the new county: into districts for the election of fiscal court members of the new county and into magisterial districts. The Transition Committee shall also propose names for the new county that shall be submitted to the voters for their selection at the same time as the election for the members of the new fiscal court. If the election approved a commission form of government, the County Judge/Executive shall set the commissioner districts at the same time the Transition Committee establishes the magisterial districts.

Section 4 requires that all taxes in effect in each county in the fiscal year immediately preceding the formation of the new county shall remain in effect until they expire or the governing body of the new county changes the taxes.

Section 4 also requires that all obligations in effect in each county shall remain in effect as obligations of the new county. The area within each previously existing county shall be designated as a special taxing district for the purpose of generating revenue to satisfy the outstanding obligations of the previously existing county.

Pursuant to Section 5, the measure establishes a procedure for voter selection of the county seat of the new county from one of the existing county seats. The remaining county government buildings in the county seats of the previously existing counties shall be maintained as branch offices of the newly formed county for a period of no less than 10 years, after which the Fiscal Court may make a decision as to their necessity and use.

Under Section 6, the Department for Local Government shall promulgate regulations to give preference points on applications for Small Cities Community Block Grant Program funds. The Department for Local Government shall provide technical and advisory assistance to newly consolidated counties.

Section 7 requires that upon consolidation of counties, all special purpose governmental entities shall continue to exist unless dissolved in the manner prescribed by law. Appointments to boards of special purpose shall remain in effect until the terms expire, at which time the appropriate appointing authority shall make new appointments.

Section 9 repeals various statutes in KRS Chapter 67 relating to consolidation of counties.

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

The fiscal impact of HB 161 on local governments is expected to be minimal to moderate costs for adjoining counties attempting consolidation. However, upon consolidation of adjoining counties, it is expected that there will be indeterminable savings and increased revenues that will range from minimal to significant.

Under implementation of the measure, the following activities are likely to result in some additional costs for the counties voluntarily electing to merge:

- The Fiscal Court in the initiating county may adopt an ordinance which states the intent of the county to consider consolidation with another county or counties. (**Minimal cost** will be associated with drafting and advertising the ordinance under the provisions of KRS Chapter 424 and placing the ordinance on the local Fiscal Court docket for consideration.);
- Twenty percent of the registered voters in a county may petition the Fiscal Court for consolidation. (**There will be minimal to moderate administrative cost** to the County Clerk with the duty to certify the petition as sufficient, including verifying that the names on the petition are registered voters who voted in the last presidential election);
- The County Judge/Executive in the initiating county shall have the duty to notify each Fiscal Court and the residents of each adjoining county proposed for consolidation of the action taken by the initiating county. (The County Judge/Executive will have a **minimal cost** since he or she will be required to: (1) Send a certified letter to each Fiscal Court of adjoining counties proposed for consolidation of the action taken in the initiating county and (2) Provide legal public notice, as provided in KRS Chapter 424, to residents of adjoining counties regarding the action taken in the initiating county);
- The County Clerk in each adjoining county in which a special election is held shall have a duty to certify the results. (**A nil to minimal cost** will be attached to this duty since under the measure all general costs associated with the conduct of special elections relating to a proposed consolidation of counties will be paid for by the state);
- Upon voter approval of the consolidation measure, the County Judge/Executive in each consolidating county shall have a duty to appoint six members to a Transition Committee. If the

voters approve a commission form of government, the County Judge/Executive shall have a duty to set the commissioner districts and make provision for election of commissioners (**There will be minimal administrative cost.**); and

- The Transition Committee shall convene to: divide the new county into districts for the election of members of the Fiscal Court of the new county, divide the new county into magisterial districts, and propose names for the new county (**The administrative costs will be indeterminable. The amount of the costs will depend upon:** the frequency and duration of meetings, the amount of necessary technical assistance and support staff, and any supplies and equipment required by the Transition Committee).

Under implementation of the measure, the consolidation of government functions by merging counties will result in indeterminable savings and increased revenues that will range from minimal to significant:

- Replacing two or more Fiscal Courts with one Fiscal Court would reduce administrative support expenses (The amount of **savings** could depend upon the level of activity of the fiscal courts in the previously existing counties);
- There will be consolidation of administrative, planning, and procurement processes (The amount of **savings** could depend upon efficiencies in the administration, planning, and purchasing of various goods and services);
- Ten years after consolidation, the Fiscal Court may make a decision as to the necessity and use of county government buildings in the county seats of the previously existing counties (**The Fiscal Court will have to maintain the buildings for ten years, but then may sell or lease the buildings and thereby generate minimal to significant revenues**);
- The Department for Local Government shall promulgate administrative regulations to give preference points on applications for Small Cities Community Development Block Grant Program funds made by new county formed out of consolidation. (**This provision should increase revenues by an indeterminable amount.**)
- The Department for Local Government shall provide technical and advisory assistance to a new county formed out of consolidation. (The amount of **savings** is indeterminable.)
- There will be consolidation of taxes in the previously existing counties (The amount of **savings** could depend on increased efficiency in collecting taxes); and
- Some government services, functions, and administration will be streamlined or eliminated. (**The amount of savings could range from minimal to significant.**)

Data Source(s): Department for Local Government and LRC Staff

Preparer: Scott Varland **Reviewer:** JWN **Date:** 1/12/16