

and Workforce Development Cabinet. Section 3 of the bill, as introduced, would establish requirements for the Kentucky Auditor of Public Accounts to conduct a preliminary study of each ADD, including an evaluation of policies and procedures and an analysis of financial activities. Following the preliminary study the Auditor would conduct an examination of any issues identified and make recommendations to the identified ADD board of directors. The costs of the study and examination would be borne by the subject ADD. The Auditor would be required to send the preliminary study, examination, recommendations, and the ADD's response to the LRC and the Attorney General.

HB 438 HCS retains Sections 1 and 2 of the bill as introduced, and deletes Section 3.

The committee substitute does not include any requirement for evaluation or examination of the ADDs.

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

HB 438 HCS would have no or minimal positive fiscal impact on local governments.

The original bill would have had little or no fiscal impact on local governments and neither would the committee substitute, since ADDs are not funded by local governments but with federal and state dollars. Removing the requirement for Auditor evaluations and examinations, to be paid for by the ADDs, should eliminate the potential reduction in money available for ADD projects. Advertising to fill an opening in the position of executive director as would be required by the bill would represent a minimal cost to an ADD. The fiscal impact of the prohibition in the bill on bonuses, awards, one time salary adjustments or special salary enhancements for employees would be a cost savings to an ADD, unless the board decides it must, instead, increase salaries.

Data Source(s): Kentucky League of Cities, LRC staff, Kentucky Revised Statutes

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