

1 AN ACT relating to local government payment for purchases and standing orders,
2 and declaring an emergency.

3 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

4 ➔Section 1. KRS 65.140 is amended to read as follows:

- 5 (1) As used in this section, unless the context otherwise requires, "purchaser" means
6 any city, county, or urban-county government which receives goods or services
7 from a vendor.
- 8 (2) Unless the purchaser and vendor otherwise contract, all bills for goods or services
9 shall be paid within thirty (30) working days of receipt of a vendor's invoice ***by the***
10 ***party responsible for payment,*** except when payment is delayed because the
11 purchaser has made a written disapproval of improper performances or improper
12 invoicing by the vendor or by the vendor's subcontractor. ***Written disapproval shall***
13 ***be at least a notation of disapproval on the invoice with notice to the vendor by***
14 ***postal or electronic means of the reason and justification for the delay.***
- 15 (3) An interest penalty of one percent (1%) of any amount approved and unpaid shall be
16 added to the amount approved for each month or fraction thereof after the thirty (30)
17 working days which followed receipt of vendor's invoice by the purchaser.

18 ➔Section 2. KRS 68.275 is amended to read as follows:

- 19 (1) Claims against the county that are within the amount of line items of the county
20 budget and arise pursuant to contracts duly authorized by the fiscal court ***and claims***
21 ***paid as a requirement of state or federal law or regulation, such as health***
22 ***insurance, Social Security, and retirement payments,*** shall be paid by the county
23 judge/executive by a warrant drawn on the county and co-signed by the county
24 treasurer.
- 25 (2) ***Other than claims described in subsection (1) of this section,*** the county
26 judge/executive shall present all claims to the fiscal court for review prior to
27 payment and the court, for good cause shown, may order that a claim not be paid.

1 *Claims paid pursuant to subsection (1) of this section shall be presented to the*
2 *fiscal court for review following payment.*

3 (3) The fiscal court may adopt an order, called a standing order, to preapprove the
4 payment of recurrent monthly payroll and utility expenses. No other expenses shall
5 be preapproved pursuant to this subsection without the written consent of the state
6 local finance officer. Notwithstanding KRS 68.020(1), payment of preapproved
7 expenses may be made by means of electronic funds transfers from an authorized
8 account of the county without the cosignatures of the county judge/executive and
9 the county treasurer if approved by the fiscal court in a standing order, and if the
10 fiscal court has received the payee's prior written consent for the payment of funds
11 by electronic funds transfer due the payee. All standing orders adopted by the fiscal
12 court shall be renewed annually and submitted to the state local finance officer by
13 July 1 of each fiscal year with the submission of the county budget if the fiscal court
14 wishes to continue the standing order. Otherwise, after July 1, the standing order
15 shall expire, and no more payments designated in the standing order shall be
16 preapproved unless a new order is adopted by the fiscal court according to the
17 provisions of this subsection.

18 ➔Section 3. Whereas certain persons and companies have furnished in good faith
19 services, supplies, and materials to local governments, and payments must be made in a
20 timely manner, an emergency is declared to exist, and this Act takes effect upon its
21 passage and approval by the Governor or upon its otherwise becoming a law.