

the regulatory license fee. For a third offense, the ability to impose a fee will be lost permanently.

The fiscal impact of HB 426 GA is indeterminable. Louisville is Kentucky's only consolidated form of government and Lexington is Kentucky's only urban-county government; and the two cities not affected by HB 426 GA.

Whereas this fee is levied at a percentage rate that is reasonably estimated to fully reimburse the local government for the estimated costs of any additional policing, regulatory, or administrative expenses related to the sale of alcoholic beverages in the city or county, and in situations where the county becomes wet in the same time span as when this fee ordinance is enacted, there should be minimal positive or negative fiscal impact on the local government depending on how accurate the estimate is. All fees collected will be applied to policing, regulatory, and administrative efforts in total. In situations where the city or county had been wet prior to the enactment of this ordinance, the local government will see a positive fiscal impact since these additional funds when applied to policing, regulatory, or administrative expenses will allow other funds to be used elsewhere by the local government.

There will be administrative cost to the county clerk if the question is submitted to the voters. According to Harp Enterprises, a vendor that provides electronic voting machines to 96 Kentucky counties, there would be some additional programming cost to add a local option question to a ballot at the next regular election. For example, the cost to add a new category to the ballot for Franklin County, with 44 precincts, has been estimated at between \$1,700 and \$2,500.

There would also be costs related to creating an ordinance advertising the revision in a local newspaper, placing the revision on the business docket for necessary action, and printing a revised list of ordinances.

According to Kentucky League of Cities, most cities, especially the smaller ones, retain their city attorney on contract and pay on an hourly basis. Time spent drafting ordinances is influenced by its complexity and the amount of research that is necessary. In FY 2018, the median hourly rate was approximately \$106. Rates for legal notices vary greatly depending on the length of the publication, the number of times it needs to be published and the newspaper in which the publication is placed. Therefore, these costs are unknown.

Municipalities must revise their ordinances, at least every five years by state law, to eliminate "redundant, obsolete, inconsistent, and invalid provisions." The cost of this mandate would be less if the creation of the ordinance was done in conjunction with this periodic updating of ordinances.

Part III: Differences to Local Government Mandate Statement from Prior Versions

HB 426 GA with Floor Amendment 2 retains the provisions of HB 426 as introduced and makes the following additions regarding the annual audit:

HB 426 GA requires improperly spent license fees be refunded. Additionally, guidelines are provided for a first, second, and third offense.

Data Source(s): LRC Staff

Preparer: Wendell F. Butler **Reviewer:** _____ **Date:** _____