Local Government Mandate Statement Kentucky Legislative Research Commission 2020 Regular Session

Part I: Measure Information

Bill Request #: 907								
Bill #: SB 5 HCS 1								
Document ID #: 7149								
Bill Subject/Title: AN ACT relating to special purpose governmental entities.								
Sponsor: Senator Ralph Alvarado								
Unit of Government:	City	X County	X Urban-County Unified Local					
	X Charter County	X Consolidated Local						
Office(s) Impacted:	County Clerks							
Requirement: X Mandatory Optional								
Effect on Powers & Duties:	Modifies Existing	X Adds New Eli	minates Existing					
			4 T I					

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

The fiscal impact of on local government is expected to be minimal.

Section 1:

SB 5 HCS 1 creates a new section of KRS Chapter 65A regarding any ad valorem tax or fee levied by a special purpose governmental entity (SPGE) other than an air board, a fire protection district, or an ambulance taxing district, and that is not otherwise required by statute or ordinance to be adopted or approved through an official act of an establishing entity.

A SPGE proposing to levy either an ad valorem tax rate which would generate more revenue than the compensating tax rate or an ad valorem tax for the first time, or a new fee must submit the proposed rate to its governing body. The governing body can approve a rate that is less than the proposed rate, but greater then than the compensating rate, or a rate that is less than the proposed rate if the entity is proposing a first time ad valorem tax. A SPGE may request the Department of Local Government to calculate ad valorem rates. Also in regards to fee requirements, SB 5 HCS 1 lists a number of exempted fees and charges that the new fee requirements would not apply. Because of the large number of exempted fees that are applicable to entities related to cities, **the Kentucky League of Cities (KLC) believes that many cities would not be impacted at all**, thus the bill would have zero fiscal impact on these cities.

KLC has identified additional concerns with SB 5 HCS 1. For information on those, LRC's fiscal statement review staff recommends contacting the Kentucky League of Cities directly.

The Secretary of State's office states that there should not be any additional cost to enact the legislation. The office would include these changes to the statewide voter registration system (VRS) to allow county clerks to code voters by taxing district. This ensures voters are provided the correct ballot. This coding will be time consuming for county clerks. The need to code voters by taxing district for the SPGE would be in the event of a recall of the tax rate.

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

The impact of SB 5 HCS 1 is the same as SB 5 GA. SB 5 HCS keeps the provisions of SB 5 GA except for removing ambulance services from the provisions of the proposal allowing them to enact ad valorem taxes without fiscal court approval. This puts ambulance services in the same category as Chapter 75 Fire Districts.

SB 5 HCS 1 clarifies that a governing body may approve a rate that is less than the proposed rate, but greater then than the compensating rate, or a rate that is less than the proposed rate if the entity is proposing a first time ad valorem tax.

The impact SB 5 GA on local governments is the same as it was with SB 5 SCS.

The local government impact to the SCS is the same as the impact to the bill as introduced. The SCS states that the ad valorem tax or fee levied by a SPGE does not apply to fire protection districts and clarifies that the governing body may approve a rate or rates that are less than the proposed rate or rates.

Preparer:	Wendell F. Butler	Reviewer:	KHC	Date:	3/12/20
------------------	-------------------	------------------	-----	-------	---------