Local Government Mandate Statement Kentucky Legislative Research Commission 2021 Regular Session

Part I: Measure Information

Bill Request #: 451		
Bill #: HB 265 GA		
Document ID #: <u>5340</u>		
Bill Subject/Title: AN ACT relating to sheriffs' tax settlements.		
Sponsor: Representative Mary Beth Imes		
Unit of Government: City X County X Urban-County Unified Local Unified Local		
X Charter County X Consolidated Local X Government		
Office(s) Impacted: Sheriff's Office		
Requirement: X Mandatory Optional		
Effect on Powers & Duties: X Modifies Existing Adds New Eliminates Existing		

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

This bill establishes requirements for the audit of the annual sheriff's tax settlement and establishes a deadline of March 15th for the financial statement filed by the sheriff of a county containing a population of less than 70,000.

According to the staff of the Auditor of Public Accounts, HB 265 would lead to a reduction in audit costs for any county that would currently be required to have more than one Sheriff's Tax Settlement (STS) audit in a given year. The fiscal court of each county is responsible for ensuring payment of these audit costs under KRS 43.070. A conservative estimate of the typical cost for a tax settlement audit of Unmined Coal or Oil & Gas tax collections is \$7,300.

The cost savings for an individual county will vary depending on the particular circumstances of its audits. The cost of STS audits, and the corresponding potential savings, may be significantly greater in situations where a county would have an

unusually complex or challenging STS audit, which can occur for reasons such as fraud, mismanagement, lack of cooperation with auditors, or poor recordkeeping.

Based on the number of Unmined Coal or Oil & Gas STS audits performed by APA over the past five years, the total savings to county governments in an average year would be more than \$186,000.

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

Part II, above, pertains to the GA version. The GA version is the same as the bill as introduced. No amendments or substitutes were adopted when the bill passed its chamber of origin.

Data Source(s):	Auditor of Public Accounts, LRC Staff	

Preparer:Cynthia BrownReviewer:KHCDate:2/24/21