Local Government Mandate Statement Kentucky Legislative Research Commission 2022 Regular Session

Part I: Measure Information

Bill Request #: 967
Bill #: HB 123
Document ID #: 1799
Bill Subject/Title: AN ACT relating to public contracts.
Sponsor: Representative Savannah Maddox
Unit of Government: X City X County X Urban-County Unified Local
X Charter County X Consolidated Local X Government
Office(s) Impacted:
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

The proposed legislation creates a new section of KRS 45A.343 to 45A.460 to prohibit a governmental body or political subdivision of this State, from entering into contracts valued at or above \$100,000 with a company that has ten or more employees and discriminates against firearm entities or firearm trade associations. It requires that companies provide written confirmation that they do not discriminate against a firearm entity or trade association and will not discriminate against them during the term of the contract. It also exempts sole proprietorships that enter into contracts with a governmental body or political subdivision from the provisions of the legislation.

The fiscal impact is not determinable but will likely have a minimally negative impact on local government and be mostly administrative in nature; modifying procurement and solicitation documents. As pointed out below, there could be legal costs associated with challenges to offerings and awarding contracts, resulting in potentially significant costs to the local government.

The Kentucky League of Cities (KLC) does not have data on how many cities currently have single contracts greater than \$100,000 or those that have contracts with employers with at least 10 full-time employees. KLC believes that the provisions of this legislation will be particularly hard for cities to enforce although they do not believe that it would result in significantly increased costs associated with the contracts themselves. KLC also states that the bill does not include anything related to legal challenges, but presumably, a contract could be challenged alleging that the city has entered into a contract that violates the legislation. As a result, there could be litigation or breach of contract costs.

According to Kentucky League of Cities, most cities, especially the smaller ones, retain their city attorney on contract and pay on an hourly basis. Currently (FY 2020), the average hourly rate was \$107. Therefore, any litigation costs are unknown, but could be substantial.

The Kentucky Association of Counties also believes that the impact would likely be negligible, however the impact is indeterminable.

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

Part II, above, pertains to the bill as introduced.

Data Source(s): Kentucky League of Cities, Kentucky Association of Counties; LRC Staff

Preparer: MJO/ms Reviewer: KHC Date: 1/5/22