



**Section 3:**

After July 15, 2024, qualified voters may establish new cities within a CLG with the approval of the CLG's legislative council. The proposed territory to be incorporated shall be outside of any current urban service boundaries, outside of any incorporated territory within an existing city, and have a population of 6,000 or more. Provides that the legislative council has 60 days to approve or disapprove the creation of a new city. If the council fails to act within 60 days, the incorporation of the new city is deemed approved.

If the petition to form a city is signed by at least 66% of the residents within the proposed area, the CLG's legislative council **shall** approve the proposed incorporation. If less than 66%, the legislative council **may** still approve the incorporation.

Removes the restriction currently placed on CLGs restricting future annexations for a period of 12 years after the adoption of the CLG if the CLG already contains a city of the first class.

If the petition is signed by less than 66%, the legislative council **may** still approve the annexation. If the ordinance is accompanied by a petition signed by at least 75% of the residents within the proposed area, the CLG's legislative council **shall** approve the proposed annexation. The mayor cannot veto any ordinance approving annexation that has been passed by the CLG's legislative council.

**Section 4:**

Prohibits the county attorney from approving legislation prior to its consideration by the legislative body. However, the county attorney may provide an advisory opinion.

**Section 5:**

Removes the power to make appointments to agencies, boards, and commissions from the presiding officer of the legislative council, and gives the power to the mayor, subject to approval of the CLG's legislative council. The council has 60 days to give approval.

Provides that the presiding officer of the council shall make all legislative council appointments to agencies, boards, and commissions.

**Section 6:**

Removes language prohibiting a legislative council member who has made a charge against any elected officer for misconduct, incapacity, or willful neglect from sitting on the legislative council when it tries the charge.

**Section 7:**

Requires the CLG to provide at least an annual reporting to the urban service tax district board and the legislative body of the CLG detailing the operating and capital expenditures of each service performed by the CLG.

**Section 8:**

Establishes the Louisville Metro Comprehensive Review Commission. Details the required membership and the charge of the Commission. Findings of the Commission shall be submitted to the Legislative Research Commission by September 15, 2023.

**HB 314 SCS 1 will only affect Louisville / Jefferson County Metro Government** as they comprise the only consolidated local government in the Commonwealth. There is concern regarding the effect a new city within Jefferson County might have on tax revenues now going to Metro’s coffers, for example the insurance premium tax. **This impact could be moderate to significant.**

Discussions were had with both the Jefferson County Clerk’s Office and the Jefferson County Attorney’s Office. Both offices stated no fiscal impact and the Clerk specifically stated going to a nonpartisan election for mayor, would entail a slightly different ballot design, and a nonpartisan election may result in a few more people coming out to vote in the primary.

Local governments that choose to create ordinances will incur costs associated with the drafting, publication, indexing and recording of adopted ordinances, and at least every five years, review and eliminate redundant, obsolete, inconsistent, and invalid provisions.

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 an ordinance is influenced by its complexity and the amount of research that is necessary. In FY 2020, the average hourly rate was \$107. 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.

There will be costs to Metro Government associated with providing an annual report of operating and capital expenditures to the urban service board. How much of this data can be generated with the current financial system is not known, but costs are expected to be minimum unless major re-programming costs are involved.

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

Part II refers to HB 314 SCS 1. The fiscal impact remains the same.

HB 314 SCS 1 keeps the provisions of HB 314 GA and makes the following changes:

- Provides for an effective date of July 15, 2024, and changes the required percentage from 75% to 66% of residents regarding the petition signed by qualified voters to form a new city (Section 3).
- Establishes the Louisville Metro Comprehensive Review Commission (Section 8).

HB 314 GA keeps the provisions of the HCS 1 and makes the following changes resulting from HFA 4:

- Provides for a two term limit for mayor, beginning January 1, 2023 (new Section 2, requiring renumbering of subsequent sections);
- Provides that the legislative council has 60 days to approve or disapprove the creation of a new city. If the council fails to act within 60 days, the incorporation of the new city is approved by default; and
- Provides that the presiding officer of the council shall make all legislative council appointments to agencies, boards, and commissions.

HB 314 HCS 1 keeps the provisions of HB 314 as introduced with the following changes:

- Removes the provision requiring a CLG's oversight and audit committee to approve any unappropriated legal or administrative settlements of over \$1 million or any consent decrees prior to the offer being made.
- Deletes Section 2 regarding term limit of a mayor of a CLG.
- Section 3: Clarifies that qualified voters, not residents, within a CLG must approve the establishment of new cities within a CLG. The proposed city must have a population of 6,000 or greater.
- Deletes Sections 8-11 allowing for a CLG's police chief to appoint a designee.

The HCS does not change the fiscal impact.

**Data Source(s):** LRC Staff

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