

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2023 Regular Session**

Part I: Measure Information

Bill Request #: 336

Bill #: HB 26

Document ID #: 541

Bill Subject/Title: AN ACT relating to public funds.

Sponsor: Representative Felicia Rabourn

Unit of Government: City County Urban-County
Unified Local
 Charter County Consolidated Local Government

Office(s) Impacted: Any local government that has a lobbying effort.

Requirement: Mandatory Optional

Effect on
Powers & Duties: Modifies Existing Adds New Eliminates Existing

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

HB 26 **Section 1** would create a new section of KRS Chapter 48 to prohibit a public agency from using local, state, or federal tax dollars for lobbying purposes.

Per KRS 6.611 (27)(a) “lobby” means to promote, advocate, or oppose the passage modification, defeat, or executive approval or veto of any legislation by direct communication with any member of the General Assembly, the Governor, the secretary of any cabinet listed in KRS 12.250, or any member of the staff of any of the officials listed in this paragraph.

“Public agency” is defined at KRS 61.870 and would include every city and county government office and officer, and every special purpose government entity. **Section 1** would define “public agent” as a person who engages in lobbying on behalf of, or as an employee of, a public agency.

Section 2 of the bill would create a new section of KRS 6.601 to 6.849 to establish that the Legislative Ethics Commission (“the Commission”) would have jurisdiction to investigate and act on complaints of violations of the bill’s provisions.

In addition to the civil penalty of up to \$2,000, currently authorized by KRS 6.691, **Section 4** of the bill would amend that statute to authorize the Commission to assess an additional civil penalty of no less than \$2,000 and no more than \$10,000 against a public agency or public agent for violation of its prohibitions.

The fiscal impact of HB 26 on local governments is impossible to quantify, but could be moderate to significant. The bill could save local governments money in the short term because it would preclude a local government from paying transportation or other expenses associated with, for example, the mayor or city manager traveling to Frankfort to speak with their state legislator about a pending bill; however, local governments could be effectively banned from advocating for state or federal policies, funding, or programs they believe would ultimately benefit their communities financially and otherwise. Similarly, local governments would save money on the fees normally paid to lobbying organizations like Kentucky League of Cities and Kentucky Association of Counties, if the source of those payments is local tax money.

In addition, if charged with a violation of HB 26, a city or county agency would incur expenses to litigate or settle such claim, and, if found guilty, would be liable also for a, potentially, greater penalty than allowed under current law. A local government or agency found guilty of a violation may appeal the finding to circuit court, for which it would also incur expenses including filing fees and attorneys’ fees.

According to Kentucky League of Cities, most cities, especially smaller ones, retain a city attorney on contract and pay on an hourly basis. In FY 2020, the average hourly rate was \$107. Because of many variables related to the difference in hourly rates, lack of complete data, complexity of lawsuits, final dispositions, and appeals, the total costs of defending filed lawsuits are unknown.

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

Part II pertains to HB 26 as introduced. There are no prior versions.

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

Preparer: WB (JB) **Reviewer:** KHC **Date:** 2/3/23