Local Government Mandate Statement Kentucky Legislative Research Commission 2023 Regular Session

Part I: Measure Information

Bill Request #: 983
Bill #: SB 52 GA
Document ID #: 4410
Bill Subject/Title: AN ACT relating to the collection of fees in a county containing a consolidated local government.
Sponsor: Senator Michael Nemes
Unit of Government: City County Urban-County Unified Local Charter County X Consolidated Local Government
Office(s) Impacted: County Clerk
Requirement: X Mandatory Optional
Effect on Powers & Duties: X Modifies Existing Adds New X Eliminates Existing

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

County Clerks are required to collect a fee of \$10 for the recording and indexing of various documents, for example: (a) A deed of trust or assignment for the benefit of creditors; (g) Recording plats, maps, and surveys not exceeding 24" x 36"; (n) Marriage license, indexing, recording, and issuing certificate thereof; and (ae) Recording and indexing a real estate mortgage.

Section 1 of SB 52 amends **KRS 64.012** to exempt County Clerks in consolidated local governments (the only one of which is Louisville-Jefferson County) from the requirement to transfer this fee revenue to a separate bank account that is maintained by and accounted for by the local legislative body. Accumulated moneys from this fee are to be used exclusively for clerk record keeping equipment, hardware, software, personnel costs, cloud storage services, and cybersecurity services. The County Clerk currently can submit claims to the Mayor of Louisville-Jefferson County Metro Government to draw upon this fund for its stated purpose. Instead, SB 52 would require Jefferson County's

clerk to hold the money accumulated by this fee in their own separate fund to be exclusively used for the same purposes.

Louisville Metro Council is currently responsible for submitting a report to LRC detailing that fund; SB 52 would require the county clerk submit the report.

KRS 137.115 authorizes county fiscal courts to impose certain license taxes, payable to the county clerk. SB 52 would amend the statute to allow the legislative council of a county containing a consolidated local government to designate the local government agency to which the fees would be payable. Revenue generated by these license fees would still ultimately be credited to Louisville Metro's general fund; however, the Jefferson County Clerk's office would no longer have access to a potential commission of up to 5% of fee revenue.

The fiscal impact of SB 52 on consolidated local governments is expected to be minimally positive. The Jefferson County Clerk's Office estimates that the current extra steps to account for the \$10 storage charge cost the office \$2,500 a year based on 10 hours a month of a finance clerk's time. It also believes the same cost can be assumed to Louisville Metro finance for a total cost of \$5,000. Other factors such as monitoring the fund and matching amounts to invoices cost additional time and resources that cannot be easily quantified.

The fees outlined in **KRS 137.115** are currently not collected in Jefferson County; however, the \$10 annual tobacco fee may be imposed in the future. Assuming there are 1,000 retailers paying this fee, only up to \$500 would be paid to the county clerk in commission to collect these fees. Simultaneously, it may well cost several thousand dollars each year for the finance clerks to collect and return this money. The Jefferson County Clerk's Office believes that transferring this fee collection duty to another Louisville Metro agency of Metro Council's choice would save the County Clerk's office another \$5,000 and other costs related to management complexity.

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

SB 52 GA keeps the same provisions as SB 52 as introduced, a committee substitute or amendments passed with the bill.

Part II refers to SB 52 as introduced. There are no prior versions

Data Source(s): LRC Staff, Jefferson County Clerk's Office

Preparer: Jacob Blevins (MS) **Reviewer:** KHC **Date:** 2/22/23