

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2024 Regular Session**

Part I: Measure Information

Bill Request #: 1220

Bill #: HB 388 HCS 1

Document ID #: 4953

Bill Title: AN ACT relating to local government and declaring an emergency.

Sponsor: Representative Jason Nemes

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

Office(s) Impacted: Consolidated Local Governments; Local Governments Appointing
Board Members to Local Entities

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 388 has multiple provisions affecting consolidated local governments (CLG). Louisville/Jefferson County is currently the only local government of this class in Kentucky.

Section 1:

Consolidated local governments would be required to, by agreement or contract, reimburse a fire district operating under KRS Chapter 75 for expenses related to emergency medical response made by the fire district into the area of the urban service tax district. This would be required to begin no later than July 1, 2025. The fire district shall receive \$300 for responding and transporting a patient and \$150 for responding when no patient is transported. These payments are to be in addition to any insurance, Medicaid, or Medicare moneys the fire district may be eligible to receive resulting from the response.

From July 1, 2025 to June 30, 2030, no more than 10% of the funding of the services contracted by the urban service tax district to be performed by the CLG within the urban service tax district shall come from taxes levied by the CLG from areas outside the urban service tax district. On and after July 1, 2030, this percentage would be lowered to zero.

Section 2:

This section related to the incorporation and annexation of cities in a county containing a CLG.

The percentage of registered and qualified voters required to sign a petition to form a city that is proposed to be incorporated would be changed to 60% of the total number of votes cast in the area in the last preceding presidential election. Currently signatures representing 66% of the total number of qualified voters are required. If the signatures are above this threshold, the CLG's legislative council must approve the proposed incorporation. If not, the legislative council may still vote to approve. Approval would not be subject to veto by the mayor.

Any proposed annexation by a city within the count must receive approval of the legislative council of the CLG prior to the city as outlined in KRS Chapter 81A. The city must request the approval of the CLG by ordinance. After July 15, 2024, if the ordinance is accompanied by a petition in favor of the proposed annexation signed by 66% or more of the qualified voters in the area proposed to be annexed, the CLG must approve. **HB 388** would change this percentage to 60% or the total number of votes cast in the area in the last preceding presidential election. The ordinance would also be required to be accompanied by written consent of landowners in the area when the area is vacant or otherwise unimproved and no persons reside there.

A city in a county containing a CLG would be prohibited from annexing commercial real estate areas primarily for the purpose of obtaining occupational license tax revenue unless each owner of record within the area to be annexed gives prior consent in writing. Commercial real estate area is defined as any parcel of real estate that is primarily used for sales, retail, wholesale, office, research, institutional, warehouse, manufacturing, or industrial purposes.

Section 3:

A new section of KRS Chapter 67C would be created to require that members of local boards, commission, committees, and other bodies created by or appointed by a CLG have geographic parity.

Appointing authorities would be required to make an effort to select membership that reflects the population of the area represented by the body as determined by the most recent federal decennial census unless law regulating such appointment requires otherwise. If there are multiple appointing authorities, they would be required to consult with each other to ensure compliance with this section.

These provisions are to apply to appointments and reappointments made after the effective date of this Act.

Section 4 would amend KRS 67C.103 to require the election of council members in a CLG to be nonpartisan.

Section 5 would amend KRS 67C.105 to require the election of a mayor in a CLG to be nonpartisan.

Section 6 would amend KRS 117.125 to conform with prior provisions.

Section 7 amend KRS 177.360 to direct consolidated local governments to establish procedures to prioritize project needs undertaken with county road aid funds in unincorporated areas. Population growth, population density, and economic development potential are factors that would be required to be considered when establishing these procedures.

Section 8 would require CLGs to establish a Property Valuation Review Commission to review assessments in a county containing a consolidated local government, ensure that the assessments are consistent and uniform, provide for appointments by mayor from recommendations of various entities, and require that the commission report to the Legislative Research Commission, the mayor and metro council of the consolidated local government, and the Finance and Administration Cabinet no later than December 31, 2024. After this date, the Commission would be dissolved. Commission members would be reimbursed for expenses incurred in the performance of their duties by the CLG.

Section 9 establishes that Sections 4, 5, and 6 of this ACT take effect January 1, 2025.

Section 10 declares an emergency and would establish that Section 8 shall take effect upon enactment of this Act.

The EMS provisions in Section 1 are expected to have a positive fiscal impact on suburban fire districts in Jefferson County via reimbursements for responding to patients in the urban service tax district. These reimbursements would be paid for by Louisville Metro Government. Jefferson County Fire Chiefs Association is comprised of seven Suburban Chapter 75 Fire Districts. According to a study conducted on their behalf, in a two-year period of 2021-2022 the Fire Districts responded to 27,321 calls in the urban service tax district, 16,666 (61%) of which were transports. Some districts responded to more calls than others, with St. Matthews responding to the most at 7,602 and Highview responding to the least at 599. The study found that the average cost to a district per transport was \$300 while the cost of non-transport was \$150, which both match the reimbursement amounts included in Section 1. This new expense would have cost Louisville Metro Government \$6.6 million per year according to the 2021-2022 data.

The fiscal impact of the provisions of Section 1 that relate to funding of services contracted by the urban service tax district to be performed by the CLG within the urban service tax district is indeterminable.

The provisions in Section 2 related to the incorporation and annexation of cities in Jefferson County would have an indeterminable impact on all parties. The cascading effects of lowering the barriers to do so would be dependent on factors that cannot be predicted.

The appointment requirements listed in Section 3 would be associated with a small increase in administrative costs to local government entities. Effort would have to be made to ensure geographic and political diversity of appointments. Training may be necessary to incorporate census data into decision making.

Section 4 and 5 are not expected to have a significant fiscal impact on Louisville Metro Government. There would be no obvious increase or decrease in expenditures associated with nonpartisan mayoral and council elections.

The fiscal impact of establishing procedures for county road funds as described in Section 7 on Louisville Metro Government is indeterminable. Establishing procedures is not expected to create significant new costs. However, prioritizing project needs in unincorporated areas may cause an increase in expenditures assuming incorporated projects are continued as normal.

The establishment and funding of a Property Valuation Review Commission as described in Section 8 is expected to have a negative fiscal impact on Louisville Metro Government, however the scale cannot be determined. The cost of conducting a year-long study of property value in Jefferson County could vary depending on the amount of staffing necessary to carry it out.

LRC Staff are anticipating feedback from Louisville Metro Government on the impact of provisions in Sections 1, 2, 3, 7, and 8 but have not yet received a response. This document will be updated to reflect their input when that information becomes available.

Data Source(s): LRC Staff; Jefferson County Fire Chiefs Association;

Preparer: Jacob Blevins (LG) **Reviewer:** KHC **Date:** 2/13/24