

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2026 REGULAR SESSION**

MEASURE

2026 BR NUMBER 1155

HOUSE BILL NUMBER 557

TITLE AN ACT relating to correctional services.

SPONSOR Representative Michael Meredith

FISCAL SUMMARY

STATE FISCAL IMPACT: ☒ YES ☐ NO ☐ UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ☐ ACTUARIAL ANALYSIS
☒ LOCAL MANDATE ☒ CORRECTIONS IMPACT ☐ HEALTH BENEFIT MANDATE ☐ STATE
EMPLOYEE HEALTH PLAN IMPACT

APPROPRIATION UNIT(S) IMPACTED: Corrections

FUND(S) IMPACTED: ☒ GENERAL ☐ ROAD ☐ FEDERAL ☒ RESTRICTED Regional Jail
Authority Construction Fund and Regional Jail Conversion Fund.

FISCAL ESTIMATES	2025-2026	2026-2027	2027-2028	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES		Indeterminable	Indeterminable	Indeterminable
NET EFFECT		(Indeterminable)	(Indeterminable)	(Indeterminable)

() indicates a decrease/negative

PURPOSE OF MEASURE: The measure establishes the contract process and parameters for setting the per diem fee counties receive from the state for incarcerating state prisoners is set and extends the time period for which counties receive the per diem fee. Additionally, the measure establishes the regional jail authority construction fund and the regional jail conversion fund from which grants would be provided to counties in qualifying circumstances.

FISCAL EXPLANATION: The fiscal impact of the measure is a significant, yet indeterminable, increase in costs based on several provisions.

Current law, KRS 431.215, requires the state to pay counties in which a state prisoner is incarcerated a per diem fee beginning on the day a judgment is rendered on the prisoner and ending the day a prisoner is transferred to a state facility. Per diem fees under KRS 431.215 total \$35.34 with additional per diem fees, up to \$10.00, for evidence-based programming under KRS 532.100(7).

Section 3 requires that the per diem fee paid to counties be established by contract based on actual costs, including inmate programming, for 24-month terms. Future contracted per diem fees greater than current amounts will increase costs to the state. It is not possible to determine what future contracted per diems will be so additional costs are indeterminable. For context, based on the FY 2025 average daily population of state inmates in county jails of approximately 7,000, each additional dollar of per diem would cost an additional \$2.55 million.

Section 8 changes the time for which counties receive the per diem fee to begin on the day of arrest if the offender's sentence includes the amount of time served prior to judgment – effectively covering the pre-trial period. The changes for Section 3 and 8 combined would impose significant, yet indeterminable, additional costs based on contracted per diem fees and the number of days credited for time served. Table 1 includes data on days of credit for time served, as well as a range of per diem fees beginning with the current rate of \$35.34 per day. Using the average days of credit for time served from FY 2022 to FY 2025, these data indicate a possible range of additional costs between \$87 million and \$124 million. Actual costs could be higher or lower depending on the contractual per diem fees negotiated and the days of credit for time served in future years.

Table 1

Estimated Costs for Pre-Trial Detention Based on Credit for Time Served					
Fiscal Year	Days of Credit for Time Served	Per Diem Costs (\$35.34)	Per Diem Costs (\$40.34)	Per Diem Costs (\$45.34)	Per Diem Costs (\$50.34)
FY 2022	2,578,792	\$91,134,509	\$104,028,469	\$116,922,429	\$129,816,389
FY 2023	2,512,525	\$88,792,634	\$101,355,259	\$113,917,884	\$126,480,509
FY 2024	2,480,444	\$87,658,891	\$100,061,111	\$112,463,331	\$124,865,551
FY 2025	2,303,868	\$81,418,695	\$92,938,035	\$104,457,375	\$115,976,715
Average	2,468,907	\$87,251,182	\$99,595,718	\$111,940,255	\$124,284,791

Section 6 establishes the regional jail authority construction fund from which grants for capital construction and improvements could be made to regional jail authorities. The Department of Corrections would be required to submit, biennially, to the General Assembly a list of grant requests to be considered for funding. No appropriation is made for this fund and grants are subject to approval by the General Assembly. It is not possible to determine the level of funding the General Assembly would approve in the future for such awards.

Section 7 establishes the regional jail conversion fund from which grants to fiscal courts would be made by the Department of Corrections as follows:

- \$1 million to each fiscal court that establishes a regional jail authority;
- \$1 million to each fiscal court that becomes a member of an existing regional jail authority; and
- \$500,000 to each fiscal court that is currently a member of a regional jail authority that accepts a county as a new member to the jail authority.

No appropriation is made for this fund and it is not possible to determine how many counties may establish or join a regional jail authority, but costs would be significant if only a few chose to do so.

Sections 3 and 10 require the Department of Corrections to pay for the costs of maintenance medications for state inmates held pursuant to contract in county jails. It is not known how much counties currently spend on these medications or how much these costs would be in future years, but these would be additional costs to the state.

DATA SOURCE(S): LRC Staff; Department of Corrections

PREPARER: Perry Papka NOTE NUMBER: 56 REVIEW: JMR DATE: 2/10/2026