

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2026 Regular Session**

Part I: Measure Information

Bill Request #:	399	Bill #:	HB 607/HCS 1
Document ID #:	8098	Sponsor:	Rep. Chris Lewis
Bill Title:	AN ACT relating to consolidated local governments.		

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

Office(s) Impacted: Various in Louisville/Jefferson County Metro Government (Metro Council/Mayor, County Attorney, Ethics Commission, Sherriff County Clerk, County Attorney, Property Value Administrator)

Requirement: Mandatory Optional

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

Other Fiscal Statement(s) that may exist: Actuarial Analysis Corrections Impact
 Health Benefit Mandate State Employee Health Plan

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

Section 1 of HB 607/HCS 1 would amend KRS 65.003 to require that, in a consolidated local government, the body responsible for enforcing the code of ethics consist of seven members, with three appointed by the mayor and four appointed by the legislative council. The section would limit membership to no more than three members from the same political party, require at least four years of party registration prior to appointment, and establish four-year terms for members.

If the ethics enforcement body seeks to procure legal services, it would be required to use attorneys employed by the county attorney’s office or to engage the county attorney to procure outside counsel. The county attorney would be required to follow the provisions of KRS 424.260, or if the local model procurement code is in effect for the consolidated local government the provisions of KRS 45A.380.

Section 2 of HB 607/HCS 1 would amend KRS 67C.103 to revise redistricting requirements for a consolidated local government council. The section would prohibit redistricting plans from varying from the ideal population by more or less than 2.5 percent, from dividing precincts within the county unless required to comply with applicable law regarding population requirements, from placing two or more actively serving council members in the same district except at the request of an affected incumbent, and from excluding the residence of an actively serving council member from the member's district.

Section 2 would also authorize the consolidated local government council or either of its 2 major political caucuses to hire or retain legal counsel for advice and consultation or to prepare or review legislation. The legal counsel would be allowed to provide an advisory opinion on the legality or constitutionality of any legislative action.

Section 2 would further provide that any regulation, rule, or similar action issued by a board operating under KRS Chapter 109 or 212 that applies to individuals residing or businesses operating within the jurisdiction of the consolidated local government may be reviewed and overridden by resolution of the council within 45 days of issuance.

Section 3 of HB 607/HCS 1 would create a new section of KRS Chapter 67C to require the establishment of an office of internal audit within the consolidated local government that is separate from other agencies or departments and reports directly to the consolidated local government council. The office would be required to have a sufficient budget to carry out its duties and would be authorized to conduct financial and performance audits and reviews of all departments, offices, boards, and activities of the consolidated local government, along with any additional duties established by ordinance. The office would be headed by a chief audit executive appointed for a four-year term in a manner determined by ordinance, subject to approval by a majority of the body responsible for personnel employment decisions for the council. The chief audit executive would be required to be at least 21 years old and meet any additional qualifications established by ordinance, could serve consecutive terms, and would be removed only through a process established by ordinance for neglect, incapacity, misfeasance, or malfeasance.

Sections 4 and 5 would amend KRS 67C.115 and KRS 69.210 to conform.

Section 6 would amend KRS 67C.111 to require the petition for a city to incorporate within the boundaries of a consolidated local government conform to the requirements set out in KRS 65.012(1). It would allow petitioners one year from the date of the first signature to complete the petition. The petition would be submitted to the county clerk, who would be required to verify the sufficiency of signatures and transmit the petition to the consolidated local government council.

Section 7 would amend KRS 67C.147 to allow the consolidated local government council to sub-classify property within the area formerly comprising the city of the first class into land and improvements and to levy separate ad valorem tax rates on each, with the rate

on improvements permitted to be lower than the rate on land. The section would require the compensating tax rate to be calculated based on the combined revenue produced by the separate land and improvement rates and would require the four percent recall threshold to be determined based on the aggregate revenue generated by both rates. The section would also require the homestead exemption to be applied first to improvements and then to land.

The fiscal impact of HB 607/HCS 1 is indeterminable, but is likely to be moderate to significant and negative.

HB 607/HCS 1 includes multiple provisions that could have varying financial effects on a consolidated local government. Louisville/Jefferson County Metro Government is the only consolidated local government in Kentucky and would be directly impacted.

Section 1 may result in minimal administrative costs associated with restructuring the ethics enforcement body. If the ethics enforcement body seeks legal services, it must either use attorneys employed by the county attorney's office or require the county attorney to procure outside counsel in accordance with KRS 424.260 or KRS 45A.380, if the local model procurement code is in effect. If county attorney staff provide the services, there may be increased personnel costs or workload pressures within that office, which could result in overtime, reallocation of staff time, or the need for additional staff depending on the volume and complexity of ethics matters. If outside counsel is procured, the consolidated local government would incur professional services costs, along with administrative time and compliance costs associated with procurement requirements.

Section 2 would potentially increase costs. Authorizing the council or its two largest political caucuses to hire or retain legal counsel could increase legal expenditures, although this is permissive rather than mandatory. Allowing review and override of actions by boards under KRS Chapter 109 or 212 could increase administrative and legal workload.

Section 3 would require an office of internal audit that reports directly to the consolidated local government council and has a sufficient budget to carry out financial and performance audits. Louisville Metro Ordinance No. 45-2003 already establishes an Office of Internal Auditor that reports to both the mayor and the council. HB 607/HCS 1 would require reporting solely to the council. It is unclear whether the existing ordinance would need to be amended. The current office may be able to satisfy the requirements of the bill, which could avoid the costs of creating a new department. However, restructuring, changes in reporting relationships, or adjustments to the position of chief audit executive may result in additional costs.

Section 6 could result in minimal additional costs if petitioners seek to incorporate new cities within a consolidated local government. The county clerk may incur administrative costs to verify petitions and transmit them to the council. These costs are indeterminable because they depend on whether petitions are filed.

Section 7 could affect revenues. Depending on how the council exercises its authority to levy separate rates on land and improvements, property tax revenue within the former first-class city area could increase or decrease. Administrative costs may increase due to changes in tax calculation, billing, and compliance. Any revenue impact would depend on rate-setting decisions rather than a direct mandate in the bill.

Data Source(s): Louisville Metro Ordinances; LRC Staff

Preparer: AS **Reviewer:** BW (MDA) **Date:** 3/10/26