Local Government Mandate Statement
Kentucky Legislative Research Commission
2026 Regular Session

Part I: Measure Information

Bill Request #:	1748	**Bill #:**	HB 730
Document ID #:	6589	**Sponsor:**	Rep. Michael Clines
Bill Title:	AN ACT relating to residential building permits.		

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

Office(s) Impacted: Those enforcing a state code that requires a permit

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 730 would create a new section of KRS Chapter 198B to establish a process allowing applicants for certain residential building permits to use qualifying third-party inspectors for required plan reviews and inspections and to impose time limits on regulatory authorities.

The section would define various terms. “Permit” would mean an authorization required to conduct construction-related activities involving a qualifying property, or a certificate of occupancy or similar certification for a qualifying property. “Qualifying property” would mean a residential building containing ten or fewer units, including mixed-use buildings. “Regulatory authority” would mean a state or local governmental entity enforcing a state code that requires a permit. “Third-party inspector” would mean a licensed or certified architect, engineer, electrical inspector, building inspector, plans and specifications inspector, or plumbing inspector. A “qualifying third-party inspector” would mean a third-party inspector who is not affiliated with or financially interested in

the project to be reviewed or inspected and is not an employee of the regulatory authority from which the permit is sought.

The section would require a regulatory authority to provide prospective applicants with all requirements for obtaining a permit, including required plan reviews and inspections, applicable time limits, regulatory fees, and any other prerequisites. Within three business days of receiving a permit application, the regulatory authority would be required to notify the applicant whether the application is complete, except for any required plan review or inspection, and, if deficient, identify the deficiencies.

If deficiencies are identified, the applicant would be allowed to submit revisions. The authority would be required to notify the applicant whether any deficiencies have been cured within three days of receiving revisions.

After determining that an application is complete, except for plan review or inspection, the regulatory authority would be required to state whether it can conduct a plan review within fourteen business days and an inspection within five business days of a written request. Limited extensions would be permitted for causes outside the authority's control, applicant fault, or mutual agreement, subject to specified maximum additional time periods.

If the regulatory authority notifies the applicant that it cannot meet the time limits and the applicant elects to use a qualifying third-party inspector, the authority would be required to refund associated fees, less an administrative fee not to exceed $100. If the authority states that it can meet the time limits but fails to do so, it would be required to issue a temporary permit allowing work to begin and refund all review or inspection fees.

The section would permit an applicant to use a qualifying third-party inspector for required plan reviews or inspections at the applicant's expense, regardless of whether the regulatory authority can meet the statutory time limits. The inspector would be required to submit an affidavit to the regulatory authority certifying compliance with licensing, insurance, and applicable state and local requirements, maintain specified minimum liability insurance coverage, and submit reports and required documentation to the regulatory authority within five days of completing the review or inspection. Disciplinary matters would be handled by the inspector's applicable licensing or certification board.

The section would require a regulatory authority to issue a permit or approval within one business day following completion of a required plan review or inspection, including one conducted by a qualifying third-party inspector that complies with the section. Any conflicting local ordinance, rule, or regulation would be void and unenforceable. The section would preserve a regulatory authority's authority to issue a stop-work order for conditions posing an immediate threat to public safety and would grant immunity to the regulatory authority and its agents for actions or inactions of a qualifying third-party inspector or applicant under the section.

Section 2 of HB 730 would amend KRS 198B.060 to conform.

The fiscal impact of HB 730 is indeterminable but likely minimal to moderate and would vary by jurisdiction.

The bill would impose administrative requirements, including providing required information to applicants, issuing completeness determinations within three business days, tracking statutory deadlines, processing refunds, reviewing third-party affidavits and reports, and issuing permits within one business day after completion of required reviews or inspections. Some jurisdictions may be able to absorb these duties within existing staff and processes, while others may experience increased workload pressures.

The bill could also reduce local government revenue by requiring refunds of plan review and inspection fees in specified circumstances, including when a regulatory authority cannot meet time limits and an applicant elects to use a qualifying third-party inspector, or when the authority states that it can meet the time limits but fails to do so. Although these fees would normally fund plan review or inspection activities, some costs may already have been incurred, which could result in unrecovered expenditures. The magnitude of any revenue loss would depend on local fee schedules, the volume of qualifying residential permits, and how frequently third-party inspectors are used. While the authority may retain an administrative fee of up to $100, it is unclear how much this would offset potential losses.

If a regulatory authority states that it can meet the time limits but fails to do so, it would be required to refund all plan review or inspection fees, which could result in greater revenue loss. The extent of this impact is indeterminable because it would depend on factors such as the number of permits issued within a jurisdiction and how often authorities are unable to meet the stated deadlines.

To the extent that local governments have ordinances, rules, or regulations that conflict with the bill, they may need to revise existing provisions or adopt new ones, which could create additional costs.

According to the Kentucky League of Cities (KLC), most cities, particularly smaller ones, retain their city attorney on a contract basis and pay hourly. The time required to draft an ordinance depends on its complexity and the amount of research involved. In fiscal year 2022, the average hourly rate for city attorneys was $125. Costs for legal notices vary depending on the length of the publication, the number of required publications, and the newspaper used, so those costs are unknown.

According to the Kentucky Association of Counties (KACo), the cost of publishing an ordinance is borne by the local government enacting it. Most county ordinances must be published once after passage under KRS 67.077, although the county budget ordinance requires two publications. While KACo does not have data on the cost of publishing individual ordinances, a 2023 survey of total county publication costs found that counties spent an average of $13,433 on publications in fiscal year 2022.

The use of qualifying third-party inspectors may reduce some inspection workload for local governments, which could partially offset administrative costs in some jurisdictions.

Because the fiscal effect would depend on local permit volume, staffing capacity, fee structures, the extent to which applicants utilize third-party inspectors, the extent to which local governments meet the statutory time limits, and how they represent their ability to meet those time limits, the overall impact is indeterminable.

Data Source(s): LRC Staff; KACo; KLC

Preparer: AS **Reviewer:** HT (MDA) **Date:** 3/5/26