GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2015 REGULAR SESSION

HOUSE BILL NO. 348

AS ENACTED

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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY K. Adler

1 AN ACT relating to local government.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 65A.010 is amended to read as follows:

4 As used in this chapter:

5 (1) "County" means any county, consolidated local government, urban-county
6 government, unified local government, or charter county;

7 (2) "DLG" means the Department for Local Government established by KRS
8 147A.002;

9 (3) "Establishing entity" means the city or county, or any combination of cities and
10 counties, that established a special purpose governmental entity and that has not
11 subsequently withdrawn its affiliation with the special purpose governmental entity
12 by ordinance or other official action;

13 (4) "Federally regulated municipal utility" means a municipal utility governed by the
14 provisions of KRS 96.550 to 96.901, that maintains a wholesale power contract
15 with a federal agency that also serves as its regulatory authority;

16 (5) (a) "Fee" means any user charge, levy, assessment, fee, schedule of rates, or tax,
17 other than an ad valorem tax, imposed by a special purpose governmental entity.

18 (b) "Fee" shall not include the following charges imposed by special purpose
19 governmental entities that provide utility services:

20 1. Any fuel cost adjustment that is:

21 a. Made pursuant to an agreement with a power supplier;

22 b. Amended by the power supplier based on the variable cost of fuel;
23 and

24 c. Passed through to the consumer by the utility pursuant to the
25 agreement between the utility and the power supplier;

26 2. Any power or energy cost adjustment implemented pursuant to a duly
27 adopted base rate that provides for the periodic adjustment of a

1 component of the rate, including any fuel costs or transmission costs, in
2 accordance with the formula or conditions set forth in the base rate; or
3 3. Any environmental control cost adjustments or surcharges implemented
4 pursuant to a duly adopted base rate that provides for the periodic
5 adjustment of a component of the rate in accordance with a formula or
6 conditions set forth in the base rate;
7 (6) (a) "Private entity" means any entity whose sole source of public funds is from
8 payments pursuant to a contract with a city, county, or special purpose
9 governmental entity, including funds received as a grant or as a result of a
10 competitively bid procurement process.
11 (b) "Private entity" does not include any entity:
12 1. Created***, wholly or in part,*** by a city, county, or combination of cities
13 and counties to perform one (1) or more of the types of public services
14 listed in subsection (9)(c) of this section; or
15 2. Governed by a board, council, commission, committee, authority, or
16 corporation ***with any member or***~~[whose]~~ members ***who*** are appointed by
17 the chief executive or governing body of a city, county, or combination
18 of cities and counties***, or whose voting membership includes***
19 ***governmental officials who serve in an ex officio capacity***;
20 (7) "Public funds" means any funds derived from the levy of a tax, fee, assessment, or
21 charge, or the issuance of bonds by the state or a city, county, or special purpose
22 governmental entity;
23 (8) "Registry" means the online central registry and reporting portal established
24 pursuant to KRS 65A.020; and
25 (9) (a) "Special purpose governmental entity" or "entity" means any agency,
26 authority, or entity created or authorized by statute which:
27 1. Exercises less than statewide jurisdiction;

1 2. Exists for the purpose of providing one (1) or a limited number of
2 services or functions;
3 3. Is governed by a board, council, commission, committee, authority, or
4 corporation with policy-making authority that is separate from the state
5 and the governing body of the city, county, or cities and counties in
6 which it operates; and
7 4. a. Has the independent authority to generate public funds; or
8 b. May receive and expend public funds, grants, awards, or
9 appropriations from the state, from any agency, or authority of the
10 state, from a city or county, or from any other special purpose
11 governmental entity.
12 (b) "Special purpose governmental entity" shall include entities meeting the
13 requirements established by paragraph (a) of this subsection, whether the
14 entity is formed as a nonprofit corporation under KRS Chapter 273, pursuant
15 to an interlocal cooperation agreement under KRS 65.210 to 65.300, or
16 pursuant to any other provision of the Kentucky Revised Statutes.
17 (c) Examples of the types of public services that may be provided by special
18 purpose governmental entities include but are not limited to the following:
19 1. Ambulance, emergency, and fire protection services;
20 2. Flood control, drainage, levee, water, water conservation, watershed,
21 and soil conservation services;
22 3. Area planning, management, community improvement, and community
23 development services;
24 4. Library services;
25 5. Public health, public mental health, and public hospital services;
26 6. Riverport and airport services;
27 7. Sanitation, sewer, waste management, and solid waste services;

1 8. Industrial and economic development;
2 9. Parks and recreation services;
3 10. Construction, maintenance, or operation of roads and bridges;
4 11. Mass transit services;
5 12. Pollution control;
6 13. Construction or provision of public housing ***except as set out in***
7 ***paragraph (d)8. of this subsection***;
8 14. Tourism and convention services; and
9 15. Agricultural extension services.
10 (d) "Special purpose governmental entity" shall not include:
11 1. Cities;
12 2. Counties;
13 3. School districts;
14 4. Private entities;
15 5. ***Chambers of commerce;***
16 ***6.*** Any incorporated entity that:
17 a. Provides utility services;
18 b. Is member-owned; and
19 c. Has a governing body whose voting members are all elected by the
20 membership of the entity;~~[or]~~
21 ***7.***~~[6.]~~Any entity whose budget***, finances,*** and financial information are ***fully***
22 integrated with and included as a part of the budget***, finances,*** and
23 financial reporting of the city, county, or cities and counties in which it
24 operates***; or***
25 ***8. Federally regulated public housing authorities established pursuant to***
26 ***KRS Chapter 80 that receive no more than twenty percent (20%) of***
27 ***their total funding for any fiscal year from non-federal fees, not***

1 ***including rental income***.

2 ➔Section 2. KRS 65A.020 is amended to read as follows:

3 (1) The DLG shall:

4 (a) On or before March 1, 2014, make the necessary reporting and certification
5 forms, online reporting portal, and online central registry available for
6 reporting by special purpose governmental entities. The portal and registry
7 shall serve as a unified location for the reporting of and access to
8 administrative and financial information by special purpose governmental
9 entities; and

10 (b) On or before October 1, 2014, make available online public access to
11 administrative and financial information reported by special purpose
12 governmental entities.

13 (2) (a) For each fiscal period beginning on or after July 1, 2014, all special purpose
14 governmental entities shall annually submit to the DLG the information
15 required by this section. The information shall be submitted in accordance
16 with this section, at the time, and in the form and format required by the DLG.
17 The information submitted shall include at a minimum the following:

18 1. Administrative information:

19 a. The name, address, and, if applicable, the term and appointing
20 authority for each board member of the governing body of the
21 entity;

22 b. The fiscal year of the entity;

23 c. The Kentucky Revised Statute and, if applicable, the local
24 government ordinance and interlocal agreement under which the
25 entity was established; the date of establishment; the establishing
26 entity; and the statute or statutes, local government ordinance, or
27 interlocal agreement under which the entity operates, if different

1 from the statute or statutes, ordinance, or agreement under which it
2 was established;
3 d. The mailing address and telephone number and, if applicable, the
4 Web site uniform resource locator (URL) of the entity;
5 e. The operational boundaries and service area of the entity and the
6 services provided by the entity;
7 f. i. A listing of all the most significant taxes or fees imposed and
8 collected by the entity, including the rates or amounts
9 charged for the reporting period and the statutory or other
10 source of authority for the levy of the tax or fee.
11 ii. As used in this subdivision, "most significant taxes or fees"
12 means the five (5) taxes or fees levied by the entity that
13 produce the most tax and fee revenue for the entity, provided
14 that if the top five (5) revenue-producing taxes and fees do
15 not produce at least eighty-five percent (85%) of all tax and
16 fee revenues received by the entity, additional taxes and fees
17 shall be listed until the taxes and fees listed produce at least
18 eighty-five percent (85%) of all tax and fee revenues of the
19 entity. If an entity levies fewer than five (5) taxes and fees,
20 the entity shall list all taxes and fees levied;
21 g. The primary contact for the entity for purposes of communication
22 from the DLG;
23 h. The code of ethics that applies to the entity, and whether the entity
24 has adopted additional ethics provisions;
25 i. A listing of all federal, state, and local governmental entities that
26 have oversight authority over the special purpose governmental
27 entity or to which the special purpose governmental entity submits

1 reports, data, or information; and
2 j. Any other related administrative information required by the DLG;
3 and
4 2. Financial information:
5 a. i. The most recent adopted budget of the entity for the
6 upcoming fiscal year;
7 ii. After the close of each fiscal year, a comparison of the
8 budget to actual revenues and expenditures for each fiscal
9 year, including any amendments made throughout the fiscal
10 year to the budget originally submitted;
11 iii. Completed audits or attestation engagements as provided in
12 KRS 65A.030; and
13 iv. Other financial oversight reports or information required by
14 the DLG.
15 b. In lieu of the submissions required by subdivision a.i., ii., and iv.
16 of this subparagraph:
17 i. A federally regulated municipal utility shall submit, after the
18 close of each fiscal year, the monthly balance, revenue, and
19 expense report required by the federal regulator, which
20 constitutes year-end data; and
21 ii. A public utility established pursuant to KRS 96.740 that is
22 not a federally regulated municipal utility shall submit after
23 the close of each fiscal year a report that includes the same
24 information, in the same format as is required for federally
25 regulated municipal utilities under subpart i. of this
26 subdivision.
27 (b) The provisions of KRS 65A.040 shall apply when a special purpose

1 governmental entity fails to submit the information required by this section in
2 a timely manner, or submits information that does not comply with the
3 requirements and standards established by this section and the DLG. To
4 facilitate the enforcement of these provisions, the DLG shall establish and
5 maintain an online list of due dates for the filing of reports, audit
6 certifications, and information for each special purpose governmental entity.
7 (c) The provisions of this subsection shall be in addition to, and shall not supplant
8 or replace any reporting or filing requirements established by other provisions
9 of the Kentucky Revised Statutes.
10 (3) (a) The DLG shall, by administrative regulation adopted pursuant to KRS Chapter
11 13A, develop standard forms, protocols, timeframes, and due dates for the
12 submission of information by special purpose governmental entities. All
13 information shall be submitted electronically; however, the DLG may allow
14 submission by alternative means, with the understanding that the DLG shall
15 be responsible for converting the information to a format that will make it
16 accessible through the registry.
17 (b) In an effort to reduce duplicative submissions to different governmental
18 entities and agencies, during the development of the forms, protocols,
19 timeframes, and due dates, the DLG shall consult with other governmental
20 entities and agencies that may use the information submitted by special
21 purpose governmental entities, and may include the information those
22 agencies and entities need to the extent possible.
23 (c) As an alternative to completing and submitting any standard form developed
24 by the DLG for the reporting of financial information, federally regulated
25 municipal utilities and public utilities established pursuant to KRS 96.740 that
26 are not federally regulated municipal utilities may elect to satisfy the reporting
27 requirements established by subsection (2)(a)2. of this section for the public

1 power components of their operations by reporting the financial information
2 related to their electric system accounts in accordance with the Federal Energy
3 Regulatory Commission's Uniform System of Accounts.
4 (4) (a) Beginning October 1, 2014, all information submitted by special purpose
5 governmental entities under this section shall be publicly available through the
6 registry. The registry shall be updated at least monthly, but may be updated
7 more frequently at the discretion of the DLG. The registry shall include a
8 notation indicating the date of the most recent update.
9 (b) The registry shall be in a searchable format and shall, at a minimum, allow a
10 search by county, by special purpose governmental entity name, and by type of
11 entity.
12 (c) To the extent possible, the registry shall be linked to or accessed through the
13 Web site established pursuant to KRS 42.032 to provide public access to
14 expenditure records of the executive branch of state government.
15 (5) (a) To offset the costs incurred by the DLG in maintaining and administering the
16 registry, the costs incurred in providing education for the governing bodies
17 and employees of special purpose governmental entities as required by KRS
18 65A.060, and the costs incurred by the DLG and the Auditor of Public
19 Accounts in responding to and acting upon noncompliant special purpose
20 governmental entities under KRS 65A.040, excluding costs associated with
21 conducting audits or special examinations, each special purpose governmental
22 entity shall pay a registration fee to the DLG on an annual basis at the time of
23 registration under this section.
24 (b) The initial annual fee shall be as follows:
25 1. For special purpose governmental entities with annual revenue from all
26 sources of less than one hundred thousand dollars ($100,000), twenty-
27 five dollars ($25);

1 2. For special purpose governmental entities with annual revenues from all
2 sources of at least one hundred thousand dollars ($100,000) but less than
3 five hundred thousand dollars ($500,000), two hundred fifty dollars
4 ($250); and
5 3. For special purpose governmental entities with annual revenues of five
6 hundred thousand dollars ($500,000) or greater, five hundred dollars
7 ($500).
8 (c) If the costs of administering and maintaining the registry, providing education,
9 and enforcing compliance change over time, the fee and tiered structure
10 established by paragraph (b) of this subsection may be adjusted one (1) time
11 by the DLG through the promulgation of an administrative regulation under
12 KRS Chapter 13A. The rate, if adjusted, shall be set at a level no greater than
13 a level that is expected to generate sufficient revenue to offset the actual cost
14 of maintaining and administering the registry, providing education for the
15 governing bodies and employees of special purpose governmental entities, and
16 enforcing compliance.
17 (d) The portion of the registration fee attributable to expenses incurred by the
18 Auditor of Public Accounts for duties and services other than conducting
19 audits or special examinations shall be collected by the DLG and transferred
20 to the Auditor of Public Accounts on a quarterly basis. Prior to the transfer of
21 funds, the Auditor of Public Accounts shall submit an invoice detailing the
22 actual costs incurred, which shall be the amount transferred; however, the
23 amount transferred to the Auditor of Public Accounts under the initial fee
24 established by paragraph (b) of this section shall not exceed the annual
25 amount agreed to between the DLG and the Auditor of Public Accounts.
26 ***(e) 1. In determining the annual fee due from a special purpose***
27 ***governmental entity, the DLG may exclude revenues received by the***

1 ***special purpose governmental entity if:***
2 ***a. The revenues constitute nonrecurring, nonoperating grants for***
3 ***the purpose of capital asset acquisition, capital construction,***
4 ***disaster recovery efforts, or other one (1) time purposes as***
5 ***determined by the DLG; and***
6 ***b. The special purpose governmental entity requests, in writing to***
7 ***the DLG and for each fiscal year it receives the revenue in***
8 ***question, that the revenues in question not be included in***
9 ***determining its annual revenues.***
10 ***2. Any receipts excluded under this paragraph shall still be reported as***
11 ***required under subsection (2)(a)2. of this section.***
12 (6) By October 1, 2014, and on or before each October 1 thereafter, the DLG shall file
13 an annual report with the Legislative Research Commission detailing the
14 compliance of special purpose governmental entities with the provisions of KRS
15 65A.010 to 65A.090. The Legislative Research Commission shall refer the report to
16 the Interim Joint Committee on Local Government for review.
17 ➔Section 3. KRS 65A.030 is amended to read as follows:
18 (1) For fiscal periods beginning on or after July 1, 2014, requirements relating to audits
19 and financial statements of special purpose governmental entities are as follows:
20 (a) Every special purpose governmental entity with the higher of annual receipts
21 from all sources or annual expenditures of less than one hundred thousand
22 dollars ($100,000) shall:
23 1. Annually prepare a financial statement; and
24 2. Once every four (4) years, contract for the application of an attestation
25 engagement as determined by the DLG, as provided in subsection (2) of
26 this section;
27 (b) Every special purpose governmental entity with the higher of annual receipts

1 from all sources or annual expenditures equal to or greater than one hundred
2 thousand dollars ($100,000) but less than five hundred thousand dollars
3 ($500,000) shall:
4 1. Annually prepare a financial statement; and
5 2. Once every four (4) years, contract for the provision of an independent
6 audit as provided in subsection (2) of this section; and
7 (c) Every special purpose governmental entity with the higher of annual receipts
8 from all sources or annual expenditures equal to or greater than five hundred
9 thousand dollars ($500,000) shall:
10 1. Annually prepare a financial statement; and
11 2. Be audited annually as provided in subsection (2) of this section.
12 (2) (a) To provide for the performance of an audit or attestation engagement as
13 provided in subsection (1)(a) to (c) of this section, the governing body of a
14 special purpose governmental entity shall employ an independent certified
15 public accountant or contract with the Auditor of Public Accounts to conduct
16 the audit or attestation engagement ***unless the provisions of subsection (3) of***
17 ***this section apply***.
18 (b) The audit or attestation engagement shall be completed no later than twelve
19 (12) months following the close of the fiscal year subject to the audit or the
20 attestation engagement.
21 (c) 1. The special purpose governmental entity shall submit for publication on
22 the registry the audit or attestation engagement, in the form and format
23 required by the DLG.
24 2. A federally regulated municipal utility may comply with the
25 requirements of this section for the public power component of its
26 operations by submitting an audit that conforms to the requirements
27 imposed by the federal agency with which it maintains a wholesale

1 power contract.
2 3. A public utility established pursuant to KRS 96.740 that is not a
3 federally regulated municipal utility may comply with the requirements
4 of this section for the public power component of its operations by
5 submitting a copy of its annual audit performed under KRS 96.840.
6 (d) 1. The audit or attestation engagement shall conform to:
7 a. Generally accepted governmental auditing or attestation standards,
8 which means those standards for audits or attestations of
9 governmental organizations, programs, activities, and functions
10 issued by the Comptroller General of the United States;
11 b. Generally accepted auditing or attestation standards, which means
12 those standards for all audits or attestations promulgated by the
13 American Institute of Certified Public Accountants; and
14 c. Additional procedures and reporting requirements as may be
15 required by the Auditor of Public Accounts.
16 2. Rather than meeting the standards established by subparagraph 1. of this
17 paragraph, the audit submitted by a federally regulated municipal utility
18 or a public utility established pursuant to KRS 96.740 that is not a
19 federally regulated municipal utility with regard to the public power
20 component of the utility's operations shall conform to KRS 96.840 and
21 the financial standards of the Federal Energy Regulatory Commission's
22 Uniform System of Accounts.
23 (e) Upon request, the Auditor of Public Accounts may review the final report and
24 all related work papers and documents of the independent certified public
25 accountant relating to the audit or attestation engagement.
26 (f) If a special purpose governmental entity is required by another provision of
27 law to audit its funds more frequently or more stringently than is required by

1 this section, the special purpose governmental entity shall comply with the
2 provisions of that law, and shall comply with the requirements of paragraph
3 (c) of this subsection.
4 (g) Notwithstanding any provision of the Kentucky Revised Statutes to the
5 contrary, a unit of government furnishing funds directly to a special purpose
6 governmental entity may require additional audits at the expense of the unit of
7 government furnishing the funds.
8 (h) All audit reports, attestation engagement reports, and financial statements of
9 special purpose governmental entities shall be public records.
10 (3) ***(a) Any board, commission, or agency established by statute with regulatory***
11 ***authority or oversight responsibilities for a category of special purpose***
12 ***governmental entities may apply to the Auditor of Public Accounts to be***
13 ***approved to provide an alternative financial review of the special purpose***
14 ***governmental entities it regulates or oversees that are required by***
15 ***subsection (1)(a) of this section to submit an attestation engagement. The***
16 ***application shall be in the form and format determined by the Auditor of***
17 ***Public Accounts.***
18 ***(b) The Auditor of Public Accounts shall review the application and if the***
19 ***auditor determines that the board, commission, or agency has the resources***
20 ***and capacity to conduct an acceptable alternative financial review, the***
21 ***auditor shall notify the DLG that the board, commission, or agency is***
22 ***approved to provide an alternative financial review of the special purpose***
23 ***governmental entities it regulates or oversees that are required by***
24 ***subsection (1)(a) of this section to submit an attestation engagement.***
25 ***(c) The Auditor of Public Accounts shall advise the DLG and the board,***
26 ***commission, or agency regarding modifications to the proposed alternative***
27 ***financial review procedures necessary to obtain the Auditor of Public***

1 *Accounts' approval.*
2 *(d) Any board, commission, or agency approved to provide alternative financial*
3 *reviews shall reapply to the Auditor of Public Accounts for approval to*
4 *continue to provide alternative financial reviews at least every four (4)*
5 *years. The Auditor of Public Accounts may require more frequent*
6 *approvals.*
7 *(e) The Auditor of Public Accounts or the DLG may withdraw any approval*
8 *granted under this subsection if the board, commission, or agency fails to*
9 *conduct alternative financial reviews using the procedures and including*
10 *the terms and components agreed to with the DLG.*
11 *(f) Any board, commission, or agency approved to provide alternative financial*
12 *reviews shall notify the Auditor of Public Accounts and the DLG if an*
13 *irregularity is found in the alternative financial review.*
14 *(g) Any special purpose governmental entity subject to regulation or oversight*
15 *by a board, commission, or agency that obtains approval to provide an*
16 *alternative financial review under this subsection shall have the option of*
17 *having an alternative financial review performed by the board, commission,*
18 *or agency, or may contract for the application of an attestation engagement*
19 *as provided in subsection (1)(a) of this section.*
20 *(4)* The DLG shall determine which procedures conducted under attestation standards
21 will apply to special purpose governmental entities meeting the conditions
22 established by subsection (1)(a) of this section. The DLG may determine that
23 additional procedures be conducted under attestation standards for specific
24 categories of special purpose governmental entities or for specific special purpose
25 governmental entities, as needed, to obtain the oversight and information deemed
26 necessary by the DLG.
27 *(5)*[~~(4)~~] Based on the information submitted by special purpose governmental entities

1 under KRS 65A.020 and 65A.090, the DLG shall determine when each special
2 purpose governmental entity was last audited, and shall notify the special purpose
3 governmental entity of when each audit or attestation engagement is due under the
4 new standards and requirements of this section.
5 ***(6) (a) In determining the requirements relating to audits and financial statements***
6 ***of special purpose governmental entities under subsection (1) of this***
7 ***section, the DLG may exclude annual receipts received by the special***
8 ***purpose governmental entity if:***
9 ***1. The receipts constitute nonrecurring, nonoperating grants for the***
10 ***purpose of capital asset acquisition, capital construction, disaster***
11 ***recovery efforts, or other one (1) time purposes as determined by the***
12 ***DLG; and***
13 ***2. The special purpose governmental entity requests, in writing to the***
14 ***DLG and for each fiscal year it receives the revenue in question, that***
15 ***the revenues in question not be included in determining its annual***
16 ***revenues.***
17 ***(b) Any receipts excluded under paragraph (a) of this subsection shall still be***
18 ***reported as required under subsection (2)(a)2. of Section 2 of this Act.***
19 *(7)*[~~(5)~~] The DLG may promulgate administrative regulations pursuant to KRS
20 Chapter 13A to implement the provisions of this section.
21 ➔Section 4. KRS 65.003 is amended to read as follows:
22 (1) (a) The governing body of each city, county, urban-county, consolidated local
23 government, and charter county, shall adopt, by ordinance, a code of ethics
24 which shall apply to all elected officials of the city, county, urban-county,
25 consolidated local government, or charter county, and to appointed officials
26 and employees of the city, county, urban-county, consolidated local
27 government, or charter county government, or agencies created jointly, as

1 specified in the code of ethics. The elected officials of a city, county, or
2 consolidated local government to which a code of ethics shall apply include
3 the mayor, county judge/executive, members of the governing body, county
4 clerk, county attorney, sheriff, jailer, coroner, surveyor, and constable but do
5 not include members of any school board. Agencies created jointly may
6 include planning or administrative commissions or boards. Candidates for the
7 local government elective offices specified in this subsection shall comply
8 with the annual financial disclosure statement filing requirements contained in
9 the code of ethics.
10 (b) The boards, officers, and employees of special purpose governmental entities
11 shall be subject to a code of ethics as provided in KRS 65A.070. As used in
12 this section, special purpose governmental entity has the same meaning as in
13 KRS 65A.010.
14 (2) Any city, county, or consolidated local government may enter into a memorandum
15 of agreement or an interlocal agreement with one (1) or more other cities, counties,
16 or consolidated local governments for joint adoption of a code of ethics which shall
17 apply to all elected officials of the cities, counties, or consolidated local
18 governments, and to appointed officials and employees as specified by each of the
19 cities, counties, or consolidated local governments which enters into the agreement.
20 Interlocal agreements shall be executed pursuant to the Interlocal Cooperation Act
21 in KRS 65.210 to 65.300. The interlocal agreement or memorandum of agreement
22 may provide for but shall not be limited to:
23 (a) The provision of administrative services relating to the implementation of a
24 code of ethics;
25 (b) The creation of a regional ethics board which serves independently to provide
26 advice to member governments and their officials and provides for the
27 enforcement of locally adopted codes of ethics; and

1 (c) Contracting by a memorandum of agreement with an area development
2 district for the provision of administrative services relating to the
3 implementation of a code of ethics.
4 Candidates for the city, county, or consolidated local government elective offices
5 specified in this subsection shall comply with the annual financial disclosure
6 statement filing requirements contained in the code of ethics.
7 (3) Each code of ethics adopted as provided by subsection (1) or (2) of this section, or
8 amended as provided by subsection (4) of this section, shall include but not be
9 limited to provisions which set forth:
10 (a) Standards of conduct for elected and appointed officials and employees;
11 (b) Requirements for creation of financial disclosure statements, which shall be
12 filed annually by all candidates for the city, county, or consolidated local
13 government elective offices specified in subsection (1) of this section, elected
14 officials of each city, county, or consolidated local government, and other
15 officials or employees of the city, county, or consolidated local government,
16 as specified in the code of ethics, and which shall be filed with the person or
17 group responsible for enforcement of the code of ethics[~~, provided that:~~
18 ~~1. Nonpaid members of jointly created agencies may be exempted from~~
19 ~~filing financial disclosure statements; and~~
20 ~~2. Board members, officers, and employees of special purpose~~
21 ~~governmental entities shall not be required to file financial disclosure~~
22 ~~statements for their service or employment with the special purpose~~
23 ~~governmental entity, unless the special purpose governmental entity~~
24 ~~adopts more stringent requirements under KRS 65A.070 that require the~~
25 ~~filing of financial disclosure statements~~];
26 (c) A policy on the employment of members of the families of officials or
27 employees of the city, county, or consolidated local government, as specified

1 in the code of ethics;
2 (d) The designation of a person or group who shall be responsible for
3 enforcement of the code of ethics, including maintenance of financial
4 disclosure statements, all of which shall be available for public inspection,
5 receipt of complaints alleging possible violations of the code of ethics,
6 issuance of opinions in response to inquiries relating to the code of ethics,
7 investigation of possible violations of the code of ethics, and imposition of
8 penalties provided in the code of ethics.
9 (4) The code of ethics ordinance adopted by a city, county, or consolidated local
10 government may be amended but shall not be repealed.
11 (5) (a) Within twenty-one (21) days of the adoption of the code of ethics required by
12 this section, each city, county, or consolidated local government shall deliver a
13 copy of the ordinance by which the code was adopted and proof of publication
14 in accordance with KRS Chapter 424 to the Department for Local
15 Government. The Department for Local Government shall maintain the
16 ordinances as public records and shall maintain a list of city, county, or
17 consolidated local governments which have adopted a code of ethics and a list
18 of those which have not adopted a code of ethics.
19 (b) Within twenty-one (21) days of the amendment of a code of ethics required by
20 this section, each city, county, or consolidated local government shall:
21 1. Deliver a copy of the ordinance by which the code was amended and
22 proof of publication in accordance with KRS Chapter 424 to the
23 Department for Local Government, which shall maintain the amendment
24 with the ordinance by which the code was adopted; and
25 2. Deliver a copy of the ordinance by which the code was amended to the
26 governing body of each special purpose governmental entity that follows
27 that establishing entity's code of ethics pursuant to KRS 65A.070.

1 (c) For ordinances adopting or amending a code of ethics under this section, cities
2 of the first class and consolidated local governments shall comply with the
3 publication requirements of KRS 83A.060(9), notwithstanding the exception
4 contained in that statute.
5 (6) If a city, county, or consolidated local government fails to comply with the
6 requirements of this section, the Department for Local Government shall notify all
7 state agencies, including area development districts, which deliver services or
8 payments of money from the Commonwealth to the city, county, or consolidated
9 local government. Those agencies shall suspend delivery of all services or payments
10 to the city, county, or consolidated local government which fails to comply with the
11 requirements of this section. The Department for Local Government shall
12 immediately notify those same agencies when the city, county, or consolidated local
13 government is in compliance with the requirements of this section, and those
14 agencies shall reinstate the delivery of services or payments to the city, county, or
15 consolidated local government.

Speaker-House of Representatives

President of Senate

Attest: Chief Clerk of House of Representatives

Approved Governor

Date 3/19/15