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Auditor Edelen Applauds Signing of House Bill 1 by Governor
Measure Reforming Special Districts Brings Transparency, Accountability to 'Ghost Government'

FRANKFORT, Ky. (May 1, 2013) – Landmark accountability legislation spearheaded by Auditor Adam Edelen during the 2013 General Assembly was ceremonially signed into law today by Gov. Steve Beshear.

House Bill 1, sponsored by Speaker Greg Stumbo, of Prestonsburg, will reform a \$2.7 billion layer of government in the Commonwealth, bringing greater transparency and oversight to special districts.

“For the first time ever, taxpayers and citizen watchdogs will be able to make sure their dollars are being spent wisely by those who are charged with delivering vital public services in the Commonwealth,” Auditor Edelen said. “Making Kentucky a national leader in good government is something we call all be proud of.”

At the signing, Speaker Stumbo credited Auditor Edelen for his leadership on a significant issue.

“I believe that in my 30 years in the General Assembly, this is the first major piece of legislation that has originated in the Auditor’s office that has such far-reaching goals,” Speaker Stumbo said.

Legislators from both parties attended the signing to demonstrate the broad bipartisan support House Bill 1 enjoyed.

“This was an extraordinary bipartisan victory and the people of Kentucky are the beneficiaries,” Senate Minority Leader R.J. Palmer, of Winchester, said at the signing.

Senate Majority Leader Damon Thayer, of Georgetown, who has long supported reforming special districts, said, “I’m glad to see that we’ve made tremendous progress in bringing more transparency, accountability and disclosure to these unelected boards that serve on these special districts.”

Richard Beliles, executive director of Common Cause of Kentucky, called the law the “biggest good government initiative we have had since the 1990s.”

A variety of organizations representing citizen watchdogs, elected officials and the business community supported the measure. Representatives from groups such as Kentucky Association of Counties, Kentucky League of Cities and Kentucky County Clerk’s Association attended Wednesday’s bill signing.

House Bill 1 will require special purpose government entities, such as libraries, fire departments and sewer districts to submit their budgets to a publically-accessible online registry. The Department for Local Government is expected to unveil the registry to the public in October 2014.

The measure clarifies audit standards and adds teeth to current law to compel compliance with reporting and auditing standards. Entities that aren’t in compliance could be subject to an examination by the Auditor’s office and lose state funding. It also establishes education for board members and staff and requires entities to adopt ethics codes.

Special purpose government entities will be required to hold public meetings before increasing taxes or fees and give reports to fiscal courts regarding their budgets.

Auditor Edelen proposed legislation after a six-month long effort to shine light on special districts last year that culminated in a Citizen Auditor Initiative database and “Ghost Government: A Report on Special Districts in Kentucky.” The Auditor’s office discovered more than 1,200 special districts collect \$1.5 billion in taxes and fees annually and another \$1 billion in grants, corporate sponsorships and fundraising. In all but three counties, taxpayers pay more to special districts in property taxes than to their county governments.

The effort found special districts spend \$2.7 billion a year, which is about \$5 less per capita than the state spends on primary and secondary education, And they are holding another \$1.3 billion in reserves – twice the contingency funds of 174 school districts.

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