



OFFICE OF THE GOVERNOR
DEPARTMENT FOR LOCAL GOVERNMENT

Steven L. Beshear
Governor

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-2382
Fax (502) 573-2939
Toll Free (800) 346-5606
www.dlg.ky.gov

Tony Wilder
Commissioner

To: All Special Purpose Government Entities
From: ^{TW} Tony Wilder, Commissioner, Department for Local Government
Date: August 2013
Re: HB1 Implementation Process

During the last session of the Kentucky General Assembly legislators passed House Bill 1 (HB1) which affects all existing special districts in Kentucky. The bill also rewrote the definition of a special district, now called a "Special Purpose Governmental Entity" (SPGE), and included several governmental or quasi-governmental agencies that were previously NOT considered special districts. You have been determined by the Department for Local Government and the Kentucky Auditor's Office to be a SPGE.

This letter, and more importantly, the information contained on our website is intended to inform you of the requirements of the legislation. We encourage you to read the entire bill, which has been codified into law as KRS 65A. You can find the new law on the Legislative Research Commission (LRC) website at www.lrc.ky.gov.

We have set up a page at the DLG website, www.kydlgweb.ky.gov, that is designed to keep you informed on the implementation of KRS 65A. This website will also serve as an on-going communications tool so that you can keep abreast of important dates, trainings, etc. The efforts to continue to identify every entity affected by this legislation is on-going and other SPGEs may be added as we continue along toward full implementation.

We would like to call your attention to the following important points:

- The DLG has developed new forms for registration and financial disclosure. To those existing special districts, you will be pleased to know that very little has changed in terms of information required to be reported. However, the format for reporting has changed. Reporting will be completed and submitted by the SPGE online. The forms and accompanying Administrative



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Regulations are currently under review by the LRC. Once approved, they will be available for your use. We are also creating a training curriculum to help you learn to complete and submit the forms under the new format.

- The first thing you will have to do to comply with the new law is to complete and submit our registration form. This form is called the "Registration and Board Reporting" form (SPGE-100). You may see the current DRAFT of this form on our website. You will need to have this form completed and submitted electronically to DLG by December 31 of this year. To assist you in this, DLG is developing an easy to use online tutorial. Again, there is little change from the old form, so this should not be difficult for you to complete. The only new requirement is that you will submit the total amount of your revenues for the previous year as part of this form. This amount will be used to calculate the registration fee (which is also new). The registration fee may be paid at the time of registration but **IT IS NOT REQUIRED AT THIS TIME**. You have until 15 days after the start of your new fiscal year to pay the registration fee. As an example, if your fiscal year begins on July 1st, you must have the fee paid by July 15th.
- You will have to complete and electronically submit the Financial Disclosure form (SPGE-101,) by July 15, 2014. This form will replace two of the old documents, the Special District Budget form and the UFIR. Again, for SPGEs that reported as special districts under the old law, the information you will submit will be virtually unchanged. The draft of this form is available to view on our website. We will provide adequate training in all areas of the state prior to this form being completed. Information regarding these trainings will be made available on our website. The trainings will be in a classroom setting and we will invite the CEO and financial director of each SPGE to participate.

Finally, we ask you to periodically check our website for updates to this implementation schedule. We are still developing our implementation schedule and will be adding information regularly. While this seems like a complicated project, the actual transition to the new reporting requirements will be as simple as we can make it. Thank you for your cooperation, and as always, don't hesitate to call DLG with questions related to this implementation.