

House Bill 555

DLG's Opinion on how to proceed

August 13th, 2025

2025 Governor's Local Issues Conference



TEAM
KENTUCKY.

My *New*
Kentucky
Home



It is truly Bi-Partisan Legislation

- Passed 91-0 in the House on February 28th
- Passed 36-2 in the Senate on March 27th
- Signed by the Governor on April 1st

Covers a variety of topics but it affects county finances in two primary ways

HB 555 – County Treasurers

Amends KRS 68.020 to clean up some minor language, but then also adds a new sixth section of the treasurer's duties.

It reads:

“Payment of approved expenses may be made by means of electronic funds transfers from an authorized account of the county.

The signature requirement in subsection (1) of this section may be met via electronic signature.”

What does this mean for you?

For years, the rule was that all payments must be by check with the County Judge and County Treasurer's Co-Signature.
(Unless included on the Standing Order)

Now, when the Fiscal Court approves the payment of bills at a regular meeting, they may then order that any or all bills be paid via electronic means.

Electronic Signature In Lieu of Co-Signatures

The electronic signature takes the place of Co-Signatures when paying via EFT or ACH.

What are the requirements of the Electronic Signature?

- Will a time stamp count or does there have to be a saved PDF signature?
- The Statute does not state clearly, nor can we interpret.
- Talk to your County Attorney for clarity as what meets this requirement.

HB555 – Standing Orders

KRS 68.275 Allows a Fiscal Court to adopt a standing order that allows certain bills to be paid prior to review.

Until now, this statute has granted allowances to recurrent payroll and utility payments as a guaranteed approval.

For years, the State Local Finance Officer has also included debt payments among these allowable payments.

As you know, this has been amended by HB 555

Vendors Regularly Providing Services

HB 555 adds the language,

“...payments to vendors that regularly provide services to the county.”

You may now adopt a standing order to include recurrent payroll, utility and payments to vendors who regularly provide services to the county.

This raises a few questions...

What is a Regular Service Providing Vendor?

What constitutes a regular service?

- Weekly?
- Monthly?
- Quarterly?
- Annually?

Who determines which vendors meet this criteria?

- SLFO?
- Auditors?
- The Fiscal Court?

Text of KRS 68.275

KRS 68.275 now reads...

“The fiscal court may adopt an order, called a standing order, to preapprove the payment of recurrent monthly payroll and utility expenses and payments to vendors that regularly provide services to the county.”

It does not say is that the SLFO or APA has the power to veto your decision on this matter. This is your decision.

Determination of Regular Vendors

- To keep you from potential legal trouble, you can codify what constitutes a regular service in your admin code.
- When the budget is audited, if you follow your own rules, you should be more than fine.
- You can discuss this with county attorney if you have questions
- You may send DLG a listing of the regular vendors for information sharing purposes, but the SLFO does not approve them.

Standing Orders Now

If you wish to add anything that is **NOT**:

- Payroll
- Utility
- Regular vendors who provide service

Submit them to the SLFO for approval

- Debt Payments are guaranteed approval
- Please include expenditure line codes

Conclusion

- Kentucky counties have been given a great deal of additional flexibility and freedom in how they can conduct day-to-day business.
- Consider using these new powers in a more conservative manner for greater transparency and fiscal responsibility.