

LOUISVILLE COMPREHENSIVE REVIEW COMMISSION MINUTES

Friday, March 10, 2023
3:00 p.m.

I. CALL TO ORDER:

Co-Chair Jones called the meeting to order at **3:10pm**.

This meeting was held pursuant to KRS 61.826

II. ROLL CALL:

Present (10): Co-Chair Earl Jones
Senator Gerald Neal
Senator Mike Nemes
Rep. Ken Fleming
CM Jecorey Arthur
CW Cindi Fowler
Marianne Butler
Shelby Williams Somervell
Scott Shoenberger
Mayor Bonnie Jung

Absent (5): Co-Chair Representative Jason Nemes
Senator Julie Raque Adams
Rep. Pamela Stevenson
CM Anthony Piagentini
Sean Dreisbach

Attendees: Dr. Paul Coomes
Professor Bill Hoyt
Professor Matthew Ruther
Brian Powell

III. MERGER STUDY UPDATE:

- Dr. Coomes is analyzing data sets. Says it will take a couple months. Millions of Data sets road system, sanitation system, property taxes, has analyzed the
- Dr. Coomes states he is working on a complete revenues & expenditures for all local governments in the county. 82 suburban cities.
- Expecting to give a presentation at the 4/14/23 meeting.

Presentation #1

POPULATION and HOUSING CHANGE in JEFFERSON COUNTY 2000-2020

- **Matthew Ruther** provided an overview of the populations and housing changes in Jefferson County from 2000-2020

Population

- Over the last 20 years Louisville Metro's:
 - Urban Service District (USD) has decreased by 10,070 people
 - Incorporated Cities have increased by 9,697 people
 - Formerly Unincorporated areas have increased by 89,801 people
 - Middletown's population has increased by 3,962 people; outpacing other increasing small cities: Jeffersontown, St. Matthews, Lyndon, Heritage Creek, Hurstrbourne & Shively by more than double
- Overall Change over 20 years:
 - Formerly unincorporated areas account for about 50% of the population, shifting 5% from the USD and 1% from small cities.

Housing

- Housing has increased for all three: USD, Small cities, formerly unincorporated.
- Households are smaller as housing has increased throughout the city, population has moved from USD & small cities to formerly unincorporated.

Income

- Jefferson County as a whole has increased income by \$2.3 billion.
 - Urban Service district has lost income likely due to population shift
 - Formerly unincorporated has increased, likely due to population shift

- Per Capita Income has decreased in all three areas. Populations growth has exceeded income growth.

Median Housing Value

- Median Housing Value has increased for all three areas.
 - USD +\$17K
 - Small Cities +\$4K
 - Formerly Unincorporated +\$29K

Adults with Degrees

- Adults with Degrees have increased for all three areas
 - USD +10% = 31%
 - Small Cities +7% = 46%
 - Formerly Unincorporated +11% = 32%

Presentation #2

What Do Cities Spend on? What “should” they spend money on?

- **William Hoyt** spoke to his presentation discussing what cities do spend their money on and what they “should” spend their money on; a high level comparison of what similar cities with merged governments (Nashville, Indianapolis, Columbus, Jacksonville) & cities without merged governments
- **Fiscal Federalism** refers to how federal, state, and local governments share funding and administrative responsibilities
 - Assignment & Allocation of public services
 - Decentralization vs. Centralization
 - Key Considerations:
 - Mobility of people and firms to move
 - Economies / Diseconomies of Scale (Reduction in duplication of services)
 - Private goods are easily definable by how much you are willing to spend to have that good
 - Public goods/services are difficult to define how much we value a specific good/service because it is afforded through the collection of our taxes. There is not a determined value that we collectively set for X good/service.

- Exception:
 - Paul Samuelson (Economist) Nobel Laureate, most famous US Economist - You don't know how much people value public goods.
 - Charles (Tibbo?/Tiibodeau?) - theorized that we can measure how much people value public goods/services from where they choose to live and pay to live
 - How much you are willing to pay for a house - where people are willing to live helps identify how much they value the offered goods/services/public
 - People/residents/businesses are concerned about these impacts, however, Governments are less concerned about how their tax rates or other

Return on Services by Government Level

- General Rule: The lower the level of government, the less redistributive tax and public service policies can be
 - Meaning: The lower the level of government the less likely your tax dollars will be to benefit outside areas or said differently, the more likely your tax dollars will be used to directly benefit you
- Local Government = Limited Returns to scale, no "spillovers in services"
 - Services = Police/Fire & Education
- State Government = Broader Benefits, increased returns to scale
 - Services = Highways, Higher Education, Corrections, Public Welfare
- Federal Government = Broadest benefits, greatest returns to scale
 - Services = National Defense, Public Welfare/Assistance

Local vs. State Expenditures

- Overlaps in local & state expenditures for various services
 - Predominately State = Higher Education, Public Welfare
 - Predominately Local = Elementary Education, Police, Fire, Sewage, Solid waste, Utilities
 - Shared = Corrections, Judicial/Administration, Hospital-Health

Trends in Local Spending

- Decrease over the last 20 years:
 - Libraries, Public Welfare, Highways, Corrections, Judicial/Admin, Utilities
- Increases over the last 20 years:

- Hospitals, Health, Police, Fire, General Expenditures, Transit, Insurance trust expenditure
- Fairly stagnant:
 - Airports, Natural Resources, Parks, Housing, Sewage
- **Race to the Bottom:**
 - Local governments compete with each other and have to be mindful of one another's actions impacting the other. If Louisville lowers its tax rate, Lexington, as a competitor will be incentivized to do the same to stay competitive and keep businesses/firms from migrating to Louisville.
 - Governments respond to other governments actions
 - Private markets encourage competition, weed out less efficient firms.
 - Public Governments are rarely removed, but government's taxing/services policies encourage relocation to governments that operate most efficiently.
- **Impact of this presentation on the Commission going forward:**
 - Utilize data to understand the differences in expenditures from various peer merged city county governments.

IV. COMMITTEE REPORTS:

- Committees:
 - TAXES - Fleming
 - Nothing to report wants to meet with Dr. Coomes late next week
 - SERVICES - Arthur
 - Services & Responsibilities distributed between Metro Louisville, suburban cities & special districts
 - Committee has not met together.
 - Arthur met with Piagentini
 - Created a spreadsheet of every Metro Government agency & services with related quasi-governmental agencies
 - Received data on service expenditures for suburban cities
 - Plans to take all data and consolidate them in one place to understand what is distributed

- GAPS - Schoenberger
 - Met on Tuesday 3/7/23, next meeting scheduled 3/21/23
 - Regular Schedule to meet bi-weekly
 - Defining hard gaps & soft gaps
 - **Soft gaps** - what people perceive they are not receiving that they are also not paying for but feel disenfranchised to privately contract for the service (ex. garbage collection)
 - **Hard gaps** - services that should be provided but are inadequate (Road paving)
 - Intends to develop a list of gaps
 - Garbage collection concerns
 - Will submit to Councilmembers a survey on the gaps they feel from the representatives

V. ADJOURNMENT:

Co-Chairs Nemes & Jones adjourned the meeting at **4:32pm**.

This meeting was held pursuant to KRS 61.826