CHAPTER 56

(SB 129)

AN ACT relating to property.

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

➔Section 1. KRS 99.727 is amended to read as follows:

(1) As used in this section:

(a) "Census block" means an area within the jurisdiction of a local government identified by the United States Census Bureau using a unique four (4) digit number;

(b) "Certificate of delinquency" has the same meaning as in KRS 134.010;

(c) ***"Diverted tax delinquency purchaser" means a third-party purchaser who is registered under subsection (8) of this section to purchase a certificate of delinquency related to property placed in a tax delinquency diversion program;***

(d) "Individual parcel" means a parcel of property not located in a priority project area that has been designated by the commission or alternative government entity as blighted, and for which the area in which the property is located:

1. Exhibits conditions that are favorable for development;

2. Has the resources needed for urban redevelopment; and

3. Has characteristics that can be promoted as part of a campaign to retain existing residents and attract new residents to the area;~~[and]~~

(e)~~[(d)]~~ "Priority project area" means a specific group of properties identified by census block, which are located in an area where:

1. There are a significant number of blighted properties;

2. Existing conditions are favorable for development;

3. Existing resources needed for urban redevelopment are present; and

4. Existing characteristics of the area can be promoted as part of a campaign to retain existing residents and attract new residents to the area***;***

(f) "Third-party purchaser" has the same meaning as in KRS 134.010; and

(g) "Vacant and abandoned property" means a residential property that has been continuously vacant for at least one (1) year with repeated housing, building, or nuisance code violations.

(2) The legislative body of a consolidated local government may, by ordinance, establish a tax delinquency diversion program for blighted property.

(3) The ordinance establishing the program shall designate the commission or an alternative government entity as the body responsible for identifying and certifying priority project areas and individual parcels of property for inclusion in the tax delinquency diversion program.

(4) The commission or alternative government entity shall submit recommended priority project areas and qualifying individual parcels of property to the governing body of the consolidated local government for consideration.

(5) ***Except as provided under subsection (7) of this section,*** certificates of delinquency related to property approved by the governing body of the consolidated local government for inclusion in the tax delinquency diversion program shall not be available for purchase~~[by any person]~~ for a period of up to five (5) years following the year in which the property is placed in the tax delinquency diversion program.

(6) The commission or alternative government entity shall provide to the county attorney a list of all properties included in the tax delinquency diversion plan, and the county attorney shall place the identified properties on the protected list required ***under***~~[by]~~ KRS 134.504(10).

(7) (a) A diverted tax delinquency purchaser may purchase a certificate of delinquency related to vacant and abandoned property which has been placed in a tax delinquency diversion program. After ninety (90) days from the creation of the certificate of delinquency, a diverted tax delinquency purchaser who is interested in purchasing the certificate of delinquency for vacant and abandoned property shall send a notification to the county attorney requesting that the certificate of delinquency be made available for purchase. Within thirty (30) days of receipt of the notification, the county attorney shall:

1. Verify with the commission or alternative government entity as designated under subsection (3) of this section that the property in question is vacant and abandoned;

2. Remove the certificate of delinquency from the protected list required by KRS 134.504(10); and

3. Notify the county clerk and all other diverted tax delinquency purchasers that the certificate of delinquency shall be available for purchase.

(b) Once the requirements in paragraph (a) of this subsection are met, the county clerk shall conduct a sale of the certificate of delinquency to diverted tax delinquency purchasers. The sale shall be scheduled within ninety (90) days of the date of the notification sent to the county clerk in paragraph (a)3. of this subsection.

(8) (a) To qualify as a diverted tax delinquency purchaser, the third-party purchaser shall register with the Department of Revenue under this subsection and be:

1. A political subdivision of the Commonwealth created by the governing body of a consolidated local government or operating within the boundaries of a consolidated local government;

2. A state or local agency, board, or commission created by the governing body of a consolidated local government or operating within the boundaries of a consolidated local government;

3. A quasi-governmental entity created by the governing body of a consolidated local government or operating within the boundaries of a consolidated local government; or

4. A nonprofit organization that:

a. Is registered with the Kentucky Secretary of State;

b. Has been registered with the Kentucky Secretary of State for a minimum of five (5) years;

c. Has a principal place of business in Kentucky;

d. Includes affordable housing in its stated purpose; and

e. Is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

(b) The Department of Revenue shall:

1. Decline to issue a certificate of registration to any applicant who does not meet the requirements established under paragraph (a) of this subsection; and

2. Maintain a list of the applicants who are issued a certificate of registration. The list shall include the contact information and email address of each applicant.

(9) A diverted tax delinquency purchaser shall be subject to the same requirements as a third-party purchaser under KRS Chapter 134.

(10) The Department of Revenue shall promulgate administrative regulations to establish a process for the purchase and sale of certificates of delinquency related to property placed in a tax delinquency diversion program.

➔Section 2. KRS 134.128 is amended to read as follows:

(1) The sale of certificates of delinquency by county clerks to persons other than those listed in KRS 134.127(1)(a) shall be conducted in accordance with the provisions of this section.

(2) The department shall promulgate administrative regulations to establish a process for the purchase and sale of certificates of delinquency to third parties. The process developed by the department shall:

(a) 1. Establish an annual statewide schedule for the sale of certificates of delinquency in each county. The schedule shall be published on the department's ***website*** ~~[Web site]~~ at least ten (10) days prior to the first sale. The sale in each county shall be administered by the county clerk.

2. The sale in each county shall be scheduled at least ninety (90) days but not more than one hundred thirty-five (135) days after the unpaid tax claims are filed by the sheriff with the county clerk, unless the provisions of subparagraph 3. of this paragraph apply. The department may stagger the schedule so that sales are conducted on different dates and times in different counties.

3. A county clerk who:

a. Due to the assessment schedule established by the department, anticipates receiving certificates of delinquency relating to unmined coal, oil**,** or gas reserves, or any other mineral or energy resources assessed separately from the surface real property pursuant to KRS 132.820 too late to be included in the annual sale scheduled during the timeframes established by subparagraph 2. of this paragraph; and

b. Wants to include those certificates in the annual sale for the year in which the certificates of delinquency are created;

may submit a request to the department to hold the annual sale for that county up to one hundred ninety-five (195) days after the bulk of the unpaid tax claims are filed by the sheriff with the county clerk in accordance with KRS 134.122;

(b) Except as provided in KRS 134.127(1)(a), prohibit the payment of any newly filed certificates of delinquency by a third party prior to the scheduled annual sale of certificates of delinquency for that year for that county;

(c) Prohibit the payment of any certificates of delinquency:

1. Involved in bankruptcy litigation in which the county attorney or department has filed a claim;

2. Involved in other litigation initiated by the county attorney or the department, or in which the county attorney or department responds or files a claim;

3. Under a payment plan that has been agreed to by the taxpayer and the county attorney or the department, and on which the payment agreement is in good standing; or

4. Related to property included in a tax delinquency diversion program established ***under*** ~~[pursuant to]~~ KRS 99.727 ***and on the protected list required under KRS 134.504(10)***;

(d) Establish a process to be used by county clerks in determining the order in which interested third-party purchasers may select and pay available certificates of delinquency at the annual sale. The process shall, at a minimum:

1. Be uniform in all counties to the extent practicable;

2. Establish a process, if there is more than one (1) purchaser registered to purchase certificates of delinquency at the sale, that allows all interested purchasers an opportunity to purchase certificates of delinquency on an equitable basis. The sale shall not be structured in such a manner to allow one (1) third party to purchase all of the certificates of delinquency if there are other properly registered third parties that are also interested in purchasing certificates of delinquency;

3. Establish fairness for all participants by prohibiting the participation of multiple related entities, or multiple individuals representing related interests as separate entities in the selection process at an annual sale. The department shall define "related entities" and "related interests" as part of the regulatory process; and

4. Establish a process to be used by county clerks in identifying, verifying, and selling priority certificates of delinquency. The process shall:

a. Require third-party purchasers to submit a list of priority certificates of delinquency to the county clerk up to ten (10) days before the annual sale so that the clerk may identify and allocate priority certificates of delinquency to third-party purchasers prior to the annual sale;

b. Require that all priority certificates of delinquency allocated to a third-party purchaser prior to the annual sale be removed from the annual sale;

c. Allow any third-party purchaser holding a certificate of delinquency on a parcel of property from a prior year to submit a priority list and purchase any priority certificates of delinquency to which the third-party purchaser is entitled, notwithstanding that the third-party purchaser may be related to another third-party purchaser participating in the sale; and

d. Give priority to the third-party purchaser holding a certificate of delinquency from the most recent tax year if more than one (1) third party holds an outstanding certificate of delinquency on a parcel of property;

(e) Require all potential participants in the sale to register at least one (1) week in advance with the county clerk;

(f) Require a review of the list of registered participants, either by the county clerk or the department, prior to the sale to ensure that:

1. All registered participants seeking to pay multiple certificates of delinquency are properly registered with the department as required by KRS 134.129; and

2. No registered participants or related entities or related interests prohibited from separate participation in the annual sale pursuant to the provisions of paragraph (d)3. of this subsection and the administrative regulations promulgated thereunder have separately registered to participate in the annual sale;

(g) Establish advance deposit requirements for registered participants based upon the maximum amount the registered participant may pay for desired certificates of delinquency;

(h) Establish a registration fee to be paid to the clerk. The registration fee paid to each county shall not exceed two hundred fifty dollars ($250) annually and may be tiered;

(i) Establish payment requirements, which may include nullification of the payment and forfeiture of the advance deposit if a third-party purchaser fails to produce full payment within the specified time; and

(j) Establish payment methods.

(3) Any person who, in any calendar year:

(a) Pays or plans to pay more than five (5) certificates of delinquency statewide;

(b) Pays or plans to pay more than three (3) certificates of delinquency in any county; or

(c) Invests or plans to invest more than ten thousand dollars ($10,000) in the payment of certificates of delinquency on a statewide basis in any calendar year;

shall register with the department annually as provided in KRS 134.129.

(4) The department shall be responsible for monitoring the sale of certificates of delinquency.

(5) (a) At least thirty (30) but not more than forty-five (45) days before the scheduled sale date, the county clerk shall cause a notice to be published in accordance with the provisions of KRS Chapter 424. The notice shall list by property owner, property address, and if available, parcel number or lot number, all certificates of delinquency available for sale. The notice shall provide the date, time, and location of the sale. In addition, the notice shall list, in a separate section, all personal property certificates of delinquency held by the county clerk.

(b) As compensation for advertising the sale, the county clerk shall receive five dollars ($5) for each certificate of delinquency and personal property certificate of delinquency advertised. The fee shall be added to the amount of the certificate of delinquency or personal property certificate of delinquency and shall be paid by the person paying the certificate of delinquency or personal property certificate of delinquency.

(c) The cost of placing the advertisement shall be paid by the county. The cost shall be added to the amount of the certificate of delinquency or personal property certificate of delinquency and shall be paid by the person paying the certificate of delinquency or personal property certificate of delinquency. The department shall establish a formula that may be used by counties in allocating the advertising costs

among the delinquent tax claims. The formula shall take into account that a percentage of delinquent tax claims remains unpaid.

(6) Any certificate of delinquency not paid at the annual sale, not subject to a payment plan with the department or county attorney, and not known to be in litigation may be paid to the county clerk at any time by any person after the sale, provided that:

(a) Any person required by KRS 134.129 to register with the department shall hold a current certificate of registration at the time of purchase;

(b) Any person not previously registered with the county clerk during the calendar year shall register with the county clerk and shall pay the registration fee established by administrative regulation pursuant to subsection (2)(h) of this section; and

(c) Any person previously registered with the county clerk during the calendar year who has not paid the maximum registration fee for that year shall pay the appropriate amount for each certificate of delinquency paid, as established by administrative regulation pursuant to subsection (2)(h) of this section, until the maximum registration has been paid.

(7) Any certificate of delinquency received by the county clerk too late to be included in the annual sale in any year shall be retained by the clerk until the next scheduled annual sale. During that time period, the clerk may accept payment on the certificate of delinquency only from those individuals and entities listed in KRS 134.127(1)(a).

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 100 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, unless the context otherwise requires:

(a) "Accessory dwelling unit" means a smaller, secondary dwelling unit located on the same lot as a principal dwelling, which provides complete, independent living facilities;

(b) "Density development project" means any proposed residential development project that:

1. Contains multifamily housing; and

2. If approved would result in an increase in:

a. Fire department or emergency medical service response times for current residents in the vicinity of the project; or

b. Traffic and congestion on roads accessing the development that would reduce the level of service on the most adjacent arterial, collector, or access road a full letter grade, or reduce level of service below grade D on those roads;

(c) "Level of service" means a qualitative measurement of traffic conditions graded on an A to F scale as set out in the Highway Capacity Manual as published by the Transportation Research Board;

(d) "Multifamily housing" means any residential housing type other than single-family homes and accessory dwelling units; and

(e) "Traditional single-family home zone" means a zone that, as of January 1, 2025, did not include multifamily homes as a permitted use.

(2) In a county containing a consolidated local government, any density development project that is proposed in a traditional single-family home zone shall be treated as if it were an amendment to the zoning map, and shall be subject to the procedures set forth in KRS 100.211, 100.2111, 100.212, 100.213, and 100.214, including approval by the legislative body, except a planning unit shall not use the alternative regulation for zoning map amendment under KRS 100.2111 when considering a density development project.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 383 IS CREATED TO READ AS FOLLOWS:

(1) As used in this section, unless context requires otherwise:

(a) "Accessory dwelling unit" means a smaller, secondary dwelling unit located on the same lot as a principal dwelling, which provides complete, independent living facilities;

(b) "Multifamily housing" means any residential housing type other than single-family homes and accessory dwelling units;

(c) "Property owner" or "owner" means:

1. If the property is owned by one (1) or more individuals, one (1) or more of those individuals;

2. If the property is owned by a trust, one (1) or more of the beneficiaries or trustees;

3. If the property is owned by a partnership or limited liability company, one (1) or more of the partners or members; or

4. If the property is owned by a corporation, one (1) or more of the shareholders; and

(d) "Traditional single-family home zone" means a zone that, as of January 1, 2025, did not include multifamily homes as a permitted use.

(2) In a county containing a consolidated local government, for new leases initiated after the effective date of this Act, a property owner shall not lease or allow to be occupied any single-family home, multifamily housing unit, or accessory dwelling unit located on a lot that contains a single-family home and that is located in a traditional single-family home zone, unless the owner primarily resides in the single-family home or multifamily housing unit or an accessory dwelling unit on the lot. This restriction shall not apply to a lot that contains only one (1) single-family home and does not contain an accessory dwelling unit.

➔Section 5. KRS 154.30-050 is amended to read as follows:

(1) The Signature Project Program is hereby established. The purpose of this program is to encourage private investment in the development of major projects that will have a significant impact on the Commonwealth of Kentucky and are judged to be of such a magnitude that the effect upon the location of such project warrants extraordinary public support.

(2) There shall be two (2) separate initiatives under this program. The first initiative, the criteria and details of which are set forth in paragraph (a) of this subsection, shall apply to qualifying projects that are not the subject of a contract under KRS 65.495 in effect on or before the March 23, 2007, but that have a project grant agreement executed pursuant to KRS 154.30-070 prior to January 1, 2008. The second initiative, the criteria and details of which are set forth in paragraph (b) of this subsection, shall apply to projects that meet the specified requirements on or after January 1, 2008.

(a) For projects that are not the subject of a contract under KRS 65.495 in effect on or before March 23, 2007, but that have a project grant agreement executed pursuant to the provisions of KRS 154.30-070 prior to January 1, 2008:

1. The criteria for qualification shall be as follows:

a. The project shall represent new economic activity in the Commonwealth; and

b. The project shall result in a minimum capital investment of two hundred million dollars ($200,000,000)***;*** ~~[.]~~

2. The following provisions shall apply to projects that meet the criteria established in subparagraph 1. of this paragraph:

a. KRS 65.7051 shall not apply to the establishment of a development area;

b. The city or county in which the project is located shall adopt an ordinance establishing the development area. The ordinance shall be adopted in accordance with KRS 65.7053(1)(a), (b), (c), (d), (e), (h), (i), (j), (k), (l), and (m);

c. KRS 65.7049, 65.7053(2) and (3), 65.7057, 65.7059, 65.7061, 65.7063, 65.7065, and 65.7067, relating to local development areas, shall apply;

d. An application for state participation shall have been submitted as provided in KRS 154.30-030. The application shall include the information required by KRS 154.30-030(2)(a)~~[,]~~1.a. and b.;

e. The report provided for in KRS 154.30-030(2)(a)~~[,]~~3.b. shall not be required, and the certification required by KRS 154.30-030(6)(b) shall not be required;

f. A project grant agreement shall be executed in accordance with KRS 154.30-070; and

g. KRS 154.30-080 and 154.30-090 shall apply***; and*** ~~[.]~~

3. Projects that meet the criteria established in subparagraph 1. of this paragraph shall be eligible for the following:

   a. Up to one hundred percent (100%) of approved public infrastructure costs, excluding any sales and use tax paid, may be recovered;

   b. Up to one hundred percent (100%) of the financing costs associated with approved public infrastructure costs may be recovered;

   c. In a county containing a city of the first class, the local participation agreement may provide for the release of up to eighty percent (80%) of the increment from the tax levied under KRS 91A.390 derived by the governing body within the project development area. The amount released shall not exceed a base amount of four hundred thousand dollars ($400,000) in the first year of the local participation agreement, which base amount shall be increased in each subsequent year of the grant agreement by four percent (4%); and

   d. Up to one hundred percent (100%) of approved signature project costs, excluding any sales and use taxes paid, subject to the following:

      i. The authority shall review proposed ~~[ ]~~expenditures for ~~[ ]~~inclusion in the tax incentive ~~[ ]~~agreement. The authority may approve the type ~~[ ]~~of expenditures it determines are ~~[ ]~~necessary for completion of the private development; and

      ii. Approved signature project costs shall be detailed in the tax incentive agreement.

(b) Beginning January 1, 2008:

1. A project shall meet all of the following criteria to be considered for state participation under this program:

   a. The project shall represent new economic activity in the Commonwealth;

   b. The project shall result in a minimum capital investment of two hundred million dollars ($200,000,000);

   c. The project shall result in a net positive economic impact to the Commonwealth, taking into consideration any substantial adverse impact on existing Commonwealth businesses. The net positive impact shall be certified to the commission as required by KRS 154.30-030(6)(b); and

   d. Not more than twenty percent (20%) of the capital investment or twenty percent (20%) of the finished square footage shall be devoted to the support or development of assets that will be utilized for the retail sale of tangible personal property***;*** ~~[.]~~

2. Projects that meet the criteria established by subparagraph 1. of this paragraph shall comply with all relevant provisions of this subchapter***;*** ~~[.]~~

3. Projects that meet the criteria established by subparagraphs 1. and 2. of this paragraph shall be eligible to recover:

   a. Up to one hundred percent (100%) of approved public infrastructure costs, excluding any sales and use taxes paid;

   b. Up to one hundred percent (100%) of the financing costs associated with approved public infrastructure costs; and

   c. Up to one hundred percent (100%) of approved signature project costs, excluding sales and use taxes paid subject to the following:

      i. The authority shall review proposed expenditures for inclusion in the tax incentive agreement. The authority may approve the type of expenditures it determines are necessary for completion of the private development; and

      ii. Approved signature project costs shall be detailed in the tax incentive agreement***; and***

4. Notwithstanding any provision of this section to the contrary, if a project has a residential use that comprises at least fifty percent (50%) of the total finished square footage of the proposed project:

a. The report required in KRS 154.30-030(2)(a)3.b. shall not be required; and

b. The certification required by KRS 154.30-030(6)(b) and subparagraph 1.c. of this paragraph shall not be required.

(3) The authority shall review the application, the certification required by KRS 154.30-030, if applicable, and supporting information as provided in KRS 154.30-030.

(4) The authority shall specifically identify the state taxes from which incremental revenues will be pledged. The authority may pledge up to eighty percent (80%) of the incremental revenues from the identified state tax revenues from the footprint, provided that the maximum amount of incremental revenues that may be pledged for a project during the term of the tax incentive agreement from all approved state taxes shall not exceed one hundred percent (100%) of approved public infrastructure costs, approved signature project costs, and financing costs.

(5) As part of the approval process, the authority shall determine the following:

(a) The footprint of the project;

(b) The maximum amount of approved public infrastructure costs, approved signature project costs, and financing costs;

(c) That the local revenues pledged to support the public infrastructure of the project, and local revenues pledged to support the overall project are of a sufficient amount to warrant participation of the Commonwealth in the project;

(d) The termination date of the tax incentive agreement, not to exceed thirty (30) years from the activation date;

(e) Any adjustments to be made to old revenues, in determining incremental revenues during each year of the term of the project grant agreement; and

(f) Any approved signature project costs;

(6) For the purpose of making the determination required by KRS 139.515(2), the authority shall review the projected expenditures for tangible personal property used in the construction of a signature project, as defined in KRS 139.515(1), and shall establish an approximate percentage of the total anticipated expenditures that are not included in the tax incentive agreement as approved public infrastructure costs or approved signature project costs. This percentage shall be communicated by the authority to the Department of Revenue, which shall use the information in administering the sales tax refund permitted by KRS 139.515.

(7) If state income taxes or local occupational license taxes are included for a project that includes office space, the authority shall consider the impact of pledging theses taxes on the ability to utilize other economic development projects at a later date.

(8) The pledge of state incremental tax revenues of the Commonwealth by the authority shall be implemented through the execution of a tax incentive agreement between the Commonwealth and the agency, city, or county in accordance with KRS 154.30-070.

(9) Notwithstanding the minimum capital investment of two hundred million dollars ($200,000,000) required by subsection (2)(b)1.b. of this section, the authority may, upon application of an agency that:

(a) Was approved to proceed with a project after January 1, 2008, but before January 1, 2013, that, at the time of approval pledged to make the two hundred million dollars ($200,000,000) investment requirement; and

(b) Had a consultant report prepared pursuant to KRS 154.30-030(6);

approve a reduction in the required minimum capital investment to an amount not less than one hundred fifty million dollars ($150,000,000), subject to a corresponding adjustment of the maximum incremental revenue available for recovery as appropriate, based upon the recommendation of the consultant who prepared the report pursuant to KRS 154.30-030(6).

➔Section 6. KRS 154.30-060 is amended to read as follows:

(1) The Commonwealth Participation Program for Mixed-Use Redevelopment in Blighted Urban Areas is hereby established.

(2) State participation under this program shall be limited to the support of approved public infrastructure costs and costs associated with land preparation, demolition, and clearance determined to be necessary to support private investment or private development projects that benefit the public, where project economics are unable to support or secure necessary financing to undertake the public improvements, land preparation, demolition, and clearance.

(3) As used in this section:

(a) "Mixed-use" means a project:

1. That includes at least two (2) qualified uses, each of which comprises at least twenty percent (20%) of the total finished square footage of the proposed project or represents at least twenty percent (20%) of the total capital investment; or

2. That includes at least three (3) qualified uses:

a. One (1) of which comprises at least twenty percent (20%) of the total finished square footage of the proposed project or represents at least twenty percent (20%) of the total capital investment; and

b. The remainder of which, when combined, jointly comprise at least twenty percent (20%) of the total finished square footage of the proposed project or represent at least twenty percent (20%) of the total capital investment;

(b) "Qualified use" means:

1. Retail;

2. Residential;

3. Office;

4. Restaurant; or

5. Hospitality; and

(c) "Retail" means an establishment predominantly engaged in the sale of tangible personal property subject to the tax imposed by KRS Chapter 139, but shall not include restaurants.

(4) To be considered for state participation under this program, a project shall:

(a) Be located in an area that has three (3) or more of the conditions listed in KRS 65.7049(3)(a), or be a project described in KRS 65.7049(3)(b);

(b) Be a mixed-use project;

(c) Represent new economic activity in the Commonwealth;

(d) Result in a capital investment between twenty million dollars ($20,000,000) and two hundred million dollars ($200,000,000);

(e) Not include any retail establishment that exceeds twenty thousand (20,000) square feet of finished square footage;

(f) Include pedestrian amenities and public space;~~[and]~~

(g) Result in a net positive economic impact to the Commonwealth, taking into consideration any substantial adverse impact on existing Commonwealth businesses. The net positive impact shall be certified to the authority as required by KRS 154.30-030(6)(b)***; and***

(h) Notwithstanding any provision of this section to the contrary, if a project has a residential use that comprises at least fifty percent (50%) of the total finished square footage of the proposed project:

1. The report required in KRS 154.30-030(2)(a)3.b. shall not be required; and

2. The certification required by KRS 154.30-030(6)(b) and paragraph (g) of this subsection shall not be required.

(5) The following costs may be recovered pursuant to this section:

(a) Up to one hundred percent (100%) of approved public infrastructure costs; and

(b) Up to one hundred percent (100%) of expenses for land preparation, demolition, and clearance necessary for the development to occur.

(6) The commission shall review the application, the certification required by KRS 154.30-030, and supporting information as provided in KRS 154.30-030.

(7) The authority shall specifically identify the state taxes from which incremental revenues will be pledged. The authority may pledge up to eighty percent (80%) of the incremental revenues from the identified state tax revenues from the footprint of the project, provided that the maximum amount of incremental revenues that may be pledged for a project during the term of the tax incentive agreement from all approved state taxes shall not exceed the costs and expenses determined under subsection (5) of this section.

(8) As part of the approval process, the authority shall determine the following:

(a) The footprint of the project;

(b) That the proposed project meets the requirements established by subsection (4) of this section;

(c) The maximum amount of approved public infrastructure costs and expenses for land preparation, demolition, and clearance;

(d) That the local revenues pledged to support the public infrastructure of the project and local revenues pledged to support the overall project are of a sufficient amount to warrant participation of the Commonwealth in the project;

(e) The termination date of the tax incentive agreement; and

(f) Any adjustments to be made to old revenues, in determining incremental revenues during each year of the term of the tax incentive agreement.

(9) If state income taxes or local occupational licenses taxes are included for a project that includes office space, the authority shall consider the impact of pledging these taxes on the ability to utilize other economic development projects at a later date.

(10) The pledge of state incremental tax revenues of the Commonwealth by the authority shall be implemented through the execution of a tax incentive agreement between the Commonwealth and the agency, city, or county in accordance with KRS 154.30-070.

➔Section 7. KRS 65.111 is amended to read as follows:

(1) As used in this section:

(a) "Emergency response" means a response by any first responder to a reported incident that is of such an emergent nature that jeopardizes or could jeopardize personal safety or result in the destruction of property;

(b) "Emergency response fee" means any charge or fee, other than a membership charge or subscriber fee levied under KRS Chapter 273, imposed by a fire department, whether paid or volunteer, ambulance provider, law enforcement agency, or other organization to cover the costs associated with an emergency response, including but not limited to costs incurred for labor, materials, supplies, or equipment used or provided in the response; and

(c) "First responder" means fire, police, and emergency medical personnel.

(2) ***(a)*** No local government, special district, or other provider of any emergency response service shall submit any demand for payment or require ***a landlord to pay any emergency response fee if the emergency response:***

1. Arises out of the actions of a residential tenant or his or her guest; and

2. Was not the result of any failure by the landlord to maintain a building in compliance with applicable housing, building, plumbing, electrical, fire, health, or nuisance code requirements~~[an owner of property occupied by an individual other than the owner to pay any emergency response fee that arises out of the actions of another over which the owner has no control]~~.

(b) Nothing in paragraph (a) of this subsection shall prevent a local government, special district, or other provider of any emergency response service from submitting a demand for payment of an emergency response fee from a responsible party.

➔Section 8. KRS 67C.147 is amended to read as follows:

(1) In order to maintain the tax structure, tax rates, or level of services in the area of the consolidated local government formerly comprising the city of the first class, the legislative council of a consolidated local government may provide in the manner described in this chapter for taxes and services within the area comprising the former city of the first class which are different from the taxes and services which are applicable in the remainder of the county. These differences may include differences in tax rates upon the class of property which includes the surface of the land, differences in ad valorem tax rates upon personal property, and differences in tax rates upon insurance premiums.

(2) Any difference in the ad valorem tax rate on the class of property which includes the surface of the land in the portion of the county formerly comprising the city of the first class and in the portion of the county other than that formerly comprising the city of the first class may be imposed directly by the consolidated local government council. Any change in these ad valorem tax rates shall comply with KRS 68.245, 132.010, 132.017, and 132.027 and shall be used for services as provided by KRS 82.085.

(3) If the consolidated local government council determines to provide for tax rates applicable to health insurance premiums and personal property which are different in the area formerly comprising the city of the first class than the rates applicable in the remainder of the county, it shall do so in the following manner. The consolidated local government council shall by ordinance create a tax district to be known as the "urban service tax district" bounded by the former boundaries of the former city of the first class. The ordinance shall designate the number of members of the board of this tax district and the manner in which they shall be appointed. The ordinance shall provide that the board of the tax district shall receive the income derived from the differential tax rate applicable in the area formerly comprising the city of the first class with respect to personal property, health insurance premiums, or both, and shall contract with the consolidated local government to pay all sums collected to the consolidated local government, in return for the provision of services performed by the consolidated local government within the area formerly comprising the city of the first class which services are in addition to services performed by the consolidated local government in the remainder of the county. The consolidated local government shall provide at least an annual reporting to the urban service tax district board and the legislative body of the consolidated local government containing but not limited to detailed operating and capital expenditures of each service performed by the consolidated local government.

(4) After the initial formation of an urban service tax district in a consolidated local government, the boundaries of the district may be modified in the following manner. The proposal to alter the boundaries of the urban service tax district within a consolidated local government may be initiated by:

(a) A resolution enacted by the consolidated local government describing the boundaries of the area to be added to or deleted from the tax district and duly passed and signed by the mayor not less than one hundred twenty (120) days before the next regularly scheduled election day within the county; or

(b) A petition signed by a number of qualified voters living within precincts within the area to be added to or deleted from the tax district equal to ten percent (10%) of the votes cast within each precinct in the last general election for President of the United States and delivered to the clerk of the legislative council more than one hundred twenty (120) days next preceding the next regularly scheduled election day within the county.

The boundaries so described in either case shall not cross precinct lines. The question of whether the area bounded as described should be added to or deleted from, as the case may be, the urban service tax district shall then be placed upon the ballot in the precincts in the area to be added or deleted at the next regular election and the question stated on the ballot shall be so phrased that a "Yes" vote shall be cast in favor of making the proposed change and a "No" vote shall be cast to oppose the proposed change. If a majority of those voting in those precincts support the change, then the change in the boundaries of the urban service tax district shall be implemented.

(5) (a) No later than July 1, 2025, the consolidated local government shall reimburse a fire district operating under KRS Chapter 75 for expenses related to each emergency medical response made by the fire district operating under KRS Chapter 75 into the area of the urban service tax district. A fire district so

responding shall receive from the consolidated local government three hundred dollars ($300) for transporting a person and one hundred fifty dollars ($150) for arriving at person's location when no person is transported.

(b) The payment established in paragraph (a) of this subsection shall be in addition to any insurance moneys the fire district may be eligible to receive resulting from the response.

(c) The payment established in paragraph (a) of this subsection shall be adjusted on July 1 of each year by the percentage increase in the nonseasonally adjusted annual average Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, between the two (2) most recent calendar years available, as published by the United States Bureau of Labor Statistics.

(d) The consolidated local government shall not charge a fire district operating under KRS Chapter 75 for any expenses or services that the consolidated local government was not charging the fire district prior to January 1, 2024.

(6) ***Except for services provided within the central business district as defined by the consolidated local government via ordinance as of April 1, 2024:***

(a) From July 1, 2025, to June 30, 2028, the differential tax received by the urban service tax district shall fund no less than eighty-five percent (85%) of all costs related to the services provided, including capital expenditures related to the services, within the urban service tax district by the consolidated local government as set out in this section that are in addition to the services performed by the consolidated local government in the remainder of the county***;*** ~~[.]~~

(b) From July 1, 2028, to June 30, 2031, the differential tax received by the urban service tax district shall fund no less than ninety percent (90%) of all costs related to the services provided, including capital expenditures related to the services, within the urban service tax district by the consolidated local government as set out in this section that are in addition to the services performed by the consolidated local government in the remainder of the county***;*** ~~[.]~~

(c) From July 1, 2031, to June 30, 2034, the differential tax received by the urban service tax district shall fund no less than ninety-five percent (95%) of all costs related to the services provided, including capital expenditures related to the services, within the urban service tax district by the consolidated local government as set out in this section that are in addition to the services performed by the consolidated local government in the remainder of the county***; and*** ~~[.]~~

(d) After June 30, 2034, the differential tax received by the urban service tax district shall fund no less than one hundred percent (100%) of all costs related to the services provided, including capital expenditures related to the services, within the urban service tax district by the consolidated local government as set out in this section that are in addition to the services performed by the consolidated local government in the remainder of the county.

➔SECTION 9. A NEW SECTION OF KRS 100.401 TO 100.419 IS CREATED TO READ AS FOLLOWS:

Notwithstanding any provision of KRS 100.401 to 100.419 to the contrary, a planning commission shall not waive or amend an agreed-upon binding element added by the legislative body without the approval of the legislative body of the local government exercising planning authority.

Signed by Governor March 24, 2025.