

1 AN ACT relating to property.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 100 IS CREATED TO
4 READ AS FOLLOWS:

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

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

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

11 *1. Contains multifamily housing; and*

12 *2. If approved would result in an increase in:*

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

15 *b. Traffic and congestion on roads accessing the development that*
16 *would reduce the level of service on the most adjacent arterial or*
17 *collector roads below a D grade or access road below a C grade;*

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

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

23 *(e) "Traditional single-family home zone" means a zone that, as of January 1,*
24 *2025, did not include multifamily homes as a permitted use.*

25 *(2) In a county containing a consolidated local government, any density development*
26 *project that is proposed in a traditional single-family home zone shall be treated*
27 *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 fiscal court or 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 2. 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.

➔Section 3. 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);~~1-1~~

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

- 1 a. KRS 65.7051 shall not apply to the establishment of a
- 2 development area;
- 3 b. The city or county in which the project is located shall adopt an
- 4 ordinance establishing the development area. The ordinance shall
- 5 be adopted in accordance with KRS 65.7053(1)(a), (b), (c), (d),
- 6 (e), (h), (i), (j), (k), (l), and (m);
- 7 c. KRS 65.7049, 65.7053(2) and (3), 65.7057, 65.7059, 65.7061,
- 8 65.7063, 65.7065, and 65.7067, relating to local development
- 9 areas, shall apply;
- 10 d. An application for state participation shall have been submitted as
- 11 provided in KRS 154.30-030. The application shall include the
- 12 information required by KRS 154.30-030(2)(a)~~1.a. and b.;~~
- 13 e. The report provided for in KRS 154.30-030(2)(a)~~3.b.~~ shall not
- 14 be required, and the certification required by KRS 154.30-
- 15 030(6)(b) shall not be required;
- 16 f. A project grant agreement shall be executed in accordance with
- 17 KRS 154.30-070; and
- 18 g. KRS 154.30-080 and 154.30-090 shall apply; and~~1~~
- 19 3. Projects that meet the criteria established in subparagraph 1. of this
- 20 paragraph shall be eligible for the following:
- 21 a. Up to one hundred percent (100%) of approved public
- 22 infrastructure costs, excluding any sales and use tax paid, may be
- 23 recovered;
- 24 b. Up to one hundred percent (100%) of the financing costs
- 25 associated with approved public infrastructure costs may be
- 26 recovered;
- 27 c. In a county containing a city of the first class, the local

1 participation agreement may provide for the release of up to eighty
2 percent (80%) of the increment from the tax levied under KRS
3 91A.390 derived by the governing body within the project
4 development area. The amount released shall not exceed a base
5 amount of four hundred thousand dollars (\$400,000) in the first
6 year of the local participation agreement, which base amount shall
7 be increased in each subsequent year of the grant agreement by
8 four percent (4%); and

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

12 i. The authority shall review proposed ~~{ }~~expenditures for ~~{ }~~
13 ~~_____~~inclusion in the tax incentive ~~{ }~~agreement. The
14 authority may approve the type ~~{ }~~of expenditures it
15 determines are ~~{ }~~necessary for completion of the private
16 development; and

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

19 (b) Beginning January 1, 2008:

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

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

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

26 c. The project shall result in a net positive economic impact to the
27 Commonwealth, taking into consideration any substantial adverse

1 impact on existing Commonwealth businesses. The net positive
2 impact shall be certified to the commission as required by KRS
3 154.30-030(6)(b); and

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

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

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

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

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

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

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

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

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

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

1 required; and

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

4 (3) The authority shall review the application, the certification required by KRS
5 154.30-030, if applicable, and supporting information as provided in KRS 154.30-
6 030.

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

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

15 (a) The footprint of the project;

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

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

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

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

26 (f) Any approved signature project costs;

27 (6) For the purpose of making the determination required by KRS 139.515(2), the

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

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

11 (8) The pledge of state incremental tax revenues of the Commonwealth by the authority
12 shall be implemented through the execution of a tax incentive agreement between
13 the Commonwealth and the agency, city, or county in accordance with KRS
14 154.30-070.

15 (9) Notwithstanding the minimum capital investment of two hundred million dollars
16 (\$200,000,000) required by subsection (2)(b)1.b. of this section, the authority may,
17 upon application of an agency that:

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

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

27 ➔Section 4. KRS 154.30-060 is amended to read as follows:

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

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

9 (3) As used in this section:

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

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

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

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

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

23 (b) "Qualified use" means:

24 1. Retail;

25 2. Residential;

26 3. Office;

27 4. Restaurant; or

1 5. Hospitality; and

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

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

6 (a) Be located in an area that has three (3) or more of the conditions listed in KRS
7 65.7049(3)(a), or be a project described in KRS 65.7049(3)(b);

8 (b) Be a mixed-use project;

9 (c) Represent new economic activity in the Commonwealth;

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

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

14 (f) Include pedestrian amenities and public space; ~~and~~

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

19

(h) Notwithstanding any provision of this section to the contrary, if a project

20

has a residential use that comprises at least fifty percent (50%) of the total

21

finished square footage of the proposed project:

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

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

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

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

1 and

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

4 (6) The commission shall review the application, the certification required by KRS
5 154.30-030, and supporting information as provided in KRS 154.30-030.

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

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

14 (a) The footprint of the project;

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

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

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

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

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

26 (9) If state income taxes or local occupational licenses taxes are included for a project
27 that includes office space, the authority shall consider the impact of pledging these

1 taxes on the ability to utilize other economic development projects at a later date.

2 (10) The pledge of state incremental tax revenues of the Commonwealth by the authority
3 shall be implemented through the execution of a tax incentive agreement between
4 the Commonwealth and the agency, city, or county in accordance with KRS
5 154.30-070.

6 ➔Section 5. KRS 65.111 is amended to read as follows:

7 (1) As used in this section:

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

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

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

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

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

22 and

23 2. Was not the result of any failure by the landlord to maintain a
24 building in compliance with applicable housing, building, plumbing,
25 electrical, fire, health, or nuisance code requirements~~[an owner of~~

26 ~~property occupied by an individual other than the owner to pay any~~
27 ~~emergency response fee that arises out of the actions of another over~~

1 ~~which the owner has no control~~.

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

6 ➔Section 6. KRS 67C.147 is amended to read as follows:

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

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

23 (3) If the consolidated local government council determines to provide for tax rates
24 applicable to health insurance premiums and personal property which are different
25 in the area formerly comprising the city of the first class than the rates applicable in
26 the remainder of the county, it shall do so in the following manner. The
27 consolidated local government council shall by ordinance create a tax district to be

1 known as the "urban service tax district" bounded by the former boundaries of the
2 former city of the first class. The ordinance shall designate the number of members
3 of the board of this tax district and the manner in which they shall be appointed.
4 The ordinance shall provide that the board of the tax district shall receive the
5 income derived from the differential tax rate applicable in the area formerly
6 comprising the city of the first class with respect to personal property, health
7 insurance premiums, or both, and shall contract with the consolidated local
8 government to pay all sums collected to the consolidated local government, in
9 return for the provision of services performed by the consolidated local government
10 within the area formerly comprising the city of the first class which services are in
11 addition to services performed by the consolidated local government in the
12 remainder of the county. The consolidated local government shall provide at least
13 an annual reporting to the urban service tax district board and the legislative body
14 of the consolidated local government containing but not limited to detailed
15 operating and capital expenditures of each service performed by the consolidated
16 local government.

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

- 21 (a) A resolution enacted by the consolidated local government describing the
22 boundaries of the area to be added to or deleted from the tax district and duly
23 passed and signed by the mayor not less than one hundred twenty (120) days
24 before the next regularly scheduled election day within the county; or
25 (b) A petition signed by a number of qualified voters living within precincts
26 within the area to be added to or deleted from the tax district equal to ten
27 percent (10%) of the votes cast within each precinct in the last general

1 election for President of the United States and delivered to the clerk of the
2 legislative council more than one hundred twenty (120) days next preceding
3 the next regularly scheduled election day within the county.

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

13 (5) (a) No later than July 1, 2025, the consolidated local government shall reimburse
14 a fire district operating under KRS Chapter 75 for expenses related to each
15 emergency medical response made by the fire district operating under KRS
16 Chapter 75 into the area of the urban service tax district. A fire district so
17 responding shall receive from the consolidated local government three
18 hundred dollars (\$300) for transporting a person and one hundred fifty dollars
19 (\$150) for arriving at person's location when no person is transported.

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

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

1 Statistics.

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

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

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

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

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

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

7 ➔SECTION 7. A NEW SECTION OF KRS 100.401 TO 100.419 IS CREATED
8 TO READ AS FOLLOWS:

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