

**65.302 Regional economic development projects -- Definitions -- Interlocal agreements -- Creation of taxing district -- Special ad valorem tax and occupational license fee -- Board -- Membership -- Annual report.**

- (1) As used in this section:
  - (a) "Board" means the board of trustees of a district;
  - (b) "District" means a taxing district established under subsection (2)(b) of this section;
  - (c) "Local government" means a city, county, urban-county government, charter county government, consolidated local government, or unified local government located within the Commonwealth; and
  - (d) "Multicounty region" means multiple counties, multiple cities not located in the same county, or a combination of counties and cities with at least two (2) local governments from different counties.
- (2)
  - (a)
    1. Two (2) or more governing bodies of local governments constituting a multicounty region may join together by entering into an interlocal agreement under KRS 65.210 to 65.300 to develop real estate as part of a regional economic development project. The interlocal agreement shall specify the investment dollars contributed to the regional economic development project by each local government, the use of those investment dollars for the project, and the provision of services provided by each local government.
    2. The regional economic development project shall:
      - a. Consist of three hundred (300) or more contiguous acres located in the jurisdiction of a local government that is a party to the interlocal agreement; and
      - b. Result in the creation of at least five hundred (500) new jobs.
  - (b)
    1. The territory that will be used in a regional economic development project may be organized into a taxing district for the purpose of levying taxes to:
      - a. Provide for the establishment, operation, and maintenance of governmental services for the district; and
      - b. Pay debt service on bonds issued to finance the cost of building infrastructure in the district.

A taxing district created under this paragraph shall comply with KRS 65.182 to 65.190, including the petition requirements, but not the percentage of registered voter signature requirements under KRS 65.182(1)(a).
    2. The territory located within the district shall not be subject to annexation without the consent of the governing bodies of all of the local governments that are a party to the interlocal agreement.
- (3) (a) Once created, the district shall constitute a taxing district within the meaning of Section 157 of the Constitution of Kentucky and is authorized to levy a special ad valorem tax on property located within the jurisdictional boundaries

of the district.

- (b) The special ad valorem tax rate shall not exceed ten cents (\$0.10) per one hundred dollars (\$100) of the assessed value of the property.
- (c) The special ad valorem tax shall be:
  - 1. In addition to all other ad valorem taxes; and
  - 2. Administered and collected in the same manner as the county ad valorem taxes, except the revenues shall be turned over to the board.
- (4) (a) In addition to the special ad valorem tax levied under subsection (3) of this section, the governing body of a local government in which the district is located may, with agreement of the governing bodies of all of the local governments that are a party to the interlocal agreement, impose and collect an occupational license fee on businesses, trades, professions, or occupations performed, rendered, or conducted within the district, at a percentage rate not to exceed three percent (3%) of:
  - 1. Salaries, wages, commissions, and other compensation earned by persons within the district for work done and services performed, rendered, or conducted within the district;
  - 2. The net profits of self-employed individuals, partnerships, professional associations, or joint ventures resulting from businesses, trades, professions, occupations, or activities conducted in the district; and
  - 3. The net profits of corporations resulting from businesses, trades, professions, occupations, or activities conducted in the district.
- (b) Once an occupational license fee is imposed under this subsection, the rate of the occupational license fee shall never increase.
- (c) Except for an occupational license fee imposed under KRS Chapter 160, an occupational license fee imposed under this subsection shall be the only occupational license fee imposed on businesses, trades, professions, or occupations performed, rendered, or conducted within the district.
- (d) The occupational license fee shall not apply to businesses, trades, professions, or occupations exempt under KRS 68.180, 68.197, or 91.200.
- (e) Each local government that is a party to the interlocal agreement shall receive a portion of the revenues collected from the occupational license fee as specified by the agreement. The revenues may be deposited into the general fund of the local government to be used in accordance with the purposes set out in subsection (2)(b) of this section.
- (f) An occupational license fee imposed under this subsection shall expire twenty (20) years after the year of imposition. After the occupational license fee has expired, an additional occupational license fee shall not be imposed under this subsection.
- (5) (a) A board shall be established to control and manage the affairs of the district.
- (b) The board shall:
  - 1. Represent a multicounty region;
  - 2. Comply with the provisions of KRS Chapter 65A;

3. Agree, in writing, to the use or distribution of the revenue generated from a special ad valorem tax levied under subsection (3) of this section;
4. Agree, in writing, to the collection and distribution of the revenue generated from an occupational license fee imposed under subsection (4) of this section;
5. Operate in accordance with the following:
  - a. The board membership shall consist of at least one (1) trustee from each local government that is a party to the interlocal agreement;
  - b. The trustees shall serve staggered terms of four (4) years;
  - c. The chair of the board shall be elected by the trustees from among its membership;
  - d. The board may appoint a secretary, an executive director, and other officials and employees who need not be members of the board;
  - e. A quorum for the transacting of the business of the board shall consist of a majority of its membership;
  - f. A trustee of the board may be removed as provided by KRS 65.007; and
  - g. Vacancies of the board shall be filled in the same manner as the original appointments; and
6. Provide an annual report by August 1 of each year to the Department for Local Government containing:
  - a. A description of the regional economic development project, including the location, specific boundaries, and the total number of acres;
  - b. A description of each business located in the district;
  - c. The total number of jobs created by the regional economic development project;
  - d. The total number of people employed within the boundaries of the district;
  - e. The name of each local government that is a party to the interlocal agreement;
  - f. The total amount of money contributed by each local government for the regional economic development project and a description of how the money was used;
  - g. The rate of a special ad valorem tax levied under this section, the total revenues collected from the tax for each year, and a breakdown of how the revenues were used; and
  - h. The rate of an occupational license fee imposed under this section, the total revenues collected from the fee for each year, and a breakdown of how the revenues were used.

(6) No later than October 1 of each year, the Department for Local Government shall

compile the information reported under subsection (5)(b)6. of this section and report the compiled information to the Interim Joint Committee on Appropriations and Revenue.

**Effective:** June 27, 2025

**History:** Created 2025 Ky. Acts ch. 159, sec. 1, effective June 27, 2025.