

96.895 Proration and distribution of payments of sums equivalent to taxes based on book value among the state, counties, cities, and school districts -- Regional development agency assistance fund -- Portion of TVA payment received by state to be transferred to fund for distribution to regional development agencies in fund-eligible counties -- Annual report.

- (1) As used in this section, unless the context requires otherwise:
 - (a) "Book value" means original cost unadjusted for depreciation as reflected in the TVA's books of account;
 - (b) "Fund" means the regional development agency assistance fund established in subsection (4) of this section;
 - (c) "Fund-eligible county" means one (1) of Adair, Allen, Ballard, Barren, Bell, Butler, Caldwell, Calloway, Carlisle, Christian, Clinton, Cumberland, Edmonson, Fulton, Graves, Grayson, Harlan, Hart, Henderson, Hickman, Livingston, Logan, Lyon, Marshall, McCracken, McCreary, Metcalfe, Monroe, Muhlenberg, Ohio, Russell, Simpson, Todd, Trigg, Union, Warren, Wayne, Webster, or Whitley Counties;
 - (d) "Regional development agency" or "agency" means a special purpose governmental entity as defined in KRS 65A.010(9) that is designated by a fiscal court to receive a payment pursuant to this section;
 - (e) "TVA" means the Tennessee Valley Authority; and
 - (f) "TVA property" means land owned by the United States and in the custody of the TVA, together with improvements that have a fixed situs on the land, including work in progress but excluding temporary construction facilities, if these improvements either:
 1. Were in existence when title to the land on which they are situated was acquired by the United States; or
 2. Are allocated by the TVA or determined by it to be allocable to power. However, manufacturing machinery as interpreted by the Department of Revenue for franchise tax determination; ash disposal systems; and coal handling facilities, including railroads, cranes and hoists, and crushing and conveying equipment, shall be excluded.
- (2) Book value shall be determined, for purposes of applying this section, as of the June 30 used by the TVA in computing the annual payment to the Commonwealth that is subject to redistribution by the Commonwealth.
- (3) Except for payments made directly by the TVA to counties, the total fiscal year payment received by the Commonwealth of Kentucky from the TVA, as authorized by Section 13 of the Tennessee Valley Authority Act, as amended, shall be prorated thirty percent (30%) to the general fund of the Commonwealth and seventy percent (70%) among counties, cities, and school districts, as provided in subsections (6) and (7) of this section.
- (4)
 - (a) The regional development agency assistance fund is hereby established in the State Treasury.
 - (b) The fund shall be administered by the Department for Local Government for

the purpose of providing funding to agencies that are designated to receive funding in a given fiscal year by the fiscal court of each fund-eligible county through the Regional Development Agency Assistance Program established in KRS 96.905.

- (c) The fund shall only receive the moneys transferred from the general fund pursuant to subsection (5) of this section.
- (d) Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of the fiscal year shall not lapse but shall be carried forward into the succeeding fiscal year. Any interest earnings of the fund shall become a part of the fund and shall not lapse.
- (5)
 - (a) For fiscal years beginning on or after July 1, 2020, a portion of the total fiscal year payment received by the Commonwealth that is allocated to the general fund shall be transferred from the general fund to the regional development agency assistance fund established in subsection (4) of this section.
 - (b) This portion shall be equal to six million dollars (\$6,000,000).
 - (c) Distribution of these moneys shall be made by dividing the amount in paragraph (b) of this subsection equally among each fund-eligible county.
- (6) The payment to each county, city, and school district shall be determined by the proportion that the book value of TVA property in such taxing district, multiplied by the current tax rate, bears to the total of the book values of TVA property in all such taxing districts in the Commonwealth, multiplied by their respective tax rates. However, for purposes of this calculation, each public school district shall have its tax rate increased by thirty cents (\$0.30).
- (7)
 - (a) As soon as practicable after the amount of payment to be made to the Commonwealth is finally determined by the TVA, the Department of Revenue shall determine the book value of TVA property in each county, city, and school district and shall prorate the payments allocated to counties, cities, and school districts under subsection (3) of this section among the distributees as provided in subsection (6) of this section.
 - (b) The Department of Revenue shall:
 - 1. Certify the payment due each county, city, and school district, including the amount distributed to the county under subsection (5) of this section, to the Finance and Administration Cabinet; and
 - 2. Notify the Department for Local Government of that certification.
 - (c) Upon certification by the Department of Revenue, the Finance and Administration Cabinet shall make the payment to such district.
- (8) In each fiscal year, after the Department of Revenue has calculated the prorated payment amount that is due to each county, city, and school district under subsections (6) and (7) of this section, the Department for Local Government shall notify in writing the fiscal court of each fund-eligible county regarding the amount that the county, city, and school district shall receive for the fiscal year, including the amount distributed to the county under subsection (5) of this section.
- (9) No amount shall be taken from the fund to pay administrative expenses by the Department for Local Government.

- (10) All agencies receiving funds under this section shall provide a written report annually, no later than October 1, to the fiscal court that designated it for payment and to the Department for Local Government. The report shall describe how the funds were expended and the results of the use of funds in terms of economic development and job creation.
- (11) No later than December 1 of each year, the Department for Local Government shall report to the Legislative Research Commission for referral to the Interim Joint Committee on Appropriations and Revenue the total amount of funds distributed to each agency for the fiscal year, how each agency expended the funds, and the results of the use of funds in terms of economic development and job creation.

Effective: July 15, 2026

History: Amended 2026 Ky. Acts ch. 161, sec. 4, effective July 15, 2026. -- Amended 2021 Ky. Acts ch. 196, sec. 1, effective April 7, 2021. -- Amended 2019 Ky. Acts ch. 151, sec. 2, effective June 27, 2019. -- Amended 2018 Ky. Acts ch. 129, sec. 1, effective April 10, 2018. -- Amended 2005 Ky. Acts ch. 85, sec. 104, effective June 20, 2005. -- Repealed and reenacted 1990 Ky. Acts ch. 476, Pt. V, sec. 301, effective July 13, 1990. -- Amended 1986 Ky. Acts ch. 27, sec. 1, effective February 24, 1986. -- Amended 1978 Ky. Acts ch. 163, sec. 2, effective March 29, 1978. -- Created 1952 Ky. Acts ch. 61, sec. 1, effective June 19, 1952.