65.302 Regional economic development projects -- Interlocal agreements -- Creation of taxing district -- Special ad valorem tax, occupational license fee, and wage assessment.

(1) (a) 1. After providing notice in accordance with KRS 65.306, 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 the district and governmental services for the district;

b. Pay the debt service on bonds issued to finance the cost of infrastructure development in the district;

c. Pay the Commonwealth for funds appropriated for the development of the district; and

d. Invest in future regional economic development projects located in the jurisdiction of any local government that is a party to the interlocal agreement.

2. 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) (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.

(3) (a) In addition to the special ad valorem tax levied under subsection (2) 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) The occupational license fee shall not apply to businesses, trades, professions, or occupations exempt under KRS 68.180, 68.197, or 91.200.

(d) 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 pursuant to the interlocal agreement.

(4) (a) If a district is located within the jurisdiction of a city, the city may impose a license fee. The city shall not impose an occupational license fee until all cities that are a party to the interlocal agreement approve of the imposition of the occupational license fee and the rate that is to be imposed.

(b) Persons who pay a county license fee and a license fee to a city under paragraph (a) of this subsection shall be allowed to credit their city license fee against their county license fee in accordance with KRS 68.197.

(5) Wage assessments may be imposed upon salaries, wages, commissions, and other compensation earned by persons within the district for work done and services performed, rendered, or conducted within the district. Any wage assessments imposed within the district shall expire and no longer be imposed upon the earlier of:

(a) Twenty (20) years after the date of imposition;

(b) The date bonds for the district supported by the wage assessments are retired; or

(c) All financial assistance received from the Commonwealth for infrastructure are repaid.

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