

## CHAPTER 76

## (HB 373)

AN ACT relating to the taxation of abandoned urban property.

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

SECTION 1. A NEW SECTION OF KRS CHAPTER 92 IS CREATED TO READ AS FOLLOWS:

- (1) *Any city of the second to the sixth class which finds and declares that there exists abandoned urban property as defined in Section 2 of this Act within the city, or which finds that there exists blighted or deteriorated property pursuant to KRS 99.705 to 99.730, may levy a separate rate of taxation on abandoned urban property pursuant to Section 2 of this Act.*
- (2) *Prior to levying a tax upon abandoned urban property, the legislative body of a city of the second to the sixth class shall delegate to the vacant properties review commission, if established pursuant to Section 4 of this Act, or another department or agency of city government, the responsibility of determining which properties within the city are abandoned urban properties. A list of abandoned urban properties shall be furnished to the county property valuation administrator prior to the date fixed for the annual assessment of real property within the county. If a property classified as abandoned urban property is repaired, rehabilitated, or otherwise returned to productive use, the owner shall notify the city which shall, if it finds the property is no longer abandoned urban property, notify the property valuation administrator to strike the property from the list of abandoned urban properties.*

Section 2. KRS 132.012 is amended to read as follows:

As used in this section and in *Section 1 of this Act and* KRS 91.285, unless the context otherwise requires:

- (1) "Abandoned urban property" means any vacant structure or vacant or unimproved lot or parcel of ground in a predominantly developed urban area which has been vacant or unimproved for a period of at least one (1) year and which:
  - (a) Because it is dilapidated, unsanitary, unsafe, vermin infested, or otherwise dangerous to the safety of persons, it is unfit for its intended use; or
  - (b) By reason of neglect or lack of maintenance has become a place for the accumulation of trash and debris, or has become infested with rodents or other vermin; or
  - (c) Has been tax delinquent for a period of at least three (3) years.
- (2) For purposes of local taxation in cities of ~~any~~*any* ~~the first~~ class or consolidated local governments, there shall be a classification of real property known as abandoned urban property. The legislative body of a city of ~~any~~*any* ~~the first~~ class, *county containing a city of the first class*, or consolidated local government may levy a rate of taxation on abandoned urban property higher than the prevailing rate of taxation on other real property in the city, *county containing a city of the first class*, or consolidated local government. The limitation upon tax rates established by KRS 132.027 shall not apply to the rate of taxation on abandoned urban property.

Section 3. KRS 99.705 is amended to read as follows:

Unless the context otherwise requires:

- (1) "Blighted" or "deteriorated" property means any vacant structure or vacant or unimproved lot or parcel of ground in a predominantly built-up neighborhood:
  - (a) Which because of physical condition or use is regarded as a public nuisance at common law or has been declared a public nuisance in accordance with ~~a~~**the** city *of any class*, or in counties containing a city of the first class or consolidated local government, with the housing, building, plumbing, fire, or related codes;
  - (b) Which because of physical condition, use, or occupancy is considered an attractive nuisance to children, including but not limited to abandoned wells, shafts, basements, excavations, and unsafe fences or structures;
  - (c) Which because it is dilapidated, unsanitary, unsafe, vermin-infested, or lacking in the facilities and equipment required by the housing code of ~~a~~**the** city or county containing a city of the first class or consolidated local government, has been designated by the department responsible for enforcement of the code as unfit for human habitation;
  - (d) Which is a fire hazard, or is otherwise dangerous to the safety of persons or property;
  - (e) From which the utilities, plumbing, heating, sewerage, or other facilities have been disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use;
  - (f) Which by reason of neglect or lack of maintenance has become a place for accumulation of trash and debris, or a haven for rodents or other vermin;
  - (g) Which has been tax delinquent for a period of at least three (3) years; or
  - (h) Which has not been rehabilitated within the time constraints placed upon the owner by the appropriate code enforcement agency.
- (2) "Redevelopment" means the planning or replanning, design or redesign, acquisition, clearance, development, and disposal or any combination of these, of a property in the preparation of such property for residential and related uses, as may be appropriate or necessary.
- (3) "Residential and related use" shall mean residential property for sale or rental and related uses; including but not limited to park and recreation areas, neighborhood community service, and neighborhood parking lots.
- (4) "Vacant property review commission" means a commission established by ordinance to review vacant properties to make a written determination of blight and deterioration.

Section 4. KRS 99.710 is amended to read as follows:

- (1) If the legislative body of a consolidated local government, a city *of any class*, or a county containing a city of the first class finds and declares that there exists in the consolidated local government, city *of any class*, or county containing a city of the first class blighted or deteriorated properties and that there is need in the city or county for the exercise of powers, functions, and duties conferred by KRS 99.705 to 99.730, the legislative body may adopt the provisions of KRS 99.705 to 99.730 by ordinance.
- (2) The ordinance adopting the provisions of KRS 99.705 to 99.730 shall also establish a vacant property review commission which shall certify properties as blighted or deteriorated to the

legislative body. The ordinance shall specify the duties of, the number of members that will serve on, the requirements of membership, and the makeup of the commission. Members shall be appointed by the mayor and approved by the legislative body. No officer or employee of the consolidated local government, city *of any class*, or county containing a city of the first class whose duties include enforcement of housing, building, plumbing, fire, or related codes shall be appointed to the commission.

Section 5. KRS 99.715 is amended to read as follows:

A city *of any class*,~~or~~ county containing a city of the first class, *or consolidated local government* may acquire by, eminent domain pursuant to KRS Chapter 416, any property determined to be blighted or deteriorated pursuant to KRS 99.705 to 99.730, and shall have the power to hold, clear, manage, or dispose of property so acquired for residential and related use, pursuant to the provisions of KRS 99.705 to 99.730.

Section 6. KRS 99.720 is amended to read as follows:

- (1) The legislative body shall not institute eminent domain proceedings pursuant to KRS 99.705 to 99.730 unless the commission has certified that the property is blighted or deteriorated. A property which has been referred to the commission by a city agency *of any class of city*, or by an agency in a county containing a city of the first class or consolidated local government, as blighted or deteriorated may only be certified to the legislative body as blighted or deteriorated after the commission has determined:
  - (a) That the owner of the property or designated agent has been sent an order by the appropriate city, consolidated local government, or county agency to eliminate the conditions which are in violation of local codes or law;
  - (b) That the property is vacant;
  - (c) That the property is blighted and deteriorated;
  - (d) That the commission has notified the property owner or designated agent that the property has been determined to be blighted or deteriorated and the time period for correction of such condition has expired and the property owner or agent has failed to comply with the notice; and
  - (e) That, in *cities of any class*, counties containing a city of the first class, *or* consolidated local governments~~, and cities~~ that are within a planning unit established pursuant to KRS Chapter 100, the planning commission has determined that the reuse of the property for residential and related use is in keeping with the comprehensive plan.
- (2) The findings required by subsection (1) of this section shall be in writing and included in the report to the legislative body.
- (3) The commission shall notify the owner of the property or a designated agent that a determination of blight or deterioration has been made and that failure to eliminate the conditions causing the blight shall render the property subject to condemnation by the city, consolidated local government, or county under KRS 99.705 to 99.730. Notice shall be mailed to the owner or designated agent by certified mail, return receipt requested. However, if the address of the owner or a designated agent is unknown and cannot be ascertained by the commission in the exercise of reasonable diligence, copies of the notice shall be posted in a conspicuous place on the property affected. The written notice sent to the owner or his agent shall describe the conditions that render the property blighted and

deteriorated, and shall demand abatement of the conditions within ninety (90) days of the receipt of such notice.

- (4) An extension of the ninety (90) day time period may be granted by the commission if the owner or designated agent demonstrates that such period is insufficient to correct the conditions cited in the notice.

Section 7. KRS 99.725 is amended to read as follows:

The legislative body of the city *of any class*,~~or~~ county containing a city of the first class, *or consolidated local government* may institute eminent domain proceedings pursuant to KRS Chapter 416 against any property which has been certified as blighted or deteriorated by the commission if it finds:

- (1) That such property has deteriorated to such an extent as to constitute a serious and growing menace to the public health, safety and welfare;
- (2) That such property is likely to continue to deteriorate unless corrected;
- (3) That the continued deterioration of such property may contribute to the blighting or deterioration of the area immediately surrounding the property; and
- (4) That the owner of such property has failed to correct the deterioration of the property.

Section 8. KRS 99.730 is amended to read as follows:

No officer or employee of ~~a~~the city *of any class*,~~or~~ county containing a city of the first class, or consolidated local government, or of the vacant property review commission, who in the course of his or her duties is required to participate in the determination of property blight or deterioration or the issuance of notices on code violations which may lead to a determination of blight or deterioration, shall acquire any interest in any property declared to be blighted or deteriorated. If any such officer or employee owns or has financial interest, direct or indirect, in any property certified to be blighted or deteriorated, he or she shall immediately disclose, in writing, such interest to the commission and to the legislative body and such disclosure shall be entered in the minutes of the commission and of the legislative body. Failure to so disclose such interest shall constitute misconduct in office. No payment shall be made to any officer or employee for any property or interest therein acquired by the city *of any class*, consolidated local government, or county containing a city of the first class from such officer or employee unless the amount of such payment is fixed by court order in eminent domain proceedings, or unless payment is unanimously approved by the legislative body.

**Approved April 7, 2004**