

CHAPTER 189

(HB 330)

AN ACT relating to tax increment financing and declaring an emergency.

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

➔Section 1. KRS 65.490 is amended to read as follows:

As used in KRS 65.490 to 65.499, unless the context otherwise requires:

- (1) "Agency" means an urban renewal and community development agency of a taxing district located within a county containing a consolidated local government or a city of the first class, established under KRS Chapter 99; a development authority located within a county containing a consolidated local government or a city of the first class established under KRS Chapter 99; a nonprofit corporation located within a county containing a consolidated local government or a city of the first class; or a designated department, division, or office of a county containing a consolidated local government or of a city of the first class;
- (2) "Development area" means an area no less than one (1) square mile, nor more than six (6) square miles, designated in need of public improvements by a local or state government in a county containing a consolidated local government or a city of the first class, a project area as defined in KRS 99.615, or a public project as defined in KRS 58.010 in a county containing a consolidated local government or a city of the first class. "Development area" includes an existing economic development asset;
- (3) "Increment" means that amount of money received by any taxing district or the state that is determined by subtracting the amount of old revenues from the amount of new revenues in any year for which a taxing district or the state and an agency have agreed upon under the terms of a contract of release or a grant contract;
- (4) "Local government" means a county containing a consolidated local government or a city of the first class;
- (5) "New revenues" means the revenues received by any taxing district or the state from a development area in any year after the establishment of the development area;
- (6) "Old revenues" means the amount of revenues received by any taxing district or the state from a development area in the last year prior to the establishment of the development area;
- (7) "Project" means any urban renewal, redevelopment, or public project undertaken in accordance with the provisions of KRS 65.490 to 65.497, any project undertaken in accordance with KRS 99.610 to 99.680, any project undertaken in accordance with the provisions of KRS Chapter 58, or any "public project" as that term is defined in KRS 58.010 undertaken by a nonprofit corporation located within a county containing a consolidated local government or a city of the first class;
- (8) "Release" or "contract of release" or "grant contract" means that agreement by which a taxing district or the state permits the payment to an agency of a portion of increments or an amount equal to a portion of increments received by it in return for the benefits accrued to the taxing district or the state by reason of a project undertaken by an agency in a development area;
- (9) "Taxing district" means a consolidated local government, a county containing a city of the first class, a city of the first class that encompasses all or part of a development area, or the state, but does not mean a school district; and
- (10) "Pilot program" means a tax increment financing program or a grant program created by an agency within a consolidated local government or a county containing a city of the first class which shall exist for a period of twenty (20) years, ***and may be extended for a period not to exceed an additional twenty-five (25) years as provided in Section 2 of this Act*** ~~after which time it shall continue only after reauthorization by the General Assembly~~.

➔SECTION 2. A NEW SECTION OF KRS 65.490 TO 65.499 IS CREATED TO READ AS FOLLOWS:

(1) *As used in this section:*

- (a) ***"Borrower" means the entity receiving the proceeds from a new bond issued because of an extended tax increment financing agreement allowed under subsection (10) of Section 1 of this Act;***

- (b) *"Excess revenues" means all moneys which exceed the costs associated with the borrower's operating expenses, capital expenditures, and the regularly scheduled debt service on the bond; and*
 - (c) *"Term of the bond" shall begin on the date any current bonds are refinanced, reissued, or restructured and shall end upon the earlier of the stated maturity date of the bond or the payment in full of the bond.*
- (2) *A pilot program may be extended for a period not to exceed an additional twenty-five (25) years in connection with the issuance of a new bond by the Kentucky Economic Development Finance Authority if the pilot program agreement contains provisions requiring that:*
- 1. *The borrower use all excess revenues to redeem the bond prior to the stated maturity date;*
 - 2.
 - a. *Once the bond is callable, the borrower apply all excess revenues to the redemption of the bond prior to the stated maturity date at least every thirty-six (36) months; and*
 - b. *If it is the position of the borrower that the application of all excess revenues to the redemption of the bond prior to the stated maturity date jeopardizes the project, the borrower shall present an alternative payment plan for that thirty-six (36) month period to the Capital Projects and Bond Oversight Committee for approval; and*
 - 3. *No further revenues under the pilot program be remitted to the borrower following the end of the term of the bond.*
- (3) *The borrower shall submit a report to the Governor and the Capital Projects and Bond Oversight Committee on or before November 1, 2018, and annually thereafter regarding the operations and financial condition of the borrower.*

➔Section 3. Whereas it is imperative that negotiations for some tax increment financing agreements be reviewed as quickly as possible, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Signed by Governor April 11, 2017.