**CHAPTER 159**

**( HB 606 )**

AN ACT relating to economic development.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 65 IS CREATED TO READ AS FOLLOWS:

***(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 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.***

➔Section 2. 2025 RS HB 775/EN, Section 26, is amended to read as follows:

(1) As used in this section:

(a) "Entertainment event":

1. Means a live performance or exhibition of musical, theatrical, cultural, culinary, or other artistic presentation; and

2. Does not include sporting events or tournaments;

(b) "Facility operator" means a person who owns or operates a venue;

(c) "Qualifying attraction" means a series of entertainment events which is:

1. Held at a venue over a duration of at least two (2) consecutive days;

2. Hosted by a sponsoring entity pursuant to an agreement with a facility operator that authorizes the sponsoring entity to conduct one (1) or more series of entertainment events annually during at least five (5) consecutive years; and

3. Open to the public upon purchase of tickets, with attendance totaling at least sixty thousand (60,000) admissions over the duration of each series of entertainment events;

(d) "Sponsoring entity" means the person hosting a qualifying attraction; and

(e) "Venue" means:

1. Public property located in a consolidated local government or an urban-county government which is owned, operated, or controlled by the consolidated local government**,**~~[ or]~~ urban-county government***, or the Commonwealth***;

2. A park located in a consolidated local government that is:

a. Open to the general public; and

b. Owned, operated, or controlled by any nonprofit corporation established under KRS 273.161 to 273.390;

3. Property located in a consolidated local government or an urban-county government that is owned, operated, or controlled by a public university; or

4. Privately owned property located in a consolidated local government or an urban-county government that is suitable for hosting entertainment events and qualifying attractions.

(2) Notwithstanding KRS 134.580 and 139.770:

(a) A sponsoring entity and facility operator shall be granted a sales tax incentive totaling fifty percent (50%) of the Kentucky sales tax generated by the sale of admissions to a qualifying attraction held at a venue, and the sales of tangible personal property and services at the qualifying attraction, including but not limited to the sale of food and beverage concessions, souvenirs, camping, and parking;

(b) The amount of the sales tax incentive authorized in paragraph (a) of this subsection shall be allocated as follows:

1. Fifty percent (50%) shall be paid to the facility operator and utilized to support operations and maintenance at the venue; and

2. Fifty percent (50%) shall be paid to the sponsoring entity of the qualifying attraction from which the sales taxes were generated;

(c) Only one (1) incentive request shall be made for each qualifying attraction each year;

(d) The sponsoring entity and facility operator shall have no obligation to refund or otherwise return any amount of the sales tax incentive to the persons from whom the sales tax was collected;

(e) The sales tax incentive shall be reduced by the vendor compensation allowed under KRS 139.570; and

(f) Interest shall not be allowed or paid on any sales tax incentive payment made under this section.

(3) The department shall accept initial applications for sales tax incentives under this section for qualifying attractions held on or after July 1, 2025.

(4) To be eligible for a sales tax incentive under this section, the sponsoring entity shall file an initial application with the department, which:

(a) Includes sufficient information regarding the qualifying attraction to demonstrate whether it qualifies for the sales tax incentive; and

(b) Is filed at least sixty (60) days prior to the date of the first entertainment event constituting the qualifying attraction.

(5) Within thirty (30) days of receipt of the initial application, the department shall notify the sponsoring entity of its preliminary approval or denial of the qualifying attraction.

(6) If the initial application is denied, the department shall provide the reason for the denial.

(7) After approval of its initial application and the completion of the qualifying attraction, a sponsoring entity shall apply for a sales tax incentive no earlier than thirty (30) days following the end of the month during which sales taxes that were generated from the qualifying attraction are collected. The application may aggregate eligible sales taxes from previous months if the events comprising the qualifying attraction were held in more than one (1) month.

(8) The department shall review each application for a sales tax incentive and determine if it meets the requirements of this section, pending the verification of required attendance.

(9) In determining eligibility for a sales tax incentive authorized under this section, the department shall waive the duration and attendance requirements listed in subsection (1)(c)1. and 3. of this section if the person requesting an incentive demonstrates that any delays, cancellations, or postponements were due to inclement weather or other extraordinary events beyond the control of the parties involved and that the weather or other extraordinary events rendered the satisfaction of the requirement impossible.

(10) Both the initial application and the sales tax incentive application shall be in the form prescribed by the department through the promulgation of an administrative regulation in accordance with KRS Chapter 13A.

(11) The department shall verify the amount of sales tax incentive and pay the allocations determined to be due in accordance with subsection (2)(b) of this section within forty-five (45) days of receipt of the later of:

(a) The application submitted under subsection (7) of this section; or

(b) All necessary supporting information required by the department to determine that the sponsoring entity is eligible for the incentive.

(12) (a) Prior to November 1, 2026, and continuing each November 1 thereafter to November 1, 2035, the department shall provide an annual report detailing information related to each qualifying attraction receiving incentives during the fiscal year concluding on June 30 of the reporting period.

(b) The department shall include the following information in the report:

1. The name of the qualifying attraction;

2. The venue where the qualifying attraction was held;

3. The name of the facility operator;

4. The name of the sponsoring entity;

5. The duration of the qualifying attraction and the number of admissions over that duration; and

6. The amount of incentive paid to the facility operator; and

7. The amount of incentive paid to the sponsoring entity.

(c) The information required to be reported under this subsection shall not be considered confidential taxpayer information and shall not be subject to KRS Chapter 131 or any other provisions of the Kentucky Revised Statutes prohibiting disclosure or reporting of information.

(13) The provisions of this section shall expire on June 30, 2035, and a qualifying attraction held after June 30, 2035, shall not be eligible for the incentives authorized in this section.

(14) The General Assembly is committed to the research and development of tourism policies, including the aspiration to hold other entertainment events across the Commonwealth and especially in rural Kentucky.

**Signed by Governor April 2, 2025.**