

AN ACT relating to land bank authorities.

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

➔Section 1. KRS 65.350 is amended to read as follows:

**As used in KRS 65.350 to 65.375:**

- (1) "Authority" means the land bank authority established pursuant to KRS 65.210 to 65.300 and KRS 65.350 to 65.375;
- (2) "Agreement" means the interlocal cooperation agreement entered into by the parties pursuant to KRS 65.210 to 65.300 and KRS 65.350 to 65.375;
- (3) **"Certificate of delinquency" has the same meaning as in KRS 134.010;**
- (4) **"Fee office" means any office or agency of a local government, a school district, or any special purpose governmental entity that imposes a fee for services, or that imposes penalties for unpaid taxes within the area included in the agreement;**
- (5) "Local government" means any[every] city, [~~regardless of classification,~~  
~~any~~[every] county, and any[every] consolidated local government or[and] urban-county government;
- (6) **"Local government lien" means any lien established by or in favor of a local government under KRS Chapter 65, 82, 91, 91A or 134;**
- (7)[(4)] "Parties" or "party" means the parties to an[the] agreement, **which shall include:**[that shall include]
  - (a) **At least one (1)**[Any] local government;[.]
  - (b) The local school district or districts, which shall[may] include either the county school district or an[and] independent school district[districts,] within the county, **or both;** and
  - (c) The Commonwealth of Kentucky;
- (8)[(5)] "Property" means real property, including any improvements thereon;[and]
- (9)[(6)] "Tax delinquent property" means any property on which the taxes levied and assessed by any party remain in whole or in part unpaid on the date due and

payable; and

**(10) "Taxing jurisdiction" means local governments, school districts, the Commonwealth of Kentucky, and any special purpose governmental entity that imposes taxes upon real property in the area included in the agreement.**

➔Section 2. KRS 65.355 is amended to read as follows:

- (1) Any local government **or governments, any**~~[-, the]~~ county or independent school district **or both** within the county, and the Commonwealth of Kentucky may enter into an interlocal cooperation agreement pursuant to KRS 65.210 to 65.300 for the purpose of establishing a land bank authority pursuant to KRS 65.350 to 65.375.
- (2) **An**~~The]~~ authority shall be a public body corporate and politic with the power to:
- (a) Sue and be sued, including but not limited to suits to defend the authority in any action to clear title to property conveyed by the authority;**
- (b) Acquire, assemble, dispose of, and quiet title to property;**
- (c) Receive property for which one (1) of the parties to the agreement has obtained title free and clear of all liens;**
- (d) Issue deeds in the authority's**~~its]~~ name;~~[-,]~~
- (e) Provide financing to carry out the powers granted to the authority, including but not limited to:**
- 1. Collecting rent on property owned by the authority;**
  - 2. Investing assets owned by the authority;**
  - 3. Using the proceeds from the sale of any property to further the purposes of the authority; and**
  - 4. Issuing bonds to further the purposes of the authority;** and
- (f) Exercise any other powers granted to the authority in the agreement that are necessary and convenient to carry out the purposes of KRS 65.350 to 65.375**~~[- these powers or that may be granted to the authority by the parties].~~
- (3) The authority shall be established to acquire the tax delinquent properties of the

parties, properties that have become blighted or deteriorated as defined in KRS 99.705, and properties that have local government liens filed against them~~[ in order]~~ to facilitate~~[foster]~~ the public purpose of returning property~~[land]~~ that is in a non-revenue generating, non-tax producing status to effective utilization for the benefit of the parties and the citizens of the local government and school district, including but not limited to providing~~[in order to provide]~~ housing, new industry, and jobs for the citizens of the local government and school district~~[county]~~. The authority ~~shall have the powers provided in KRS 65.370 and 65.375 and in the interlocal cooperation agreement~~.

➔Section 3. KRS 65.360 is amended to read as follows:

- (1) The authority shall be governed by a board composed of:
  - (a) One (1) member representing each local government that is a party to the agreement, with the representative appointed by the participating local government~~;~~~~[appointed by each unit of local government that is a party to the agreement,]~~
  - (b) One (1) member representing all school districts that are parties to the agreement appointed by the superintendent of schools of the county school district or of the independent school district, and
  - (c) One (1) member appointed by the Governor.
- (2) Each member of the board shall serve at the pleasure of the respective appointing or electing authority for a term of four (4) years and shall serve without compensation. The members shall be residents of the county and may be employees of the parties~~[and shall serve without additional compensation]~~. Any vacancy shall be filled in the same manner as the original appointment, and shall be filled within sixty (60) days from the date the vacancy occurs.
- (3)~~(2)~~ The board~~[of the authority]~~ shall meet as required by the agreement~~[, and]~~
- (4) A majority of the members serving~~[three (3) members]~~ shall constitute a quorum.

Approval by a majority of the membership shall be necessary for any action to be taken by the authority.

**(5)** All meetings shall be open to the public, except as otherwise permitted by KRS 61.810, and a written record shall be maintained of all meetings. A **chairperson and vice-chairperson**~~chairman~~ shall be elected from among the members. **The chairperson, or in the absence of the chairperson, the vice-chairperson**~~, and he~~ shall execute all deeds, leases, and contracts of the authority when authorized by the board.

~~**(6)**~~~~**(3)**~~ The authority may employ its own staff or may utilize employees of the parties, as determined by the agreement.

➔Section 4. KRS 65.365 is amended to read as follows:

~~**(1)**~~ Upon the creation of a land bank authority, the authority shall **establish and** maintain a ~~mailing~~ list of **electronic mail addresses for all** city, county, or regional housing authorities, and the Kentucky Housing Corporation, that have requested to be notified prior to any action by the authority to dispose of property in its inventory. It shall be the responsibility of an interested housing authority to provide the authority with the following information:

~~**(1)**~~~~**(a)**~~ Name of the organization;

~~**(2)**~~~~**(b)**~~ **Electronic** mailing address for the organization; and

~~**(3)**~~~~**(c)**~~ The name and title of a contact person for the organization.

➔Section 5. KRS 65.370 is amended to read as follows:

(1) The authority shall hold in its own name, for the benefit of the parties, all properties conveyed to it by the parties, all tax delinquent properties **or properties having local government liens** acquired by it pursuant to **Section 6 of this Act**~~this section~~, and all properties otherwise acquired **by whatever means**.

(2) ~~It shall be the duty of~~ The authority **shall**~~to~~ administer the properties **held**~~acquired~~ by it, as follows:

- (a) All property ~~held~~<sup>acquired</sup> by the authority shall be inventoried, ~~and appraised~~ and the inventory shall be maintained as a public record;
  - (b) The authority shall organize and classify the property on the basis of suitability for use;
  - (c) The authority shall maintain **to the best of its ability** all property held by it in accordance with applicable laws and codes; and
  - (d) The authority shall have the power to manage, maintain, protect, rent, lease, repair, insure, alter, ~~sell~~<sup>sale</sup>, trade, exchange, or otherwise dispose of any property on terms and conditions as determined by **the authority in accordance with the terms of the agreement and the provisions of** KRS 65.350 to 65.375 ~~and by the authority~~. The authority may assemble tracts or parcels of property ~~for public parks or other public purposes~~, ~~and to that end~~ may exchange parcels, and **may** otherwise effectuate the purposes **of the agreement and of KRS 65.350 to 65.375** by agreement with any party.
- (3) Before the authority may rent, lease, sell, trade, exchange, or otherwise dispose of any property, it shall:
- (a) Establish ~~the~~<sup>a</sup> price **and conditions** for rent or lease purposes;
  - (b) Establish ~~the~~<sup>a</sup> purchase price **and conditions** for sale purposes; or
  - (c) Establish the conditions for trade, exchange, or other disposal of the property.
- (4) The authority shall **cause to have published, on the Internet Web site of each party to the agreement for seven (7) days** ~~publish pursuant to KRS Chapter 424~~, the information required pursuant to subsection (3) of this section, at least **seven (7)** ~~thirty (30)~~ days before any property may be disposed of from the inventory. Immediately following publication, the authority shall notify by **electronic** ~~first class~~ mail all housing authorities on the mailing list required pursuant to KRS 65.365 of the authority's intent to dispose of a specified property and the established price to rent, lease, or purchase the property, or the conditions for trade, exchange,

or other disposal of the property.

- (5) ~~No property shall be acquired pursuant to KRS 65.350 to 65.375 by any entity for investment purposes only and with no intent to use the property other than to transfer the property at a future date for monetary gain.~~
- (6) ~~No property acquired by a housing authority pursuant to KRS 65.350 to 65.375 shall be transferred to a similar group without prior approval of the authority.~~
- (7) ~~The acquisition and disposal of property by the authority shall not be governed or controlled by any regulations or laws of the parties, unless specifically provided in the agreement.~~
- (8) No property located within the boundaries of a local government may be sold, traded, exchanged, or otherwise disposed of, unless the transaction is approved as provided in the agreement ~~by the member appointed by the affected local government~~.

→ Section 6. KRS 65.375 is amended to read as follows:

- (1) (a) 1. If:
- a. Any party that is the initial plaintiff in an action against property on which it holds a lien obtains a judgment against the property based on an outstanding certificate of delinquency, tax lien, or other local government lien ~~a tax delinquent property within the county for the taxes~~ and, to satisfy the judgment, the property is ordered sold at a tax sale pursuant to KRS 91.504 or other provision of the Kentucky Revised Statutes;
- b. The court has made a finding that the property is vacant and abandoned as described in KRS 426.205(2), and has included this finding in the order of sale; and
- c. There is no bid in ~~, if no person bids~~ an amount equal to or greater than the full amount of all certificates of delinquency, tax

liens, other local government liens~~[tax bills]~~, interest, fees, and costs due the taxing jurisdictions and fee offices~~[owing]~~ on the property at the sale;

**2. Then:**~~[,]~~

- a.** The authority shall, upon its motion to the court seeking title to the property, be deemed to have bid the full amount of all certificates of delinquency, tax liens, other local government liens~~[tax bills]~~, interest, fees, and costs due to all taxing jurisdictions and fee offices, subject to the provisions of paragraph (b) of this subsection~~[parties of the authority regardless of whether or not they are all parties to the lawsuit.]~~
- b.** The authority shall not be required to make actual payment to the court for the amount deemed to have been bid. The court, notwithstanding any other provision of law, shall treat the amount deemed to have been bid as cash received and~~[. Upon proper motion by the authority, the court]~~ shall make a deed of the property to the "Land Bank Authority~~[.]~~"; and
- c.** The title to the property shall be an absolute estate in fee simple, free and clear of all liens or encumbrances and of any taxes, penalties, interest, fees, and costs due~~[tax bills, interests, and costs owing to the parties of the authority]~~ but shall be subject to rights of way of public utilities on which tax has otherwise been paid and subject to any right of redemption of the United States of America, if any.

**(b) 1. If the authority chooses to exercise the option to take title to property under paragraph (a)2. of this subsection, and there was a highest bid at the sale, the authority shall deliver to the highest bidder a copy of its**

*motion seeking title to the property.*

2. *The motion shall be delivered to the highest bidder on the same day the motion is filed with the court, and the highest bidder shall have thirty (30) days from the date the motion is received to revise its bid so that the bid equals the full amount of all certificates of delinquency, tax liens, other local government liens, interest, fees, and costs due all taxing jurisdictions and fee offices.*
3. *If the highest bidder revises its bid within the thirty (30) day period as provided in subparagraph 2. of this paragraph, the court shall accept the amended bid, which shall be subject to the same terms and conditions as if the amended bid was the winning bid made at the sale.*
4. *If the highest bidder does not revise its bid within the thirty (30) day period, the property shall be deeded to the authority as provided in paragraph (a)2. of this subsection.*

(2) (a) When a property is acquired by the authority *pursuant to this section*, all *liens and other encumbrances against the property relating to outstanding taxes, penalties, interest, fees, or costs due any taxing jurisdiction, fee office, or other person*~~[state, county, city, and school district taxes]~~ shall be extinguished.

(b) *The acquisition of property by the authority pursuant to this section shall not impair any legal right that any person may have to bring an in personam action against the former owner of the property, or against any person responsible for the payment of taxes on the property.*

(3) (a) *When*~~[At the time that]~~ the authority sells or otherwise disposes of property as part of its land bank program, the proceeds from the sale shall *be retained by the authority.*

(b) *For the first five (5) years following conveyance of property by the land*

bank to an owner that is subject to ad valorem property taxes, fifty percent (50%) of the ad valorem property tax collected from the property by all parties to the agreement, except school districts, shall be remitted to the land bank.

(c) Amounts retained or received by the land bank under paragraphs (a) and (b) of this subsection shall be used to further the purposes of the land bank, including but not limited to the maintenance, renovation, and rehabilitation of property held by the authority, and to purchase or acquire additional tax delinquent properties or properties with local government liens be distributed as follows:

~~(a) The party or parties bringing the action that resulted in the acquisition of the property by the land bank authority shall be reimbursed, to the extent proceeds are available, for all costs incurred; and~~

~~(b) Any remaining proceeds shall be distributed to the parties in proportion to their respective tax bills.~~

(d) Conveyance of ~~any~~[a] property to ~~any~~[a] party to the agreement shall not constitute disposal under this section.

➔Section 7. KRS 99.715 is amended to read as follows:

(1) A city of any class, 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.

(2) A city of any class, county containing a city of the first class, or consolidated local government that is a party to an agreement entered into under Section 2 of this Act may grant, sell, lease, or otherwise transfer any property acquired under this

*section to the land bank authority established under Section 2 of this Act.*