

1 AN ACT relating to fire department merger and making an appropriation therefor.

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

3 ➔Section 1. KRS 75.015 is amended to read as follows:

- 4 (1) A fire protection subdistrict may be formed according to the provisions of this  
5 section. A fire protection subdistrict shall:
- 6 (a) Be located within the territorial limits of a fire protection district or volunteer  
7 fire department district;
  - 8 (b) Have a continuous boundary; and
  - 9 (c) Be managed by the board of trustees of the district, which shall:
    - 10 1. Impose an ad valorem tax on property in the subdistrict in addition to the  
11 ad valorem tax the board imposes on property in the district as a whole;  
12 and
    - 13 2. Expend the revenue from that additional tax on improved fire protection  
14 facilities and services for the subdistrict.
- 15 (2) Persons desiring to form a fire protection subdistrict shall present a petition to the  
16 fiscal court clerk and to each member of the fiscal court. The petition shall be  
17 accompanied by a map and a metes and bounds description or other description  
18 which specifically identifies the boundaries of the proposed subdistrict. The petition  
19 shall be signed by more than sixty percent (60%) of the persons who both:
- 20 (a) Live within the proposed subdistrict; and
  - 21 (b) Own property that is located within the proposed subdistrict and is subject to  
22 taxation by the district under KRS 75.040.
- 23 (3) The petition shall contain the name and address of each petitioner and the address of  
24 each petitioner's property that is located within the proposed subdistrict. It shall be  
25 in substantially the following form: "The following owners of property located  
26 within (insert the name of the fire protection district or volunteer fire department  
27 district) hereby petition the fiscal court to form a fire protection subdistrict located

1 at (insert a brief description of the location of the proposed subdistrict). The board  
 2 of trustees of (insert the name of the fire protection district or volunteer fire  
 3 department district) shall have the authority to impose a special ad valorem tax of  
 4 (insert amount, not to exceed the maximum allowed under subsection (6) of this  
 5 section) on each one hundred dollars (\$100) worth of property assessed for local  
 6 taxation in the subdistrict, in order to provide enhanced fire protection for the  
 7 subdistrict. This tax shall be in addition to the ad valorem tax imposed by the  
 8 trustees on the district as a whole."

9 (4) Upon receipt of the petition, the fiscal court shall hold a hearing and provide  
 10 notification in the manner required for creation of a taxing district under KRS  
 11 65.182(2) to (5). Following the hearing, the fiscal court shall set forth its written  
 12 findings of fact and shall approve or disapprove the formation of the subdistrict. The  
 13 creation of the subdistrict shall be of legal effect only upon the adoption of an  
 14 ordinance in accordance with the provisions of KRS 67.075 to 67.077. A certified  
 15 copy of the ordinance creating the subdistrict shall be filed with the county clerk.

16 (5) Upon the creation of a fire protection subdistrict, the trustees shall levy a tax, not to  
 17 exceed the amount stated in the petition, on the property in the subdistrict, for the  
 18 purpose of improving fire protection facilities and services in the subdistrict.

19 (6) The tax levied under this section, combined with the tax for fire and emergency  
 20 services levied on the entire district under KRS 75.040, shall not exceed:

21 (a) Ten cents (\$0.10) per one hundred dollars (\$100) of valuation as assessed for  
 22 county taxes if neither the fire district nor the fire subdistrict operates an  
 23 emergency ambulance service under KRS 75.040;~~or~~

24 (b) Fifteen cents (\$0.15) per one hundred dollars (\$100) of valuation as  
 25 assessed for county taxes beginning in the 2019 tax year when the district is  
 26 a result of two (2) or more fire districts merging as set out in KRS 95A.500  
 27 to 95A.560 on or after the effective date of this Act if neither the fire district

1 *nor a fire subdistrict within the merging fire district or fire subdistrict*  
 2 *operates an emergency ambulance service under KRS 75.040;*

3 *(c)* Twenty cents (\$0.20) per one hundred dollars (\$100) of valuation as assessed  
 4 for county taxes if either the fire district or fire subdistrict operates an  
 5 emergency ambulance service under KRS 75.040; *or*

6 *(d) Twenty-five cents (\$0.25) per one hundred dollars (\$100) of valuation as*  
 7 *assessed for county taxes beginning in the 2019 tax year when the district is*  
 8 *a result of two (2) or more fire districts merging as set out in KRS 95A.500*  
 9 *to 95A.560 on or after the effective date of this Act if any fire district or a*  
 10 *fire subdistrict within the merging fire district operates an emergency*  
 11 *ambulance service under KRS 75.040.*

12 At no time shall the trustees increase either of *the taxes in paragraph (a), (b), (c),*  
 13 *or (d) of this subsection* ~~these taxes~~ so that the combined total exceeds *these*  
 14 *limits set out for the conditions described in each paragraph* ~~this limit~~.

15 (7) The county clerk shall add the levy to the tax bills of the affected property owners.  
 16 For taxing purposes, the effective date of the tax levy shall be January 1 of the year  
 17 following the certification and creation of the subdistrict. The tax shall be  
 18 administered in the same manner as the tax on the entire district under KRS  
 19 75.040(2) and (3).

20 (8) The board of trustees shall not reduce the tax rate imposed on property in the district  
 21 as a whole as a result of receiving extra revenue from the additional tax on property  
 22 in the subdistrict. The trustees shall expend the extra revenue solely on improving  
 23 fire protection facilities and services in the subdistrict and shall not expend the extra  
 24 revenue on facilities or services that are shared by the entire district.

25 (9) Fire subdistrict taxes shall be placed on the tax bill in a place separate from the bill of  
 26 the fire district tax so that ratepayers can ascertain the amount of each tax and its  
 27 rate.

1 (10) The sheriff shall separately account to the fire district for the funds collected for each  
2 subdistrict within the fire district.

3 (11) Fire districts shall maintain a separate accounting of all subdistrict funds, and if there  
4 is more than one (1) subdistrict, a separate accounting for each subdistrict.

5 ➔Section 2. KRS 95A.520 is amended to read as follows:

6 (1) **For volunteer fire departments merging prior to the effective date of this Act,** the  
7 Commission on Fire Protection Personnel Standards and Education shall pay to the  
8 merged district, for the first, second, and third years after the merger, the number of  
9 qualified shares of volunteer fire department aid allotted under KRS 95A.262(2)  
10 equal to the total number of qualified shares that each department would have  
11 received previous to merger;

12 (2) The Commission on Fire Protection Personnel Standards and Education shall pay to  
13 the merged district, for the fourth, fifth, and sixth years after the merger, the number  
14 of qualified shares of volunteer fire department aid allotted under KRS 95A.262(2)  
15 equal to fifty percent (50%) of the total number of qualified shares that each  
16 department would have received previous to merger, plus one (1) yearly disbursement of  
17 four thousand dollars (\$4,000) as a merger incentive; and

18 (3) The Commission on Fire Protection Personnel Standards and Education shall pay to  
19 the merged district, for the seventh year after the merger and thereafter, one (1)  
20 qualified share of volunteer fire department aid allotted under KRS 95A.262(2).

21 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 95A IS CREATED TO  
22 READ AS FOLLOWS:

23 **(1) For volunteer fire departments merging on or after the effective date of this Act,**  
24 **the Commission on Fire Protection Personnel Standards and Education shall pay**  
25 **to the resulting merged district the number of qualified shares of volunteer fire**  
26 **department aid allotted under KRS 95A.262(2) equal to the total number of**  
27 **qualified shares that each merging department would have received prior to**

1 merger for a period of twenty (20) years after the date of the merger. Upon the  
 2 expiration of the twenty (20) year period, the merged district shall be entitled to  
 3 one (1) share.

4 (2) If the resulting merged district does not remain qualified to receive the volunteer  
 5 fire department aid under subsection (1) of this section, then the Commission on  
 6 Fire Protection Personnel Standards and Education shall suspend all payments  
 7 calculated under subsection (1) of this section. The merged district shall have  
 8 ninety (90) days to come into compliance with the requirements for qualification.  
 9 If the merged district does so, then the commission shall resume payments as  
 10 calculated under subsection (1) of this section. If the merged district does not  
 11 come into compliance within ninety (90) days of the loss of qualification, then  
 12 the commission shall not resume payments as calculated under subsection (1) of  
 13 this section. Should the merged district come into compliance after ninety (90)  
 14 days, it shall receive only one (1) qualified share of the volunteer fire department  
 15 aid under KRS 95A.262(2).

16 ➔Section 4. KRS 95A.540 is amended to read as follows:

17 For volunteer fire departments merging prior to the effective date of this Act, if a new  
 18 volunteer fire department is created from territory in an existing fire department merged  
 19 under the provisions of KRS 95A.500 to 95A.560, the newly created volunteer fire district  
 20 shall be able to receive one (1) share at the next regular disbursement date, if qualified. The  
 21 parent fire department shall have aid allotted under KRS 95A.262(2) reduced by one (1)  
 22 qualified share for calculations of aid, for the first, second, third, fourth, fifth, and sixth  
 23 years after merger.

24 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 95A IS CREATED TO  
 25 READ AS FOLLOWS:

26 For volunteer fire departments merging on or after the effective date of this Act, if a  
 27 new volunteer fire department is created from territory in an existing fire department

1 merged under the provisions of KRS 95A.500 to 95A.560, the newly created volunteer  
2 fire department shall be able to receive one (1) share at the next regular disbursal date,  
3 if qualified. The parent fire department shall have aid allotted under KRS 95A.262(2)  
4 reduced by one (1) qualified share for calculations of aid for the remainder of the  
5 twenty (20) year period after the merger for which the parent volunteer fire department  
6 was able to receive more than one (1) share.