

1 AN ACT relating to school district mergers.

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

3 ➔Section 1. KRS 160.020 is amended to read as follows:

4 (1) All school districts embracing designated cities together with the territory within
5 their limits, including any territory added for school purposes outside of the city
6 limits, and all independent graded common school districts having a school census
7 enumeration of two hundred (200) or more children, constitute independent school
8 districts, except those which have merged with a county school district since June
9 14, 1934. No independent district other than a designated city shall continue to
10 operate when its school census enumeration of children falls below two hundred
11 (200) pupils unless it appears to the Kentucky Board of Education that the district
12 can maintain a more efficient program of school service by operating as an
13 independent district.

14 (2) As used in this section, "designated city" means a city classified as a city of the first,
15 second, third, fourth, or fifth class as of January 1, 2014, under the city
16 classification system in effect prior to January 1, 2015. The Department of
17 Education shall, on or before January 1, 2015, create an official registry listing the
18 cities that qualify as a "designated city" under this section and shall publish that
19 registry on its Web site.

20 **(3) (a) *If the combined enrollment of a county district and an independent district***
21 ***in the same county is less than one thousand (1,000) students at the***
22 ***beginning of a school year, then the independent district shall be merged***
23 ***into the county district for the following school year.***

24 **(b) *The school boards of the two (2) school districts shall jointly develop a plan***
25 ***for the merger. If the two (2) school boards cannot agree to the terms of the***
26 ***merger by December 1 of the school year preceding the merger, the chief***
27 ***state school officer shall develop the terms of the merger.***

1 (c) When two (2) districts are merged under this subsection, the lower general
 2 tax rate levied by either the independent or county district shall be levied by
 3 the newly merged district, and the levy shall not be subject to public hearing
 4 or recall provisions under Section 2 of this Act. The school boards of the
 5 two (2) districts shall determine the treatment of other taxes levied by either
 6 district as part of the merger plan.

7 (d) The provisions of this subsection shall take effect beginning with school
 8 enrollment totals for the 2020-2021 school year.

9 ➔Section 2. KRS 160.470 is amended to read as follows:

10 (1) (a) Notwithstanding any statutory provisions to the contrary, no district board of
 11 education shall levy a general tax rate which will produce more revenue,
 12 exclusive of revenue from net assessment growth as defined in KRS 132.010,
 13 than would be produced by application of the general tax rate that could have
 14 been levied in the preceding year to the preceding year's assessment, except as
 15 provided in subsections (9) and (10) of this section, subsection (3) of Section
 16 1 of this Act, and KRS 157.440.

17 (b) If an election is held as provided for in KRS 132.017 and the question should
 18 fail, such failure shall not reduce the "...general tax rate that could have been
 19 levied in the preceding year..." referred to in subsection (1)(a) of this section,
 20 for purposes of computing the general tax rate for succeeding years.

21 In the event of a merger of school districts, the limitations contained in this section
 22 shall be based upon the combined revenue of the merging districts, as computed
 23 under the provisions of this section, except as provided in subsection (3) of Section
 24 1 of this Act.

25 (2) No district board of education shall levy a general tax rate within the limits imposed
 26 in subsection (1) of this section which respectively exceeds the compensating tax
 27 rate defined in KRS 132.010, except as provided in subsections (9) and (10) of this

1 section, subsection (3) of Section 1 of this Act, KRS 157.440, and KRS 157.621,
2 until the district board of education has complied with the provisions of subsection
3 (7) of this section.

4 (3) Upon receipt of property assessments from the Department of Revenue, the
5 commissioner of education shall certify the following to each district board of
6 education:

7 (a) The general tax rate that a district board of education could levy under the
8 provisions of subsection (1) of this section, and the amount of revenue
9 expected to be produced;

10 (b) The compensating tax rate as defined in KRS 132.010 for a district's general
11 tax rate the amount of revenue expected to be produced;

12 (c) The general tax rate which will produce, respectively, no more revenue from
13 real property, exclusive of revenue from new property, than four percent (4%)
14 over the amount of revenue produced by the compensating tax rate defined in
15 KRS 132.010, and the amount of revenue expected to be produced.

16 (4) Upon completion of action on property assessment data, the Department of Revenue
17 shall submit certified property assessment data as required in KRS 133.125 to the
18 chief state school officer.

19 (5) Within thirty (30) days after the district board of education has received its
20 assessment data, the rates levied shall be forwarded to the Kentucky Board of
21 Education for its approval or disapproval. The failure of the district board of
22 education to furnish the rates within the time prescribed shall not invalidate any
23 levy made thereafter.

24 (6) (a) Each district board of education shall, on or before January 31 of each
25 calendar year, formally and publicly examine detailed line item estimated
26 revenues and proposed expenditures for the subsequent fiscal year. On or
27 before May 30 of each calendar year, each district board of education shall

1 adopt a tentative working budget which shall include a minimum reserve of
2 two percent (2%) of the total budget.

3 (b) Each district board of education shall submit to the Kentucky Board of
4 Education no later than September 30, a close estimate or working budget
5 which shall conform to the administrative regulations prescribed by the
6 Kentucky Board of Education.

7 (7) (a) Except as provided in subsections (9) and (10) of this section, **subsection (3)**
8 **of Section 1 of this Act,** and KRS 157.440, a district board of education
9 proposing to levy a general tax rate within the limits of subsection (1) of this
10 section which exceed the compensating tax rate defined in KRS 132.010 shall
11 hold a public hearing to hear comments from the public regarding the
12 proposed tax rate. The hearing shall be held in the principal office of the
13 taxing district or, in the event the taxing district has no office, or the office is
14 not suitable for such a hearing, the hearing shall be held in a suitable facility
15 as near as possible to the geographic center of the district.

16 (b) The district board of education shall advertise the hearing by causing the
17 following to be published at least twice for two (2) consecutive weeks, in the
18 newspaper of largest circulation in the county, a display type advertisement of
19 not less than twelve (12) column inches:

- 20 1. The general tax rate levied in the preceding year, and the revenue
21 produced by that rate;
- 22 2. The general tax rate for the current year, and the revenue expected to be
23 produced by that rate;
- 24 3. The compensating general tax rate, and the revenue expected from it;
- 25 4. The revenue expected from new property and personal property;
- 26 5. The general areas to which revenue in excess of the revenue produced in
27 the preceding year is to be allocated;

- 1 6. A time and place for the public hearing which shall be held not less than
2 seven (7) days nor more than ten (10) days after the day that the second
3 advertisement is published;
- 4 7. The purpose of the hearing; and
- 5 8. A statement to the effect that the General Assembly has required
6 publication of the advertisement and the information contained herein.
- 7 (c) In lieu of the two (2) published notices, a single notice containing the required
8 information may be sent by first-class mail to each person owning real
9 property, addressed to the property owner at his residence or principal place of
10 business as shown on the current year property tax roll.
- 11 (d) The hearing shall be open to the public. All persons desiring to be heard shall
12 be given an opportunity to present oral testimony. The district board of
13 education may set reasonable time limits for testimony.
- 14 (8) (a) That portion of a general tax rate, except as provided in subsections (9) and
15 (10) of this section, subsection (3) of Section 1 of this Act, KRS 157.440, and
16 KRS 157.621, levied by an action of a district board of education which will
17 produce, respectively, revenue from real property, exclusive of revenue from
18 new property, more than four percent (4%) over the amount of revenue
19 produced by the compensating tax rate defined in KRS 132.010, shall be
20 subject to a recall vote or reconsideration by the district board of education as
21 provided for in KRS 132.017, and shall be advertised as provided for in
22 paragraph (b) of this subsection.
- 23 (b) The district board of education shall, within seven (7) days following adoption
24 of an ordinance, order, resolution, or motion to levy a general tax rate, except
25 as provided in subsections (9) and (10) of this section, subsection (3) of
26 Section 1 of this Act, and KRS 157.440, which will produce revenue from
27 real property, exclusive of revenue from new property as defined in KRS

1 132.010, more than four percent (4%) over the amount of revenue produced
2 by the compensating tax rate defined in KRS 132.010, cause the following to
3 be published, in the newspaper of largest circulation in the county, a display
4 type advertisement of not less than twelve (12) column inches:

- 5 1. The fact that the district board of education has adopted such a rate;
- 6 2. The fact that the part of the rate which will produce revenue from real
7 property, exclusive of new property as defined in KRS 132.010, in
8 excess of four percent (4%) over the amount of revenue produced by the
9 compensating tax rate defined in KRS 132.010 is subject to recall; and
- 10 3. The name, address, and telephone number of the county clerk of the
11 county or urban-county in which the school district is located, with a
12 notation to the effect that that official can provide the necessary
13 information about the petition required to initiate recall of the tax rate.

14 (9) (a) Notwithstanding any statutory provisions to the contrary, effective for school
15 years beginning after June 30, 1990, the board of education of each school
16 district shall levy a minimum equivalent tax rate of thirty cents (\$0.30) for
17 general school purposes. Equivalent tax rate is defined as the rate which
18 results when the income collected during the prior year from all taxes levied
19 by the district for school purposes is divided by the total assessed value of
20 property plus the assessment for motor vehicles certified by the Department of
21 Revenue. School districts collecting school taxes authorized by KRS 160.593
22 to 160.597, 160.601 to 160.633, or 160.635 to 160.648 for less than twelve
23 (12) months during a school year shall have included in income collected
24 under this section the pro rata tax collection for twelve (12) months.

25 (b) If a board fails to comply with paragraph (a) of this subsection, its members
26 shall be subject to removal from office for willful neglect of duty pursuant to
27 KRS 156.132.

- 1 (10) A district board of education may levy a general tax rate that will produce revenue
- 2 from real property, exclusive of revenue from new property, that is four percent
- 3 (4%) over the amount of the revenue produced by the compensating tax rate as
- 4 defined in KRS 132.010.