

1 AN ACT relating to interlocal cooperation agreements.

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

3 ➔Section 1. KRS 65.220 is amended to read as follows:

4 It is the purpose of KRS 65.210 to 65.300 to permit public agencies~~[local governmental~~
5 ~~units and the sheriff upon approval of the fiscal court]~~ to make the most efficient use of
6 their powers by enabling them to cooperate with each other~~[other localities]~~ on a basis of
7 mutual advantage and thereby to provide services and facilities in a manner and pursuant
8 to forms of governmental organization that will accord best with geographic, economic,
9 population, and other factors influencing the needs and development of local
10 communities.

11 ➔Section 2. KRS 65.230 is amended to read as follows:

12 As used in KRS 65.210 to 65.300, unless the context otherwise requires

13 (1) "Interlocal agency" means a separate legal or administrative entity with a
14 governing board that is created in an agreement entered into by public agencies
15 pursuant to the provisions of KRS 65.210 to 65.300;

16 (2) "Local government" means any:

17 (a) City;

18 (b) County;

19 (c) Consolidated local government;

20 (d) Urban-county government;

21 (e) Charter county government; or

22 (f) Unified local government;[-,]

23 (3) "Public agency" means:[-any]

24 (a) Any local government;

25 (b) Any political subdivision of this state or of another state;[-,]

26 (c) Any agency, board instrumentality, or commission created by a local
27 government;[-any]

1 (d) Any taxing district as defined by KRS 65.180;

2 (e) Any special purpose government entity as defined in KRS 65A.010(9)(a) to
 3 (c), including those entities that are exempt from the definition of special
 4 purpose governmental entity under the provisions of KRS 65A.010(9)(d)7.
 5 to 9.;

6 (f) Any interlocal agency;

7 (g) The Commonwealth or any agency or instrumentality of the state
 8 government or of the United States, including but not limited to a state-
 9 supported institution of higher education[, a sheriff, any]

10 (h) Any county school district or independent school district; and[, and any
 11 political subdivision of another state. It also means a]

12 (i) Any [state-supported or]private institution of higher education entering into
 13 an agreement authorized by subsection (4) of Section 4 of this Act with
 14 another public agency[and a county or independent public school district for
 15 the purposes of entering into a joint agreement to establish and operate a
 16 program or facility, including a center for child learning and study, designed
 17 to help one (1) or more schools meet any of the goals set forth in KRS
 18 158.6451, or for the investment of funds. If a private institution of higher
 19 education proposes to participate in an agreement pursuant to the Interlocal
 20 Cooperation Act, the Attorney General shall determine if the proposal is
 21 compatible with the United States Constitution, as part of the review of the
 22 agreement provided in KRS 65.260(2)].

23 ➔SECTION 3. A NEW SECTION OF KRS 65.210 TO 65.300 IS CREATED TO
 24 READ AS FOLLOWS:

25 (1) A public agency as defined in subsection (3)(c) to (f) of Section 2 of this Act shall
 26 provide written notification to the governing body of each of its establishing local
 27 governments of its intent to enter into an interlocal agreement pursuant to the

1 provisions of KRS 65.210 to 65.300 that includes a:

2 (a) Written description and purpose of the proposed agreement;

3 (b) Copy of the proposed agreement; and

4 (c) Statement that the governing body of the establishing local government may
 5 either approve or disapprove the public agency's entry into the proposed
 6 agreement by sending a written response of its approval or disapproval
 7 within thirty (30) days of the receipt of the notification from the public
 8 agency. The statement shall also note that if an establishing local
 9 government does not respond within that thirty (30) day period, the
 10 establishing local government shall be deemed to have approved the
 11 proposed entry into the agreement.

12 (2) In order for a public agency as defined in subsection (3)(c) to (f) of Section 2 of
 13 this Act to enter into an agreement pursuant to the provisions of KRS 65.210 to
 14 65.300, each governing body of the local government establishing that public
 15 agency, if more than one (1), shall:

16 (a) Notify the public agency of its approval in writing within thirty (30) days of
 17 receipt of the notification as set out in subsection (1) of this section; or

18 (b) Make no response. If the governing body of the local government makes no
 19 response within thirty (30) days of the notification as set out in subsection
 20 (1) of this section, the nonresponse shall be deemed to be approval of the
 21 proposal.

22 ➔Section 4. KRS 65.240 is amended to read as follows:

23 (1) Any ~~power or~~ powers, privileges, or authorities~~authority~~ exercised or capable of
 24 exercise by a public agency of this state may be exercised and enjoyed jointly with
 25 any other public agency of this state, and jointly with any public agency of any other
 26 state or of the United States to the extent that the laws of the United States permit
 27 such joint exercise or enjoyment. Any agency of the state government when acting

1 jointly with any public agency may exercise and enjoy all of the powers, privileges
2 and authority conferred by KRS 65.210 to 65.300 upon a public agency.

3 (2) Any two (2) or more public agencies may enter into agreements with one another
4 for joint or cooperative action pursuant to the provisions of KRS 65.210 to 65.300,
5 **including but not limited to for the sharing of revenues and physical assets.**

6 Appropriate action by ordinance, resolution or otherwise pursuant to law, of the
7 governing bodies of the participating public agencies shall be necessary before any
8 such agreement may enter into force.

9 (3) Any public agency may enter into agreements with another public agency or
10 agencies pursuant to KRS 65.210 to 65.300 to acquire by purchase or lease, any real
11 or personal property, or any interest, right, easement, or privilege therein, outside of
12 its municipal or jurisdictional boundaries, in connection with the acquisition,
13 construction, operation, repair, or maintenance of any **water**, sewage, wastewater, or
14 storm water facilities, notwithstanding any other provision of the Kentucky Revised
15 Statutes restricting, qualifying, or limiting their authority to do so, except as set
16 forth in KRS Chapter 278.

17 (4) A **private**~~[state-supported]~~ institution of higher education and one (1) or more
18 county **school districts** or independent ~~[public]~~ school districts may enter into
19 agreements under KRS 65.210 to 65.300 for the purposes **of establishing and**
20 **operating a program or facility, including a center for child learning and study,**
21 **designed to help one (1) or more schools meet the goals set out in KRS 158.6451,**
22 **or for the investment of funds if the Attorney General determines that the**
23 **proposal is compatible with the United States Constitution as part of the review of**
24 **the agreement provided in subsection (2) of Section 9 of this Act**~~[specified in KRS~~
25 ~~65.230]~~, notwithstanding any other provision of the statutes restricting, qualifying
26 or limiting their authority to do so.

27 ➔Section 5. KRS 65.242 is amended to read as follows:

- 1 (1) Provided that the terms of the agreement are not being substantively changed,
2 whenever an existing agreement that complies with the requirements of KRS 65.210
3 to 65.300 is amended solely to join new parties or to remove existing parties,
4 approval of the Attorney General or the Department for Local Government under
5 KRS 65.260 and approval of the agency or officer with jurisdiction under KRS
6 65.300 shall not be required for the amendment to be effective.
- 7 (2) In lieu of the requirements of KRS 65.290, when an agreement is amended pursuant
8 to subsection (1) of this section, each public agency subject to the agreement or the
9 interlocal agency created by the agreement shall file a copy of the amended
10 agreement with, ~~including any public agency withdrawing from the agreement,~~
11 ~~shall send the following to the county clerk of the county in which it is located, to~~
12 ~~the Secretary of State, and to either the Attorney General or the Department for~~
13 ~~Local Government, if either agency would have had the responsibility for review~~
14 ~~under KRS 65.260:~~
- 15 (a) ~~A copy of the full agreement, including any amendments;~~
- 16 (b) ~~A statement containing the effective date and subject of the original~~
17 ~~agreement;~~
- 18 (c) ~~A list of the parties being added to or removed from the agreement; and~~
- 19 (d) ~~A certification signed by each party being added to the agreement that~~
20 ~~confirms that the party is:~~
- 21 1. ~~A public agency as defined in KRS 65.230; and~~
- 22 2. ~~Eligible under KRS 65.240 to join the interlocal agreement with the~~
23 ~~existing parties to the agreement}.~~
- 24 (3) Public agencies may, by the terms of an agreement made pursuant to KRS 65.210 to
25 65.300, specify the manner in which parties may be added to or removed from the
26 agreement pursuant to this section. The language may authorize the addition of new
27 parties or the removal of existing parties with or without the requirement of action

1 by ~~the legislative body of~~ each public agency that is a party to the existing
 2 agreement or with a requirement of action by a minimum percentage of the
 3 legislative bodies of the public agencies that are parties to the agreement. ~~In the~~
 4 ~~absence of this language, action by the legislative body of each public agency that is~~
 5 ~~a party to the existing agreement shall be required to amend the agreement to add~~
 6 ~~new parties or remove existing parties.~~

7 ➔ Section 6. KRS 65.250 is amended to read as follows:

8 (1) Any ~~such~~ agreement **entered into under KRS 65.210 to 65.300** shall specify the
 9 following:

10 (a) The **purpose and** duration of the agreement;

11 (b) **If the agreement creates an interlocal agency:**

12 **1.** The ~~precise~~ organization, composition, **authority,** and nature of **the**
 13 **interlocal agency, including the term and qualifications of the**
 14 **members of the governing authority and their manner of appointment**
 15 **or selection;** ~~any separate legal or administrative entity created thereby~~
 16 ~~together with~~

17 **2.** A statement of the powers delegated **to the interlocal agency or any**
 18 **restrictions, limitations, or conditions the contracting parties wish to**
 19 **place on those powers** ~~thereto; provided such legal entity may be legally~~
 20 ~~created~~; **and**

21 **3.** **A general statement of any responsibilities of the interlocal agency to**
 22 **the parties that established it;**

23 (c) ~~The purpose or purposes of such legal or administrative entity;~~

24 ~~(d)~~ The manner of financing the joint or cooperative undertaking and of
 25 establishing and maintaining a budget therefor; said agreement for financing
 26 the joint or cooperative undertaking shall include agreements relative to the
 27 respective responsibilities of the **public agencies** ~~units of government~~

1 involved for the payment of the employer's share involved in any pertinent
2 pension plan or plans~~[, if any, provided for by KRS 65.280];~~

3 ~~(d)~~~~(e)~~ The permissible method or methods to be employed in accomplishing
4 the partial or complete termination of the agreement, ***including the method***~~]~~
5 ~~and~~ for disposing of property upon such partial or complete termination; ***and***

6 ~~(e)~~~~(f)~~ Any other necessary and proper matters.

7 (2) In the event that the agreement does not establish ***an interlocal agency***~~[a separate~~
8 ~~legal or administrative entity]~~ to conduct the joint or cooperative undertaking, the
9 agreement shall, in addition to paragraphs (a), (c), (d), ***and*** ~~(e)~~~~and (f)~~ enumerated
10 in subsection (1) of this section, contain the following:

11 (a) Provision for an administrator~~[or joint board]~~ responsible for ~~administering~~
12 ~~]~~the joint or cooperative undertaking~~. In the event that a joint board is~~
13 ~~established, the public agencies party to the agreement shall be represented~~
14 ~~thereon];~~ ***and***

15 (b) The manner of acquiring, holding, and disposing of real and personal property
16 used in the joint or cooperative undertaking.

17 ➔SECTION 7. A NEW SECTION OF KRS 65.210 TO 65.300 IS CREATED TO
18 READ AS FOLLOWS:

19 ***(1) An interlocal agency created by the interlocal agreement shall constitute an***
20 ***agency and instrumentality of the public agencies party to the interlocal***
21 ***agreement for the purpose of performing the essential governmental functions***
22 ***and the public purposes authorized by the interlocal agreement.***

23 ***(2) Unless restricted, limited, or otherwise conditioned under the terms of the***
24 ***interlocal agreement, an interlocal agency is authorized to exercise any powers***
25 ***not in conflict with local, state, or federal law or in conflict with the interlocal***
26 ***agreement that are necessary and convenient to accomplish the purposes for***
27 ***which the interlocal agency was created.***

1 (3) To the extent that any of the provisions of the interlocal agreement are more
 2 restrictive, or limit the powers, privileges, or authority of the interlocal agency
 3 that are otherwise allowed by KRS 65.210 to 65.300, the provisions of the
 4 interlocal agreement shall control.

5 (4) The status and authorities of an interlocal agency granted in this section, unless
 6 limited by the interlocal agreement, is cumulative and in addition to the powers
 7 and authority of an interlocal agency that may otherwise exist and that are
 8 granted or implied under any other laws of the Commonwealth to a specific type
 9 of public body that may also function as an interlocal agency under KRS 65.210
 10 to 65.300.

11 (5) Nothing in this section shall be construed to grant an interlocal agency the ability
 12 to levy a tax.

13 (6) An interlocal agency created by an interlocal agreement shall be deemed to be a
 14 public agency as defined in KRS 61.805 and 61.870, and as such shall be subject
 15 to KRS 61.800 to 61.850 and 61.870 to 61.884.

16 ➔Section 8. KRS 65.255 is amended to read as follows:

17 If an agreement entered into under the authority of KRS 65.210 to 65.300 provides for
 18 cooperative action in the utilization of peace officers, those peace officers, ~~police~~
 19 ~~department members,~~ while in the performance of their duties under the~~such an~~
 20 agreement outside their own city, ~~or~~ county, or other jurisdiction, shall have the full
 21 power of arrest and all other powers they possess in their own city, ~~or~~ county, or other
 22 jurisdiction, and shall have the same immunities and privileges as if the duties were
 23 performed in their own city, ~~or~~ county, or other jurisdiction.

24 ➔Section 9. KRS 65.260 is amended to read as follows:

25 (1) No agreement made pursuant to KRS 65.210 to 65.300 shall relieve any public
 26 agency of any obligation or responsibility imposed upon it by law except that to the
 27 extent of actual and timely performance thereof by an interlocal agency~~a joint~~

1 board or other legal or administrative entity created by an agreement made pursuant
 2 to ~~KRS 65.210 to 65.300~~, that performance may be offered in satisfaction of the
 3 obligation or responsibility.

4 (2) Except as provided in subsections (3) and (4) of this section, every agreement made
 5 pursuant to KRS 65.210 to 65.300 shall, prior to and as a condition precedent to its
 6 entry into force, be submitted to the Attorney General who shall determine whether
 7 the agreement is in proper form and compatible with the laws of this state~~, except~~
 8 ~~for interlocal agreements between cities, counties, charter counties, urban county~~
 9 ~~governments, and sheriffs upon approval of the fiscal court, which shall be~~
 10 ~~submitted to the Department for Local Government~~. The Attorney General ~~for the~~
 11 ~~Department for Local Government~~ shall approve any agreement submitted to **his or**
 12 **her office**~~them~~ under this subsection unless **he or she finds**~~they find~~ that it does
 13 not meet the **requirements**~~conditions~~ set forth in KRS 65.210 to 65.300. If the
 14 agreement does not meet these **requirements**~~conditions~~, the Attorney General ~~for~~
 15 ~~the Department for Local Government~~ shall detail in writing, addressed to the
 16 ~~governing bodies of the~~ public agencies concerned, the specific respects in which
 17 the proposed agreement fails to meet the requirements of law. **The failure of the**
 18 **Attorney General** to disapprove an agreement submitted **under this**
 19 **subsection**~~hereunder~~ within **thirty (30)**~~sixty (60)~~ days of its submission shall
 20 constitute approval thereof.

21 (3) **(a) In lieu of the requirements of subsection (2) of this section, agreements**
 22 **involving only local governments, an agency, board, instrumentality, or**
 23 **commission created exclusively by one (1) or more local governments, or**
 24 **any combination thereof, shall prior to and as a condition precedent to its**
 25 **entry into force, be submitted to the Department for Local Government. The**
 26 **department shall determine whether the agreement is in proper form and**
 27 **shall approve any agreement submitted to it under this subsection unless it**

1 finds that the agreement does not meet the requirements set out in KRS
 2 65.210 to 65.300. If the agreement does not meet these requirements, the
 3 department shall detail, in writing, addressed to the public agencies
 4 concerned, the specific respects in which the proposed agreement fails to
 5 meet the requirements of KRS 65.210 to 65.300. The failure of the
 6 department to disapprove an agreement submitted under this subsection
 7 within thirty (30) days of its submission shall constitute approval thereof.

8 (b) The approval of an agreement by the Department for Local Government
 9 under paragraph (a) of this subsection shall be deemed final and conclusive
 10 that the agreement meets the requirements of KRS 65.210 to 65.300, and the
 11 agreement shall not thereafter be subject to challenge as to the validity of its
 12 formation.

13 (4) The submission of an interlocal cooperative agreement to the Attorney General or
 14 the Department for Local Government as provided in subsections (2) and
 15 (3)~~subsection (2)~~ of this section shall not be required for any cooperative
 16 agreement which involves:~~[-]~~

17 (a) Only the construction, reconstruction, or maintenance of a municipal road or
 18 bridge, provided a written agreement is approved by each of the affected
 19 governing bodies~~[-]~~ of the public agencies, or the administrative head of a
 20 public agency if there is no governing body; or

21 (b) ~~(4)~~ Interlocal cooperative agreements between school boards and local
 22 governments~~counties shall be exempt from the provisions of subsection (2)~~
 23 ~~of this section~~.

24 ➔Section 10. KRS 65.270 is amended to read as follows:

25 (1) Whenever any two (2) or more public agencies, as defined in KRS 65.230, enter
 26 into an agreement for joint or cooperative action pursuant to the provisions of KRS
 27 65.210 to 65.300, any public agency acting separately or jointly with one (1) or

1 more of any other public agencies, may acquire, construct, maintain, add to, and
2 improve the necessary property, real and personal, which is required in order to
3 perform the functions under the agreement, and for the purpose of defraying the
4 costs incident to the performance of the agreement, may borrow money and issue
5 negotiable revenue bonds.

6 (2) Any public agency or agencies may borrow money and issue bonds under this
7 section pursuant to an order, resolution, or ordinance of its or their legislative or
8 administrative body or bodies, which order, resolution, or ordinance shall set forth
9 the terms of the agreement in full, the amount of the revenue bonds to be issued,
10 and the maximum rate of interest. In every instance the order, resolution, or
11 ordinance shall provide that the joint or cooperative action is being undertaken
12 pursuant to the provisions of KRS 65.210 to 65.300.

13 (3) The bonds may be issued to bear interest at a rate or rates or method of determining
14 rates as the public agency or agencies determines, payable at the times~~least~~
15 ~~annually, and shall be executed in a manner and be payable at times not exceeding~~
16 ~~thirty (30) years from the date of issuance}~~ and at a place or places as the public
17 agency or agencies determines.

18 (4) The bonds may provide that they or any of them may be called for redemption prior
19 to maturity~~[, on interest payment dates not earlier than one (1) year from the date of~~
20 ~~issuance of the bonds]~~.

21 (5) Any public agency is empowered to accept donations or gifts to the joint or
22 cooperative action from any source and to accept appropriations and grants to the
23 joint or cooperative action from the federal government or its agencies and
24 appropriations from the state or any county, city, or other political subdivision and,
25 at the option of the public agency or agencies, to pledge any donations, gifts, or
26 appropriations to the payment of revenue bonds issued to finance the cost of a joint
27 or cooperative action.

1 (6) Bonds issued pursuant to this section shall be negotiable and shall not be subject to
2 taxation. If any officer whose signature or countersignature appears on the bonds or
3 coupons ceases to be an officer before delivery of the bonds, his signature or
4 countersignature shall be valid and sufficient for all purposes the same as if he had
5 remained in office until delivery. The bonds shall be sold in a manner and upon
6 terms as the public agency or agencies deem best. The bonds shall be payable solely
7 from the revenue derived from the joint or cooperative action and shall not
8 constitute an indebtedness of the state, county, city, or political subdivision. It shall
9 be plainly stated on the face of each bond that it has been issued under the
10 provisions of KRS 65.210 to 65.300.

11 (7) All money received from the bonds shall be applied solely for the acquisition,
12 construction, maintenance, improvement, or operation of the joint or cooperative
13 action, and the necessary expense of preparing, printing, and selling the bonds, or to
14 advance the payment of interest on the bonds during the first three (3) years
15 following the date of the issuance of the bonds.

16 (8) ~~Before the issuance of the bonds the public agencies party to the agreement shall,~~
17 ~~by orders, resolutions, or ordinances of their respective legislative bodies, set aside~~
18 ~~and pledge the income and revenue of the joint or cooperative action including~~
19 ~~rents, royalties, fees, and proceeds of sales of property and from rates and charges~~
20 ~~for services derived or rendered by the joint or cooperative action into a separate~~
21 ~~and special fund to be used and applied in payment of the cost of the maintenance,~~
22 ~~operation, and depreciation incident to the joint or cooperative action. The orders,~~
23 ~~resolutions, or ordinances shall determine and fix the amount of revenue necessary~~
24 ~~to be set apart and applied to the payment of principal and interest of the bonds, and~~
25 ~~the proportion of the balance of the income and revenue to be set aside as a proper~~
26 ~~and adequate depreciation account. The remaining proportion of the balance shall~~
27 ~~be set aside for the reasonable and proper operation and maintenance of the joint or~~

1 ~~cooperative action.~~

2 ~~(9)]~~The rents, royalties, fees, rates, and charges for the service or sale of the joint or
 3 cooperative action shall be fixed and revised from time to time so as to be sufficient
 4 to provide for the payment of interest upon all bonds and to create a sinking fund to
 5 pay the principal of the bonds when due, and to provide for the operation and
 6 maintenance of the joint or cooperative action and an adequate depreciation
 7 account.

8 ➔Section 11. KRS 65.290 is amended to read as follows:

9 (1) Before any agreement made pursuant to KRS 65.210 to 65.300 shall become
 10 operative or have force and effect, a certified copy thereof shall be filed with the
 11 ~~[county clerk of the county which is party to the agreement, the county clerk of the~~
 12 ~~county wherein any other political subdivision of the state is located which is party~~
 13 ~~to such agreement, and with the]~~Secretary of State. **After the original filing of an**
 14 **agreement as provided in this section, no additional filing is required for**
 15 **agreements amended solely for the addition or removal of parties as provided**
 16 **under Section 5 of this Act.**

17 (2) ~~If [In the event that]~~ an agreement entered into pursuant to KRS 65.210 to 65.300 is
 18 between or among one (1) or more public agencies of this state and one (1) or more
 19 public agencies of another state or of the United States, ~~that[said]~~ agreement
 20 ~~may[shall]~~ have the status of an interstate compact, but in any case or controversy
 21 involving performance or interpretation thereof or liability thereunder, the public
 22 agencies party thereto shall be real parties in interest and the state may maintain an
 23 action to recoup or otherwise make itself whole for any damages or liability which it
 24 may incur by reason of being joined as a party therein. ~~An[Such]~~ action shall be
 25 maintainable against any public agency or agencies whose default, failure of
 26 performance, or other conduct caused or contributed to the incurring of damage or
 27 liability by the state.

1 ➔Section 12. KRS 65.300 is amended to read as follows:

2 ~~If~~~~In the event that~~ an agreement made pursuant to KRS 65.210 to 65.300 ~~deals~~~~shall~~
3 ~~deal~~ in whole or in part with the provisions of services or facilities ~~over~~~~with regard to~~
4 which an officer or agency of the state government has constitutional or statutory powers
5 of control, the agreement shall, as a condition precedent to its entry into force, be
6 submitted to the state officer or agency having ~~that~~~~such~~ power of control and shall be
7 approved or disapproved by ~~the~~~~such~~ officer or agency as to all matters within the
8 jurisdiction of ~~the~~~~such~~ officer or agency in the same manner and subject to the
9 requirements governing the action of the Attorney General pursuant to subsection (2) of
10 KRS 65.260. The requirement of this section shall be in addition to and not in
11 substitution for the requirement of submission to and approval by the Attorney General
12 under subsection (2) of KRS 65.260.

13 ➔Section 13. KRS 68.200 is amended to read as follows:

14 (1) As used in this section, unless the context clearly indicates otherwise:

15 (a) Motor vehicle means "vehicle" as defined in KRS 186.010(8)(a);

16 (b) Retailer means "retailer" as defined in KRS 139.010; and

17 (c) Gross rental charge means "gross rental charge" as defined in KRS
18 138.462~~{(4)}~~.

19 (2) A county containing a designated city, consolidated local government, or urban-
20 county government may levy a license fee on the rental of motor vehicles which
21 shall not exceed three percent (3%) of the gross rental charges from rental
22 agreements for periods of thirty (30) days or less. The license fee shall apply to
23 retailers who receive more than seventy-five percent (75%) of their gross revenues
24 generated in the county from gross rental charges. Any license fee levied pursuant to
25 this subsection shall be collected by the retailer from the renters of the motor
26 vehicles.

27 (3) Revenues from rental of motor vehicles shall not be included in the gross rental

1 charges on which the license fee is based if:

2 (a) The declared gross weight of the motor vehicle exceeds eleven thousand
3 (11,000) pounds; or

4 (b) The rental is part of the services provided by a funeral director for a funeral;
5 or

6 (c) The rental is exempted from the state sales and use tax pursuant to KRS
7 139.470.

8 (4) A fiscal court or the legislative body of an urban-county government shall provide
9 for collection of the license fee in the ordinance by which the license fee is levied.
10 The revenues shall be deposited in an account to be known as the motor vehicle
11 license fee account. The revenues may be shared among local governments pursuant
12 to KRS 65.210 to 65.300~~[KRS 65.245]~~.

13 (5) The county shall use the proceeds of the license fee for economic development
14 activities. It shall distribute semiannually, by June 30 and December 31, all
15 revenues not shared pursuant to KRS 65.210 to 65.300~~[KRS 65.245]~~, to one (1) or
16 more of the following entities if it has established, or contracted with, the entity for
17 the purposes of economic development and is satisfied that the entity is promoting
18 satisfactorily the county's economic development activities:

19 (a) A riverport authority established by the county pursuant to KRS 65.520; or

20 (b) An industrial development authority established by the county pursuant to
21 KRS 154.50-316; or

22 (c) A nonprofit corporation as defined in KRS 273.161(4) which has been
23 organized for the purpose of promoting economic development.

24 The entity shall make a written request for funds from the motor vehicle license fee
25 account by May 31 and November 30, respectively.

26 (6) (a) As used in this section, "designated city" means a city on the registry
27 maintained by the Department for Local Government under this subsection.

1 (b) On or before January 1, 2015, the Department for Local Government shall
2 create and maintain a registry of cities that, as of August 1, 2014, were
3 classified as cities of the first, second, and third class. The Department for
4 Local Government shall make the information included on the registry
5 available to the public by publishing it on its Web site.

6 ➔Section 14. KRS 154.22-040 is amended to read as follows:

7 (1) Each year, the authority shall, under its Rural Economic Development Assistance
8 Program, on the basis of the final unemployment figures calculated by the
9 Department of Workforce Investment in the Education and Workforce Development
10 Cabinet, determine which counties have had a countywide rate of unemployment
11 exceeding the statewide unemployment rate of the Commonwealth in the most
12 recent five (5) consecutive calendar years, or which have had an average
13 countywide rate of unemployment exceeding the statewide unemployment rate of
14 the Commonwealth by two hundred percent (200%) in the most recent calendar
15 year, and shall certify those counties as qualified counties. A county not certified on
16 the basis of final unemployment figures may also be certified as a qualified county
17 if the authority determines the county is one (1) of the sixty (60) most distressed
18 counties in the Commonwealth based on the following criteria with equal weight
19 given to each criterion:

20 (a) The average countywide rate of unemployment in the most recent three (3)
21 consecutive calendar years, on the basis of final unemployment figures
22 calculated by the Department of Workforce Investment in the Education and
23 Workforce Development Cabinet;

24 (b) In each county the percentage of adults twenty-five (25) years of age and older
25 who have attained at least a high school education or equivalent, on the basis
26 of the most recent data available from the United States Department of
27 Commerce, Bureau of the Census; and

1 (c) Road quality, as quantified by the access within a county to roads ranked in
2 descending order from best quality to worst quality as follows: two (2) or
3 more interstate highways, one (1) interstate highway, a state four (4) lane
4 parkway, four (4) lane principal arterial access to an interstate highway, state
5 two (2) lane parkway and none of the preceding road types, as certified by the
6 Kentucky Transportation Cabinet to the authority.

7 If the authority determines that a county which has previously been certified as a
8 qualified county no longer meets the criteria of this subsection, the authority shall
9 decertify that county. The authority shall not provide inducements for any facilities
10 in that county and an approved company shall not be eligible for the inducements
11 offered by KRS 154.22-010 to 154.22-070 unless the tax incentive agreements
12 required herein are entered into by all parties prior to July 1 of the year following
13 the calendar year in which the authority decertified that county. In addition, the
14 authority shall certify coal-producing counties, not otherwise certified as qualified
15 counties in this subsection, for economic development projects involving the new
16 construction of electric generation facilities. A coal-producing county shall mean a
17 county in the Commonwealth of Kentucky that has produced coal upon which the
18 tax imposed under KRS 143.020 was paid at any time. For economic development
19 projects undertaken in a regional industrial park, as defined in KRS 42.4588, or in
20 an industrial park created pursuant to an interlocal agreement in which revenues are
21 shared as provided in KRS 65.210 to 65.300~~[KRS 65.245]~~, where the physical
22 boundaries of the industrial park lie within two (2) or more counties of which at
23 least one (1) of the counties is a qualified county under this section, an eligible
24 company undertaking an economic development project within the physical
25 boundaries of the industrial park may be approved for the inducements under KRS
26 154.22-010 to 154.22-080.

27 (2) The authority shall establish the procedures and standards for the determination and

1 approval of eligible companies and their economic development projects by the
2 promulgation of administrative regulations in accordance with KRS Chapter 13A.
3 The criteria for approval of eligible companies and economic development projects
4 shall include but not be limited to the creditworthiness of eligible companies; the
5 number of new jobs to be provided by an economic development project to
6 residents of the Commonwealth; and the likelihood of the economic success of the
7 economic development project.

8 (3) The economic development project shall involve a minimum investment of one
9 hundred thousand dollars (\$100,000) by the eligible company and shall result in the
10 creation by the eligible company, within two (2) years from the date of the final
11 approval authorizing the economic development project, of a minimum of fifteen
12 (15) new full-time jobs at the site of the economic development project for
13 Kentucky residents to be employed by the eligible company and to be held by
14 persons subject to the personal income tax of the Commonwealth. The authority
15 may extend this two (2) year period upon the written application of an eligible
16 company requesting an extension.

17 (4) (a) Within six (6) months after the activation date, the approved company shall
18 compensate a minimum of ninety percent (90%) of its full-time employees
19 whose jobs were created with base hourly wages equal to either:

- 20 1. Seventy-five percent (75%) of the average hourly wage for the
21 Commonwealth; or
- 22 2. Seventy-five percent (75%) of the average hourly wage for the county in
23 which the project is to be undertaken.

24 (b) If the base hourly wage calculated in paragraph (a)1. or 2. of this subsection is
25 less than one hundred fifty percent (150%) of the federal minimum wage, then
26 the base hourly wage shall be one hundred fifty percent (150%) of the federal
27 minimum wage. However, for projects receiving preliminary approval of the

1 authority prior to July 1, 2008, the base hourly wage shall be one hundred fifty
2 percent (150%) of the federal minimum wage existing on January 1, 2007. In
3 addition to the applicable base hourly wage calculated above, the eligible
4 company shall provide employee benefits equal to at least fifteen percent
5 (15%) of the applicable base hourly wage; however, if the eligible company
6 does not provide employee benefits equal to at least fifteen percent (15%) of
7 the applicable base hourly wage, the eligible company may qualify under this
8 section if it provides the employees hired by the eligible company as a result
9 of the economic development project total hourly compensation equal to or
10 greater than one hundred fifteen percent (115%) of the applicable base hourly
11 wage through increased hourly wages combined with employee benefits.

12 (c) The requirements of this subsection shall not apply to eligible companies
13 which are nonprofit corporations established under KRS 273.163 to 273.387
14 and whose employees are handicapped and sheltered workshop workers
15 employed at less than the established minimum wage as authorized by KRS
16 337.295.

17 For an eligible company, within a regional industrial park which lies within two (2)
18 or more counties, the calculation of the wage and benefit requirement shall be
19 determined by averaging the average county hourly wage for all counties within the
20 regional industrial park.

21 (5) No economic development project which will result in the replacement of
22 agribusiness, manufacturing, or electric generation facilities existing in the state
23 shall be approved by the authority; however, the authority may approve an
24 economic development project that:

25 (a) Rehabilitates an agribusiness, manufacturing, or electric generation facility:

26 1. Which has not been in operation for a period of ninety (90) or more
27 consecutive days;

- 1 2. For which the current occupant of the facility has published a notice of
2 closure so long as the eligible company intending to acquire the facility
3 is not an affiliate of the current occupant; or
- 4 3. The title to which is vested in other than the eligible company or an
5 affiliate of the eligible company and that is sold or transferred pursuant
6 to a foreclosure ordered by a court of competent jurisdiction or an order
7 of a bankruptcy court of competent jurisdiction;
- 8 (b) Replaces an agribusiness, manufacturing, or electric generation facility
9 existing in the Commonwealth:
- 10 1. The title to which shall have been taken under the exercise of the power
11 of eminent domain, or the title to which shall be the subject of a
12 nonappealable judgment granting the authority to exercise the power of
13 eminent domain, in either event to the extent that normal operations
14 cannot be resumed at the facility within twelve (12) months; or
- 15 2. Which has been damaged or destroyed by fire or other casualty to the
16 extent that normal operations cannot be resumed at the facility within
17 twelve (12) months; or
- 18 (c) Replaces an existing agribusiness, manufacturing, or electric generation
19 facility located in the same qualified county, and the existing agribusiness,
20 manufacturing, or electric generation facility to be replaced cannot be
21 expanded due to the unavailability of real estate at or adjacent to the
22 agribusiness, manufacturing, or electric generation facility to be replaced. Any
23 economic development project satisfying the requirements of this subsection
24 shall only be eligible for inducements to the extent of the expansion, and no
25 inducements shall be available for the equivalent of the agribusiness,
26 manufacturing, or electric generation facility to be replaced. No economic
27 development project otherwise satisfying the requirements of this subsection

1 shall be approved by the authority which results in a lease abandonment or
2 lease termination by the approved company without the consent of the lessor.

3 (6) With respect to each eligible company making an application to the authority for
4 inducements, and with respect to the economic development project described in the
5 application, the authority shall request materials and make inquiries of the applicant
6 as necessary or appropriate. Upon review of the application and completion of
7 initial inquiries, the authority may, by resolution, give its preliminary approval by
8 designating an eligible company as a preliminarily approved company and
9 authorizing the undertaking of the economic development project. After preliminary
10 approval, the authority may by final approval designate an eligible company to be
11 an approved company.

12 ➔Section 15. KRS 154.32-050 is amended to read as follows:

13 (1) The authority shall identify and certify or decertify enhanced incentive counties on
14 an annual basis as provided in this section.

15 (2) Each fiscal year, the authority shall:

16 (a) Obtain from the Department of Workforce Investment in the Education and
17 Workforce Development Cabinet, the final unemployment figures for the prior
18 calendar year for each county and for the Commonwealth as a whole;

19 (b) Identify those counties which have had:

20 1. A countywide unemployment rate that exceeds the statewide
21 unemployment rate in the most recent five (5) consecutive calendar
22 years; or

23 2. An average countywide rate of unemployment exceeding the statewide
24 unemployment rate by two hundred percent (200%) in the most recent
25 calendar year; and

26 (c) Certify the counties identified in paragraph (b) of this subsection as enhanced
27 incentive counties.

- 1 (3) A county not certified under subsection (2) of this section may also be certified by
2 the authority as an enhanced incentive county if the authority determines the county
3 is one (1) of the sixty (60) most distressed counties in the Commonwealth based on
4 the following criteria with equal weight given to each criterion:
- 5 (a) The average countywide rate of unemployment in the most recent three (3)
6 consecutive calendar years, using the information obtained under subsection
7 (2)(a) of this section;
- 8 (b) The percentage of adults twenty-five (25) years of age and older who have
9 attained at least a high school education or equivalent, on the basis of the most
10 recent data available from the United States Department of Commerce,
11 Bureau of the Census; and
- 12 (c) The quality of the roads in the county. Quality of roads shall be determined by
13 the access within a county to roads, ranked in descending order from best
14 quality to worst quality, as certified to the authority by the Kentucky
15 Transportation Cabinet as follows:
- 16 1. Two (2) or more interstate highways;
17 2. One (1) interstate highway;
18 3. A state four (4) lane parkway;
19 4. A four (4) lane principal arterial access to an interstate highway;
20 5. A state two (2) lane parkway; and
21 6. None of the preceding road types.
- 22 (4) (a) If the authority determines that an enhanced incentive county no longer meets
23 the criteria to be certified as an enhanced incentive county under this section,
24 the authority shall decertify that county.
- 25 (b) Any economic development project located in an enhanced incentive county
26 that was decertified by the authority after May 1, 2009, shall have until July 1
27 of the third year following the fiscal year in which the county was decertified

1 to obtain final approval from the authority.

2 (5) (a) As used in this subsection, "industrial park" means a regional industrial park
3 as defined in KRS 42.4588, or an industrial park created pursuant to an
4 interlocal agreement in which revenues are shared as provided in **KRS 65.210**
5 **to 65.300**~~[KRS 65.245]~~.

6 (b) An economic development project undertaken in an industrial park that is
7 located in two (2) or more counties, one (1) of which is an enhanced incentive
8 county, may be approved for the enhanced incentive county incentives set
9 forth in this subchapter.

10 ➔Section 16. Nothing in Sections 1 to 15 of this Act shall be construed to
11 invalidate any interlocal agreement entered into pursuant to KRS 65.210 to 65.300 prior
12 to the effective date of this Act.

13 ➔Section 17. The following KRS sections are repealed:

14 65.245 Cooperative interlocal agreements for the sharing of revenues.

15 65.280 Effect of civil service laws and regulations upon transferred employees.