

1 AN ACT relating to special purpose governmental entities.

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

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

5 *(1) This section applies to any ad valorem tax or fee levied by a special purpose*  
6 *governmental entity that is not otherwise required by statute or ordinance to be*  
7 *adopted or approved through an official act of an establishing entity.*

8 *(2) This section does not apply to:*

9 *(a) An air board established or operating under KRS 183.132 to 183.160; or*

10 *(b) A fire protection district established or operating under KRS Chapter 75*  
11 *and located in a county containing a consolidated local government.*

12 *(3) As used in this section, "compensating tax rate" has the same meaning as in*  
13 *KRS 132.010 and applies to all special purpose governmental entities with the*  
14 *authority to levy ad valorem taxes, regardless of whether the special purpose*  
15 *governmental entity is subject to Section 2 of this Act or any other provision of*  
16 *the Kentucky Revised Statutes that requires advertisement or allows for voter*  
17 *recall.*

18 *(4) (a) Notwithstanding any other provision of the Kentucky Revised Statutes, any*  
19 *special purpose governmental entity, other than the special purpose*  
20 *governmental entities described in subsection (2) of this section, proposing*  
21 *to levy:*

22 *1. An ad valorem tax rate or rates for the upcoming year that are*  
23 *projected to generate more revenues than would be generated by the*  
24 *levy of the compensating tax rate; or*

25 *2. An ad valorem tax for the first time;*  
26 *shall submit in writing the proposed rate or rates to the establishing entity.*  
27 *If the establishing entity includes more than one (1) city or county, or if*

1 there is no establishing entity, the rate or rates shall be submitted to the  
2 governing body of the city or county in which the largest number of citizens  
3 served by the special purpose governmental entity reside. If the special  
4 purpose governmental entity serves only the residents of a city, the notice  
5 shall be provided to the governing body of that city. The rate or rates shall  
6 be submitted no later than seven (7) days after the adoption of the  
7 ordinance, order, resolution, or motion to levy a tax rate that exceeds the  
8 compensating tax rate, or to levy a new ad valorem tax.

9 (b) The governing body of the city or county to which the rate or rates were  
10 submitted shall have thirty (30) days from the date of submission to:

11 1. Approve or fail to act on the proposed rate or rates, in which case the  
12 proposed rate or rates may be implemented by the special purpose  
13 governmental entity after all other statutory requirements for levying  
14 the rate or rates are met;

15 2. Approve a rate or rates in an amount less than the amount of the  
16 proposed rate or rates, in which case the approved amount of the rate  
17 or rates may be implemented by the special purpose governmental  
18 entity after all other statutory requirements for levying the rate or  
19 rates are met; or

20 3. Disapprove the entire proposed rate or rates by a majority vote of the  
21 governing body, in which case subdivisions a. and b. of this  
22 subparagraph shall apply:

23 a. If the special purpose governmental entity levied an ad valorem  
24 tax during the current year, the special purpose governmental  
25 entity may levy a rate or rates for the upcoming year that do not  
26 exceed the compensating tax rate; and

27 b. If the special purpose governmental entity is proposing an initial

1                   levy, the levy shall not be imposed, and the special purpose  
2                   governmental entity shall wait at least one (1) year before  
3                   proposing another ad valorem tax levy.

4           (c) Upon request of a special purpose governmental entity, the DLG shall  
5           calculate rates on behalf of the special purpose governmental entity.

6   (5) (a) Notwithstanding any other provision of the Kentucky Revised Statutes, any  
7   special purpose governmental entity, other than the special purpose  
8   governmental entities described in subsection (2) of this section, proposing  
9   the imposition of a new fee, or a fee which is expected to produce increased  
10   revenues as compared to revenues generated during the prior fiscal year,  
11   and that is not subject to an approval process for the proposed fee under  
12   another provision of the Kentucky Revised Statutes or administrative  
13   regulations promulgated pursuant thereto, shall submit the proposed fee to  
14   the establishing entity. If the establishing entity includes more than one (1)  
15   city or county, or if there is no establishing entity, the fee shall be submitted  
16   to the governing body of the city or county in which the largest number of  
17   citizens served by the special purpose governmental entity reside, except as  
18   provided in subsection (6) of this section. If the special purpose  
19   governmental entity serves only the residents of a city, the notice shall be  
20   provided to the governing body of that city. The proposed fee shall be  
21   submitted to the relevant city or county no later than forty-five (45) days  
22   prior to the scheduled implementation of the fee.

23   (b) The governing body of the city or county shall have thirty (30) days from the  
24   date of submission to:

25           1. Approve or fail to act on the proposed fee, in which case the proposed  
26           fee may be implemented by the special purpose governmental entity  
27           after all other statutory requirements for levying the fee are met;

- 1           2. Approve a fee in an amount less than the amount of the proposed fee,  
2           in which case the approved fee amount may be implemented by the  
3           special purpose governmental entity after all other statutory  
4           requirements for levying the fee are met; or
- 5           3. Disapprove the entire proposed fee by a majority vote of the governing  
6           body, in which case subdivisions a. and b. of this subparagraph shall  
7           apply:
- 8           a. If a proposed increase of an existing fee is disapproved, any fee  
9           then in existence shall remain unchanged, and the special  
10           purpose governmental entity shall not seek to increase the fee  
11           again for at least one (1) year from the date of the submission of  
12           the disapproved fee increase; and
- 13           b. If a proposed initial fee is disapproved, the special purpose  
14           governmental entity shall not seek to impose the fee again for at  
15           least one (1) year from the date of the submission of the  
16           disapproved initial fee.
- 17       (6) The requirements established by subsection (5) of this section shall not apply to  
18       the following provisions of this subsection:
- 19           (a) Rental fees;
- 20           (b) Fees established by contractual arrangement;
- 21           (c) Admission fees;
- 22           (d) Fees or charges to recover costs incurred by a special purpose governmental  
23           entity for the connection, restoration, relocation, or discontinuation of any  
24           service requested by any person;
- 25           (e) Any penalty, interest, sanction, or other fee or charge imposed by a special  
26           purpose governmental entity for a failure to pay a charge or fee, or for the  
27           violation or breach of or failure to pay or perform as agreed pursuant to a

- 1           contractual agreement or as reflected in a published schedule;
- 2           (f) Amounts charged to customers or contractual partners for nonessential  
3           services provided on a voluntary basis;
- 4           (g) Fees or charges authorized under federal law that pursuant to federal law  
5           may not be regulated by the Commonwealth or local governments within  
6           the Commonwealth;
- 7           (h) Purchased water or sewage treatment adjustments, as authorized by KRS  
8           278.015, made by a special purpose governmental entity as a direct result of  
9           a rate increase by its wholesale water supplier or wholesale sewage  
10           treatment provider;
- 11           (i) Any new fee or fee increase for which a special purpose governmental entity  
12           must obtain prior approval from the Public Service Commission pursuant to  
13           KRS Chapter 278;
- 14           (j) Other charges or fees imposed by a special purpose governmental entity for  
15           the provision of any service that is also available on the open market; or
- 16           (k) Fees or charges imposed by municipal utilities for the provision of power,  
17           water, wastewater, natural gas, or telecommunications services, unless  
18           submission is otherwise required by statute or an ordinance adopted by the  
19           establishing entity.
- 20           (7) (a) Subsections (4) and (5) of this section shall not be interpreted as  
21           transferring any tax-levying or fee-levying authority granted to a special  
22           purpose governmental entity under any other provision of the Kentucky  
23           Revised Statutes to cities and counties charged with reviewing tax and fee  
24           increases under this section.
- 25           (b) This section shall not be interpreted to grant tax-levying or fee-levying  
26           authority on behalf of special purpose governmental entities to any city or  
27           county reviewing tax rates or fees proposed by a special purpose

1 governmental entity and subject to review under this section.

2 (8) This section shall apply independently of and in addition to any other statutory  
 3 requirements and provisions relating to the levy of ad valorem taxes or fees by  
 4 special purpose governmental entities, other than the special purpose  
 5 governmental entities described in subsection (2) of this section, including  
 6 statutory rate limits, public hearing requirements, and recall provisions, and shall  
 7 not be interpreted to circumvent, supplant, or otherwise replace those  
 8 requirements and provisions.

9 (9) The provisions of this section shall not be interpreted as limiting the ability of any  
 10 city, county, or other establishing entity to impose reporting or submission  
 11 requirements that are more stringent than those established in this section.

12 ➔Section 2. KRS 132.023 is amended to read as follows:

13 (1) No special purpose governmental entity shall levy a tax rate which exceeds the  
 14 compensating tax rate until the taxing district has complied with the provisions of  
 15 Section 1 of this Act and subsection (2) of this section.

16 (2) (a) A special purpose governmental entity proposing to levy a tax rate which  
 17 exceeds the compensating tax rate shall submit the proposed rate as required  
 18 by Section 1 of this Act and shall hold a public hearing to hear comments  
 19 from the public regarding the proposed tax rate. The hearing shall be held in  
 20 the same location where the governing body of the city or county where the  
 21 largest number of citizens served by the special purpose governmental entity  
 22 reside meets, and shall be held immediately before a regularly scheduled  
 23 meeting of that governing body.

24 (b) The special purpose governmental entity shall advertise the hearing by causing  
 25 to be published at least twice in two (2) consecutive weeks, in the newspaper  
 26 of largest circulation in the county, a display type advertisement of not less  
 27 than twelve (12) column inches, the following:

- 1           1.    The tax rate levied in the preceding year, and the revenue produced by
- 2                    that rate;
- 3           2.    The tax rate proposed for the current year and the revenue expected to be
- 4                    produced by that rate;
- 5           3.    The compensating tax rate and the revenue expected from it;
- 6           4.    The revenue expected from new property and personal property;
- 7           5.    The general areas to which revenue in excess of the revenue produced in
- 8                    the preceding year is to be allocated;
- 9           6.    A time and place for the public hearing which shall be held not less than
- 10                   seven (7) days, nor more than ten (10) days, after the day that the second
- 11                   advertisement is published;
- 12           7.    The purpose of the hearing; and
- 13           8.    A statement to the effect that the General Assembly has required
- 14                   publication of the advertisement and the information contained therein.
- 15       (c)    In lieu of the two (2) published notices, a single notice containing the required
- 16                   information may be sent by first-class mail to each person owning real
- 17                   property in the special purpose governmental entity, addressed to the property
- 18                   owner at his residence or principal place of business as shown on the current
- 19                   year property tax roll.
- 20       (d)    The hearing shall be open to the public. All persons desiring to be heard shall
- 21                   be given an opportunity to present oral testimony. The special purpose
- 22                   governmental entity may set reasonable time limits for testimony.
- 23       (3)   (a)   That portion of a tax rate levied by an action of a special purpose
- 24                   governmental entity which will produce revenue from real property, exclusive
- 25                   of revenue from new property, more than four percent (4%) over the amount
- 26                   of revenue produced by the compensating tax rate shall be subject to a recall
- 27                   vote or reconsideration by the special purpose governmental entity, as

1 provided for in KRS 132.017, and shall be advertised as provided in paragraph  
2 (b) of this subsection.

3 (b) The special purpose governmental entity shall, within seven (7) days  
4 following adoption of an ordinance, order, resolution, or motion to levy a tax  
5 rate which will produce revenue from real property, exclusive of revenue from  
6 new property, more than four percent (4%) over the amount of revenue  
7 produced by the compensating tax rate, cause to be published, in the  
8 newspaper of largest circulation in the county, a display type advertisement of  
9 not less than twelve (12) column inches the following:

- 10 1. The fact that the taxing district has adopted a rate;
- 11 2. The fact that the part of the rate which will produce revenue from real  
12 property, exclusive of new property, in excess of four percent (4%) over  
13 the amount of revenue produced by the compensating tax rate is subject  
14 to recall; and
- 15 3. The name, address, and telephone number of the county clerk of the  
16 county in which the special purpose governmental entity is located, with  
17 a notation to the effect that that official can provide the necessary  
18 information about the petition required to initiate recall of the tax rate.

19 ➔Section 3. KRS 132.025 is amended to read as follows:

- 20 (1) In the event that the tax rate levied by an action of a taxing district, other than the  
21 state, counties, school districts, cities, and urban-county governments, for 1979-80,  
22 1980-81, or 1981-82 produced a percentage increase in revenue from personal  
23 property less than the percentage increase in revenue from real property for the  
24 respective year, the taxing district, other than the state, counties, school districts,  
25 cities, and urban-county governments, may levy a tax rate applicable to personal  
26 property for 1982-83 only, which will produce the same cumulative percentage  
27 increase in revenue from personal property as was produced from real property in



1 1979-80, 1980-81 and 1981-82. Such a tax rate may be in addition to the tax rate  
2 levied under the provisions of KRS 132.024.

3 (2) The tax rate levied under the provision of KRS 132.024 and subsection (1) of this  
4 section shall not exceed the tax rate applicable to personal property levied by the  
5 respective taxing district, other than the state, counties, school districts, cities, and  
6 urban-county governments, in 1981-82.

7 (3) The tax rate applicable to personal property levied by a taxing district, other than  
8 the state, counties, school districts, cities, and urban-county governments shall not  
9 be subject to the public hearing provisions of KRS 132.023~~(2)~~~~(3)~~ and to the recall  
10 provisions of KRS 132.023~~(3)~~~~(4)~~.

11 ➔Section 4. The following KRS section is repealed:

12 65A.100 Fees and ad valorem taxes levied by special purpose governmental entities --  
13 Reporting to governing body of city or county -- Reporting exceptions.

14 ➔Section 5. This Act takes effect January 1, 2021.