

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)6.
 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,
14 **electric, gas,** or storm water facilities, notwithstanding any other provision of the
15 Kentucky Revised Statutes restricting, qualifying, or limiting their authority to do
16 so, except as set 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 ➔Section 8. KRS 65.255 is amended to read as follows:

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

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

22 (1) No agreement made pursuant to KRS 65.210 to 65.300 shall relieve any public
 23 agency of any obligation or responsibility imposed upon it by law except that to the
 24 extent of actual and timely performance thereof by an interlocal agency~~{a joint~~
 25 ~~board or other legal or administrative entity created by an agreement made pursuant~~
 26 ~~to KRS 65.210 to 65.300}~~, that performance may be offered in satisfaction of the
 27 obligation or responsibility.

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

18 (3) ***(a) In lieu of the requirements of subsection (2) of this section, agreements***
 19 ***involving only local governments, an agency, board, instrumentality, or***
 20 ***commission created exclusively by one (1) or more local governments, or***
 21 ***any combination thereof, shall prior to and as a condition precedent to its***
 22 ***entry into force, be submitted to the Department for Local Government. The***
 23 ***department shall determine whether the agreement is in proper form and***
 24 ***shall approve any agreement submitted to it under this subsection unless it***
 25 ***finds that the agreement does not meet the requirements set out in KRS***
 26 ***65.210 to 65.300. If the agreement does not meet these requirements, the***
 27 ***department shall detail, in writing, addressed to the public agencies***

1 concerned, the specific respects in which the proposed agreement fails to
 2 meet the requirements of KRS 65.210 to 65.300. The failure of the
 3 department to disapprove an agreement submitted under this subsection
 4 within thirty (30) days of its submission shall constitute approval thereof.

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

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

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

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

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

22 (1) Whenever any two (2) or more public agencies, as defined in KRS 65.230, enter
 23 into an agreement for joint or cooperative action pursuant to the provisions of KRS
 24 65.210 to 65.300, any public agency acting separately or jointly with one (1) or
 25 more of any other public agencies, may acquire, construct, maintain, add to, and
 26 improve the necessary property, real and personal, which is required in order to
 27 perform the functions under the agreement, and for the purpose of defraying the

- 1 costs incident to the performance of the agreement, may borrow money and issue
2 negotiable revenue bonds.
- 3 (2) Any public agency or agencies may borrow money and issue bonds under this
4 section pursuant to an order, resolution, or ordinance of its or their legislative or
5 administrative body or bodies, which order, resolution, or ordinance shall set forth
6 the terms of the agreement in full, the amount of the revenue bonds to be issued,
7 and the maximum rate of interest. In every instance the order, resolution, or
8 ordinance shall provide that the joint or cooperative action is being undertaken
9 pursuant to the provisions of KRS 65.210 to 65.300.
- 10 (3) The bonds may be issued to bear interest at a rate or rates or method of determining
11 rates as the public agency or agencies determines, payable at the times~~least~~
12 ~~annually, and shall be executed in a manner and be payable at times not exceeding~~
13 ~~thirty (30) years from the date of issuance]~~ and at a place or places as the public
14 agency or agencies determines.
- 15 (4) The bonds may provide that they or any of them may be called for redemption prior
16 to maturity~~[, on interest payment dates not earlier than one (1) year from the date of~~
17 ~~issuance of the bonds]~~.
- 18 (5) Any public agency is empowered to accept donations or gifts to the joint or
19 cooperative action from any source and to accept appropriations and grants to the
20 joint or cooperative action from the federal government or its agencies and
21 appropriations from the state or any county, city, or other political subdivision and,
22 at the option of the public agency or agencies, to pledge any donations, gifts, or
23 appropriations to the payment of revenue bonds issued to finance the cost of a joint
24 or cooperative action.
- 25 (6) Bonds issued pursuant to this section shall be negotiable and shall not be subject to
26 taxation. If any officer whose signature or countersignature appears on the bonds or
27 coupons ceases to be an officer before delivery of the bonds, his signature or

1 countersignature shall be valid and sufficient for all purposes the same as if he had
2 remained in office until delivery. The bonds shall be sold in a manner and upon
3 terms as the public agency or agencies deem best. The bonds shall be payable solely
4 from the revenue derived from the joint or cooperative action and shall not
5 constitute an indebtedness of the state, county, city, or political subdivision. It shall
6 be plainly stated on the face of each bond that it has been issued under the
7 provisions of KRS 65.210 to 65.300.

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

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

26 (9) ~~The rents, royalties, fees, rates, and charges for the service or sale of the joint or~~
27 cooperative action shall be fixed and revised from time to time so as to be sufficient

1 to provide for the payment of interest upon all bonds and to create a sinking fund to
 2 pay the principal of the bonds when due, and to provide for the operation and
 3 maintenance of the joint or cooperative action and an adequate depreciation
 4 account.

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

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

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

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

26 ~~If [In the event that]~~ an agreement made pursuant to KRS 65.210 to 65.300 ~~deals [shall~~
 27 ~~deal]~~ in whole or in part with the provisions of services or facilities **over [with regard to]**

1 which an officer or agency of the state government has constitutional or statutory powers
2 of control, the agreement shall, as a condition precedent to its entry into force, be
3 submitted to the state officer or agency having ~~that~~ power of control and shall be
4 approved or disapproved by ~~the~~ officer or agency as to all matters within the
5 jurisdiction of ~~the~~ officer or agency in the same manner and subject to the
6 requirements governing the action of the Attorney General pursuant to subsection (2) of
7 KRS 65.260. The requirement of this section shall be in addition to and not in
8 substitution for the requirement of submission to and approval by the Attorney General
9 under subsection (2) of KRS 65.260.

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

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

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

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

14 (c) Gross rental charge means "gross rental charge" as defined in KRS
15 138.462~~[(4)]~~.

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

24 (3) Revenues from rental of motor vehicles shall not be included in the gross rental
25 charges on which the license fee is based if:

26 (a) The declared gross weight of the motor vehicle exceeds eleven thousand
27 (11,000) pounds; or

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

3 (c) The rental is exempted from the state sales and use tax pursuant to KRS
4 139.470.

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

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

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

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

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

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

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

25 (b) On or before January 1, 2015, the Department for Local Government shall
26 create and maintain a registry of cities that, as of August 1, 2014, were
27 classified as cities of the first, second, and third class. The Department for

1 Local Government shall make the information included on the registry
2 available to the public by publishing it on its Web site.

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

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

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

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

25 (c) Road quality, as quantified by the access within a county to roads ranked in
26 descending order from best quality to worst quality as follows: two (2) or
27 more interstate highways, one (1) interstate highway, a state four (4) lane

1 parkway, four (4) lane principal arterial access to an interstate highway, state
2 two (2) lane parkway and none of the preceding road types, as certified by the
3 Kentucky Transportation Cabinet to the authority.

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

24 (2) The authority shall establish the procedures and standards for the determination and
25 approval of eligible companies and their economic development projects by the
26 promulgation of administrative regulations in accordance with KRS Chapter 13A.
27 The criteria for approval of eligible companies and economic development projects

1 shall include but not be limited to the creditworthiness of eligible companies; the
2 number of new jobs to be provided by an economic development project to
3 residents of the Commonwealth; and the likelihood of the economic success of the
4 economic development project.

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

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

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

21 (b) If the base hourly wage calculated in paragraph (a)1. or 2. of this subsection is
22 less than one hundred fifty percent (150%) of the federal minimum wage, then
23 the base hourly wage shall be one hundred fifty percent (150%) of the federal
24 minimum wage. However, for projects receiving preliminary approval of the
25 authority prior to July 1, 2008, the base hourly wage shall be one hundred fifty
26 percent (150%) of the federal minimum wage existing on January 1, 2007. In
27 addition to the applicable base hourly wage calculated above, the eligible

1 company shall provide employee benefits equal to at least fifteen percent
2 (15%) of the applicable base hourly wage; however, if the eligible company
3 does not provide employee benefits equal to at least fifteen percent (15%) of
4 the applicable base hourly wage, the eligible company may qualify under this
5 section if it provides the employees hired by the eligible company as a result
6 of the economic development project total hourly compensation equal to or
7 greater than one hundred fifteen percent (115%) of the applicable base hourly
8 wage through increased hourly wages combined with employee benefits.

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

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

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

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

- 23 1. Which has not been in operation for a period of ninety (90) or more
24 consecutive days;
- 25 2. For which the current occupant of the facility has published a notice of
26 closure so long as the eligible company intending to acquire the facility
27 is not an affiliate of the current occupant; or

- 1 3. The title to which is vested in other than the eligible company or an
2 affiliate of the eligible company and that is sold or transferred pursuant
3 to a foreclosure ordered by a court of competent jurisdiction or an order
4 of a bankruptcy court of competent jurisdiction;
- 5 (b) Replaces an agribusiness, manufacturing, or electric generation facility
6 existing in the Commonwealth:
- 7 1. The title to which shall have been taken under the exercise of the power
8 of eminent domain, or the title to which shall be the subject of a
9 nonappealable judgment granting the authority to exercise the power of
10 eminent domain, in either event to the extent that normal operations
11 cannot be resumed at the facility within twelve (12) months; or
- 12 2. Which has been damaged or destroyed by fire or other casualty to the
13 extent that normal operations cannot be resumed at the facility within
14 twelve (12) months; or
- 15 (c) Replaces an existing agribusiness, manufacturing, or electric generation
16 facility located in the same qualified county, and the existing agribusiness,
17 manufacturing, or electric generation facility to be replaced cannot be
18 expanded due to the unavailability of real estate at or adjacent to the
19 agribusiness, manufacturing, or electric generation facility to be replaced. Any
20 economic development project satisfying the requirements of this subsection
21 shall only be eligible for inducements to the extent of the expansion, and no
22 inducements shall be available for the equivalent of the agribusiness,
23 manufacturing, or electric generation facility to be replaced. No economic
24 development project otherwise satisfying the requirements of this subsection
25 shall be approved by the authority which results in a lease abandonment or
26 lease termination by the approved company without the consent of the lessor.
- 27 (6) With respect to each eligible company making an application to the authority for

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

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

- 10 (1) The authority shall identify and certify or decertify enhanced incentive counties on
11 an annual basis as provided in this section.
- 12 (2) Each fiscal year, the authority shall:
- 13 (a) Obtain from the Department of Workforce Investment in the Education and
14 Workforce Development Cabinet, the final unemployment figures for the prior
15 calendar year for each county and for the Commonwealth as a whole;
- 16 (b) Identify those counties which have had:
- 17 1. A countywide unemployment rate that exceeds the statewide
18 unemployment rate in the most recent five (5) consecutive calendar
19 years; or
- 20 2. An average countywide rate of unemployment exceeding the statewide
21 unemployment rate by two hundred percent (200%) in the most recent
22 calendar year; and
- 23 (c) Certify the counties identified in paragraph (b) of this subsection as enhanced
24 incentive counties.
- 25 (3) A county not certified under subsection (2) of this section may also be certified by
26 the authority as an enhanced incentive county if the authority determines the county
27 is one (1) of the sixty (60) most distressed counties in the Commonwealth based on

1 the following criteria with equal weight given to each criterion:

2 (a) The average countywide rate of unemployment in the most recent three (3)
3 consecutive calendar years, using the information obtained under subsection
4 (2)(a) of this section;

5 (b) The percentage of adults twenty-five (25) years of age and older who have
6 attained at least a high school education or equivalent, on the basis of the most
7 recent data available from the United States Department of Commerce,
8 Bureau of the Census; and

9 (c) The quality of the roads in the county. Quality of roads shall be determined by
10 the access within a county to roads, ranked in descending order from best
11 quality to worst quality, as certified to the authority by the Kentucky
12 Transportation Cabinet as follows:

- 13 1. Two (2) or more interstate highways;
- 14 2. One (1) interstate highway;
- 15 3. A state four (4) lane parkway;
- 16 4. A four (4) lane principal arterial access to an interstate highway;
- 17 5. A state two (2) lane parkway; and
- 18 6. None of the preceding road types.

19 (4) (a) If the authority determines that an enhanced incentive county no longer meets
20 the criteria to be certified as an enhanced incentive county under this section,
21 the authority shall decertify that county.

22 (b) Any economic development project located in an enhanced incentive county
23 that was decertified by the authority after May 1, 2009, shall have until July 1
24 of the third year following the fiscal year in which the county was decertified
25 to obtain final approval from the authority.

26 (5) (a) As used in this subsection, "industrial park" means a regional industrial park
27 as defined in KRS 42.4588, or an industrial park created pursuant to an

1 interlocal agreement in which revenues are shared as provided in **KRS 65.210**
2 **to 65.300**~~[KRS 65.245]~~.

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

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

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

11 65.245 Cooperative interlocal agreements for the sharing of revenues.

12 65.280 Effect of civil service laws and regulations upon transferred employees.