

1 AN ACT relating to property in a development area.

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

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

5 *(1) The General Assembly finds and declares the following:*

6 *(a) The development area, the west end of Louisville, which includes the*
7 *communities of Parkland, Shawnee, Park Duvalle, Russell, Portland,*
8 *California, Chickasaw, Park Hill, and Algonquin, has been the home of*
9 *many prominent African-Americans, including being the boyhood home of*
10 *Muhammad Ali;*

11 *(b) The development area possesses a rich history of African-American life,*
12 *including thriving restaurants, theatres, and other minority-owned*
13 *businesses. That history also includes the presence of the Western Branch*
14 *of the Louisville Free Public Library, at 10th St. and Chestnut, America's*
15 *first public library open to African-Americans, which opened in 1908;*

16 *(c) The development area continues to be the home of thousands of African-*
17 *Americans who live and work in the Commonwealth and desire to build a*
18 *better future for themselves, their families, and the generations that follow;*

19 *(d) The current challenging economic times combined with the*
20 *intergenerational effects of years of racial prejudice and segregation have*
21 *hindered the economic progress of African-Americans;*

22 *(e) The development area currently has a low percentage of owner-occupied*
23 *homes, problems with vacant and abandoned housing, and a dearth of*
24 *strategic economic planning and investment;*

25 *(f) Fifty percent (50%) of households within the development area have an*
26 *annual gross income of less than twenty-five thousand one hundred thirty*
27 *dollars (\$25,130), and individuals under the age of eighteen (18) or over the*

1 age of sixty-five (65) make up approximately thirty-eight and one-tenth
 2 percent (38.1%) of the population;

3 (g) In the development area, thirty-nine and six-tenths percent (39.6%) of the
 4 population lives below the federal poverty level and children make up thirty-
 5 seven and four-tenths percent (37.4%) of all individuals below the poverty
 6 line; and

7 (h) In addition to many nonprofits working in the development area to improve
 8 the quality of life of residents, African-American leaders and other
 9 Louisville community leaders and philanthropists have recently united to
 10 envision a public-private partnership to make investments promoting
 11 economic growth and the long-term wellbeing of the community, while
 12 simultaneously supporting policies to guard against displacement of
 13 residents as growth proceeds.

14 (2) The General Assembly enacts Sections 1 to 7 and 8 of this Act to support the
 15 revitalization of and investment in the development area.

16 (3) It is the intent of the General Assembly that if any part of Sections 1 to 7 or 8 of
 17 this Act is held unconstitutional, the remaining parts shall remain in force.

18 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 65 IS CREATED TO
 19 READ AS FOLLOWS:

20 As used in Sections 1 to 7 of this Act:

21 (1) "Affiliated" means the following:

22 (a) Members of a family, including brothers and sisters of the whole or half
 23 blood, spouse, parents, grandparents, ancestors, and other lineal
 24 descendants of an individual;

25 (b) An individual and a corporation, if more than ten percent (10%) in value of
 26 the outstanding stock of which is owned, directly or indirectly, by or for that
 27 individual;

- 1 (c) An individual and a limited liability company or a partnership, if more than
2 ten percent (10%) of the capital interest or profits are owned or controlled,
3 directly or indirectly, by or for that individual; or
- 4 (d) An individual and a trust, if the individual is a grantor, fiduciary, or
5 beneficiary of the trust;
- 6 (2) "Board" means the Board of the West End Opportunity Partnership;
- 7 (3) "Development area" means a region within a consolidated local government
8 bounded by:
- 9 (a) To the south, Algonquin Parkway to the Seventh Street south intersection;
10 (b) To the east, Ninth Street south to the Seventh Street south intersection and
11 then Seventh Street south to Algonquin Parkway; and
- 12 (c) The Ohio River to the north and west;
- 13 (4) "Governing body" means the body possessing legislative authority in a
14 consolidated local government;
- 15 (5) "Incremental revenues" means the amount of revenues received by:
- 16 (a) A consolidated local government, determined by subtracting old revenues
17 from new revenues in a calendar year with respect to the development area;
18 and
- 19 (b) The Commonwealth, determined by subtracting old revenues from new
20 revenues in a calendar year with respect to the development area;
- 21 (6) "Local tax revenues" means revenues derived by a consolidated local
22 government from one (1) or more of the following sources:
- 23 (a) Real property ad valorem taxes, excluding any taxes not assessed while a
24 property is participating in an assessment or reassessment moratorium
25 program under KRS 99.600; and
- 26 (b) Occupational license taxes, excluding occupational license taxes that have
27 already been pledged to support an economic development project within

1 the development area;

2 (7) "New revenues" means the amount of:

3 (a) Local tax revenues received by a consolidated local government with respect
4 to the development area in any calendar year beginning with the calendar
5 year described under subsection (4) of Section 5 of this Act; and

6 (b) State tax revenues received by the Commonwealth with respect to the
7 development area in any calendar year beginning with the calendar year
8 described under subsection (4) of Section 5 of this Act;

9 (8) "Old revenues" means the amount of:

10 (a) Local tax revenues received by a consolidated local government with respect
11 to the development area in any calendar year beginning with the calendar
12 year immediately preceding the calendar year described under subsection
13 (4) of Section 5 of this Act; and

14 (b) State tax revenues received by the Commonwealth with respect to the
15 development area in any calendar year beginning with the calendar year
16 immediately preceding the calendar year described under subsection (4) of
17 Section 5 of this Act; and

18 (9) "State tax revenues" means revenues received by the Commonwealth from one
19 (1) or more of the following sources:

20 (a) State real property ad valorem taxes, excluding any taxes not assessed while
21 a property is participating in an assessment or reassessment moratorium
22 program under KRS 99.600;

23 (b) Individual income taxes required to be withheld by an employer as required
24 under KRS 141.310, other than individual income taxes that have already
25 been pledged to support an economic development project within the
26 development area;

27 (c) Sales taxes levied under KRS 139.200, excluding sales taxes already pledged

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

for:

1. Approved tourism attraction projects, as defined in KRS 148.851, within the development area; and
2. Projects which are approved for sales tax refunds under Subchapter 20 of KRS Chapter 154 within the development area.

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

- (1) The West End Opportunity Partnership is hereby created and shall be a public corporation and a public body corporate and politic, with the powers and duties in its corporate name to:
- (a) Have a corporate seal;
 - (b) Sue and be sued;
 - (c) Make or execute contracts and other instruments necessary or convenient to the exercise of its powers;
 - (d) Make, and from time to time amend and repeal, bylaws and procedures, including a policy and procedure for replacing any institution that has a permanent seat on the board, should an institution cease to exist or change corporate form, in order to effect the purposes of Sections 1 to 7 and 8 of this Act;
 - (e) Hire and maintain personnel as may be required;
 - (f) Borrow from and accept loans and grants from the federal, state, local jurisdictions, or any agency thereof, or from any sources, public or private, and to pledge such security as may be required;
 - (g) Invest any funds held in reserves or any funds not required for immediate disbursements, in property or securities in which savings banks may legally invest funds subject to their control;
 - (h) Purchase its bonds at a price not more than the principal amount thereof

- 1 and accrued interest, and all bonds so purchased to be canceled;
- 2 (i) Plan initiatives within the development area;
- 3 (j) Invest in projects and neighborhood-based or-directed initiatives led by
- 4 other organizations seeking to invest within the development area;
- 5 (k) Make loans to businesses, individuals, or other organizations seeking to
- 6 invest within the development area;
- 7 (l) Receive proceeds from loans and grants;
- 8 (m) Purchase, acquire, own, hold, and dispose of all real and personal property
- 9 necessary for carrying out its corporate purposes;
- 10 (n) Invest in projects that create affordable housing within the development
- 11 area;
- 12 (o) Communicate with the advisory council established in Section 7 of this Act
- 13 to seek specific knowledge about the community; and
- 14 (p) Exercise any power, duties, and requirements for carrying out its corporate
- 15 purposes under this Sections 1 to 7 and 8 of this Act.
- 16 (2) The purpose of the West End Opportunity Partnership shall be to:
- 17 (a) Manage and support the revitalization of and investment in the development
- 18 area, with a focus on projects supported by residents and businesses within
- 19 the development area;
- 20 (b) Encourage private investment in businesses and residential projects that
- 21 will have a significant impact within the development area;
- 22 (c) Ensure that all housing projects include the creation of housing that is
- 23 deemed affordable in accordance with federal guidelines for low-income
- 24 families;
- 25 (d) Create an account for the incremental tax increases collected from property
- 26 owners of residential property located within the development area; and
- 27 (e) Create an account to make home improvements for existing property

1 owners of residential property located within the development area.

2 (3) The West End Opportunity Partnership shall comply with KRS 61.800 to 61.850
 3 and 61.870 to 81.884.

4 (4) (a) Except as provided in paragraph (b) of this subsection, during the calendar
 5 years described under subsection (4) of Section 5 of this Act, the West End
 6 Opportunity Partnership shall be responsible for advancing funds to the
 7 owner of residential property in a revitalization area as defined in Section 8
 8 of this Act. The advanced funds shall be in an amount that is equal to the
 9 portion of real property taxes assessed on the property that is above the
 10 amount of real property taxes paid by the owner on the property in 2021.
 11 The board shall establish and make public an easy and convenient
 12 administrative process for residents to receive the advanced funds prior to
 13 the expiration of the two percent (2%) discount permitted by KRS 134.015.

14 (b) The West End Opportunity Partnership shall receive in full the initial funds
 15 required from private sector investors, the consolidated local government,
 16 and the Commonwealth before advancing funds to property owners as
 17 required by paragraph (a) of this subsection.

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

20 (1) The West End Opportunity Partnership shall be governed by a board. The board
 21 shall initially consist of the following members:

22 (a) One (1) member appointed by the Governor for a term of two (2) years;

23 (b) One (1) member appointed by the mayor of a consolidated local government
 24 for a term of two (2) years;

25 (c) One (1) member of the legislative council of the consolidated local
 26 government appointed by its members for a term of three (3) years;

27 (d) A representative of the University of Louisville appointed by its board of

- 1 trustees for a term of three (3) years;
- 2 (e) A representative of Simmons College of Kentucky appointed by its board of
- 3 trustees for a term of three (3) years; and
- 4 (f) 1. The following shall be appointed by the Governor:
- 5 a. One (1) member from the NAACP of Louisville;
- 6 b. One (1) member from OneWest in Louisville;
- 7 c. One (1) member from Louisville Urban League;
- 8 d. One (1) member from the Federal Reserve Bank in Louisville;
- 9 e. One (1) member from the Volunteers of America Mid States in
- 10 Louisville;
- 11 f. One (1) member from a locally based foundation with assets over
- 12 one hundred million dollars (\$100,000,000); and
- 13 g. One (1) member from a bank with local assets greater than one
- 14 billion dollars (\$1,000,000,000).
- 15 2. The initial appointments of the members described in subparagraph 1.
- 16 of this paragraph shall be for terms as follows:
- 17 a. Two (2) members for a term of one (1) year;
- 18 b. Two (2) members for a term of two (2) years;
- 19 c. Two (2) members for a term of three (3) years; and
- 20 d. One (1) member for a term of four (4) years.
- 21 (2) The board shall include in its bylaws a process for appointing five (5) additional
- 22 members from the nine (9) neighborhoods in the development area. The process
- 23 shall:
- 24 (a) Ensure the five (5) members are each from a different neighborhood;
- 25 (b) Establish a rotation in the appointment of members so that each
- 26 neighborhood has an equal opportunity to have a resident appointed as a
- 27 member of the board;

- 1 (c) Require that, at all times, at least one (1) of the five (5) members
2 representing the neighborhoods shall be between the ages of eighteen (18)
3 and thirty (30) at the time of appointment or reappointment; and
- 4 (d) Provide that the initial appointment of the members be for terms as follows:
5 1. Three (3) members for a term of two (2) years; and
6 2. Two (2) members for a term of three (3) years.
- 7 (3) After expiration of the term limits provided in subsections (1) and (2) of this
8 section, the board shall self-perpetuate. The makeup of the board shall remain
9 the same unless an institution ceases to exist or changes corporate form. All
10 successors of the representatives described in subsection (1) of this section shall
11 serve four (4) year terms and all successors of the representatives described in
12 subsection (2) of this section shall serve three (3) year terms. No individual shall
13 serve more than two (2) consecutive terms.
- 14 (4) The head of economic development for the consolidated local government, or his
15 or her designee, and the secretary of the Cabinet for Economic Development
16 secretary, or his or her designee, shall be nonvoting, ex-officio members of the
17 West End Opportunity Partnership;
- 18 (5) The membership of the board shall not exceed seventeen (17) voting members.
- 19 (6) The majority of the board's membership shall reflect the racial majority of the
20 residents living in the development area.
- 21 (7) A chair of the board shall be selected annually from its members and shall have
22 responsibility for board meeting agendas and presiding at board meetings.
- 23 (8) Members of the board shall be entitled only to reimbursement from the West End
24 Opportunity Partnership for actual expenses incurred in the performance of their
25 duties as a board member.
- 26 (9) A majority of the entire members of the board shall constitute a quorum, and all
27 actions of the board shall be by vote of a majority of its entire membership.

1 *(10) A member of the board shall abstain from action on an official decision in which*
 2 *he or she has or may have a personal or private interest, or if the member is*
 3 *affiliated with any party conducting business with the West End Opportunity*
 4 *Partnership, and shall disclose the existence of that personal or private interest or*
 5 *affiliation in writing to the other members of the board on the same day on which*
 6 *the member becomes aware that the interest or affiliation exists or that an official*
 7 *decision may be under consideration by the board. The member which has or*
 8 *may have a personal or private interest or affiliation shall be absent from all*
 9 *meetings and votes in relation to the matter.*

10 ➔SECTION 5. A NEW SECTION OF KRS CHAPTER 65 IS CREATED TO
 11 READ AS FOLLOWS:

12 *(1) A local participation agreement shall be executed between the West End*
 13 *Opportunity Partnership and the governing body involved in providing financing*
 14 *or pledging incremental revenues to support the implementation of a*
 15 *development plan in a development area.*

16 *(2) The local participation agreement shall be adopted by the governing body by*
 17 *ordinance and shall include but not be limited to the following provisions:*

18 *(a) Identification of the parties to the local participation agreement and the*
 19 *duties and responsibilities of each entity under the agreement;*

20 *(b) Specific identification of the incremental revenues released or pledged by*
 21 *type of tax by each taxing district;*

22 *(c) The anticipated benefit to be received by each taxing district for the release*
 23 *or pledge, including a detailed summary of old revenues collected;*

24 *(d) A requirement that pledged incremental revenues shall be accounted for*
 25 *within a separate account under Section 6 of this Act;*

26 *(e) Terms of default and remedies, provided that no remedy shall permit the*
 27 *withholding by any party to the local participation agreement of any*

1 incremental revenues pledged to the special fund if increment bonds are
 2 outstanding that are secured by a pledge of those incremental revenues;

3 (f) The commencement date, activation date, and termination date; and

4 (g) Any other provisions not inconsistent with Sections 1 to 7 of this Act.

5 (3) Any pledge of incremental revenues in a local participation agreement shall be
 6 superior to any other pledge of revenues for any other purpose and shall, from
 7 the activation date to the termination date set forth in the local participation
 8 agreement, supersede any statute, ordinance, or resolution regarding the
 9 application or use of incremental revenues. An ordinance in conflict with a local
 10 participation agreement shall not be adopted while any increment bonds secured
 11 by that pledge remain outstanding. Ordinances or resolutions pledging
 12 incremental revenues on a subordinate basis to any existing pledges may be
 13 adopted.

14 (4) The local participation agreement shall begin in the calendar year following the
 15 full receipt of the initial funds required from private sector investors, the
 16 consolidated local government, and the Commonwealth and shall continue for
 17 thirty (30) years.

18 ➔SECTION 6. A NEW SECTION OF KRS CHAPTER 65 IS CREATED TO
 19 READ AS FOLLOWS:

20 (1) All documentation, records, and release of incremental revenues relating to local
 21 tax revenues shall be maintained and determined by the governing body.

22 (2) All documentation, records, and release of incremental revenues relating to state
 23 tax revenues shall be maintained and determined by the Department of Revenue.

24 (3) Upon notice from the West End Opportunity Partnership, the governing body
 25 obligated under a local participation agreement and the Department of Revenue
 26 shall release to the West End Opportunity Partnership the incremental revenues
 27 due.

- 1 (4) (a) The governing body and the Department of Revenue shall have no
2 obligation to refund or otherwise return any of the incremental revenues to
3 the taxpayer from whom the incremental revenues arose or are attributable.
4 (b) No additional incremental revenues resulting from audit, amended returns,
5 or other activity for any period shall be transferred after the initial release
6 to the West End Opportunity Partnership for that period.
- 7 (5) If the West End Opportunity Partnership issues bonds for development within the
8 development area and incremental revenues have been pledged for that
9 development, the West End Opportunity Partnership shall maintain a separate
10 account to account for the:
11 (a) Bond proceeds received;
12 (b) Incremental revenues received; and
13 (c) Payment of debt charges of the bond.
- 14 (6) By August 1 of each year, the West End Opportunity Partnership shall provide an
15 annual report to the Interim Joint Committee on Appropriations and Revenue the
16 following information:
17 (a) The amounts of moneys received by private section investors, the
18 consolidated local government, and the Commonwealth, including the party
19 that made the payment;
20 (b) The annual financial statements of the West End Opportunity Partnership,
21 including the current balances of all funds and accounts of the West End
22 Opportunity Partnership;
23 (c) The total amount of state tax revenues and local tax revenues received by
24 the West End Opportunity Partnership for the preceding year categorized by
25 each type of tax;
26 (d) The operating expenditures incurred by the West End Opportunity
27 Partnership, including management fees, investment fees, legal fees, or

- 1 administrative fees incurred;
- 2 (e) A list of the projects supported by investments from the West End
3 Opportunity Partnership in the preceding year and a description of the
4 investment amount contributed by the West End Opportunity Partnership
5 for each project;
- 6 (f) The amount of bonds issued or other borrowed moneys received by the West
7 End Opportunity Partnership;
- 8 (g) Any personal or private interests or affiliated board members as described
9 in subsection (10) of Section 4 of this Act; and
- 10 (h) Upon request from the General Assembly copies of the West End
11 Opportunity Partnership's bylaws, and any contracts or agreements in
12 which the West End Opportunity Partnership is a party.

13 ➔SECTION 7. A NEW SECTION OF KRS CHAPTER 65 IS CREATED TO
14 READ AS FOLLOWS:

- 15 (1) A West End Louisville Advisory Council is hereby established and shall be a
16 subcommittee of the West End Opportunity Partnership established in Section 3
17 of this Act. The council shall consist of one (1) resident from each of the nine (9)
18 different neighborhoods located within the development area.
- 19 (2) The members of the council shall serve four (4) year terms, except initial
20 appointments shall be for terms as follows:
- 21 (a) Two (2) members for a term of one (1) year;
22 (b) Three (3) members for a term of two (2) years;
23 (c) Three (3) members for a term of three (3) years; and
24 (d) One (1) member for a term of four (4) years.
- 25 (3) The Governor shall initially appoint the members of the council, but then the
26 council shall self-perpetuate.
- 27 (4) The council shall:

1 (a) Elect its own chairperson and establish other officers as needed to execute
 2 the duties of the council;

3 (b) Adopt bylaws and operate under its bylaws;

4 (c) Establish and evaluate goals and outcomes for economic development and
 5 housing issues in the development area; and

6 (d) Assist the board with information about the development area community
 7 and its economic development and housing project needs.

8 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 132 IS CREATED TO
 9 READ AS FOLLOWS:

10 (1) As used in this section:

11 (a) "Development area" has the same meaning as in Section 2 of this Act; and

12 (b) "Residential property in a revitalization area" means residential property:

13 1. With a fair cash value that is one hundred percent (100%) of the
 14 median value of the residential property located in the jurisdiction of
 15 the consolidated local government;

16 2. Located in a development area; and

17 3. Maintained as the primary residence of the owner who owned the
 18 property as of January 1, 2021, or as the primary residence of an
 19 affiliated person described in subsection (1)(a) of Section 2 of this Act
 20 who inherited the property from the person who owned it as of
 21 January 1, 2021.

22 (2) Notwithstanding any other statute to the contrary, during the calendar years
 23 described under subsection (4) of Section 5 of this Act, no taxing district shall
 24 levy an ad valorem tax rate on residential property in a revitalization area that is
 25 higher than fifty percent (50%) of the prevailing ad valorem tax rate levied by
 26 that taxing district on other real property located in the jurisdiction of the
 27 consolidated local government.

- 1 ➔Section 9. This Act is effective only if 2021 Regular Session Bill Request
- 2 Number 850 is enacted and becomes law.