

1 AN ACT relating to planning and zoning.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 100 IS CREATED TO  
4 READ AS FOLLOWS:

5 *(1) As used in this section, unless the context otherwise requires:*

6 *(a) "Accessory dwelling unit" means a smaller, secondary dwelling unit located*  
7 *on the same lot as a principal dwelling, which provides complete,*  
8 *independent living facilities;*

9 *(b) "Density development project" means any proposed residential development*  
10 *project that:*

11 *1. Contains multifamily housing; and*

12 *2. If approved would result in an increase in:*

13 *a. Fire department or emergency medical service response times for*  
14 *current residents in the vicinity of the project; or*

15 *b. Traffic and congestion on roads accessing the development that*  
16 *would reduce the level of service on the most adjacent arterial or*  
17 *collector roads below a D grade or access road below a C grade;*

18 *(c) "Level of service" means a qualitative measurement of traffic conditions*  
19 *graded on an A to F scale as set out in the Highway Capacity Manual as*  
20 *published by the Transportation Research Board;*

21 *(d) "Multifamily housing" means any residential housing type other than*  
22 *single-family homes and accessory dwelling units; and*

23 *(e) "Traditional single-family home zone" means a zone that, as of January 1,*  
24 *2025, did not include multifamily homes as a permitted use.*

25 *(2) In an area that has adopted planning and zoning pursuant to this chapter, any*  
26 *density development project that is proposed in a traditional single-family home*  
27 *zone shall be treated as if it were an amendment to the zoning map, and shall be*

1 subject to the procedures set forth in KRS 100.211, 100.2111, 100.212, 100.213,  
2 and 100.214, including approval by the fiscal court or legislative body, except a  
3 planning unit shall not use the alternative regulation for zoning map amendment  
4 under KRS 100.2111 when considering a density development project.

5 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 383 IS CREATED TO  
6 READ AS FOLLOWS:

7 (1) As used in this section, unless context requires otherwise:

8 (a) "Accessory dwelling unit" means a smaller, secondary dwelling unit located  
9 on the same lot as a principal dwelling, which provides complete,  
10 independent living facilities;

11 (b) "Multifamily housing" means any residential housing type other than  
12 single-family homes and accessory dwelling units;

13 (c) "Property owner" or "owner" means:

14 1. If the property is owned by one (1) or more individuals, one (1) or  
15 more of those individuals;

16 2. If the property is owned by a trust, one (1) or more of the beneficiaries  
17 or trustees;

18 3. If the property is owned by a partnership or limited liability company,  
19 one (1) or more of the partners or members; or

20 4. If the property is owned by a corporation, one (1) or more of the  
21 shareholders; and

22 (d) "Traditional single-family home zone" means a zone that, as of January 1,  
23 2025, did not include multifamily homes as a permitted use.

24 (2) In an area that has adopted planning and zoning pursuant to KRS Chapter 100,  
25 for new leases initiated after the effective date of this Act, a property owner shall  
26 not lease or allow to be occupied any single-family home, multifamily housing  
27 unit, or accessory dwelling unit located on a lot that contains a single-family

1        home, and that is located in a traditional single-family home zone, unless the  
2        owner primarily resides in the single-family home or multifamily housing unit or  
3        an accessory dwelling unit on the lot.

4        ➔Section 3. KRS 154.30-050 is amended to read as follows:

5        (1) The Signature Project Program is hereby established. The purpose of this program  
6        is to encourage private investment in the development of major projects that will  
7        have a significant impact on the Commonwealth of Kentucky and are judged to be  
8        of such a magnitude that the effect upon the location of such project warrants  
9        extraordinary public support.

10       (2) There shall be two (2) separate initiatives under this program. The first initiative,  
11       the criteria and details of which are set forth in paragraph (a) of this subsection,  
12       shall apply to qualifying projects that are not the subject of a contract under KRS  
13       65.495 in effect on or before the March 23, 2007, but that have a project grant  
14       agreement executed pursuant to KRS 154.30-070 prior to January 1, 2008. The  
15       second initiative, the criteria and details of which are set forth in paragraph (b) of  
16       this subsection, shall apply to projects that meet the specified requirements on or  
17       after January 1, 2008.

18       (a) For projects that are not the subject of a contract under KRS 65.495 in effect  
19       on or before March 23, 2007, but that have a project grant agreement executed  
20       pursuant to the provisions of KRS 154.30-070 prior to January 1, 2008:

21       1. The criteria for qualification shall be as follows:

22       a. The project shall represent new economic activity in the  
23       Commonwealth; and

24       b. The project shall result in a minimum capital investment of two  
25       hundred million dollars (\$200,000,000);~~[-]~~

26       2. The following provisions shall apply to projects that meet the criteria  
27       established in subparagraph 1. of this paragraph:

- 1 a. KRS 65.7051 shall not apply to the establishment of a  
2 development area;
- 3 b. The city or county in which the project is located shall adopt an  
4 ordinance establishing the development area. The ordinance shall  
5 be adopted in accordance with KRS 65.7053(1)(a), (b), (c), (d),  
6 (e), (h), (i), (j), (k), (l), and (m);
- 7 c. KRS 65.7049, 65.7053(2) and (3), 65.7057, 65.7059, 65.7061,  
8 65.7063, 65.7065, and 65.7067, relating to local development  
9 areas, shall apply;
- 10 d. An application for state participation shall have been submitted as  
11 provided in KRS 154.30-030. The application shall include the  
12 information required by KRS 154.30-030(2)(a)~~1.a. and b.~~;
- 13 e. The report provided for in KRS 154.30-030(2)(a)~~3.b.~~ shall not  
14 be required, and the certification required by KRS 154.30-  
15 030(6)(b) shall not be required;
- 16 f. A project grant agreement shall be executed in accordance with  
17 KRS 154.30-070; and
- 18 g. KRS 154.30-080 and 154.30-090 shall apply; and~~1~~
- 19 3. Projects that meet the criteria established in subparagraph 1. of this  
20 paragraph shall be eligible for the following:
- 21 a. Up to one hundred percent (100%) of approved public  
22 infrastructure costs, excluding any sales and use tax paid, may be  
23 recovered;
- 24 b. Up to one hundred percent (100%) of the financing costs  
25 associated with approved public infrastructure costs may be  
26 recovered;
- 27 c. In a county containing a city of the first class, the local

1 participation agreement may provide for the release of up to eighty  
2 percent (80%) of the increment from the tax levied under KRS  
3 91A.390 derived by the governing body within the project  
4 development area. The amount released shall not exceed a base  
5 amount of four hundred thousand dollars (\$400,000) in the first  
6 year of the local participation agreement, which base amount shall  
7 be increased in each subsequent year of the grant agreement by  
8 four percent (4%); and

9 d. Up to one hundred percent (100%) of approved signature project  
10 costs, excluding any sales and use taxes paid, subject to the  
11 following:

12 i. The authority shall review proposed ~~[-]~~expenditures for ~~[-]~~  
13 ~~\_\_\_\_\_~~inclusion in the tax incentive ~~[-]~~agreement. The  
14 authority may approve the type ~~[-]~~of expenditures it  
15 determines are ~~[-]~~necessary for completion of the private  
16 development; and

17 ii. Approved signature project costs shall be detailed in the tax  
18 incentive agreement.

19 (b) Beginning January 1, 2008:

20 1. A project shall meet all of the following criteria to be considered for  
21 state participation under this program:

22 a. The project shall represent new economic activity in the  
23 Commonwealth;

24 b. The project shall result in a minimum capital investment of two  
25 hundred million dollars (\$200,000,000);

26 c. The project shall result in a net positive economic impact to the  
27 Commonwealth, taking into consideration any substantial adverse

1 impact on existing Commonwealth businesses. The net positive  
 2 impact shall be certified to the commission as required by KRS  
 3 154.30-030(6)(b); and

4 d. Not more than twenty percent (20%) of the capital investment or  
 5 twenty percent (20%) of the finished square footage shall be  
 6 devoted to the support or development of assets that will be  
 7 utilized for the retail sale of tangible personal property;~~[-]~~

8 2. Projects that meet the criteria established by subparagraph 1. of this  
 9 paragraph shall comply with all relevant provisions of this subchapter;~~[-]~~

10 3. Projects that meet the criteria established by subparagraphs 1. and 2. of  
 11 this paragraph shall be eligible to recover:

12 a. Up to one hundred percent (100%) of approved public  
 13 infrastructure costs, excluding any sales and use taxes paid;

14 b. Up to one hundred percent (100%) of the financing costs  
 15 associated with approved public infrastructure costs; and

16 c. Up to one hundred percent (100%) of approved signature project  
 17 costs, excluding sales and use taxes paid subject to the following:

18 i. The authority shall review proposed expenditures for  
 19 inclusion in the tax incentive agreement. The authority may  
 20 approve the type of expenditures it determines are necessary  
 21 for completion of the private development; and

22 ii. Approved signature project costs shall be detailed in the tax  
 23 incentive agreement; and

24 **4. Notwithstanding any provision of this section to the contrary, if a**  
 25 **project has a residential use that comprises at least fifty percent (50%)**  
 26 **of the total finished square footage of the proposed project:**

27 **a. The report required in KRS 154.30-030(2)(a)3.b. shall not be**

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required; and

b. The certification required by KRS 154.30-030(6)(b) and  
subparagraph 1.c. of this paragraph shall not be required.

- (3) The authority shall review the application, the certification required by KRS 154.30-030, if applicable, and supporting information as provided in KRS 154.30-030.
- (4) The authority shall specifically identify the state taxes from which incremental revenues will be pledged. The authority may pledge up to eighty percent (80%) of the incremental revenues from the identified state tax revenues from the footprint, provided that the maximum amount of incremental revenues that may be pledged for a project during the term of the tax incentive agreement from all approved state taxes shall not exceed one hundred percent (100%) of approved public infrastructure costs, approved signature project costs, and financing costs.
- (5) As part of the approval process, the authority shall determine the following:
- (a) The footprint of the project;
  - (b) The maximum amount of approved public infrastructure costs, approved signature project costs, and financing costs;
  - (c) That the local revenues pledged to support the public infrastructure of the project, and local revenues pledged to support the overall project are of a sufficient amount to warrant participation of the Commonwealth in the project;
  - (d) The termination date of the tax incentive agreement, not to exceed thirty (30) years from the activation date;
  - (e) Any adjustments to be made to old revenues, in determining incremental revenues during each year of the term of the project grant agreement; and
  - (f) Any approved signature project costs;
- (6) For the purpose of making the determination required by KRS 139.515(2), the

1 authority shall review the projected expenditures for tangible personal property  
2 used in the construction of a signature project, as defined in KRS 139.515(1), and  
3 shall establish an approximate percentage of the total anticipated expenditures that  
4 are not included in the tax incentive agreement as approved public infrastructure  
5 costs or approved signature project costs. This percentage shall be communicated  
6 by the authority to the Department of Revenue, which shall use the information in  
7 administering the sales tax refund permitted by KRS 139.515.

8 (7) If state income taxes or local occupational license taxes are included for a project  
9 that includes office space, the authority shall consider the impact of pledging these  
10 taxes on the ability to utilize other economic development projects at a later date.

11 (8) The pledge of state incremental tax revenues of the Commonwealth by the authority  
12 shall be implemented through the execution of a tax incentive agreement between  
13 the Commonwealth and the agency, city, or county in accordance with KRS  
14 154.30-070.

15 (9) Notwithstanding the minimum capital investment of two hundred million dollars  
16 (\$200,000,000) required by subsection (2)(b)1.b. of this section, the authority may,  
17 upon application of an agency that:

18 (a) Was approved to proceed with a project after January 1, 2008, but before  
19 January 1, 2013, that, at the time of approval pledged to make the two  
20 hundred million dollars (\$200,000,000) investment requirement; and

21 (b) Had a consultant report prepared pursuant to KRS 154.30-030(6);  
22 approve a reduction in the required minimum capital investment to an amount not  
23 less than one hundred fifty million dollars (\$150,000,000), subject to a  
24 corresponding adjustment of the maximum incremental revenue available for  
25 recovery as appropriate, based upon the recommendation of the consultant who  
26 prepared the report pursuant to KRS 154.30-030(6).

27 ➔Section 4. KRS 154.30-060 is amended to read as follows:



1 (1) The Commonwealth Participation Program for Mixed-Use Redevelopment in  
2 Blighted Urban Areas is hereby established.

3 (2) State participation under this program shall be limited to the support of approved  
4 public infrastructure costs and costs associated with land preparation, demolition,  
5 and clearance determined to be necessary to support private investment or private  
6 development projects that benefit the public, where project economics are unable to  
7 support or secure necessary financing to undertake the public improvements, land  
8 preparation, demolition, and clearance.

9 (3) As used in this section:

10 (a) "Mixed-use" means a project:

11 1. That includes at least two (2) qualified uses, each of which comprises at  
12 least twenty percent (20%) of the total finished square footage of the  
13 proposed project or represents at least twenty percent (20%) of the total  
14 capital investment; or

15 2. That includes at least three (3) qualified uses:

16 a. One (1) of which comprises at least twenty percent (20%) of the  
17 total finished square footage of the proposed project or represents  
18 at least twenty percent (20%) of the total capital investment; and

19 b. The remainder of which, when combined, jointly comprise at least  
20 twenty percent (20%) of the total finished square footage of the  
21 proposed project or represent at least twenty percent (20%) of the  
22 total capital investment;

23 (b) "Qualified use" means:

24 1. Retail;

25 2. Residential;

26 3. Office;

27 4. Restaurant; or

1           5. Hospitality; and

2           (c) "Retail" means an establishment predominantly engaged in the sale of  
3           tangible personal property subject to the tax imposed by KRS Chapter 139,  
4           but shall not include restaurants.

5           (4) To be considered for state participation under this program, a project shall:

6           (a) Be located in an area that has three (3) or more of the conditions listed in KRS  
7           65.7049(3)(a), or be a project described in KRS 65.7049(3)(b);

8           (b) Be a mixed-use project;

9           (c) Represent new economic activity in the Commonwealth;

10          (d) Result in a capital investment between twenty million dollars (\$20,000,000)  
11          and two hundred million dollars (\$200,000,000);

12          (e) Not include any retail establishment that exceeds twenty thousand (20,000)  
13          square feet of finished square footage;

14          (f) Include pedestrian amenities and public space; ~~and~~

15          (g) Result in a net positive economic impact to the Commonwealth, taking into  
16          consideration any substantial adverse impact on existing Commonwealth  
17          businesses. The net positive impact shall be certified to the authority as  
18          required by KRS 154.30-030(6)(b); and

19          **(h) Notwithstanding any provision of this section to the contrary, if a project**  
20          **has a residential use that comprises at least fifty percent (50%) of the total**  
21          **finished square footage of the proposed project:**

22          **1. The report required in KRS 154.30-030(2)(a)3.b. shall not be required;**  
23          **and**

24          **2. The certification required by KRS 154.30-030(6)(b) and paragraph (g)**  
25          **of this subsection shall not be required.**

26          (5) The following costs may be recovered pursuant to this section:

27          (a) Up to one hundred percent (100%) of approved public infrastructure costs;

1           and

2           (b) Up to one hundred percent (100%) of expenses for land preparation,  
3           demolition, and clearance necessary for the development to occur.

4       (6) The commission shall review the application, the certification required by KRS  
5       154.30-030, and supporting information as provided in KRS 154.30-030.

6       (7) The authority shall specifically identify the state taxes from which incremental  
7       revenues will be pledged. The authority may pledge up to eighty percent (80%) of  
8       the incremental revenues from the identified state tax revenues from the footprint of  
9       the project, provided that the maximum amount of incremental revenues that may  
10      be pledged for a project during the term of the tax incentive agreement from all  
11      approved state taxes shall not exceed the costs and expenses determined under  
12      subsection (5) of this section.

13     (8) As part of the approval process, the authority shall determine the following:

14           (a) The footprint of the project;

15           (b) That the proposed project meets the requirements established by subsection  
16           (4) of this section;

17           (c) The maximum amount of approved public infrastructure costs and expenses  
18           for land preparation, demolition, and clearance;

19           (d) That the local revenues pledged to support the public infrastructure of the  
20           project and local revenues pledged to support the overall project are of a  
21           sufficient amount to warrant participation of the Commonwealth in the  
22           project;

23           (e) The termination date of the tax incentive agreement; and

24           (f) Any adjustments to be made to old revenues, in determining incremental  
25           revenues during each year of the term of the tax incentive agreement.

26     (9) If state income taxes or local occupational licenses taxes are included for a project  
27      that includes office space, the authority shall consider the impact of pledging these

1 taxes on the ability to utilize other economic development projects at a later date.

2 (10) The pledge of state incremental tax revenues of the Commonwealth by the authority  
3 shall be implemented through the execution of a tax incentive agreement between  
4 the Commonwealth and the agency, city, or county in accordance with KRS  
5 154.30-070.

6 ➔Section 5. A consolidated local government shall not amend its land  
7 development code zoning classifications in its land development code to change  
8 permitted, conditional, or any other uses involving residential uses, or change the  
9 characteristics of those uses, that could increase the allowable density of:

10 (1) Residential units per acre or any other unit describing land size; or

11 (2) Inhabitants of any residential units;

12 in any zoning district classifications on or after April 15, 2025, and prior to April 15,  
13 2027. Map amendments using the zoning district classifications in existence on the  
14 effective date of this Act shall be allowed.

15 ➔Section 6. Whereas it is imperative to continue the suspension of certain  
16 amendments to the land development code made by a consolidated local government and  
17 not allow the moratorium established in 2024 Ky. Acts ch. 181, sec. 12, to lapse, an  
18 emergency is declared to exist, and Section 5 of this Act takes effect upon its passage and  
19 approval by the Governor or upon its otherwise becoming a law.