

1 AN ACT relating to special districts.

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 *As used in Sections 1 to 6 of this Act:*

6 *(1) "Developer" means one (1) or more persons or entities that petitions a local*  
7 *government for the establishment of a district as set out in Section 2 of this Act,*  
8 *and that is responsible for the development of residential property within a*  
9 *district;*

10 *(2) "District" or "residential infrastructure development district" means an area*  
11 *that:*

12 *(a) Is composed of five (5) or more acres of land;*

13 *(b) Requires a capital cost to complete development that is equal to or greater*  
14 *than five million dollars (\$5,000,000);*

15 *(c) Upon its complete development will have more than one-half (1/2) of its*  
16 *space dedicated to residential housing; and*

17 *(d) Is established as set out in Sections 1 to 6 of this Act;*

18 *(3) "Establishing ordinance" means an ordinance of the local government*  
19 *establishing a district as set out in Section 2 of this Act;*

20 *(4) "Infrastructure" means:*

21 *(a) The streets, roads, bridges, and sidewalks, and the water, wastewater,*  
22 *natural gas, electric, telecommunications, and storm water facilities*  
23 *required for the development of residential property within a district,*  
24 *whether located within or without the district, that benefit the properties*  
25 *within the district; and*

26 *(b) The land within the boundaries of the district required to be donated,*  
27 *dedicated, or otherwise made available to a local government for public*

1 purposes;

2 (5) "Infrastructure costs" means:

3 (a) All costs that may be capitalized under generally accepted accounting  
 4 principles for purchasing, constructing, installing, and equipping  
 5 infrastructure;

6 (b) The fees or costs imposed by a municipality or utility service provider:

7 1. Related to the construction or installation of infrastructure; or

8 2. As a condition to the delivery of utility services to properties within the  
 9 district; and

10 (c) The cost of any land required to be donated, dedicated, or otherwise made  
 11 available to a governmental entity for public purposes, which land shall be  
 12 valued at either the developer's demonstrated cost or, if the value of the land  
 13 has subsequently been appraised, its appraised value, whichever is higher;

14 (6) "Initiating petition" means a petition provided to the local government  
 15 requesting the establishment of a district as set out in Section 2 of this Act;

16 (7) "Local government" means a city, county, consolidated local government, urban-  
 17 county government, charter county government, or unified local government that  
 18 establishes and operates a district as set out in Sections 1 to 6 of this Act;

19 (8) "Owner" means the owner of record of a parcel within a district or the owner's  
 20 authorized representative; and

21 (9) "Special assessment" means a special charge fixed on property to finance  
 22 infrastructure costs as set out in Sections 1 to 6 of this Act.

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

25 (1) A residential infrastructure development district shall be established in the  
 26 following manner:

27 (a) The developer and each owner of property proposed to be included in a

1 district shall sign an initiating petition requesting the establishment of a  
2 district, which shall be forwarded to the local government. The initiating  
3 petition shall set forth:

4 1. The name and address of the developer;

5 2. The local government responsible for overseeing a district;

6 3. A map and description of the area to be included within the district;

7 4. A list of each parcel to be included within the district that contains the  
8 parcels' mailing addresses;

9 5. A site development plan for the district showing the area in the district  
10 that is anticipated to be used for residential housing;

11 6. A description of the infrastructure that the developer anticipates will  
12 be necessary to complete the development and an estimated cost of that  
13 infrastructure;

14 7. The cost that the developer anticipates is necessary to complete the  
15 development;

16 8. The proposed rate of the special assessment to be imposed; and

17 9. A formal request that the local government establish the district;

18 (b) Upon receipt of the initiating petition a local government shall, within  
19 ninety (90) days, approve or deny the petition. The decision to approve or  
20 deny a petition is solely at the discretion of a local government. To approve  
21 a petition a local government shall:

22 1. Determine whether the petition contains the information required in  
23 paragraph (a) of this subsection;

24 2. Conduct a public hearing concerning the proposed establishment of  
25 the district, notice of which shall be provided in the usual method of  
26 providing notice of a public meeting and shall include mailed, written  
27 notices to each property owner whose property is proposed to be

- 1 included within the district; and
- 2 3. Adopt an establishing ordinance that contains:
- 3 a. The name and address of the developer;
- 4 b. The local government responsible for overseeing the district;
- 5 c. A map and description of the area to be included within the
- 6 district;
- 7 d. A list of each parcel to be included within the district that
- 8 contains the parcels' mailing addresses;
- 9 e. A statement that the properties within the district may be subject
- 10 to a special assessment;
- 11 f. A description of the infrastructure that the local government has
- 12 authorized to be financed via a special assessment;
- 13 g. A description of the method of assessing special assessments as
- 14 set out in subsection (2) of Section 4 of this Act;
- 15 h. The time and manner in which the special assessment shall be
- 16 paid; and
- 17 i. The portion of the special assessment to be retained by the local
- 18 government for the payment of administrative expenses as set out
- 19 in subsection (4) of Section 4 of this Act; and
- 20 (c) The establishing ordinance may differ from the initiating petition, but the
- 21 local government shall endeavor to negotiate with the developer and the
- 22 owners of any property to be included within the district regarding
- 23 differences between the initiating petition and the establishing ordinance
- 24 prior to its passage.
- 25 (2) A property owner that signs a petition pursuant to subsection (1)(a) of this section
- 26 shall not be permitted to remove the property owner's name from the petition.
- 27 (3) Each district established pursuant to Sections 1 to 6 of this Act shall be dissolved

1 by the local government immediately upon the payment and discharge of all  
2 outstanding debt obligations incurred as a result of infrastructure costs for the  
3 district.

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

6 (1) A local government shall have the power to issue bonds, notes, or other  
7 obligations for the purpose of:

8 (a) Paying infrastructure costs identified in the establishing ordinance;

9 (b) Reimbursing the developer for the payment of prior infrastructure costs  
10 identified in the establishing ordinance; or

11 (c) Refinancing those bonds, notes, or obligations consistent with applicable  
12 law.

13 (2) A local government shall use revenue collected from special assessments it is  
14 authorized to levy pursuant to Section 4 of this Act for the payment of any bond,  
15 note, or other obligation issued pursuant to subsection (1) of this section.

16 (3) The maximum term of any bonds, notes, or other debt obligations issued  
17 pursuant to this section shall not exceed thirty (30) years from the date of first  
18 issuance.

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

21 (1) Upon the adoption of an establishing ordinance, a local government is authorized  
22 to levy special assessments against all properties located within a district. The  
23 revenue collected from special assessments shall be applied to infrastructure costs  
24 identified in the establishing ordinance and may be applied to administrative  
25 costs as set out in subsection (4) of this section.

26 (2) The local government shall determine the total costs and expenses to be paid from  
27 special assessments, and apportion those costs and expenses upon the various

1 properties located within the district in accordance with the benefits conferred  
2 upon the properties within the district. In determining the benefits to each  
3 property, the governing body may consider factors regarding the property,  
4 including:

5 (a) Frontage to infrastructure;

6 (b) Total area; and

7 (c) Proportion that the assessed value of each property has to the total property  
8 within the district.

9 (3) A local government shall impose and collect special assessments annually.

10 (4) A local government may provide that a total of up to five percent (5%) of the  
11 revenue collected from a special assessment may be used for administrative  
12 expenses, including overhead costs associated with the collection of the special  
13 assessment.

14 (5) A local government shall prepare an assessment roll that lists the address and  
15 owner of each property within the district and the assessed value of the property.  
16 A local government shall update the roll whenever property listed on the  
17 assessment roll is subdivided or its value is reassessed.

18 (6) If a property owner fails to pay an assessment on or before the date determined by  
19 the local government, interest of one percent (1%) per month and a penalty of  
20 one percent (1%) per month shall be added to the assessment.

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

23 (1) An assessment, any interest accruing on the assessment, and the costs of  
24 collection of the assessment as set out in Section 4 of this Act constitute a lien on  
25 and against the property upon which the assessment is levied. The lien shall be  
26 superior to a lien of any trust deed, mortgage, mechanic's lien, or other  
27 encumbrance, but shall not be superior to any lien for the payment of taxes or a

1        lien established pursuant to KRS 65.8835.

2        (2) Amounts collected by a local government shall not be allocated to the payment of  
3        a special assessment as set out in Section 4 of this Act until all taxes, penalties,  
4        and interest relating to ad valorem taxes imposed by any governmental entity  
5        have been paid in full.

6        (3) If any assessment is or becomes delinquent and the property subject to the  
7        assessment has been sold to the local government as a result of the delinquency,  
8        redemption of that property is permitted upon payment, not later than one (1)  
9        year after the date of sale, of the full amount of assessments due, plus interest  
10       and penalties.

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

13       (1) A residential infrastructure development district may be formed by two (2) or  
14       more local governments acting jointly.

15       (2) Each local government acting jointly to establish a district shall enter into an  
16       interlocal agreement concerning the district.

17       (3) Each local government acting jointly to establish a district shall follow the  
18       procedures set out in Section 2 of this Act, but may satisfy the public hearing  
19       requirement set out in subsection (1)(b)2. of Section 2 of this Act by conducting a  
20       single joint public hearing.

21       (4) Prior to the completion of establishing ordinances, local governments acting  
22       jointly shall determine which local government will be responsible for the  
23       specified infrastructure costs and the collection of special assessments authorized  
24       under Section 4 of this Act. This information shall be provided in the establishing  
25       ordinance and the interlocal agreement.