

1 AN ACT relating to community improvement districts.

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

3 ➔Section 1. KRS 107.310 is amended to read as follows:

4 As used in KRS 107.310~~[107.320]~~ to 107.500, unless the context otherwise requires:

5 (1) ~~["District" means a county community improvement district established as provided~~  
6 ~~in KRS 107.310 to 107.500;~~

7 ~~(2) ["Board" means the board of commissioners which controls and manages the affairs~~  
8 ~~of the district;~~

9 ~~(2)(3) ["Governmental unit" means a county or any city of any class, or any corporate~~  
10 ~~agency of any such county or city, or any independent district, authority or other~~  
11 ~~municipal corporation except a board of education, existing within the area of the~~  
12 ~~district; and~~

13 ~~(4) ["Building and related facilities," or "building" or "facilities" means any real or~~  
14 ~~personal property, including but not limited to structures, sites, parks, forests,~~  
15 ~~wharves, floodwalls, boats and other improvements except sewers, drainage~~  
16 ~~facilities and other utilities unless related to one of the foregoing;~~

17 **(3) "District" means a county community improvement district established as**  
18 **provided in KRS 107.310 to 107.500;**

19 **(4) "Governmental unit" means a county or any city of any class, or any corporate**  
20 **agency of any such county or city, or any independent district, authority or other**  
21 **municipal corporation except a board of education, existing within the area of the**  
22 **district;**

23 **(5) "Green bond" means a fixed-income debt instrument earmarked to raise money**  
24 **for climate or environmental projects;**

25 **(6) "Green infrastructure"**

26 **(a) Means a strategically planned network of natural and semi-natural areas**  
27 **with other environmental features designed and managed to deliver a wide**

1 range of ecosystem services while also enhancing biodiversity; and  
2 (b) May include water purification, water and stormwater management,  
3 improving air quality, providing or enhancing recreational spaces, urban  
4 heat control, and natural features that provide other benefits to persons and  
5 the environment; and

6 (7) "Social impact bond" means a fixed-income debt instrument with the public  
7 sector or local or state government where, by the terms of the contract, payment  
8 will be made for specified social outcomes in the areas defined in the contract.

9 ➔Section 2. KRS 107.330 is amended to read as follows:

10 The purpose of the district shall be to provide for the:

11 (1) Acquisition or construction, and the necessary equipping of, such buildings and  
12 related facilities as may be needed, for any project which serves a county purpose,  
13 by any governmental unit within the territorial limits of the district, or any  
14 combination of any such units;

15 (2) Installation and maintenance of public infrastructure that includes streetscapes,  
16 sidewalks, broadband, stormwater conveyance, green infrastructure and energy  
17 conservation measures;

18 (3) Acquisition, rehabilitation, and development of housing that is affordable to  
19 persons who make between sixty percent (60%) and one hundred twenty percent  
20 (120%) of the area median income and affordable housing as defined by the  
21 United States Department of Housing and Urban Development;

22 (4) Acquisition, maintenance, and operation of street lighting and video cameras  
23 used for public safety;

24 (5) Initiation and operation of public health and safety programs such as programs,  
25 including programs designed to engage community members in an effort to deter  
26 crime and programs designed to promote healthy lifestyles; and

27 (6) Initiation and operation of economic development tools that may include small

1        **business promotion, workforce training, and programs and strategies that bring**  
2        **vacant properties back into productive use.**

3        ➔Section 3. KRS 107.340 is amended to read as follows:

- 4        (1) A district shall be administered by a board of commissioners ~~[(the "board")]~~, which  
5        shall control and manage the affairs of the district. The term of each commissioner  
6        shall be four (4) years except as herein specified. The board shall consist of four (4)  
7        members who shall be appointed by the county judge/executive with the approval  
8        of the fiscal court. Initial appointments shall be for terms of one (1), two (2), three  
9        (3) and four (4) years as designated by the county judge/executive. Thereafter, as  
10       the term of each member expires, his successor shall be appointed for a term of four  
11       (4) years. Not more than three-fourths (3/4) of the persons appointed to membership  
12       on the board shall be members of the same political party, as determined, in the  
13       case of each person, by such person's registration record at the time of his or her  
14       appointment. **In addition, the county judge/executive shall ensure that the**  
15       **composition of the board members includes a diverse balance of property owners,**  
16       **residents, tenants, small business owners, and other persons who could be**  
17       **affected by the operations of the district so that no particular interest has an**  
18       **overwhelming control of the district.**

- 19       (2) The board shall elect its chairman from among its members and may appoint a  
20       secretary, an executive director, and other officials and employees who need not be  
21       members of the board. Members of the board shall not receive compensation for  
22       their services, but shall be reimbursed for their actual expenses necessarily incurred  
23       in the performance of their duties. A quorum for the transacting of the business of  
24       the board shall consist of three (3) members.

- 25       (3) A member of the board may be removed from office as provided by KRS 65.007.

26       ➔Section 4. KRS 107.350 is amended to read as follows:

27       In order to accomplish its purposes the district, through its board, may request the fiscal

1 court of the county in which it is located to levy an ad valorem tax on all property within  
 2 the district which is assessed for local taxation at a rate which shall not exceed ten~~[(10)]~~  
 3 cents **(\$0.10)** per \$100 of assessed value of said property and which shall not exceed the  
 4 amount necessary to amortize any bonds, ~~[(~~ whether revenue **bonds, green bonds, social**  
 5 **impact bonds,** or general obligation bonds~~)]~~ issued or proposed to be issued to finance  
 6 the project or projects proposed by the district, plus operating expenses of the district. All  
 7 ad valorem taxes authorized by KRS 107.310 to 107.500 shall be collected in the same  
 8 manner as are county ad valorem taxes and shall be turned over to the board as the  
 9 governing body of the district. Such ad valorem taxes shall be solely for the benefit and  
 10 purposes of the district and shall be in addition to all other ad valorem taxes. Said fiscal  
 11 court shall levy the ad valorem tax so requested initially and from year to year thereafter  
 12 if required to amortize any bonds, ~~[(~~ whether revenue **bonds, green bonds, social impact**  
 13 **bonds,** or general obligation bonds~~)]~~ issued or proposed for a project not disapproved  
 14 under the authority of KRS 107.310 to 107.500, but it shall refuse to levy any tax if no  
 15 bonds, ~~[(~~ whether revenue **bonds, green bonds, social impact bonds,** or general  
 16 obligation bonds~~)]~~ are issued or outstanding, and if the proposed project to be financed  
 17 by the bonds has been disapproved as set out in KRS 107.360.

18       ➔SECTION 5. A NEW SECTION OF KRS 107.310 TO 107.500 IS CREATED  
 19 TO READ AS FOLLOWS:

20 **In addition to the ad valorem tax allowed under Section 4 of this Act, a community**  
 21 **improvement district may request a city or a county to use special assessments imposed**  
 22 **under KRS 91A.200 to 91A.290 to support the projects of the community improvement**  
 23 **district. Any county so requested shall have the authority to levy a special assessment**  
 24 **using the terms and conditions established for cities under KRS 91A.200 to 91A.290.**

25       ➔SECTION 6. A NEW SECTION OF KRS 107.310 TO 107.500 IS CREATED  
 26 TO READ AS FOLLOWS:

27 **Community improvement districts may receive moneys from private partners as defined**

1 *in KRS 65.025, to achieve the purposes of the district by contract.*

2 ➔Section 7. KRS 107.380 is amended to read as follows:

- 3 (1) The board shall annually file a written report concerning its operations with the  
4 county judge/executive *and the Department for Local Government, which shall*  
5 *make this information available on its official website. In addition to general*  
6 *information concerning its operations, the board shall include performance*  
7 *information regarding:*
- 8 *(a) Property values of properties within the district or adjacent to the district*  
9 *that are affected by the district's operations;*
- 10 *(b) Employment, including job creation data;*
- 11 *(c) Housing, including the number of housing units available in the district*  
12 *and the residents housed in the district by socioeconomic terms; and*
- 13 *(d) Equity outcomes of the projects conducted by the district relating to the*  
14 *socioeconomic status of persons within the district.*

15 (2) The board shall comply with the provisions of KRS 65A.010 to 65A.090.

16 ➔Section 8. KRS 65.7043 is amended to read as follows:

17 The purposes of KRS 65.7041 to 65.7083 are as follows:

- 18 (1) KRS 65.7047 provides authority for cities and counties to establish local  
19 development areas for the development of previously undeveloped land within their  
20 jurisdictional boundaries and to devote local resources to support the development  
21 of projects in those local development areas. Local development areas established  
22 under KRS 65.7047 and projects within local development areas shall not be  
23 eligible for participation by the Commonwealth; and
- 24 (2) (a) KRS 65.7049, 65.7051, and 65.7053 provide a framework for cities and  
25 counties:
- 26 1. To establish development areas for:
- 27 a. The redevelopment of previously developed land within their

- 1 jurisdictional boundaries, including projects initiated under  
2 Section 2 of this Act by a community improvement district; and
- 3 b. The development of previously undeveloped land, if:
- 4 i. The project proposed for the development area includes an  
5 arena as part of the proposed development;
- 6 ii. The project is a mixed-use development located in a  
7 university research park;
- 8 iii. The project is a mixed-use development located within three  
9 (3) miles of a military base that houses, deploys, or employs  
10 any combination of at least twenty-five thousand (25,000)  
11 military personnel, their families, military retirees, or civilian  
12 employees;
- 13 iv. The project is a mixed-use development which includes  
14 either or both significant public storm water and sanitary  
15 sewer facilities designed to comply with a community-wide  
16 court decree mandating corrective action by the local  
17 government or an agency thereof; ~~or~~
- 18 v. The project is a mixed-use development that includes a tract  
19 of previously undeveloped land that was owned by a liberal  
20 arts educational institution within four (4) years prior to  
21 April 10, 2017, and the previously undeveloped land is  
22 bounded on one (1) side by a four (4) lane United States  
23 highway on April 10, 2017. No more than fifty percent  
24 (50%) of the previously undeveloped land shall be used for  
25 qualified mixed uses; or
- 26 vi. The project is initiated under Section 2 of this Act by a  
27 community improvement district; and

1           2. To devote local resources to providing redevelopment assistance and  
2           supporting projects in those development areas.

3           (b) Projects within development areas established pursuant to KRS 65.7049,  
4           65.7051, and 65.7053 shall be eligible for participation by the Commonwealth  
5           if such projects meet the requirements for Commonwealth participation  
6           established by Subchapter 30 of KRS Chapter 154.

7           ➔Section 9. KRS 65.7045 is amended to read as follows:

8           As used in KRS 65.7041 to 65.7083:

9           (1) "Activation date" means the date established any time within a two (2) year period  
10           after the commencement date. The activation date is the date on which the time  
11           period for the pledge of incremental revenues shall commence. The governing body  
12           may extend the two (2) year period to no more than four (4) years upon written  
13           application by the agency requesting the extension. To implement the activation  
14           date, the agency that is a party to the local participation agreement or the local  
15           development area agreement shall notify the governing body that created the  
16           development area or local development area;

17           (2) "Agency" means:

18           (a) An urban renewal and community development agency established under  
19           KRS Chapter 99;

20           (b) A development authority established under KRS Chapter 99;

21           (c) A nonprofit corporation;

22           (d) A housing authority established under KRS Chapter 80;

23           (e) An air board established under KRS 183.132 to 183.160;

24           (f) A local industrial development authority established under KRS 154.50-301  
25           to 154.50-346;

26           (g) A riverport authority established under KRS 65.510 to 65.650;

27           (h) A transportation improvement district established under KRS 184.350 to

- 1           184.395;~~[-or]~~
- 2           (i) A community improvement district established under KRS 107.310 to
- 3                 107.500; or
- 4           (j) A designated department, division, or office of a city or county;
- 5           (3) "Arena" means a facility which serves primarily as a venue for athletic events, live
- 6                 entertainment, and other performances, and which has a permanent seating capacity
- 7                 of at least five thousand (5,000);
- 8           (4) "Authority" means the Kentucky Economic Development Finance Authority
- 9                 established by KRS 154.20-010;
- 10          (5) "Brownfield site" means real property, the expansion, redevelopment, or reuse of
- 11                 which may be complicated by the presence or potential presence of a hazardous
- 12                 substance, pollutant, or contaminant;
- 13          (6) "Capital investment" means:
- 14                 (a) Obligations incurred for labor and to contractors, subcontractors, builders, and
- 15                         materialmen in connection with the acquisition, construction, installation,
- 16                         equipping, and rehabilitation of a project;
- 17                 (b) The cost of acquiring land or rights in land within the development area on the
- 18                         footprint of the project, and any cost incident thereto, including recording
- 19                         fees;
- 20                 (c) The cost of contract bonds and of insurance of all kinds that may be required
- 21                         or necessary during the course of acquisition, construction, installation,
- 22                         equipping, and rehabilitation of a project which is not paid by the contractor
- 23                         or contractors or otherwise provided;
- 24                 (d) All costs of architectural and engineering services, including test borings,
- 25                         surveys, estimates, plans, specifications, preliminary investigations,
- 26                         supervision of construction, and the performance of all the duties required by
- 27                         or consequent upon the acquisition, construction, installation, equipping, and

- 1 rehabilitation of a project;
- 2 (e) All costs that are required to be paid under the terms of any contract for the  
3 acquisition, construction, installation, equipping, and rehabilitation of a  
4 project; and
- 5 (f) All other costs of a nature comparable to those described in this subsection;
- 6 (7) "City" means any city, consolidated local government, or urban-county  
7 government;
- 8 (8) "Commencement date" means:
- 9 (a) The date on which a local development area agreement is executed; or  
10 (b) The date on which a local participation agreement is executed;
- 11 (9) "Commonwealth" means the Commonwealth of Kentucky;
- 12 (10) "County" means any county, consolidated local government, charter county, unified  
13 local government, or urban-county government;
- 14 (11) "Debt charges" means the principal, including any mandatory sinking fund deposits,  
15 interest, and any redemption premium, payable on increment bonds as the payments  
16 come due and are payable and any charges related to the payment of the foregoing;
- 17 (12) "Development area" means an area established under KRS 65.7049, 65.7051, and  
18 65.7053;
- 19 (13) "Economic development projects" means projects which are approved for tax  
20 credits under Subchapter 20, 22, 23, 24, 25, 26, 27, 28, 34, or 48 of KRS Chapter  
21 154;
- 22 (14) "Establishment date" means the date on which a development area or a local  
23 development area is created. If the development area, local development area,  
24 development area plan, or local development area plan is modified or amended  
25 subsequent to the original establishment date, the modifications or amendments  
26 shall not extend the existence of the development area or local development area  
27 beyond what would be permitted under KRS 65.7041 to 65.7083 from the original

- 1 establishment date;
- 2 (15) "Governing body" means the body possessing legislative authority in a city or  
3 county;
- 4 (16) "Increment bonds" means bonds and notes issued for the purpose of paying the  
5 costs of one (1) or more projects, or grant or loan programs as described in  
6 subsection (30)(c) of this section, in a development area or a local development  
7 area;
- 8 (17) "Incremental revenues" means the amount of revenues received by a taxing district,  
9 as determined by subtracting old revenues from new revenues in a calendar year  
10 with respect to a development area, a project within a development area, or a local  
11 development area;
- 12 (18) "Issuer" means a city, county, or agency issuing increment bonds;
- 13 (19) "Local development area" means a development area established under KRS  
14 65.7047;
- 15 (20) "Local development area agreement" means an agreement entered into under KRS  
16 65.7047;
- 17 (21) "Local participation agreement" means the agreement entered into under KRS  
18 65.7063;
- 19 (22) "Local tax revenues" means:
- 20 (a) Revenues derived by a city or county from one (1) or more of the following  
21 sources:
- 22 1. Real property ad valorem taxes;
- 23 2. Occupational license taxes, excluding occupational license taxes that  
24 have already been pledged to support an economic development project  
25 within the development area; and
- 26 3. The occupational license fee permitted by KRS 65.7056; and
- 27 (b) Revenues derived by any taxing district other than school districts or fire

- 1 districts from real property ad valorem taxes;
- 2 (23) "Low-income household" means a household in which gross income is no more  
3 than two hundred percent (200%) of the poverty guidelines updated periodically in  
4 the Federal Register by the United States Department of Health and Human  
5 Services under the authority of 42 U.S.C. sec. 9902(2);
- 6 (24) "Mixed-use" has the same meaning as in KRS 154.30-060;
- 7 (25) "New revenues" means the amount of local tax revenues received by a taxing  
8 district with respect to a development area or a local development area in any  
9 calendar year beginning with the year in which the activation date occurred;
- 10 (26) "Old revenues" means the amount of local tax revenues received by a taxing district  
11 with respect to a development area or a local development area during the last  
12 calendar year prior to the commencement date. If the governing body determines  
13 that the amount of local tax revenues received during the last calendar year prior to  
14 the commencement date does not represent a true and accurate depiction of  
15 revenues, the governing body may consider revenues for a period of no longer than  
16 three (3) calendar years prior to the commencement date, so as to determine a fair  
17 representation of local tax revenues;
- 18 (27) "Outstanding" means increment bonds that have been issued, delivered, and paid  
19 for by the purchaser, except any of the following:
- 20 (a) Increment bonds canceled upon surrender, exchange, or transfer, or upon  
21 payment or redemption;
- 22 (b) Increment bonds in replacement of which or in exchange for which other  
23 increment bonds have been issued; or
- 24 (c) Increment bonds for the payment, redemption, or purchase for cancellation  
25 prior to maturity, of which sufficient moneys or investments, in accordance  
26 with the ordinance or other proceedings or any applicable law, by mandatory  
27 sinking fund redemption requirements, or otherwise, have been deposited, and

1 credited in a sinking fund or with a trustee or paying or escrow agent, whether  
2 at or prior to their maturity or redemption, and, in the case of increment bonds  
3 to be redeemed prior to their stated maturity, notice of redemption has been  
4 given or satisfactory arrangements have been made for giving notice of that  
5 redemption, or waiver of that notice by or on behalf of the affected bond  
6 holders has been filed with the issuer or its agent;

7 (28) "Planning unit" means a planning commission established pursuant to KRS Chapter  
8 100;

9 (29) "Project" means any property, asset, or improvement located in a development area  
10 or a local development area and certified by the governing body as:

11 (a) Being for a public purpose; and

12 (b) Being for the development of facilities for residential, commercial, industrial,  
13 public, recreational, or other uses, or for open space, including the  
14 development, rehabilitation, renovation, installation, improvement,  
15 enlargement, or extension of real estate and buildings; and

16 (c) Contributing to economic development or tourism;

17 (30) "Redevelopment assistance," as utilized within a development area, includes the  
18 following:

19 (a) Technical assistance programs to provide information and guidance to  
20 existing, new, and potential businesses and residences;

21 (b) Programs to market and promote the development area and attract new  
22 businesses and residents;

23 (c) Grant and loan programs to encourage the construction or rehabilitation of  
24 residential, commercial, and industrial buildings; improve the appearance of  
25 building facades and signage; and stimulate business start-ups and  
26 expansions;

27 (d) Programs to obtain a reduced interest rate, down payment, or other improved

- 1 terms for loans made by private, for-profit, or nonprofit lenders to encourage  
2 the construction or rehabilitation of residential, commercial, and industrial  
3 buildings; improve the appearance of building facades and signage; and  
4 stimulate business start-ups and expansions;
- 5 (e) Local capital improvements, including but not limited to the installation,  
6 construction, or reconstruction of streets, lighting, pedestrian amenities, public  
7 utilities, public transportation facilities, public parking, parks, playgrounds,  
8 recreational facilities, and public buildings and facilities;
- 9 (f) Improved or increased provision of public services, including but not limited  
10 to police or security patrols, solid waste management, and street cleaning;
- 11 (g) Provision of technical, financial, or other assistance in connection with:
- 12 1. Applications to the Energy and Environment Cabinet for a brownfields  
13 assessment or a No Further Remediation Letter issued pursuant to KRS  
14 224.1-450; or
- 15 2. Site remediation by means of the Voluntary Environmental Remediation  
16 Program to remove environmental contamination in the development  
17 area, or lots or parcels within it, pursuant to KRS 224.1-510 to 224.1-  
18 532;~~and~~
- 19 (h) Direct development by a city, county, or agency of real property acquired by  
20 the city, county, or agency. Direct development may include one (1) or more  
21 of the following:
- 22 1. Assembly and replatting of lots or parcels;
- 23 2. Rehabilitation of existing structures and improvements;
- 24 3. Demolition of structures and improvements and construction of new  
25 structures and improvements;
- 26 4. Programs of temporary or permanent relocation assistance for  
27 businesses and residents;

1           5.    The sale, lease, donation, or other permanent or temporary transfer of  
2                    real property to public agencies, persons, and entities both for profit and  
3                    nonprofit; and

4           6.    The acquisition and construction of projects; and  
5           (i) *Projects undertaken by a community improvement district under Section 2*  
6           *of this Act;*

7   (31) "Service payment agreement" means an agreement between a city, county, or issuer  
8           of increment bonds or other obligations and any person, whereby the person agrees  
9           to guarantee the receipt of incremental revenues, or the payment of debt charges, or  
10          any portion thereof, on increment bonds or other obligations issued by the city,  
11          county, or issuer;

12   (32) "Special fund" means a special fund created under KRS 65.7061 in which all  
13          incremental revenues shall be deposited;

14   (33) "Taxing district" means any city, county, or special taxing district other than school  
15          districts and fire districts;

16   (34) "Tax incentive agreement" means an agreement entered into under KRS 154.30-  
17          070;

18   (35) "Termination date" means:

19          (a) For a development area, a date established by the ordinance creating the  
20                development area that is no more than twenty (20) years from the  
21                establishment date. If a tax incentive agreement for a project within a  
22                development area or a local participation agreement relating to the  
23                development area has a termination date that is later than the termination date  
24                established in the ordinance, the termination date for the development area  
25                shall be extended to the termination date of the tax incentive agreement, or  
26                local participation agreement. However, the termination date for the  
27                development area shall in no event be more than forty (40) years from the

1 establishment date;

2 (b) For a local development area, a date established by the ordinance creating the  
3 local development area that is no more than twenty (20) years from the  
4 establishment date, provided that if a local development area agreement  
5 relating to the local development area has a termination date that is later than  
6 the termination date established in the ordinance, the termination date for the  
7 local development area shall be extended to the termination date of the local  
8 development area agreement;

9 (c) For a local participation agreement, a date that is no more than twenty (20)  
10 years from the activation date. However, the termination date for a local  
11 participation agreement shall in no event be more than forty (40) years from  
12 the establishment date of the development area to which the local  
13 participation agreement relates; and

14 (d) For a local development area agreement, a date that is no more than twenty  
15 (20) years from the activation date. However, the termination date for a local  
16 development area agreement shall in no event be more than forty (40) years  
17 from the establishment date of the local development area to which the  
18 development area agreement relates; and

19 (36) "University research park" means land owned by a public university that has been  
20 designated by the public university as being primarily for the development of  
21 projects and facilities to support high-tech, pharmaceutical, laboratory, and other  
22 research-based businesses, including projects and facilities to support and  
23 complement the development of high-tech, pharmaceutical, laboratory, and other  
24 research-based businesses.

25 ➔Section 10. KRS 65.7049 is amended to read as follows:

26 Any city or county may establish a development area pursuant to this section, KRS  
27 65.7051, and 65.7053 to encourage investment and reinvestment in and development,

1 use, and reuse of areas of the city or county under the following conditions:

2 (1) The area shall be contiguous and shall be no more than three (3) square miles;

3 (2) The establishment or expansion of the development area shall not cause the  
4 assessed value of taxable real property within all development areas and local  
5 development areas of the city or county establishing the development area to exceed  
6 twenty percent (20%) of the assessed value of all taxable real property within its  
7 jurisdiction. For the purpose of determining whether the twenty percent (20%)  
8 threshold has been met, the assessed value of taxable real property within all of the  
9 development areas and local development areas shall be valued as of the  
10 establishment date;

11 (3) The governing body of the city or county shall determine that the development area  
12 either:

13 (a) Has two (2) or more of the following conditions:

14 1. Substantial loss of residential, commercial, or industrial activity or use;

15 2. Forty percent (40%) or more of the households are low-income  
16 households;

17 3. More than fifty percent (50%) of residential, commercial, or industrial  
18 structures are deteriorating or deteriorated;

19 4. Substantial abandonment of residential, commercial, or industrial  
20 structures;

21 5. Substantial presence of environmentally contaminated land;

22 6. Inadequate public improvements or substantial deterioration in public  
23 infrastructure; or

24 7. Any combination of factors that substantially impairs or arrests the  
25 growth and economic development of the city or county; impedes the  
26 provision of adequate housing; impedes the development of commercial  
27 or industrial property; or adversely affects public health, safety, or

1                   general welfare due to the development area's present condition and  
2                   use;~~[-or]~~

3           (b) The project meets the requirements of KRS 65.7043(2)(a)1.b.; **or**

4           **(c) The project is one initiated under Section 2 of this Act by a community**  
5                   **improvement district;** and

6   (4) The governing body of the city or county shall find that all of the following are true  
7   for projects meeting the requirements of paragraph (a) of subsection (3) of this  
8   section:

9           (a) That the development area is not reasonably expected to be developed without  
10           public assistance. This finding shall be supported by specific reasons and  
11           supporting facts, including a clear demonstration of the financial need for  
12           public assistance; and

13           (b) That the public benefits of the development area justify the public costs  
14           proposed. This finding shall be supported by specific data and figures  
15           demonstrating that the projected benefits outweigh the anticipated costs and  
16           shall take into account the positive and negative effects of investment in the  
17           development on existing businesses and residents within the community as a  
18           whole; and

19           (c) 1. That the area immediately surrounding the development area has not  
20           been subject to growth and development through investment by private  
21           enterprise; or

22           2. If the area immediately surrounding the development area has been  
23           subject to growth and development through investment by private  
24           enterprise, the identification of special circumstances within the  
25           development area that would prevent its development without public  
26           assistance.

27           ➔SECTION 11. A NEW SECTION OF KRS 107.310 TO 107.500 IS CREATED

1 TO READ AS FOLLOWS:

- 2 (1) A Community Improvement District Grant Program is hereby established to  
3 consist of a system of grants to community improvement districts established  
4 under this chapter. Grants shall be administered by the Department for Local  
5 Government.
- 6 (2) Grants obtained under this program shall be used for projects undertaken by  
7 community improvement districts as authorized pursuant to Section 2 of this Act.
- 8 (3) Applications for grants from the fund established for in Section 12 of this Act  
9 shall be made by the community improvement district with any approvals  
10 necessary to guarantee the viability of the project made by the legislative body or  
11 bodies wherein the project is located. The applications shall contain any  
12 additional information required by the Department for Local Government  
13 deemed necessary by the department to carry out the provisions of this section.
- 14 (4) The Department for Local Government shall review and approve grant  
15 applications and shall award funds to projects approved until available moneys in  
16 the fund set out in Section 12 of this Act are depleted each fiscal year. The  
17 Department for Local Government shall award grants in proportion to the  
18 community needs and in a manner that includes as many types of projects set  
19 forth in Section 2 of this Act as possible based on the applications submitted by  
20 the community improvement district and the available moneys in the fund.
- 21 (5) By October 1 of each year, the commissioner of the Department for Local  
22 Government shall provide, in writing, to the Governor and the Legislative  
23 Research Commission a listing of all applications for grants received pursuant to  
24 this section since the last report, a listing of all grants awarded, the amount of the  
25 award, the recipient agency, and the related project.
- 26 (6) The Department for Local Government shall require that any funds granted  
27 under this section include an agreement that the recipient shall certify that the

1 funds were expended for the purpose intended. The department shall determine  
 2 whether the certification requires an independent annual audit or an internal  
 3 certification taking into account the size of district and the financial burden an  
 4 independent annual audit may impose on the district. In the case of an  
 5 independent annual audit, the audit report shall include a certification that the  
 6 funds were expended for the purpose intended. A copy of the audit or certification  
 7 of compliance shall be forwarded to the Department for Local Government within  
 8 eighteen (18) months of the end of the fiscal year.

9 ➔SECTION 12. A NEW SECTION OF KRS 107.310 TO 107.500 IS CREATED  
 10 TO READ AS FOLLOWS:

11 (1) There is hereby established in the State Treasury a trust and agency account to be  
 12 known as the Community Improvement District Grant Program fund. The fund  
 13 shall consist of moneys received from state appropriations, gifts, grants, and  
 14 federal funds.

15 (2) The fund shall be administered by the Department for Local Government.

16 (3) Amounts deposited in the fund shall be used for the purposes set out in Section 11  
 17 of this Act and for no other purpose.

18 (4) Notwithstanding KRS 45.229, fund amounts not expended at the close of a fiscal  
 19 year shall not lapse but shall be carried forward into the next fiscal year.

20 ➔SECTION 13. A NEW SECTION OF KRS 107.310 TO 107.500 IS CREATED  
 21 TO READ AS FOLLOWS:

22 (1) Any project undertaken by a community improvement district after the effective  
 23 date of this Act shall either be complete or shall cease operations ten (10) years  
 24 after the date the project commences unless the project is authorized to continue  
 25 by a majority of persons owning property within the boundaries of the district.

26 (2) In order to conduct a vote to determine whether or not a project may continue,  
 27 the community improvement district shall consult with the county clerk and the

1 property valuation administrator to determine properties and owners within the  
2 boundaries of the district, in accordance with the following:

3 (a) The board of the community improvement district shall advertise, pursuant  
4 to KRS Chapter 424, that a vote will be conducted to seek reapproval of a  
5 project it has undertaken. The advertisement shall at least contain a general  
6 description of the boundaries of the community improvement district, the  
7 opening and closing vote of the date, where and how property owners can  
8 vote, and a description of the project in question;

9 (b) The board of the community improvement district shall conduct the vote by  
10 mail, in-person voting, electronic voting, or by any other means the board  
11 may choose;

12 (c) Any means chosen by the board shall ensure that only one (1) vote per  
13 property shall be counted, and that the property owner voting is in fact the  
14 owner of the property, or is otherwise authorized to vote on behalf of the  
15 property;

16 (d) The time allowed for receiving votes of property owners shall not exceed  
17 ninety (90) days from the time that voting is opened;

18 (e) The question put before the property owners shall specifically identify the  
19 project the community improvement district seeks to continue, and shall be  
20 framed in a simple and concise manner so that the property owner may vote  
21 "yes" to continue the project or "no" to cease the operations relating to the  
22 project;

23 (f) The board shall ensure proper chain of custody and security for the votes;  
24 and

25 (g) In any manner of collecting the votes, the board shall ensure the  
26 confidentiality of any property owner's vote is maintained and the  
27 knowledge of the vote made by the property owner is limited only to staff

1  
2  
3  
4  
5  
6  
7  
8  
9

tallying the vote.

(3) The timing of the vote shall be such that it is possible to cease any tax collections or revenue generating means beyond the calendar year of the end of the tenth year prior to the question of whether or not to continue the project.

(4) If a majority of property owners vote to continue the project, the project may continue for another ten (10) years. If less than a majority of the property owners vote to continue the project, the board of the community improvement district shall take all necessary steps to ensure the cessation of the project's operations as soon as practicable after the end of the tenth year.