

1 AN ACT relating to rural revitalization.

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 revitalization area shall include the voluntary participation of the*
7 *Kentucky counties, and the cities incorporated therein, that are defined as*
8 *rural based upon the Rural-Urban Continuum Codes 4 to 9 in alignment*
9 *with the United States Department of Agriculture Economic Research*
10 *Service's metro and nonmetro designations;*

11 *(b) The revitalization area possesses a rich and proud history of social, cultural,*
12 *and economic contributions to the Commonwealth from its very beginning;*

13 *(c) Even though the revitalization area saw a significant decline in population*
14 *during the period 2011 through 2019, its population continues to be the*
15 *home to one million eight hundred fifty thousand (1,850,000) citizens who*
16 *live and work in the Commonwealth and desire to build a better future for*
17 *themselves, their families, and the generations that follow;*

18 *(d) The gross domestic product growth from 2001 to 2023 of eighteen percent*
19 *(18%) within the revitalization area was slower than the growth of forty-*
20 *nine percent (49%) in the thirty-five (35) urban areas;*

21 *(e) The citizens within the revitalization area currently, on average, earn*
22 *twenty-six percent (26%) less per capita than citizens within urban counties,*
23 *and citizens with a bachelor's degree earn forty percent (40%) less;*

24 *(f) The revitalization area has a higher rate of home ownership than urban*
25 *areas, although the area also has triple the vacancy rate of urban areas;*

26 *(g) Agriculture and coal mining, both major contributors to the economy of the*
27 *revitalization area, have been declining for several years without*

1 comparable economic opportunities to mitigate the loss of earnings and tax
2 revenue;

3 (h) In the revitalization area, twenty-two percent (22%) of the population and
4 twenty-nine percent (29%) of all children live below the federal poverty level
5 compared to fourteen percent (14%) and twenty-one percent (21%),
6 respectively, in the urban areas;

7 (i) The revitalization area has a larger elderly population than urban areas,
8 resulting in part from the out migration of its young adults seeking
9 educational and economic opportunities;

10 (j) The revitalization area experiences worsening health care outcomes
11 resulting in shorter life expectancies and higher chronic illness rates than
12 urban areas due to higher risk factors, lack of health insurance coverage,
13 and lack of access to health care services; and

14 (k) In addition to many nonprofit and social organizations working in the
15 revitalization area to improve residential quality of life, elected leaders,
16 community leaders, and local philanthropists are united to envision a
17 public-private partnership to make investments which will promote
18 economic growth and the long-term well-being of the community.

19 (2) The purpose of Sections 1 to 7 and 8 of this Act is to:

20 (a) Support the restoration of and investment in the revitalization area; and

21 (b) Provide resources for additional opportunities for residents and businesses
22 of the revitalization area to work together to improve income, education
23 attainment, health outcomes, unemployment and job insecurity, working life
24 conditions, food insecurity, housing, basic amenities and the environment,
25 early childhood development, and the overall quality of life, thus
26 positioning the revitalization area to provide safe, prosperous, and enjoyable
27 communities needed, deserved, and expected by the residents, and for the

1 area to become an equal partner with its urban counterparts in the future
2 for all of the Commonwealth.

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

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

6 (1) "Affiliated" means each of the following:

7 (a) Members of a family, including brothers and sisters of the whole or half-
8 blood, spouse, parents, grandparents, ancestors, children, spouses of
9 children, grandchildren, spouses of grandchildren, and other lineal
10 descendants of an individual;

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

14 (c) An individual and a limited liability company or partnership, if more than
15 ten percent (10%) of the capital interest or profits are owned or controlled,
16 directly or indirectly, by or for that individual; and

17 (d) An individual and a trust, if the individual is a grantor, fiduciary, or
18 beneficiary of the trust;

19 (2) "Board" means the Rural Kentucky Revitalization Opportunity Partnership;

20 (3) "CPI" means the nonseasonally adjusted average Consumer Price Index for All
21 Urban Consumers (CPI-U), U.S. City Average, All Items, between the two (2)
22 most recent calendar years available, as published by the United States Bureau of
23 Labor Statistics;

24 (4) "Governing body" means the legislative body of a city or county;

25 (5) "Incremental revenues" means the amount of revenues received by:

26 (a) A city or county, determined by subtracting old revenues from new revenues
27 in a calendar year with respect to the project development area; and

1 **(b) The Commonwealth, determined by subtracting old revenues from new**
2 **revenues in a calendar year with respect to the project development area;**

3 **(6) "Local tax revenues":**

4 **(a) Means revenues derived by a city or county from one (1) or more of the**
5 **following sources:**

6 **1. Real property ad valorem taxes, excluding any taxes not assessed**
7 **while a property is participating in an assessment or reassessment**
8 **moratorium program under KRS 99.600; and**

9 **2. Occupational license taxes; and**

10 **(b) Does not mean revenues that have been pledged to support a tax increment**
11 **financing project established under KRS 65.490 to 65.499, 65.500 to 65.506,**
12 **65.680 to 65.699, or 65.7041 to 65.7083 or an economic development project**
13 **within the project development area;**

14 **(7) "New revenues" means the amount of:**

15 **(a) Local tax revenues received by a city or county with respect to the project**
16 **development area in any calendar year beginning with the calendar year**
17 **described under subsection (1) of Section 5 of this Act; and**

18 **(b) State tax revenues received by the Commonwealth with respect to the project**
19 **development area in any calendar year beginning with the calendar year**
20 **described under subsection (1) of Section 5 of this Act;**

21 **(8) "Old revenues":**

22 **(a) Means the amount of:**

23 **1 Local tax revenues received by a city and county with respect to the**
24 **project development area in any calendar year beginning with the**
25 **calendar year immediately preceding the calendar years described**
26 **under subsection (1) of Section 5 of this Act; and**

27 **2 State tax revenues received by the Commonwealth with respect to the**

1 project development area in any calendar year beginning with the
2 calendar year immediately preceding the calendar years described
3 under subsection (1) of Section 5 of this Act; and

4 **(b) Shall be adjusted annually to incorporate the percentage change in the CPI.**
5 In the first calendar year of the calendar years described under subsection
6 (1) of Section 5 of this Act, the calculated amount for the state tax revenues
7 and the local tax revenues shall be adjusted by multiplying each amount by
8 the percentage change in the CPI. For every calendar year thereafter until
9 the expiration of the calendar years described under subsection (1) of
10 Section 5 of this Act, the calculated amount for the state tax revenues and
11 the local tax revenues shall be the previous year's calculated amount
12 multiplied by the percentage change in the CPI;

13 **(9) "Percentage change in the CPI" means the percentage of change in CPI from**
14 one (1) year to the next based on averaging the twelve (12) consecutive months of
15 CPI data for each of the two (2) immediately preceding calendar years and then
16 using those two (2) averages to calculate a year-over-year percentage change;

17 **(10) "Project" means a development approved by the board that provides**
18 opportunities for improving income, education, health, employment, working
19 conditions, food insecurity, housing needs, childcare, child development,
20 environmental conditions, access to basic needs, and quality of life;

21 **(11) "Project development area" means a geographic area defined within a**
22 revitalization area by the board for the purpose of a project;

23 **(12) "Revitalization area" means a region as identified by the Kentucky counties that**
24 is defined as rural based upon the Rural-Urban Continuum Codes 4 to 9 in
25 alignment with the United States Department of Agriculture Economic Research
26 Service's metro and nonmetro designations; and

27 **(13) "State tax revenues":**

1 (a) Means revenues received by the Commonwealth from one (1) or more of the
2 following sources:

3 1. State real property ad valorem taxes, excluding any taxes not assessed
4 while a property is participating in an assessment or reassessment
5 moratorium program under KRS 99.600;

6 2. Individual income taxes required to be withheld by an employer under
7 KRS 141.310; and

8 3. Sales taxes imposed under KRS 139.200, excluding sales taxes already
9 pledged for:

10 a. Approved tourism attraction projects, as defined in KRS 148.851,
11 within the revitalization area; and

12 b. Projects which are approved for sales tax refunds under
13 Subchapter 20 of KRS Chapter 154 within the revitalization
14 area; and

15 (b) Does not mean revenues that have been pledged to support a tax increment
16 financing project established under KRS 65.490 to 65.499, 65.500 to 65.506,
17 65.680 to 65.699, or 65.7041 to 65.7083 or an economic development project
18 within the project development area.

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

21 (1) The Rural Kentucky Revitalization Opportunity Partnership is hereby created and
22 shall be a public body corporate and politic, with the powers and duties in its
23 corporate name to:

24 (a) Have a corporate seal;

25 (b) Determine membership of the revitalization area based upon:

26 1. Voluntary participation of city and county governments within the
27 revitalization area evidenced by a resolution passed by the respective

- 1 governing bodies authorizing participation in and contribution to the
2 revitalization area; and
- 3 2. Voluntary participants agreeing to the terms and conditions of
4 membership participation;
- 5 (c) Determine renewal of voluntary memberships based upon:
- 6 1. Participation in the activities of the revitalization area;
7 2. The payment of any dues or fees, if any, approved by the board;
8 3. Development and submission of a biennial strategic plan by each
9 voluntary participant that identifies the perceived strengths,
10 weaknesses, opportunities, and threats within their specific city or
11 county and a plan with measurable goals to address opportunities for
12 improvement which are related to:
- 13 a. Improving incomes;
14 b. Improving education attainment;
15 c. Improving health outcomes;
16 d. Reducing unemployment;
17 e. Increasing job insecurity;
18 f. Improving working life conditions;
19 g. Reducing food insecurity;
20 h. Addressing housing need;
21 i. Improving access to childcare and improving early childhood
22 development;
23 j. Protecting the environment; and
24 k. Addressing access to basic amenities and improving the overall
25 quality of life; and
- 26 4. Development and submission of an annual strategic plan progress
27 report;

- 1 (d) Sue and be sued;
- 2 (e) Make or execute contracts and other instruments necessary or convenient to
- 3 the exercise of its powers;
- 4 (f) Make, and from time to time amend and repeal, bylaws and procedures,
- 5 including a policy and procedure for replacing any institution that has a
- 6 permanent seat on the board, should an institution cease to exist or change
- 7 corporate form, to effect the purposes of Sections 1 to 7 and 8 of this Act;
- 8 (g) Hire and maintain personnel;
- 9 (h) Borrow from and accept loans and grants from the federal, state, local
- 10 jurisdictions, or any agency thereof, or from any sources, public or private,
- 11 and to pledge security as may be required;
- 12 (i) Invest any funds held in reserves or any funds not required for immediate
- 13 disbursements, in property or securities in which savings banks may legally
- 14 invest funds subject to their control;
- 15 (j) Purchase bonds at a price not more than the principal amount thereof and
- 16 accrued interest, and cancel all bonds so purchased;
- 17 (k) Plan initiatives within the revitalization area;
- 18 (l) Establish project development areas within the revitalization area;
- 19 (m) Ensure that the defined borders for a project development area do not cross
- 20 over the defined borders of another project development area;
- 21 (n) Invest in projects and neighborhood-based or neighborhood-directed
- 22 initiatives led by other organizations seeking to invest within the
- 23 revitalization area;
- 24 (o) Make loans to businesses, individuals, or other organizations seeking to
- 25 invest within the revitalization area;
- 26 (p) Receive proceeds from loans and grants;
- 27 (q) Purchase, acquire, own, hold, and dispose of all real and personal property

- 1 necessary for carrying out its corporate purposes;
- 2 (r) Invest in projects that create affordable housing within the revitalization
- 3 area;
- 4 (s) Communicate with the advisory council established in Section 7 of this Act
- 5 to seek specific knowledge about the community;
- 6 (t) Adopt and comply with KRS Chapter 45A or develop a procurement code
- 7 designed to provide for the purchase of supplies, equipment, services, and
- 8 construction items that provide the greatest long-term benefit to the
- 9 revitalization area, the greatest integrity for the Rural Kentucky
- 10 Revitalization Opportunity Partnership, and the best service and products
- 11 for the public;
- 12 (u) Develop a program that will:
- 13 1. Raise awareness of the income tax credit created in Section 8 of this
- 14 Act;
- 15 2. Enable individuals in the revitalization area to timely pay property
- 16 taxes by lending funds on a short-term basis until the income tax
- 17 credit is paid to the individual; and
- 18 3. Assist individuals residing in the revitalization area and qualifying for
- 19 the income tax credit by filling out returns or other paperwork
- 20 required to claim the tax credit;
- 21 (v) Create an account for the incremental tax increases collected from property
- 22 owners of residential property located within the revitalization area;
- 23 (w) Create an account to make home improvements for existing property
- 24 owners of residential property located within the revitalization area; and
- 25 (x) Exercise any power, duties, and requirements for carrying out its corporate
- 26 purposes under Sections 1 to 7 and 8 of this Act.
- 27 (2) The purpose of the Rural Kentucky Revitalization Opportunity Partnership shall

1 be to:

2 (a) Manage and support the restoration of and investment in the revitalization
3 area, with a focus on projects supported by residents and businesses within
4 the revitalization area;

5 (b) Encourage private investment in businesses and residential projects that
6 will have a significant impact within the revitalization area;

7 (c) Ensure that all projects include the employment of area residents, both in
8 short-term construction jobs and long-term employment in businesses
9 locating within the revitalization area; and

10 (d) Ensure that all housing projects include the creation of housing that is
11 deemed affordable in accordance with federal guidelines for low-income
12 families.

13 (3) The Rural Kentucky Revitalization Opportunity Partnership shall comply with
14 KRS 61.800 to 61.850 and 61.870 to 61.884.

15 (4) The board shall comply with KRS Chapter 65A and the Rural Kentucky
16 Revitalization Opportunity Partnership shall be subject to audit under KRS
17 43.070.

18 (5) (a) The Rural Kentucky Revitalization Opportunity Partnership is solely
19 responsible for its operations. A debt of the Rural Kentucky Revitalization
20 Opportunity Partnership is not a debt of the Commonwealth or any city or
21 county. An action of the Rural Kentucky Revitalization Opportunity
22 Partnership is not an action of the Commonwealth or any city or county and
23 shall not obligate the Commonwealth or any city or county in any manner.

24 (b) Bonds issued by the board under this section do not constitute a debt of the
25 Commonwealth or of any political subdivision thereof, or a pledge of the
26 faith and credit of the Commonwealth or of any political subdivision
27 thereof, and such bonds shall be payable solely from the funds and security

1 provided therefor under Sections 1 to 7 of this Act, and all such bonds shall
 2 contain on the face thereof a statement to that effect.

3 (6) Operating expenditures, including but not limited to management fees,
 4 investment fees, legal fees, and administrative fees shall not exceed five percent
 5 (5%) of gross contributions received by the Rural Kentucky Revitalization
 6 Opportunity Partnership.

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

9 (1) The Rural Kentucky Revitalization Opportunity Partnership shall be governed by
 10 a board. The board shall initially consist of the following members:

11 (a) Two (2) members, for a term of three (3) years, appointed by the executive
 12 board of directors of the Kentucky League of Cities from the pool of mayors
 13 who are members of that organization and presently serve within the
 14 revitalization area;

15 (b) Three (3) members, for a term of three (3) years, appointed by the executive
 16 board of directors of the Kentucky County Judge/Executive Association
 17 from the pool of county judges executive who are members of that
 18 organization and presently serve within the revitalization area;

19 (c) A representative of the University of Kentucky, appointed by its board of
 20 trustees for a term of three (3) years;

21 (d) A representative of one (1) of the regional public universities located east of
 22 Interstate 65 appointed by the Council on Postsecondary Education, for a
 23 term of three (3) years;

24 (e) A representative of one (1) of the regional public universities located west of
 25 Interstate 65 appointed by the Council on Postsecondary Education, for a
 26 term of three (3) years;

27 (f) A representative of the Kentucky Community and Technical College System

- 1 appointed by its board of trustees, for a term of three (3) years;
- 2 (g) A representative of Shaping Our Appalachian Region appointed by its
- 3 board of trustees, for a term of three (3) years; and
- 4 (h) 1. The following members who shall be appointed by the Governor:
- 5 a. One (1) member from among the executive directors of area
- 6 chambers of commerce within the revitalization area ;
- 7 b. One (1) member from the Federal Reserve Bank of St. Louis,
- 8 Louisville Branch;
- 9 c. One (1) member from a Kentucky-based foundation with assets
- 10 over one hundred million dollars (\$100,000,000); and
- 11 d. One (1) member from a Kentucky bank with local assets greater
- 12 than one billion dollars (\$1,000,000,000).
- 13 2. The initial appointments of the members described in subparagraph 1.
- 14 of this paragraph shall be for terms as follows:
- 15 a. One (1) member for a term of one (1) year;
- 16 b. One (1) member for a term of two (2) years;
- 17 c. One (1) member for a term of three (3) years; and
- 18 d. One (1) member for a term of four (4) years.
- 19 (2) The board shall include in its bylaws a process for appointing one (1) member
- 20 from each of the six (6) geographic regions within the revitalization area as
- 21 additional members. The process shall:
- 22 (a) Ensure the six (6) members are each from a different geographic region
- 23 within the state which are identified as the Eastern Kentucky Coal Field, the
- 24 Knobs, the Bluegrass, the Pennyroyal, the Western Kentucky Coal Field,
- 25 and the Jackson Purchase;
- 26 (b) Require that, at all times, at least one (1) of the six (6) members
- 27 representing the different geographic regions within the state shall be

- 1 between the ages of eighteen (18) and thirty (30) at the time of appointment
2 or reappointment; and
- 3 (c) Provide that the initial appointment of the members be for terms as follows:
- 4 1. Four (4) members for a term of two (2) years; and
5 2. Two (2) members for a term of three (3) years.
- 6 (3) After expiration of the terms provided in subsections (1) and (2) of this section,
7 the board shall self-perpetuate. The overall makeup of the board shall remain the
8 same unless an institution ceases to exist or changes corporate form. All
9 successors of the representatives described in subsection (1) of this section shall
10 serve four (4) year terms and all successors of the representatives described in
11 subsection (2) of this section shall serve three (3) year terms. No individual shall
12 serve more than two (2) consecutive terms.
- 13 (4) Additional members of the board to serve as nonvoting, ex officio members shall
14 be:
- 15 (a) The executive directors of each of the area development districts within the
16 revitalization area, or their designees;
- 17 (b) The secretary of the Cabinet for Economic Development or his or her
18 designee;
- 19 (c) The Commissioner of Agriculture or his or her designee; and
- 20 (d) The secretary of the Cabinet for Health and Family Services or his or her
21 designee.
- 22 (5) The membership of the board shall not exceed twenty-one (21) voting members.
- 23 (6) A chair of the board shall be selected annually from its members and shall have
24 responsibility for board meeting agendas and presiding at board meetings.
- 25 (7) Members of the board shall be entitled only to reimbursement from the Rural
26 Kentucky Revitalization Opportunity Partnership for actual expenses incurred in
27 the performance of their duties as board members.

1 (8) A majority of the entire voting membership of the board shall constitute a
2 quorum, and all actions of the board shall be by vote of a majority of its entire
3 voting membership.

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

13 (10) As a prerequisite to service, each appointee to the board and each member of the
14 Rural Kentucky Revitalization Advisory Council established in Section 7 of this
15 Act shall participate in a board-sanctioned training program on the topics of
16 community and economic development, finance, equity and community
17 engagement, gentrification, and the implications of these concepts.

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

20 (1) Notwithstanding KRS 6.945, beginning in the calendar year following the full
21 receipt of the initial funds statutorily required to be invested by private sector
22 investors, a city or county, and the Commonwealth to the Rural Kentucky
23 Revitalization Opportunity Partnership and continuing for twenty (20) years,
24 eighty-five (85%) percent of the incremental revenues shall be pledged to the
25 Rural Kentucky Revitalization Opportunity Partnership by a city or county and
26 the Commonwealth.

27 (2) A local participation agreement shall be executed between the Rural Kentucky

- 1 Revitalization Opportunity Partnership and the governing bodies involved in
2 providing financing or pledging incremental revenues to support the
3 implementation of a development plan in a project development area.
- 4 (3) The local participation agreement shall be adopted by a governing body by
5 ordinance and shall include but not be limited to the following provisions:
- 6 (a) Identification of the parties to the local participation agreement and the
7 duties and responsibilities of each entity under the agreement;
- 8 (b) Specific identification of the incremental revenues released or pledged by
9 type of tax by each taxing district;
- 10 (c) The anticipated benefit to be received by each taxing district for the release
11 or pledge, including a detailed summary of old revenues collected;
- 12 (d) A requirement that pledged incremental revenues shall be accounted for
13 within a separate account under Section 6 of this Act;
- 14 (e) Terms of default and remedies, provided that no remedy shall permit the
15 withholding by any party to the local participation agreement of any
16 incremental revenues pledged to the special fund if increment bonds are
17 outstanding that are secured by a pledge of those incremental revenues;
- 18 (f) The commencement date, activation date, and termination date; and
- 19 (g) Any other provisions not inconsistent with Sections 1 to 7 and 8 of this Act.
- 20 (4) Any pledge of incremental revenues in a local participation agreement shall be
21 superior to any other pledge of revenues for any other purpose and shall, from
22 the activation date to the termination date set forth in the local participation
23 agreement, supersede any statute, ordinance, or resolution regarding the
24 application or use of incremental revenues. An ordinance in conflict with a local
25 participation agreement shall not be adopted while any increment bonds secured
26 by that pledge remain outstanding. Ordinances or resolutions pledging
27 incremental revenues on a subordinate basis to any existing pledges may be

1 adopted.

2 (5) The local participation agreement executed under this section and a project
 3 development area shall not be included in the percentage calculation established
 4 by KRS 65.7049(2).

5 (6) Notwithstanding KRS 65.7049(2), the local participation agreement shall permit
 6 residential property located within the project development area to be eligible for
 7 participation in a program granting property assessment or reassessment
 8 moratoriums pursuant to KRS 99.600 when the incremental revenues related to
 9 that residential property have not been pledged to support a tax increment
 10 financing project established under KRS 65.490 to 65.499, 65.500 to 65.506,
 11 65.680 to 65.699, or 65.7041 to 65.7083 or an economic development project
 12 within the project development area.

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

15 (1) As used in this section, "department" means the Department of Revenue.

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

18 (3) All documentation, records, and release of incremental revenues relating to state
 19 tax revenues shall be maintained and determined by the department.

20 (4) Upon notice from the Rural Kentucky Revitalization Opportunity Partnership, a
 21 governing body obligated under a local participation agreement and the
 22 department shall release to the Rural Kentucky Revitalization Opportunity
 23 Partnership the incremental revenues due.

24 (5) (a) The governing body and the department shall have no obligation to refund
 25 or otherwise return any of the incremental revenues to the taxpayer from
 26 whom the incremental revenues arose or are attributable.

27 (b) No additional incremental revenues resulting from audit, amended returns,

1 or other activity for any period shall be transferred after the initial release
2 to the Rural Kentucky Revitalization Opportunity Partnership for that
3 period.

4 (6) If the Rural Kentucky Revitalization Opportunity Partnership issues bonds for
5 project developments within the revitalization area and incremental revenues
6 have been pledged for the developments, the Rural Kentucky Revitalization
7 Opportunity Partnership shall maintain a separate account to account for the:

- 8 (a) Bond proceeds received;
9 (b) Incremental revenues received; and
10 (c) Payment of debt charges of the bond.

11 (7) The Rural Kentucky Revitalization Opportunity Partnership shall provide a
12 biennial report to the Legislative Research Commission for referral to the Interim
13 Joint Committee on Appropriations and Revenue on or before August 1, 2027,
14 and on or before August 1 of each odd-numbered year thereafter. The report
15 shall contain the following information:

- 16 (a) The amounts of money received by private sector investors, a city or county
17 and the Commonwealth, including the party that made the payment;
18 (b) The annual financial statements of the Rural Kentucky Revitalization
19 Opportunity Partnership, including the current balances of all funds and
20 accounts of the Rural Kentucky Revitalization Opportunity Partnership;
21 (c) The total amount of state tax revenues and local tax revenues received by a
22 project development area within the revitalization area for the preceding
23 biennial period categorized by each type of tax;
24 (d) The operating expenditures incurred by the Rural Kentucky Revitalization
25 Opportunity Partnership, including management fees, investment fees, legal
26 fees, or administrative fees incurred;
27 (e) A list of the projects supported by investments from the Rural Kentucky

1 Revitalization Opportunity Partnership in the preceding year and a
 2 description of the investment amount contributed by the Rural Kentucky
 3 Revitalization Opportunity Partnership for each project;

4 (f) The amount of bonds issued or other borrowed moneys received by the
 5 Rural Kentucky Revitalization Opportunity Partnership;

6 (g) Any personal or private interests or affiliated board members as described
 7 in subsection (9) of Section 4 of this Act; and

8 (h) Upon request from the General Assembly, copies of the Rural Kentucky
 9 Revitalization Opportunity Partnership's bylaws and any contracts or
 10 agreements in which the Rural Kentucky Revitalization Opportunity
 11 Partnership is a party.

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

14 (1) The Rural Kentucky Revitalization Advisory Council is hereby established as a
 15 subcommittee of the Rural Kentucky Revitalization Opportunity Partnership. The
 16 council shall consist of:

17 (a) One (1) resident from each of the fifteen (15) area development districts
 18 located within the revitalization area;

19 (b) One (1) member from the Volunteers of America Mid States;

20 (c) One (1) member from the Foundation for a Healthy Kentucky; and

21 (d) One (1) member from the Central Kentucky Community Action Council.

22 (2) The members of the council shall serve four (4) year terms, except initial
 23 appointments shall be for terms as follows:

24 (a) Four (4) members for a term of one (1) year;

25 (b) Six (6) members for a term of two (2) years;

26 (c) Six (6) members for a term of three (3) years; and

27 (d) Two (2) members for a term of four (4) years.

1 (3) The Governor shall appoint the initial members of the council, and after
 2 expiration of the terms provided in subsection (2) of this section the council shall
 3 self-perpetuate.

4 (4) The council shall:

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

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

8 (c) Establish and evaluate goals and outcomes for economic development and
 9 housing issues in the revitalization area; and

10 (d) Assist the board with information about the revitalization area community
 11 and its economic development and housing project needs.

12 ➔SECTION 8. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO
 13 READ AS FOLLOWS:

14 (1) As used in this section:

15 (a) "Owner" means:

16 1. The individual who owned a residential property on January 1, 2026;

17 or

18 2. Upon the death of the individual specified in subparagraph 1. of this
 19 paragraph, a beneficiary who:

20 a. Is a lineal descendant of the individual, but also including a
 21 spouse, child, legally adopted child, grandchild, brother, sister,
 22 parent, or grandparent; and

23 b. Inherits the residential property of the individual;

24 (b) "Project development area" has the same meaning as in Section 2 of this
 25 Act;

26 (c) "Property tax" means the total ad valorem tax paid to the Commonwealth, a
 27 local city or county, and all taxing districts on the residential property; and

1 (d) "Residential property" means: the principal residence of the owner that is
2 located in a project development area and is owned as of January 1, 2026.

3 (2) There is hereby created the rural Kentucky revitalization credit allowable against
4 the tax imposed under KRS 141.020, with the ordering of credits under Section 9
5 of this Act.

6 (3) (a) The credit permitted by subsection (2) of this section shall be a refundable,
7 nontransferable tax credit to the owner of residential property in the project
8 development area.

9 (b) The credit shall be equal to the amount in which the property tax timely
10 paid on the residential property in a taxable year exceeds the amount of
11 property tax assessed on that residential property on January 1, 2026.

12 (4) The credit shall end the earlier of the taxable year in which:

13 (a) The residential property is sold by the owner; or

14 (b) The period allowed for incremental revenues under Section 5 of this Act
15 ends.

16 (5) (a) In order for the General Assembly to evaluate the rural Kentucky
17 revitalization area credit, the department shall provide the following
18 information on a cumulative basis for each taxable year to provide a
19 historical impact of the credit to the Commonwealth:

20 1. The total amount of tax credit claimed for each taxable year by all
21 owners;

22 2. The total amount of tax credit for each taxable year which is used to
23 offset tax liability of owners and the total amount that is refunded to
24 owners;

25 3. The physical address of the residential property which created the tax
26 credit;

27 4. The amount of the tax credit claimed for the taxable year for each

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physical address;

5. The amount of the tax credit used to offset tax liability and the amount refunded to the owner at that physical address; and

6. Based on ranges of net income no larger than five thousand dollars (\$5,000), the total amount of tax credit claimed and the number of returns claiming a tax credit for each adjusted gross income range.

(b) The report required by paragraph (a) of this subsection shall be submitted to the Legislative Research Commission for referral to the Interim Joint Committee on Appropriations and Revenue beginning no later than November 1, 2028, and each November 1 thereafter, as long as the credit is claimed on any return processed by the department.

➔Section 9. KRS 141.0205 is amended to read as follows:

If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of the credits shall be determined as follows:

- (1) The nonrefundable business incentive credits against the tax imposed by KRS 141.020 shall be taken in the following order:
 - (a) The limited liability entity tax credit permitted by KRS 141.0401;
 - (b) The economic development credits computed under KRS 141.347, 141.381, 141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and 154.12-2088;
 - (c) The qualified farming operation credit permitted by KRS 141.412;
 - (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
 - (e) The health insurance credit permitted by KRS 141.062;
 - (f) The tax paid to other states credit permitted by KRS 141.070;
 - (g) The credit for hiring the unemployed permitted by KRS 141.065;
 - (h) The recycling or composting equipment credit permitted by KRS 141.390;

- 1 (i) The ~~tax~~ credit for cash contributions in investment funds permitted by KRS
2 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
3 154.20-258;
- 4 (j) The research facilities credit permitted by KRS 141.395;
- 5 (k) The employer High School Equivalency Diploma program incentive credit
6 permitted under KRS 151B.402;
- 7 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 8 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 9 (n) The clean coal incentive credit permitted by KRS 141.428;
- 10 (o) The ethanol credit permitted by KRS 141.4242;
- 11 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 12 (q) The energy efficiency credits permitted by KRS 141.436;
- 13 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 14 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 15 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 16 (u) The distilled spirits credit permitted by KRS 141.389;
- 17 (v) The angel investor credit permitted by KRS 141.396;
- 18 (w) The film industry credit permitted by KRS 141.383 for applications approved
19 on or after April 27, 2018, but before January 1, 2022;
- 20 (x) The inventory credit permitted by KRS 141.408;
- 21 (y) The renewable chemical production credit permitted by KRS 141.4231; and
- 22 (z) The qualified broadband investment ~~tax~~ credit permitted by KRS 141.391;
- 23 (2) After the application of the nonrefundable credits in subsection (1) of this section,
24 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
25 shall be taken in the following order:
- 26 (a) The individual credits permitted by KRS 141.020(3);
- 27 (b) The credit permitted by KRS 141.066;

- 1 (c) The tuition credit permitted by KRS 141.069;
- 2 (d) The household and dependent care credit permitted by KRS 141.067;
- 3 (e) The income gap credit permitted by KRS 141.066; and
- 4 (f) The Education Opportunity Account Program ~~{tax}~~ credit permitted by KRS
- 5 141.522;
- 6 (3) After the application of the nonrefundable credits provided for in subsection (2) of
- 7 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
- 8 taken in the following order:
- 9 (a) The individual withholding tax credit permitted by KRS 141.350;
- 10 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 11 (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
- 12 171.397(1)(b);
- 13 (d) The film industry ~~{tax}~~ credit permitted by KRS 141.383 for applications
- 14 approved prior to April 27, 2018, or on or after January 1, 2022;
- 15 (e) The development area ~~{tax}~~ credit permitted by KRS 141.398;
- 16 (f) The decontamination ~~{tax}~~ credit permitted by KRS 141.419; ~~{and}~~
- 17 (g) The pass-through entity tax credit permitted by KRS 141.209; **and**
- 18 **(h) The rural Kentucky revitalization credit permitted by Section 8 of this act.**
- 19 (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
- 20 tax imposed by KRS 141.040;
- 21 (5) The following nonrefundable credits shall be applied against the sum of the tax
- 22 imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
- 23 of this section, and the tax imposed by KRS 141.0401 in the following order:
- 24 (a) The economic development credits computed under KRS 141.347, 141.381,
- 25 141.384, 141.3841, 141.400, 141.403, 141.407, 141.415, 154.12-207, and
- 26 154.12-2088;
- 27 (b) The qualified farming operation credit permitted by KRS 141.412;

- 1 (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 2 (d) The health insurance credit permitted by KRS 141.062;
- 3 (e) The unemployment credit permitted by KRS 141.065;
- 4 (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 5 (g) The coal conversion credit permitted by KRS 141.041;
- 6 (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
7 ending prior to January 1, 2008;
- 8 (i) The ~~tax~~ credit for cash contributions to investment funds permitted by KRS
9 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
10 154.20-258;
- 11 (j) The research facilities credit permitted by KRS 141.395;
- 12 (k) The employer High School Equivalency Diploma program incentive credit
13 permitted by KRS 151B.402;
- 14 (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 15 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 16 (n) The clean coal incentive credit permitted by KRS 141.428;
- 17 (o) The ethanol credit permitted by KRS 141.4242;
- 18 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 19 (q) The energy efficiency credits permitted by KRS 141.436;
- 20 (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
21 permitted by KRS 141.437;
- 22 (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 23 (t) The railroad expansion credit permitted by KRS 141.386;
- 24 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 25 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 26 (w) The distilled spirits credit permitted by KRS 141.389;
- 27 (x) The film industry credit permitted by KRS 141.383 for applications approved

- 1 on or after April 27, 2018, but before January 1, 2022;
- 2 (y) The inventory credit permitted by KRS 141.408;
- 3 (z) The renewable chemical production ~~tax~~ credit permitted by KRS 141.4231;
- 4 (aa) The Education Opportunity Account Program ~~tax~~ credit permitted by KRS
- 5 141.522; and
- 6 (ab) The qualified broadband investment ~~tax~~ credit permitted by KRS 141.391;
- 7 and
- 8 (6) After the application of the nonrefundable credits in subsection (5) of this section,
- 9 the refundable credits shall be taken in the following order:
- 10 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 11 (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and
- 12 171.397(1)(b);
- 13 (c) The film industry ~~tax~~ credit permitted by KRS 141.383 for applications
- 14 approved prior to April 27, 2018, or on or after January 1, 2022;
- 15 (d) The decontamination ~~tax~~ credit permitted by KRS 141.419; and
- 16 (e) The pass-through entity tax credit permitted by KRS 141.209.

17 ➔Section 10. KRS 131.190 is amended to read as follows:

- 18 (1) No present or former commissioner or employee of the department, present or
- 19 former member of a county board of assessment appeals, present or former property
- 20 valuation administrator or employee, present or former secretary or employee of the
- 21 Finance and Administration Cabinet, former secretary or employee of the Revenue
- 22 Cabinet, or any other person, shall intentionally and without authorization inspect
- 23 or divulge any information acquired by him or her of the affairs of any person, or
- 24 information regarding the tax schedules, returns, or reports required to be filed with
- 25 the department or other proper officer, or any information produced by a hearing or
- 26 investigation, insofar as the information may have to do with the affairs of the
- 27 person's business.

- 1 (2) The prohibition established by subsection (1) of this section shall not extend to:
- 2 (a) Information required in prosecutions for making false reports or returns of
3 property for taxation, or any other infraction of the tax laws;
- 4 (b) Any matter properly entered upon any assessment record, or in any way made
5 a matter of public record;
- 6 (c) Furnishing any taxpayer or his or her properly authorized agent with
7 information respecting his or her own return;
- 8 (d) Testimony provided by the commissioner or any employee of the department
9 in any court, or the introduction as evidence of returns or reports filed with the
10 department, in an action for violation of state or federal tax laws or in any
11 action challenging state or federal tax laws;
- 12 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or
13 energy resources assessed under KRS 132.820, or owners of surface land
14 under which the unmined minerals lie, factual information about the owner's
15 property derived from third-party returns filed for that owner's property, under
16 the provisions of KRS 132.820, that is used to determine the owner's
17 assessment. This information shall be provided to the owner on a confidential
18 basis, and the owner shall be subject to the penalties provided in KRS
19 131.990(2). The third-party filer shall be given prior notice of any disclosure
20 of information to the owner that was provided by the third-party filer;
- 21 (f) Providing to a third-party purchaser pursuant to an order entered in a
22 foreclosure action filed in a court of competent jurisdiction, factual
23 information related to the owner or lessee of coal, oil, gas reserves, or any
24 other mineral resources assessed under KRS 132.820. The department may
25 promulgate an administrative regulation establishing a fee schedule for the
26 provision of the information described in this paragraph. Any fee imposed
27 shall not exceed the greater of the actual cost of providing the information or

- 1 ten dollars (\$10);
- 2 (g) Providing information to a licensing agency, the Transportation Cabinet, or
- 3 the Kentucky Supreme Court under KRS 131.1817;
- 4 (h) Statistics of gasoline and special fuels gallonage reported to the department
- 5 under KRS 138.210 to 138.448;
- 6 (i) Providing any utility gross receipts license tax return information that is
- 7 necessary to administer the provisions of KRS 160.613 to 160.617 to
- 8 applicable school districts on a confidential basis;
- 9 (j) Providing documents, data, or other information to a third party pursuant to an
- 10 order issued by a court of competent jurisdiction;
- 11 (k) Publishing administrative writings on its official website in accordance with
- 12 KRS 131.020(1)(b); or
- 13 (l) Providing information to the Legislative Research Commission under:
- 14 1. KRS 139.519 for purposes of the sales and use tax refund on building
- 15 materials used for disaster recovery;
- 16 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 17 3. KRS 141.437 for purposes of the ENERGY STAR home and the
- 18 ENERGY STAR manufactured home credits;
- 19 4. KRS 141.383 for purposes of the film industry incentives;
- 20 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization
- 21 credit and the job assessment fees;
- 22 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 23 7. KRS 141.396 for purposes of the angel investor credit;
- 24 8. KRS 141.389 for purposes of the distilled spirits credit;
- 25 9. KRS 141.408 for purposes of the inventory credit;
- 26 10. KRS 141.390 for purposes of the recycling and composting credits;
- 27 11. KRS 141.3841 for purposes of the selling farmer credit;

- 1 12. KRS 141.4231 for purposes of the renewable chemical production
2 credit;
- 3 13. KRS 141.524 for purposes of the Education Opportunity Account
4 Program credit;
- 5 14. KRS 141.398 for purposes of the development area credit;
- 6 15. KRS 139.516 for purposes of the sales and use tax exemptions for the
7 commercial mining of cryptocurrency;
- 8 16. KRS 141.419 for purposes of the decontamination credit;
- 9 17. KRS 141.391 for purposes of the qualified broadband investment credit;
- 10 18. KRS 139.499 for purposes of the sales and use tax exemptions for a
11 qualified data center project;~~and~~
- 12 19. KRS 139.5325 for purposes of the sales and use tax incentive for a
13 qualifying attraction; and
- 14 **20. Section 8 of this Act for purposes of the rural Kentucky revitalization**
15 **credit.**
- 16 (3) The commissioner shall make available any information for official use only and on
17 a confidential basis to the proper officer, agency, board or commission of this state,
18 any Kentucky county, any Kentucky city, any other state, or the federal
19 government, under reciprocal agreements whereby the department shall receive
20 similar or useful information in return.
- 21 (4) Access to and inspection of information received from the Internal Revenue Service
22 is for department use only, and is restricted to tax administration purposes.
23 Information received from the Internal Revenue Service shall not be made available
24 to any other agency of state government, or any county, city, or other state, and
25 shall not be inspected intentionally and without authorization by any present
26 secretary or employee of the Finance and Administration Cabinet, commissioner or
27 employee of the department, or any other person.

1 (5) Statistics of crude oil as reported to the department under the crude oil excise tax
2 requirements of KRS Chapter 137 and statistics of natural gas production as
3 reported to the department under the natural resources severance tax requirements
4 of KRS Chapter 143A may be made public by the department by release to the
5 Energy and Environment Cabinet, Department for Natural Resources.

6 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map
7 submissions for the 1989 tax year, the department may make public or divulge only
8 those portions of mine maps submitted by taxpayers to the department pursuant to
9 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-
10 out parcel areas. These electronic maps shall not be relied upon to determine actual
11 boundaries of mined-out parcel areas. Property boundaries contained in mine maps
12 required under KRS Chapters 350 and 352 shall not be construed to constitute land
13 surveying or boundary surveys as defined by KRS 322.010 and any administrative
14 regulations promulgated thereto.

15 ➔Section 11. If any provision of this Act or the application thereof to any person
16 or circumstance is held invalid, the invalidity shall not affect other provisions or
17 applications of the Act that can be given effect without the invalid provision or 6
18 application, and to this end the provisions of this Act are severable.