

1 AN ACT relating to the Kentucky Heritage Council and declaring an emergency.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 171 IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) There is hereby established in the State Treasury a trust and agency account to be*
6 *known as the Kentucky Historic Preservation and Main Street Program fund.*
7 *The fund shall consist of moneys received from the tax imposed in Section 2 of*
8 *this Act, state appropriations, gifts, grants, and federal funds.*

9 *(2) The fund shall be administered by the Tourism, Arts and Heritage Cabinet, with*
10 *the approval of the Kentucky Heritage Council.*

11 *(3) Amounts deposited in the fund shall be used only for:*

12 *(a) Competitive grants to:*

13 *1. Local governments;*

14 *2. Public agencies; and*

15 *3. Nonprofit organizations that are exempt from income taxation under*
16 *26 U.S.C. sec. 501(c)(3);*

17 *(b) Rehabilitation, stabilization, and restoration of properties listed on or*
18 *eligible for listing on the National Register of Historic Places;*

19 *(c) Architectural, engineering, and feasibility work consistent with the United*
20 *States Secretary of the Interior's standards;*

21 *(d) Main Street program, downtown, and heritage tourism projects;*

22 *(e) State match funding for federal historic preservation fund grants; and*

23 *(f) Administrative expenses of the Kentucky Heritage Council, in an amount*
24 *not to exceed five percent (5%) of amounts deposited in the fund.*

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

27 *(5) Available moneys in the fund shall be allocated as follows:*

1 (a) Seventy-five percent (75%) to Main Street program revitalization and
 2 preservation grants, including:

- 3 1. Local matching grants;
 4 2. Facade and building rehabilitation;
 5 3. Heritage tourism programming; and
 6 4. Community technical assistance; and

7 (b) Twenty-five percent (25%) to:

- 8 1. Preservation or revitalization activities by local governments;
 9 2. Eligible nonprofit organizations; and
 10 3. Qualified agencies.

11 (6) The fund shall sunset on July 1, 2036, unless reauthorized by the General
 12 Assembly.

13 (7) By September 1, 2027, and annually thereafter as long as the fund is operational,
 14 the Kentucky Heritage Council shall prepare an annual report to the Governor
 15 and the Legislative Research Commission, including but not limited to the
 16 following:

- 17 (a) Total annual revenues transferred to the fund;
 18 (b) Total grants awarded from the fund and geographic distribution;
 19 (c) Economic and community impacts;
 20 (d) Effect on general fund and tourism-related accounts; and
 21 (e) Recommendations for legislation or policy continuations, modifications, or
 22 repeals.

23 ➔Section 2. KRS 142.400 is amended to read as follows:

24 (1) As used in this section:

- 25 (a) "Person" has the same meaning as in KRS 91A.345; and
 26 (b) "Rent" has the same meaning as in KRS 91A.345.

27 (2) A statewide transient room tax shall be imposed at a rate of one percent (1%) of the

1 rent for every occupancy of any suite, room, rooms, cabins, lodgings, campsites, or
 2 other accommodations charged by any hotel, motel, inn, tourist camp, tourist cabin,
 3 campgrounds, recreational vehicle parks, or other place in which accommodations
 4 are regularly furnished to transients for a consideration or by any person that
 5 facilitates the rental of the accommodations by brokering, coordinating, or in any
 6 other way arranging for the rental of the accommodations for consideration.

7 (3) **Receipts from the tax imposed in this section shall be transferred equally to:**

8 **(a) The Kentucky Historic Preservation and Main Street Program fund**
 9 **established in Section 1 of this Act; and**

10 **(b) The tourism, meeting, and convention marketing fund established in**
 11 **Section 3 of this Act.**

12 (4) As used in this ~~section~~^{subsection}, rent shall not include any other local or state
 13 taxes paid by the person or entity renting the accommodations.

14 (5)~~(4)~~ The tax imposed by ~~subsection (1) of~~ this section shall not apply to rooms,
 15 lodgings, campsites, or accommodations supplied for a continuous period of thirty
 16 (30) days or more to a person.

17 ➔Section 3. KRS 142.406 is amended to read as follows:

18 (1) There is hereby created and established in the State Treasury a trust and agency
 19 account to be known as the tourism, meeting, and convention marketing fund. The
 20 fund shall be administered by the Tourism, Arts and Heritage Cabinet, with the
 21 approval of the Governor's Office for Policy and Management.

22 (2) ~~Tax~~^{All tax} receipts from the tax imposed under KRS 142.400 shall be deposited
 23 into the tourism, meeting, and convention marketing fund, and shall be appropriated
 24 for the purposes set forth in subsection (3) of this section. The fund shall also
 25 contain any other money contributed, allocated, or appropriated to it from any other
 26 source. Money in the fund shall be invested by the Finance and Administration
 27 Cabinet in instruments authorized under KRS 42.500. Investment proceeds shall be

1 deposited to the credit of the fund. Money in the fund shall not lapse but shall be
2 carried forward to the next fiscal year or biennium.

3 (3) The tourism, meeting, and convention marketing fund shall be used for the sole
4 purpose of marketing and promoting tourism in the Commonwealth including
5 expenditures to market and promote events and venues related to meetings,
6 conventions, trade shows, cultural activities, historical sites, recreation,
7 entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any
8 other economic activity that brings tourists and visitors to the Commonwealth.
9 Marketing and promoting tourism shall not include expenditures on capital
10 construction projects.

11 (4) By September 1 of each year, the secretary of the Tourism, Arts and Heritage
12 Cabinet shall report to the Governor and the Legislative Research Commission
13 concerning the receipts, expenditures, and carryforwards of the fund for the
14 preceding fiscal year.

15 ➔Section 4. KRS 154.12-280 is amended to read as follows:

16 (1) There is created the Kentucky Film Office, which shall be attached to the Cabinet
17 for Economic Development for administrative purposes only. The office shall be
18 headed by an executive director selected and compensated as provided in KRS
19 154.12-282(2)(e). The executive director shall have the authority to hire staff,
20 including a marketing and development director, contract for services, expend
21 funds, and operate the normal business activities of the council.

22 (2) The duties of the Kentucky Film Office shall include but not be limited to:

23 (a) Coordinating with local and regional film offices or local tourism
24 commissions on issues impacting the film industry in Kentucky, including
25 streamlining local permitting processes;

26 (b) Marketing Kentucky as a location for film production;

27 (c) Providing assistance to production companies for compliance with Subchapter

- 1 61 of KRS Chapter 154;
- 2 (d) Assisting film studios and workforce training programs to increase the film
3 production workforce;
- 4 (e) Coordinating with the Kentucky Film Leadership Council established in KRS
5 154.12-282 to develop marketing strategies to promote and grow the film
6 production industry in Kentucky;
- 7 (f) Creating a Kentucky Film Office website and a one-stop portal to provide
8 information to film producers regarding studios, local and regional
9 commissions, personnel, filming locations, permitting, and other matters
10 relevant to the film industry; and
- 11 (g) Adopting the recommendations of the council created pursuant to KRS
12 154.12-282 and promulgating regulations in accordance with KRS Chapter
13 13A necessary to conduct the operations of the office.
- 14 (3) The office shall receive and retain all tax incentive application fees collected
15 pursuant to KRS 154.61-030. The nonrefundable application fee that's currently
16 payable to the office upon submission of a tax incentive application shall be
17 determined by the total amount of qualifying expenditures and qualifying payroll
18 expenditures, as defined in KRS 154.61-010. If the total is:
- 19 (a) Less than fifty thousand dollars (\$50,000), the application fee shall be two
20 hundred fifty dollars (\$250);
- 21 (b) Between fifty thousand dollars (\$50,000) and one hundred thousand dollars
22 (\$100,000), the application fee shall be five hundred dollars (\$500); or
- 23 (c) More than one hundred thousand dollars (\$100,000), the application fee shall
24 be one thousand dollars (\$1,000).
- 25 (4) The office may accept contributions, grants, and other property of value to hold and
26 apply to projects for which the office is created. Any funds not expended at the
27 close of a fiscal year shall not lapse but shall be carried forward into the next fiscal

1 year. Notwithstanding subsection (3) of Section 2 of this Act and KRS 142.406, for
2 the period beginning July 1, 2025, and ending June 30, 2027, two and one-half
3 percent (2.5%) of the transient room tax collected pursuant to KRS 142.400, up to
4 the maximum amount of five hundred thousand dollars (\$500,000), shall be
5 transferred to the office and dedicated to staff and operational costs.

6 ➔Section 5. Whereas the Commonwealth of Kentucky has a paramount interest in
7 creating tourism opportunities for its communities, an emergency is declared to exist, and
8 this Act takes effect upon its passage and approval by the Governor or upon its otherwise
9 becoming a law.