



*that is in a non-revenue generating, non-tax producing status to effective utilization in order to provide housing, new industry, and jobs for the citizens of the county.”*

**The retained original provisions (of HB 318) are as follows:**

HB 318 SCS amends KRS 65.8811 to provide that (in accordance with terms of an interlocal agreement) local governments may jointly share an appointment or appointments to a joint code enforcement board. The bill provides that a jointly appointed member may be reappointed with approval by the legislative bodies that made the initial appointment. Similarly, a vacancy of a jointly appointed membership requires the agreement of the respective executive authorities, and approval of the respective legislative bodies.

HB 318 SCS provides that a jointly appointed member may be removed by the respective authorities exercising the power to remove, and requires that submission of reasons for removal be provided to the legislative bodies of local governments which made the joint appointment.

HB 318 SCS provides that no member of a code enforcement board may hold office within, or have employment with, a unit of local government subject to the jurisdiction of the board.

HB 318 SCS amends KRS 65.8825 to provide for the methods of notification to alleged code violators.

### **Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost**

**The immediate fiscal impact of HB 318 SCS is indeterminate and minimal.**

There may be some savings as a result of provisions enabling joint appointments to code enforcement boards.

There may be some time and effort costs associated with adjustments to alleged violator notification requirements. Also, new provisions relating to conflicts of interest for board members may require adjustments to appointments if members become in violation of the provisions identified in Part II above.

Over a period a time there may result an aggregate increase in local property taxes for an area. These are properties that are currently sitting abandoned, have become blighted or deteriorated and on which property tax has not been paid on for a number of years. This allows the land bank authority to take deed to the property without tax consequences. For example, a house of low market value may have an accumulated tax liability inclusive of interest and penalties and property maintenance fines that are of such a high percentage of the market value that the motivation to buy the property isn't there from a development standpoint, nor is it there for the current owner to step forward and pay the taxes on. However, if the property can be sold or disposed of without tax consequences by the authority, the possibility for a purchaser to buy the property and return it to good

condition are much improved and therefore, going forward, the property is restored to a tax-producing property.

For the first five years following conveyance of a property by the authority to an owner that is subject to ad valorem taxes, fifty percent (50%) of the ad valorem property taxes collected from the property shall be remitted to the authority, **except** taxes due to school districts.

An April 10, 2012 article appearing in the Louisville Courier-Journal describes the issue as follows: *“Some of the estimated 7,000 vacant and abandoned properties in Louisville are in “legal limbo.” Banks or holders of tax liens do not exercise their right to take title to the property, but they also do not release their claims on it.”*

If a bank or lien holder took the title back to the property, then they would become responsible for any delinquent taxes owed on the property.

**Data Source(s):** LRC staff; Kentucky League of Cities; Kentucky Association of Counties; Kentucky Magistrates and Commissioners Association; Kentucky County Judge Executive Association

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