Local Government Mandate Statement
Kentucky Legislative Research Commission
2025 Regular Session

Part I: Measure Information

Bill Request #:	1290	**Bill #:**	SB 129/HCS 1
Document ID #:	7061	**Sponsor:**	Senator Julie Raque Adams
Bill Title:	AN ACT relating to property placed in a tax delinquency diversion program.		

Unit of Government:			
	☒ City	☒ County	☒ Urban-County
	☒ Charter County	☒ Consolidated Local	☒ Unified Local

Office(s) Impacted: Louisville-Jefferson County Metro Government; Jefferson County Clerk; Jefferson County Attorney; Local Government Offices involved in zoning

Requirement: ☒ Mandatory ☐ Optional

Effect on Powers & Duties: ☒ Modifies Existing ☐ Adds New ☐ Eliminates Existing

Other Fiscal Statement(s) that may exist: ☐ Actuarial Analysis ☐ Corrections Impact ☐ Health Benefit Mandate ☐ State Employee Health Plan

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

KRS § 99.727 allows consolidated local governments in Kentucky to create a tax delinquency diversion program for blighted properties. Section 1 of SB 129/HCS 1 would amend KRS 99.727 to allow a diverted tax delinquency purchaser to acquire a certificate of delinquency for vacant and abandoned property in a tax delinquency diversion program. After 90 days from the creation of the certificate, an interested diverted tax delinquency purchaser would be required to notify the county attorney to request that the certificate be made available for purchase. The county attorney would then have 30 days to remove the certificate from the protected list and notify the county clerk and other diverted tax delinquency purchasers that it is available for purchase. Additionally, the county attorney must verify with the purchasing entity that the property is vacant or abandoned. The county clerk would then conduct a sale of the certificate within 90 days of receiving the notification.

To qualify as a diverted tax delinquency purchaser, an entity would need to register with the Department of Revenue and be either a political subdivision, state or local agency, quasi-governmental entity, or a nonprofit organization that has been registered with the Kentucky Secretary of State for at least five years, has a principal place of business in Kentucky, includes affordable housing in its mission, and holds 501(c)(3) tax-exempt status.

Section 2 would amend KRS 134.128 to conform.

Section 3 would create a new chapter of KRS Chapter 100 to establish that in consolidated local governments, any density development project that is proposed in a traditional single-family home zone would be treated as if it were an amendment to the zoning map, and would be subject to statutory procedures, including approval by the legislative body. Density development project would be defined as any proposed residential development that contains multifamily housing and would result in increased fire or emergency medical service response times, or increased traffic and congestion.

Section 4 would create a new chapter of KRS Chapter 383 to establish that in consolidated local governments, for new leases that would be enacted after the bill goes into effect, property owners cannot lease or allow occupation of single-family home, multifamily housing unit, or accessory dwelling unit located on a lot that contains a single-family home and that is located in a traditional single-family home zone, unless the owner primarily resides in the single-family home or multifamily housing unit or an accessory dwelling unit on the lot. This restriction would not apply to a lot that contains only one single-family home without an accessory dwelling unit.

Section 5 would amend KRS 154.30-050 pertaining to the Signature Project Program. The purpose of the Signature Project Program is to encourage private investment in the development of major projects that will have a significant economic impact on Kentucky. Section 5 would amend the statute create an exception for projects where at least 50% of the total finished square footage is designated for residential use. If a project meets this threshold, it is exempt from two key requirements: (a) the report mandated by KRS 154.30-030(2)(a)3.b, and (b) the certification required by KRS 154.30-030(6)(b) and subparagraph 1.c. of this section, which pertains to demonstrating a net positive economic impact on the state.

Section 6 would amend amends KRS 154.30-060 pertaining to the Commonwealth Participation Program for Mixed-Use Redevelopment in Blighted Urban Areas, a state-supported program aimed at revitalizing urban areas through mixed-use projects. Section 6 would create an exception for projects where at least 50% of the total finished square footage is dedicated to residential use. If a project meets this threshold, it is exempt from two specific requirements: (1) it does not need to submit the report required by KRS 154.30-030(2)(a)3.b, and (2) it is not subject to the certification required by KRS 154.30-030(6)(b) and paragraph (g) of this subsection which pertains to demonstrating a net positive economic impact on the state.

Under current law, local governments may not charge property owners emergency response fees when an emergency was caused by someone else's actions beyond their control. Section 7 would amend KRS 65.111 to narrow this protection to landlords and only when the emergency is caused by a residential tenant or their guest. It also would add an exception, allowing landlords to be charged if the emergency resulted from their failure to maintain the property in compliance with housing and safety codes. Additionally, it explicitly allows emergency response providers to seek payment from the responsible party.

Section 8 would amend would amend KRS 67C.147, pertaining to urban service tax districts within a consolidated local government, covering the area of a former city of the first class. The current law allows for different tax rates to fund additional services in that area. From July 1, 2025, to June 30, 2034, the district's tax revenue must cover an increasing share of these additional service costs—starting at 85% in 2025, rising to 100% by 2034. Section 6 would exempt services provided within the central business district as defined by the consolidated local government.

Section 9 would create a new section of KRS 100.401 to 100.419 that would restrict a planning commission from waiving or amending a binding element that was agreed upon and added by the legislative body unless the legislative body of the local government exercising planning authority approves the change.

SB 129/HCS 1 would have an indeterminate fiscal impact on local governments.

As Louisville-Jefferson County Metro Government is the only consolidated local government in Kentucky, this Sections 1 through 4 would only impact that jurisdiction.

In 2017, pursuant to KRS 99.727, Louisville/Jefferson County Metro Council ("Metro Council") and the Louisville and Jefferson County Landbank Authority, Inc. (the "Landbank") established a tax delinquency diversion program.

Pursuant to this tax delinquency diversion program, effective January 1, 2018, delinquent tax bills for real properties located in certain census blocks designated by Metro Council and the Landbank were "flagged" and made unavailable for purchase by third parties for a period of five years. Bills that were originally flagged as part of the tax delinquency diversion program were eligible to be unflagged and sold beginning January 1, 2023. However, in December, 2022, pursuant to Resolution No. 152 Series 2022, Metro Council renewed the tax delinquency diversion program for an additional five-year period. As part of that process, the Landbank again designated the properties covered by the renewed tax delinquency diversion program. A large percentage of the previously flagged and protected bills remain protected under the renewal.

By allowing the purchase of certificates of delinquency, SB 129/HCS 1 could accelerate the recovery of delinquent property taxes for vacant or abandoned properties. This could increase revenue for Louisville/Jefferson County. Furthermore, allowing qualified governmental and nonprofit entities to purchase blighted properties could result in redevelopment and increased property values.

SB 129/HCS 1 could result in increased administrative expenses for the Jefferson County Attorney and the Jefferson County Clerk. The Jefferson County Attorney's office would need to remove the certificate of delinquency from the protected list, verify that the property is vacant or abandoned, and notify the county clerk and tax delinquency purchasers that the certificate is available for purchase. The Jefferson County Clerk would be required to conduct sales of certificates within 90 days of notification.

Sections 3 and 4 impose additional zoning and leasing restrictions in consolidated local governments, which could lead to increased administrative costs for local planning and zoning departments. Treating density development projects as zoning map amendments may require more staff time, legal reviews, and public hearings, increasing the financial burden on local governments.

Sections 5 and 6 modify requirements for economic development programs, exempting certain residential-heavy projects from economic impact reporting and certification. This could reduce administrative burdens and costs for local governments by eliminating some compliance requirements.

Section 7 narrows protections for property owners against emergency response fees, allowing emergency responders to seek reimbursement from landlords in certain circumstances. This could lead to increased revenue for local emergency services by shifting costs to landlords when emergencies result from property maintenance failures. However, it may also create administrative challenges in tracking responsibility and collecting fees.

Section 8 modifies the funding structure for urban service tax districts in consolidated local governments by exempting the central business district from certain tax obligations. This could result in a reduction in tax revenue available for urban service districts.

Section 9's restriction on the ability to waive or amend binding zoning elements without legislative approval could increase the administrative burden on local governments and slow down the development approval process.

Input was sought from Louisville-Jefferson County Metro Government to prepare this mandate. If information is received from them this mandate statement may be amended.

Data Source(s): Jefferson County Clerk; LRC Staff

Preparer: AS **Reviewer:** TJ (MDA) **Date:** 3/12/25