

**Local Government Mandate Statement
Kentucky Legislative Research Commission
2025 Regular Session**

Part I: Measure Information

Bill Request #:	1290	Bill #:	SB 129/SCS 1
Document ID #:	5183	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

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/SCS 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.

SB 129/SCS 1 would have an indeterminate but likely positive fiscal impact on consolidated local governments.

As Louisville-Jefferson County Metro Government is the only consolidated local government in Kentucky, this legislation 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/SCS 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/SCS 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.

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:** 2/21/25