

1 AN ACT relating to tax increment financing and declaring an emergency.

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

3 ➔Section 1. KRS 65.490 is amended to read as follows:

4 As used in KRS 65.490 to 65.499, unless the context otherwise requires:

- 5 (1) "Agency" means an urban renewal and community development agency of a taxing
6 district located within a county containing a consolidated local government or a city
7 of the first class, established under KRS Chapter 99; a development authority
8 located within a county containing a consolidated local government or a city of the
9 first class established under KRS Chapter 99; a nonprofit corporation located within
10 a county containing a consolidated local government or a city of the first class; or a
11 designated department, division, or office of a county containing a consolidated
12 local government or of a city of the first class;
- 13 (2) "Development area" means an area no less than one (1) square mile, nor more than
14 six (6) square miles, designated in need of public improvements by a local or state
15 government in a county containing a consolidated local government or a city of the
16 first class, a project area as defined in KRS 99.615, or a public project as defined in
17 KRS 58.010 in a county containing a consolidated local government or a city of the
18 first class. "Development area" includes an existing economic development asset;
- 19 (3) "Increment" means that amount of money received by any taxing district or the state
20 that is determined by subtracting the amount of old revenues from the amount of
21 new revenues in any year for which a taxing district or the state and an agency have
22 agreed upon under the terms of a contract of release or a grant contract;
- 23 (4) "Local government" means a county containing a consolidated local government or
24 a city of the first class;
- 25 (5) "New revenues" means the revenues received by any taxing district or the state from
26 a development area in any year after the establishment of the development area;
- 27 (6) "Old revenues" means the amount of revenues received by any taxing district or the

1 state from a development area in the last year prior to the establishment of the
2 development area;

3 (7) "Project" means any urban renewal, redevelopment, or public project undertaken in
4 accordance with the provisions of KRS 65.490 to 65.497, any project undertaken in
5 accordance with KRS 99.610 to 99.680, any project undertaken in accordance with
6 the provisions of KRS Chapter 58, or any "public project" as that term is defined in
7 KRS 58.010 undertaken by a nonprofit corporation located within a county
8 containing a consolidated local government or a city of the first class;

9 (8) "Release" or "contract of release" or "grant contract" means that agreement by
10 which a taxing district or the state permits the payment to an agency of a portion of
11 increments or an amount equal to a portion of increments received by it in return for
12 the benefits accrued to the taxing district or the state by reason of a project
13 undertaken by an agency in a development area;

14 (9) "Taxing district" means a consolidated local government, a county containing a city
15 of the first class, a city of the first class that encompasses all or part of a
16 development area, or the state, but does not mean a school district; and

17 (10) "Pilot program" means a tax increment financing program or a grant program
18 created by an agency within a consolidated local government or a county containing
19 a city of the first class which shall exist for a period of twenty (20) years, ***and may***
20 ***be extended for a period not to exceed an additional twenty-five (25) years as***
21 ***provided in Section 2 of this Act***~~[- after which time it shall continue only after~~
22 ~~reauthorization by the General Assembly].~~

23 ➔SECTION 2. A NEW SECTION OF KRS 65.490 TO 65.499 IS CREATED TO
24 READ AS FOLLOWS:

25 ***(1) As used in this section:***

26 ***(a) "Borrower" means the entity receiving the proceeds from a new bond***
27 ***issued because of an extended tax increment financing agreement allowed***

1 under subsection (10) of Section 1 of this Act;

2 (b) "Excess revenues" means all moneys which exceed the costs associated
3 with the borrower's operating expenses, capital expenditures, and the
4 regularly scheduled debt service on the bond; and

5 (c) "Term of the bond" shall begin on the date any current bonds are
6 refinanced, reissued, or restructured and shall end upon the earlier of the
7 stated maturity date of the bond or the payment in full of the bond.

8 (2) A pilot program may be extended for a period not to exceed an additional twenty-
9 five (25) years in connection with the issuance of a new bond by the Kentucky
10 Economic Development Finance Authority if the pilot program agreement
11 contains provisions requiring that:

12 1. The borrower use all excess revenues to redeem the bond prior to the
13 stated maturity date;

14 2. a. Once the bond is callable, the borrower apply all excess revenues
15 to the redemption of the bond prior to the stated maturity date at
16 least every thirty-six (36) months; and

17 b. If it is the position of the borrower that the application of all
18 excess revenues to the redemption of the bond prior to the stated
19 maturity date jeopardizes the project, the borrower shall present
20 an alternative payment plan for that thirty-six (36) month period
21 to the Capital Projects and Bond Oversight Committee for
22 approval; and

23 3. No further revenues under the pilot program be remitted to the
24 borrower following the end of the term of the bond.

25 (3) The borrower shall submit a report to the Governor and the Capital Projects and
26 Bond Oversight Committee on or before November 1, 2018, and annually
27 thereafter regarding the operations and financial condition of the borrower.

1 ➔Section 3. Whereas it is imperative that negotiations for some tax increment
2 financing agreements be reviewed as quickly as possible, an emergency is declared to
3 exist, and this Act takes effect upon its passage and approval by the Governor or upon its
4 otherwise becoming a law.