

65A.010 Definitions for chapter.

As used in this chapter:

- (1) "County" means any county, consolidated local government, urban-county government, unified local government, or charter county;
- (2) "DLG" means the Department for Local Government established by KRS 147A.002;
- (3) "Establishing entity" means the city or county, or any combination of cities and counties, that established a special purpose governmental entity and that has not subsequently withdrawn its affiliation with the special purpose governmental entity by ordinance or other official action;
- (4) "Federally regulated municipal utility" means a municipal utility governed by the provisions of KRS 96.550 to 96.901, that maintains a wholesale power contract with a federal agency that also serves as its regulatory authority;
- (5)
 - (a) "Fee" means any user charge, levy, assessment, fee, schedule of rates, or tax, other than an ad valorem tax, imposed by a special purpose governmental entity.
 - (b) "Fee" shall not include the following charges imposed by special purpose governmental entities that provide utility services:
 1. Any fuel cost adjustment that is:
 - a. Made pursuant to an agreement with a power supplier;
 - b. Amended by the power supplier based on the variable cost of fuel; and
 - c. Passed through to the consumer by the utility pursuant to the agreement between the utility and the power supplier;
 2. Any power or energy cost adjustment implemented pursuant to a duly adopted base rate that provides for the periodic adjustment of a component of the rate, including any fuel costs or transmission costs, in accordance with the formula or conditions set forth in the base rate; or
 3. Any environmental control cost adjustments or surcharges implemented pursuant to a duly adopted base rate that provides for the periodic adjustment of a component of the rate in accordance with a formula or conditions set forth in the base rate;
- (6)
 - (a) "Private entity" means any entity whose sole source of public funds is from payments pursuant to a contract with a city, county, or special purpose governmental entity, including funds received as a grant or as a result of a competitively bid procurement process.
 - (b) "Private entity" does not include any entity:
 1. Created, wholly or in part, by a city, county, or combination of cities and counties to perform one (1) or more of the types of public services listed in subsection (9)(c) of this section; or
 2. Governed by a board, council, commission, committee, authority, or

corporation with any member or members who are appointed by the chief executive or governing body of a city, county, or combination of cities and counties, or whose voting membership includes governmental officials who serve in an ex officio capacity;

- (7) "Public funds" means any funds derived from the levy of a tax, fee, assessment, or charge, or the issuance of bonds by the state or a city, county, or special purpose governmental entity;
- (8) "Registry" means the online central registry and reporting portal established pursuant to KRS 65A.020; and
- (9) (a) "Special purpose governmental entity" or "entity" means any agency, authority, or entity created or authorized by statute which:
 - 1. Exercises less than statewide jurisdiction;
 - 2. Exists for the purpose of providing one (1) or a limited number of services or functions;
 - 3. Is governed by a board, council, commission, committee, authority, or corporation with policy-making authority that is separate from the state and the governing body of the city, county, or cities and counties in which it operates; and
 - 4.
 - a. Has the independent authority to generate public funds; or
 - b. May receive and expend public funds, grants, awards, or appropriations from the state, from any agency, or authority of the state, from a city or county, or from any other special purpose governmental entity.
- (b) "Special purpose governmental entity" shall include entities meeting the requirements established by paragraph (a) of this subsection, whether the entity is formed as a nonprofit corporation under KRS Chapter 273, pursuant to an interlocal cooperation agreement under KRS 65.210 to 65.300, or pursuant to any other provision of the Kentucky Revised Statutes.
- (c) Examples of the types of public services that may be provided by special purpose governmental entities include but are not limited to the following:
 - 1. Ambulance, emergency, and fire protection services;
 - 2. Flood control, drainage, levee, water, water conservation, watershed, and soil conservation services;
 - 3. Area planning, management, community improvement, and community development services;
 - 4. Library services;
 - 5. Public health, public mental health, and public hospital services;
 - 6. Riverport and airport services;
 - 7. Sanitation, sewer, waste management, and solid waste services;
 - 8. Industrial and economic development;
 - 9. Parks and recreation services;

10. Construction, maintenance, or operation of roads and bridges;
 11. Mass transit services;
 12. Pollution control;
 13. Construction or provision of public housing, except as set out in paragraph (d)8. of this subsection;
 14. Tourism and convention services; and
 15. Agricultural extension services.
- (d) "Special purpose governmental entity" shall not include:
1. Cities;
 2. Counties;
 3. School districts;
 4. Private entities;
 5. Chambers of commerce;
 6. Any incorporated entity that:
 - a. Provides utility services;
 - b. Is member-owned; and
 - c. Has a governing body whose voting members are all elected by the membership of the entity;
 7. Any entity whose budget, finances, and financial information are fully integrated with and included as a part of the budget, finances, and financial reporting of the city, county, or cities and counties in which it operates;
 8. Federally regulated public housing authorities established pursuant to KRS Chapter 80 that receive no more than twenty percent (20%) of their total funding for any fiscal year from nonfederal fees, not including rental income; or
 9.
 - a. Any fire protection district or volunteer fire department district operating under KRS Chapter 75 with the higher of annual receipts from all sources or annual expenditures of less than one hundred thousand dollars (\$100,000); or
 - b. Any fire department incorporated under KRS Chapter 273.

Effective: July 14, 2018

History: Amended 2018 Ky. Acts ch. 90, sec. 1, effective July 14, 2018. -- Amended 2016 Ky. Acts ch. 91, sec. 1, effective July 15, 2016. -- Amended 2015 Ky. Acts ch. 17, sec. 1, effective June 24, 2015. -- Amended 2014 Ky. Acts ch. 7, sec. 1, effective March 19, 2014. -- Amended 2013 Ky. Acts. ch. 124, sec. 8, effective June 25, 2013. -- Created 2013 Ky. Acts ch. 40, sec. 1, effective March 21, 2013.

Legislative Research Commission Note (3/19/2014). 2014 Ky. Acts ch. 7, sec. 11 provides that the amendments to this statute made in 2014 Ky. Acts ch. 7, sec. 1, shall apply retroactively beginning January 1, 2014.

Legislative Research Commission Note (3/21/2013). In subsection (5)(b)1. of this statute, a reference to "subsection (7)(c)" has been changed to read "subsection

(8)(c)." In the Senate Committee Substitute to the bill that created this statute (2013 Ky. Acts ch. 40, sec. 1), the former subsection (7) was renumbered as subsection (8), but an internal reference to subsection (7)(c) was not corrected. In codifying this section, the Reviser of Statutes has made this correction pursuant to KRS 7.136(1).

Legislative Research Commission Note (3/21/2013). This statute was created in 2013 Ky. Acts ch. 40, sec. 1 (HB 1), and then amended in 2013 Ky. Acts ch. 124, sec. 8, after HB 1 had been enacted. That amendment has been incorporated into the text of this statute as created.

65A.020 Duties of Department for Local Government relating to forms, reporting, and online access -- Information to be submitted by special purpose governmental entities -- Failure to submit information -- Administrative regulations -- Registry -- Registration fee -- Annual report.

(1) The DLG shall:

- (a) On or before March 1, 2014, make the necessary reporting and certification forms, online reporting portal, and online central registry available for reporting by special purpose governmental entities. The portal and registry shall serve as a unified location for the reporting of and access to administrative and financial information by special purpose governmental entities; and
- (b) On or before October 1, 2014, make available online public access to administrative and financial information reported by special purpose governmental entities.

(2) (a) For each fiscal period beginning on or after July 1, 2014, all special purpose governmental entities shall annually submit to the DLG the information required by this section. The information shall be submitted in accordance with this section, at the time, and in the form and format required by the DLG. The information submitted shall include at a minimum the following:

1. Administrative information:

- a. The name, address, and, if applicable, the term and appointing authority for each board member of the governing body of the entity;
- b. The fiscal year of the entity;
- c. The Kentucky Revised Statute and, if applicable, the local government ordinance and interlocal agreement under which the entity was established; the date of establishment; the establishing entity; and the statute or statutes, local government ordinance, or interlocal agreement under which the entity operates, if different from the statute or statutes, ordinance, or agreement under which it was established;
- d. The mailing address and telephone number and, if applicable, the Web site uniform resource locator (URL) of the entity;
- e. The operational boundaries and service area of the entity and the services provided by the entity;
- f.
 - i. A listing of all the most significant taxes or fees imposed and collected by the entity, including the rates or amounts charged for the reporting period and the statutory or other source of authority for the levy of the tax or fee.
 - ii. As used in this subdivision, "most significant taxes or fees" means the five (5) taxes or fees levied by the entity that produce the most tax and fee revenue for the entity, provided that if the top five (5) revenue-producing taxes and fees do

not produce at least eighty-five percent (85%) of all tax and fee revenues received by the entity, additional taxes and fees shall be listed until the taxes and fees listed produce at least eighty-five percent (85%) of all tax and fee revenues of the entity. If an entity levies fewer than five (5) taxes and fees, the entity shall list all taxes and fees levied;

- g. The primary contact for the entity for purposes of communication from the DLG;
- h. The code of ethics that applies to the entity, and whether the entity has adopted additional ethics provisions;
- i. A listing of all federal, state, and local governmental entities that have oversight authority over the special purpose governmental entity or to which the special purpose governmental entity submits reports, data, or information; and
- j. Any other related administrative information required by the DLG; and

2. Financial information:

- a.
 - i. The most recent adopted budget of the entity for the upcoming fiscal year;
 - ii. After the close of each fiscal year, a comparison of the budget to actual revenues and expenditures for each fiscal year, including any amendments made throughout the fiscal year to the budget originally submitted;
 - iii. Completed audits or attestation engagements as provided in KRS 65A.030; and
 - iv. Other financial oversight reports or information required by the DLG.
- b. In lieu of the submissions required by subdivision a.i., ii., and iv. of this subparagraph:
 - i. A federally regulated municipal utility shall submit, after the close of each fiscal year, the monthly balance, revenue, and expense report required by the federal regulator, which constitutes year-end data; and
 - ii. A public utility established pursuant to KRS 96.740 that is not a federally regulated municipal utility shall submit after the close of each fiscal year a report that includes the same information, in the same format as is required for federally regulated municipal utilities under subpart i. of this subdivision.

- (b) The provisions of KRS 65A.040 shall apply when a special purpose governmental entity fails to submit the information required by this section in a timely manner, or submits information that does not comply with the requirements and standards established by this section and the DLG. To

facilitate the enforcement of these provisions, the DLG shall establish and maintain an online list of due dates for the filing of reports, audit certifications, and information for each special purpose governmental entity.

- (c) The provisions of this subsection shall be in addition to, and shall not supplant or replace any reporting or filing requirements established by other provisions of the Kentucky Revised Statutes.
- (3) (a) The DLG shall, by administrative regulation adopted pursuant to KRS Chapter 13A, develop standard forms, protocols, timeframes, and due dates for the submission of information by special purpose governmental entities. All information shall be submitted electronically; however, the DLG may allow submission by alternative means, with the understanding that the DLG shall be responsible for converting the information to a format that will make it accessible through the registry.
- (b) In an effort to reduce duplicative submissions to different governmental entities and agencies, during the development of the forms, protocols, timeframes, and due dates, the DLG shall consult with other governmental entities and agencies that may use the information submitted by special purpose governmental entities, and may include the information those agencies and entities need to the extent possible.
- (c) As an alternative to completing and submitting any standard form developed by the DLG for the reporting of financial information, federally regulated municipal utilities and public utilities established pursuant to KRS 96.740 that are not federally regulated municipal utilities may elect to satisfy the reporting requirements established by subsection (2)(a)2. of this section for the public power components of their operations by reporting the financial information related to their electric system accounts in accordance with the Federal Energy Regulatory Commission's Uniform System of Accounts.
- (4) (a) Beginning October 1, 2014, all information submitted by special purpose governmental entities under this section shall be publicly available through the registry. The registry shall be updated at least monthly, but may be updated more frequently at the discretion of the DLG. The registry shall include a notation indicating the date of the most recent update.
- (b) The registry shall be in a searchable format and shall, at a minimum, allow a search by county, by special purpose governmental entity name, and by type of entity.
- (c) To the extent possible, the registry shall be linked to or accessed through the Web site established pursuant to KRS 42.032 to provide public access to expenditure records of the executive branch of state government.
- (5) (a) To offset the costs incurred by the DLG in maintaining and administering the registry, the costs incurred in providing education for the governing bodies and employees of special purpose governmental entities as required by KRS 65A.060, and the costs incurred by the DLG and the Auditor of Public Accounts in responding to and acting upon noncompliant special purpose governmental entities under KRS 65A.040, excluding costs associated with

conducting audits or special examinations, each special purpose governmental entity shall pay a registration fee to the DLG on an annual basis at the time of registration under this section.

- (b) The initial annual fee shall be as follows:
 - 1. For special purpose governmental entities with annual revenue from all sources of less than one hundred thousand dollars (\$100,000), twenty-five dollars (\$25);
 - 2. For special purpose governmental entities with annual revenues from all sources of at least one hundred thousand dollars (\$100,000) but less than five hundred thousand dollars (\$500,000), two hundred fifty dollars (\$250); and
 - 3. For special purpose governmental entities with annual revenues of five hundred thousand dollars (\$500,000) or greater, five hundred dollars (\$500).
- (c) If the costs of administering and maintaining the registry, providing education, and enforcing compliance change over time, the fee and tiered structure established by paragraph (b) of this subsection may be adjusted one (1) time by the DLG through the promulgation of an administrative regulation under KRS Chapter 13A. The rate, if adjusted, shall be set at a level no greater than a level that is expected to generate sufficient revenue to offset the actual cost of maintaining and administering the registry, providing education for the governing bodies and employees of special purpose governmental entities, and enforcing compliance.
- (d) The portion of the registration fee attributable to expenses incurred by the Auditor of Public Accounts for duties and services other than conducting audits or special examinations shall be collected by the DLG and transferred to the Auditor of Public Accounts on a quarterly basis. Prior to the transfer of funds, the Auditor of Public Accounts shall submit an invoice detailing the actual costs incurred, which shall be the amount transferred; however, the amount transferred to the Auditor of Public Accounts under the initial fee established by paragraph (b) of this section shall not exceed the annual amount agreed to between the DLG and the Auditor of Public Accounts.
- (e)
 - 1. In determining the annual fee due from a special purpose governmental entity, the DLG may exclude revenues received by the special purpose governmental entity if:
 - a. The revenues constitute nonrecurring, nonoperating grants for the purpose of capital asset acquisition, capital construction, disaster recovery efforts, or other one (1) time purposes as determined by the DLG; and
 - b. The special purpose governmental entity requests, in writing to the DLG and for each fiscal year it receives the revenue in question, that the revenues in question not be included in determining its annual revenues.

2. In determining the annual fee due from a special purpose governmental entity that is a public use airport operating under KRS 183.132 to 183.160, the DLG may exclude revenues received by that public use airport if the revenues constitute nonoperating or recurring grants for the purpose of capital asset acquisition, capital construction, disaster recovery efforts, or other one (1) time purposes as determined by the DLG.
 3. Any receipts excluded under this paragraph shall still be reported as required under subsection (2)(a)2. of this section.
- (6) By October 1, 2014, and on or before each October 1 thereafter, the DLG shall file an annual report with the Legislative Research Commission detailing the compliance of special purpose governmental entities with the provisions of KRS 65A.010 to 65A.090. The Legislative Research Commission shall refer the report to the Interim Joint Committee on Local Government for review.

Effective: July 15, 2020

History: Amended 2020 Ky. Acts ch. 27, sec. 1, effective July 15, 2020. -- Amended 2015 Ky. Acts ch. 17, sec. 2, effective June 24, 2015. -- Amended 2014 Ky. Acts ch. 7, sec. 2, effective March 19, 2014. -- Created 2013 Ky. Acts ch. 40, sec. 2, effective March 21, 2013.

2020-2022 Budget Reference. See State/Executive Branch Budget, 2020 Ky. Acts ch. 92, Pt. V, A, 2 at 939.

Legislative Research Commission Note (3/19/2014). 2014 Ky. Acts ch. 7, sec. 11 provides that the amendments to this statute made in 2014 Ky. Acts ch. 7, sec. 2, shall apply retroactively beginning January 1, 2014.

65A.030 Audits, financial statements, and attestation engagements for fiscal periods beginning on or after July 1, 2014 -- Alternative financial review -- Exclusion of some annual receipts.

- (1) For fiscal periods beginning on or after July 1, 2014, requirements relating to audits and financial statements of special purpose governmental entities are as follows:
 - (a) Every special purpose governmental entity with the higher of annual receipts from all sources or annual expenditures of less than one hundred thousand dollars (\$100,000) shall:
 1. Annually prepare a financial statement; and
 2. Once every four (4) years, contract for the application of an attestation engagement as determined by the DLG, as provided in subsection (2) of this section;
 - (b) Every special purpose governmental entity with the higher of annual receipts from all sources or annual expenditures equal to or greater than one hundred thousand dollars (\$100,000) but less than five hundred thousand dollars (\$500,000) shall:
 1. Annually prepare a financial statement; and
 2. Once every four (4) years, contract for the provision of an independent audit as provided in subsection (2) of this section; and
 - (c) Every special purpose governmental entity with the higher of annual receipts from all sources or annual expenditures equal to or greater than five hundred thousand dollars (\$500,000) shall:
 1. Annually prepare a financial statement; and
 2. Be audited annually as provided in subsection (2) of this section.
- (2)
 - (a) To provide for the performance of an audit or attestation engagement as provided in subsection (1)(a) to (c) of this section, the governing body of a special purpose governmental entity shall employ an independent certified public accountant or contract with the Auditor of Public Accounts to conduct the audit or attestation engagement unless the provisions of subsection (3) of this section apply.
 - (b) The audit or attestation engagement shall be completed no later than twelve (12) months following the close of the fiscal year subject to the audit or the attestation engagement.
 - (c)
 1. The special purpose governmental entity shall submit for publication on the registry the audit or attestation engagement, in the form and format required by the DLG.
 2. A federally regulated municipal utility may comply with the requirements of this section for the public power component of its operations by submitting an audit that conforms to the requirements imposed by the federal agency with which it maintains a wholesale power contract.
 3. A public utility established pursuant to KRS 96.740 that is not a

federally regulated municipal utility may comply with the requirements of this section for the public power component of its operations by submitting a copy of its annual audit performed under KRS 96.840.

- (d) 1. The audit or attestation engagement shall conform to:
 - a. Generally accepted governmental auditing or attestation standards, which means those standards for audits or attestations of governmental organizations, programs, activities, and functions issued by the Comptroller General of the United States;
 - b. Generally accepted auditing or attestation standards, which means those standards for all audits or attestations promulgated by the American Institute of Certified Public Accountants; and
 - c. Additional procedures and reporting requirements as may be required by the Auditor of Public Accounts.
- 2. Rather than meeting the standards established by subparagraph 1. of this paragraph, the audit submitted by a federally regulated municipal utility or a public utility established pursuant to KRS 96.740 that is not a federally regulated municipal utility with regard to the public power component of the utility's operations shall conform to KRS 96.840 and the financial standards of the Federal Energy Regulatory Commission's Uniform System of Accounts.
- (e) Upon request, the Auditor of Public Accounts may review the final report and all related work papers and documents of the independent certified public accountant relating to the audit or attestation engagement.
- (f) If a special purpose governmental entity is required by another provision of law to audit its funds more frequently or more stringently than is required by this section, the special purpose governmental entity shall comply with the provisions of that law, and shall comply with the requirements of paragraph (c) of this subsection.
- (g) Notwithstanding any provision of the Kentucky Revised Statutes to the contrary, a unit of government furnishing funds directly to a special purpose governmental entity may require additional audits at the expense of the unit of government furnishing the funds.
- (h) All audit reports, attestation engagement reports, and financial statements of special purpose governmental entities shall be public records.
- (3) (a) Any board, commission, or agency established by statute with regulatory authority or oversight responsibilities for a category of special purpose governmental entities may apply to the Auditor of Public Accounts to be approved to provide an alternative financial review of the special purpose governmental entities it regulates or oversees that are required by subsection (1)(a) of this section to submit an attestation engagement. The application shall be in the form and format determined by the Auditor of Public Accounts.
- (b) The Auditor of Public Accounts shall review the application and if the auditor determines that the board, commission, or agency has the resources and

capacity to conduct an acceptable alternative financial review, the auditor shall notify the DLG that the board, commission, or agency is approved to provide an alternative financial review of the special purpose governmental entities it regulates or oversees that are required by subsection (1)(a) of this section to submit an attestation engagement.

- (c) The Auditor of Public Accounts shall advise the DLG and the board, commission, or agency regarding modifications to the proposed alternative financial review procedures necessary to obtain the Auditor of Public Accounts' approval.
 - (d) Any board, commission, or agency approved to provide alternative financial reviews shall reapply to the Auditor of Public Accounts for approval to continue to provide alternative financial reviews at least every four (4) years. The Auditor of Public Accounts may require more frequent approvals.
 - (e) The Auditor of Public Accounts or the DLG may withdraw any approval granted under this subsection if the board, commission, or agency fails to conduct alternative financial reviews using the procedures and including the terms and components agreed to with the DLG.
 - (f) Any board, commission, or agency approved to provide alternative financial reviews shall notify the Auditor of Public Accounts and the DLG if an irregularity is found in the alternative financial review.
 - (g) Any special purpose governmental entity subject to regulation or oversight by a board, commission, or agency that obtains approval to provide an alternative financial review under this subsection shall have the option of having an alternative financial review performed by the board, commission, or agency, or may contract for the application of an attestation engagement as provided in subsection (1)(a) of this section.
- (4) The DLG shall determine which procedures conducted under attestation standards will apply to special purpose governmental entities meeting the conditions established by subsection (1)(a) of this section. The DLG may determine that additional procedures be conducted under attestation standards for specific categories of special purpose governmental entities or for specific special purpose governmental entities, as needed, to obtain the oversight and information deemed necessary by the DLG.
- (5) Based on the information submitted by special purpose governmental entities under KRS 65A.020 and 65A.090, the DLG shall determine when each special purpose governmental entity was last audited, and shall notify the special purpose governmental entity of when each audit or attestation engagement is due under the new standards and requirements of this section.
- (6) (a) In determining the requirements relating to audits and financial statements of special purpose governmental entities under subsection (1) of this section, the DLG may exclude annual receipts received by the special purpose governmental entity if:
- 1. The receipts constitute nonrecurring, nonoperating grants for the purpose

- of capital asset acquisition, capital construction, disaster recovery efforts, or other one (1) time purposes as determined by the DLG; and
2. The special purpose governmental entity requests, in writing to the DLG and for each fiscal year it receives the revenue in question, that the revenues in question not be included in determining its annual revenues.
 - (b) In determining the requirements relating to audits and financial statements under subsection (1) of this section of special purpose governmental entities that are public use airports operating under KRS 183.132 to 183.160, the DLG may exclude annual receipts received by those public use airports if the receipts constitute nonoperating or recurring grants for the purpose of capital asset acquisition, capital construction, disaster recovery efforts, or other one (1) time purposes as determined by the DLG.
 - (c) Any receipts excluded under paragraph (a) or (b) of this subsection shall still be reported as required under KRS 65A.020(2)(a)2.
 - (7) The DLG may promulgate administrative regulations pursuant to KRS Chapter 13A to implement the provisions of this section.

Effective: July 15, 2020

History: Amended 2020 Ky. Acts ch. 27, sec. 2, effective July 15, 2020. -- Amended 2015 Ky. Acts ch. 17, sec. 3, effective June 24, 2015. -- Amended 2014 Ky. Acts ch. 7, sec. 3, effective March 19, 2014. -- Created 2013 Ky. Acts ch. 40, sec. 3, effective March 21, 2013.

Legislative Research Commission Note (3/19/2014). 2014 Ky. Acts ch. 7, sec. 11 provides that the amendments to this statute made in 2014 Ky. Acts ch. 7, sec. 3, shall apply retroactively beginning January 1, 2014.

65A.040 Failure to submit information or submitting noncompliant information -- Notice -- Withholding of funds -- Audit or special examination -- Distribution of funds upon compliance -- Action to enforce reporting requirements.

- (1) The provisions of this section shall apply when any special purpose governmental entity fails to submit information or submits noncompliant information under KRS 65A.020.
- (2) If a special purpose governmental entity fails to submit information in a timely manner or submits noncompliant information, the DLG shall, within thirty (30) days after the due date of the information, notify the special purpose governmental entity and the establishing entity in writing that:
 - (a) Either:
 1. The required information was not submitted in a timely manner; or
 2. The information submitted was noncompliant and the reason for noncompliance;
 - (b) The special purpose governmental entity shall have thirty (30) days from the date of the notice to submit the information; and
 - (c) Failure to submit compliant information:
 1. Will result in:
 - a. Any funds due the entity and in the possession of any agency, entity, or branch of state government being withheld by the state government entity until the report or information is submitted; and
 - b. Publication of a notice of noncompliance in a newspaper having general circulation in the area where the special purpose governmental entity operates; and
 2. May result in the Auditor of Public Accounts or the auditor's designee performing an audit or special examination of the special purpose governmental entity at the expense of the entity.
- (3) Upon the failure of a special purpose governmental entity to submit information in response to the notice sent under subsection (2) of this section, the DLG shall, within fifteen (15) days after the passage of the thirty (30) day period:
 - (a) Notify in writing the Auditor of Public Accounts, the establishing entity, and any entity having oversight or responsibility of the special purpose governmental entity at the state level. The notice shall include at a minimum the name, mailing address, and primary contact name for the special purpose governmental entity, as well as details about the information that is past due;
 - (b) Notify the Finance and Administration Cabinet that the special purpose governmental entity has failed to comply with the reporting requirements of KRS 65A.010 to 65A.090, and that any funds in the possession of any agency, entity, or branch of state government shall be withheld until further notice; and
 - (c)
 1. Cause to be published in the newspaper having general circulation in the area where the special purpose governmental entity operates a notice of

noncompliance. The notice shall meet the requirements of KRS Chapter 424 and shall include:

- a. Identification of the special purpose governmental entity;
 - b. A statement that the special purpose governmental entity failed to comply with the reporting requirements established by KRS 65A.020;
 - c. The names of the board members of the special purpose governmental entity;
 - d. The name and contact information of the individual provided as the contact for the special purpose governmental entity; and
 - e. Any other information the DLG may require.
 2. The cost of publication of the notice shall be borne by the special purpose governmental entity. If the notice includes more than one (1) special purpose governmental entity, the cost shall be divided equally among the entities included in the notice.
- (4) Upon receipt of notification under subsection (3)(b) of this section, the secretary of the Finance and Administration Cabinet shall, within ten (10) days after receipt of the notice, notify all state agencies, entities, and branches of state government to withhold any funds due the noncompliant special purpose governmental entity.
- (5) (a) The Auditor of Public Accounts shall, within thirty (30) days after the receipt of information from the DLG under subsection (3)(a) of this subsection, notify in writing the special purpose governmental entity that the entity may be subject to an audit or special examination at the expense of the special purpose governmental entity.
- (b) The Auditor of Public Accounts may initiate an audit or special examination of any special purpose governmental entity any time after sending the notice required by paragraph (a) of this subsection. Any audit or special examination initiated pursuant to this subsection shall be at the expense of the special purpose governmental entity.
- (c) Once commenced, an audit or special examination may be completed regardless of whether the special purpose governmental entity subsequently submits the required information.
- (d) The audit or special examination shall be prepared and submitted as required by KRS 65A.020 and 65A.030.
- (6) Upon receipt of all required information from a noncompliant special purpose governmental entity, the DLG shall notify in writing the Auditor of Public Accounts, the establishing entity, and the Finance and Administration Cabinet, and the secretary of the Finance and Administration Cabinet shall notify all state agencies, entities, and branches of state government that funds withheld may once again be distributed to the special purpose governmental entity.
- (7) Any resident or property owner of the service area of a special purpose governmental entity may bring an action in the Circuit Court to enforce the provisions of KRS 65A.020. The Circuit Court, in its discretion, may allow the

prevailing party, other than the special purpose governmental entity, a reasonable attorney's fee and court costs, to be paid from the special purpose governmental entity's treasury.

Effective: March 21, 2013

History: Created 2013 Ky. Acts ch. 40, sec. 4, effective March 21, 2013.

**65A.050 Administrative dissolution of special purpose governmental entity --
Dissolution by governing body.**

- (1) (a) As used in this subsection, "entity seeking dissolution" shall mean:
1. The DLG;
 2. If the special purpose governmental entity was established by one (1) county, or by one (1) city, the governing body of the county or city that established the special purpose governmental entity;
 3. If the special purpose governmental entity was established by multiple counties and cities, the governing bodies of all establishing entities; or
 4. If the special purpose governmental entity was established other than by an establishing entity, the governing body or bodies of the county or counties in which the special purpose governmental entity provides or provided services, or operates or operated.
- (b) Any special purpose governmental entity that meets at least one (1) of the following criteria may be administratively dissolved:
1. The special purpose governmental entity has taken no action for two (2) or more consecutive years;
 2. Following a written inquiry from the entity seeking dissolution, the chair of the special purpose governmental entity either:
 - a. Notifies the entity seeking dissolution in writing that the special purpose governmental entity has not had a governing board, or has not had a sufficient number of governing board members to constitute a quorum for two (2) or more consecutive years; or
 - b. Fails to respond to the inquiry within thirty (30) days;
 3. The special purpose governmental entity fails to register with the DLG as required by KRS 65A.090;
 4. The special purpose governmental entity fails to file the information required by KRS 65A.020 for two (2) or more consecutive years; or
 5. The governing body of the special purpose governmental entity provides documentation to the DLG or the governing body or bodies of the establishing entity that it has unanimously adopted a resolution declaring the special purpose governmental entity inactive.
- (c) To begin the process of administrative dissolution, the entity seeking dissolution shall provide notification of the proposed administrative dissolution as provided in this paragraph:
1. The entity seeking dissolution shall:
 - a. Post a notice of proposed administrative dissolution on the registry established by KRS 65A.020;
 - b. For administrative dissolutions under subparagraphs 3., 4., and 5. of paragraph (b) of this subsection, publish, in accordance with the provisions of KRS Chapter 424, a notice of proposed

administrative dissolution, with the cost of the publication billed to the special purpose governmental entity for which administrative dissolution is sought;

- c. Mail a copy of the notice to the registered contact for the special purpose governmental entity, if any; and
- d. Mail a copy of the notice as follows:
 - i. If the dissolution is sought by the DLG, to the governing body of the establishing entity or county, and to all entities at the state level having oversight of or responsibility for the special purpose governmental entity; and
 - ii. If the dissolution is sought by an establishing entity or county, to the DLG and any other establishing entities or counties, and to all entities at the state level having oversight of or responsibility for the special purpose governmental entity; and

2. The notice shall include:

- a. The name of the entity seeking dissolution, and contact information for the entity;
- b. The name of the special purpose governmental entity for which dissolution is sought;
- c. The statutes under which the special purpose governmental entity was organized and operating;
- d. A description of the services provided and the territory of the special purpose governmental entity;
- e. If there is a plan of dissolution as required by paragraph (e) of this subsection, identification of the place where the plan of dissolution may be reviewed;
- f. A statement that any objections to the administrative dissolution shall be filed in writing with the entity seeking to dissolve the special purpose governmental entity within thirty (30) days after the publication date, and the address and process for submitting such objections; and
- g. A statement that if no written objections are received within thirty (30) days of publication of the notice, the special purpose governmental entity shall be administratively dissolved.

- (d) 1. Any resident living in or owning property in the area served by the special purpose governmental entity for which dissolution is sought, who is not a member of the governing body of the special purpose governmental entity or an immediate family member of a member of the governing body of the special purpose governmental entity, may file a written objection to the dissolution with the entity seeking dissolution. The written objection shall state the specific reasons why the special purpose governmental entity shall not be dissolved, and shall be filed

within thirty (30) days after the posting of the notice on the registry as required by paragraph (c) of this subsection.

2.
 - a. Upon the passage of thirty (30) days with no objections filed, and satisfaction of all outstanding obligations of the special purpose governmental entity, the special purpose governmental entity shall be deemed dissolved and, if a dissolution plan was required, the entity seeking dissolution shall proceed to implement the dissolution plan.
 - b. Notification of dissolution shall be provided by the entity seeking dissolution to all other entities listed under paragraph (a) of this subsection. The DLG shall maintain a list of all dissolved special purpose governmental entities and the date of dissolution on the registry established by KRS 65A.020.
 3. If written objections are received within thirty (30) days of the publication on the registry required by paragraph (c) of this subsection, the dissolution process shall be aborted, and the process established by subsection (2) of this section shall be utilized if it is determined that dissolution should still be sought, notwithstanding any other dissolution process that may exist in the Kentucky Revised Statutes for the type of special purpose governmental entity for which dissolution is sought.
- (e) If the special purpose governmental entity for which administrative dissolution is sought:
 1. Is providing services;
 2. Has outstanding liabilities; or
 3. Has assets;the entity seeking dissolution shall, as part of the dissolution process, develop a dissolution plan that includes, as relevant, provisions addressing the continuation of services, the satisfaction of all liabilities, and the distribution of assets of the special purpose governmental entity.
- (2) Any special purpose governmental entity not meeting the requirements for dissolution under subsection (1) of this section, and for which no specific dissolution provisions apply in the Kentucky Revised Statutes, may be dissolved as provided in this subsection:
 - (a) The dissolution of a special purpose governmental entity may be initiated upon:
 1. The affirmative vote of two-thirds (2/3) of the governing body of the special purpose governmental entity and the adoption of an ordinance by the affirmative vote of two-thirds (2/3) of the governing body of each establishing entity;
 2. The adoption of an ordinance by an affirmative vote of two-thirds (2/3) of the governing body of each establishing entity; or
 3. If there is no establishing entity, by the adoption of an ordinance by an affirmative vote of two-thirds (2/3) of the governing body of each

county in which the special purpose governmental entity provides services or operates;

(b) Upon initiation of a dissolution after an affirmative vote as provided in paragraph (a) of this subsection, the special purpose governmental entity for which dissolution is sought shall not assume any new obligations or duties, contract for any new debt, or levy any additional fees or taxes unless the new obligations, duties, debt, fees, or taxes are included in the dissolution plan required by paragraph (c) of this subsection. Any contract or agreement or plan for new obligations, duties, debt, fees, or taxes entered into or devised in violation of this paragraph shall be void;

(c) After voting to commence dissolution of a special purpose governmental entity, the governing body or bodies initiating the dissolution shall:

1. Develop a dissolution plan which, if adopted by an establishing entity shall be by ordinance, which shall include but not be limited to:

a. A description of how the necessary governmental services provided by the special purpose governmental entity will be provided upon dissolution of the entity or a statement that the services are no longer needed;

b. A plan for the satisfaction of any outstanding obligations of the special purpose governmental entity, including the continuation of any tax levies or fee payments necessary to meet the outstanding obligations;

c. Assurances from any organization or entity that will be assuming responsibility for services provided by the special purpose governmental entity, or that will assume the obligations of the special purpose governmental entity, that the organization or entity will, in fact, provide the services or assume the obligations;

d. A plan for the orderly transfer of all assets of the special purpose governmental entity in a manner that will continue to benefit those to whom services were provided by the special purpose governmental entity;

e. A date upon which final dissolution of the special purpose governmental entity shall occur; and

f. Any other information the governing body wishes to include.

The dissolution plan shall be available for public review at least thirty (30) days prior to the public hearing required by subparagraph 2. of this paragraph;

2. Hold a public hearing in each county and city that is participating in the dissolution to present the proposed dissolution plan and receive feedback from the public. The time and location of the hearing, as well as the location where a copy of the dissolution plan may be reviewed by the public prior to the hearing, shall be advertised as provided in KRS 424.130, and shall be posted on the registry established by KRS

65A.020. The hearing shall be held not less than fifteen (15) days, nor more than thirty (30) days, after the publication of the notice in the newspaper;

3. Send a copy of the notice required by subparagraph 2. of this paragraph to the DLG and to any state entity with oversight authority of the special purpose governmental entity;
 4. If the dissolution plan is amended after the public hearing, make the amended dissolution plan available for public inspection for at least fifteen (15) days prior to the final vote of the governing body under subparagraph 6. of this paragraph;
 5. If the special purpose governmental entity is a utility as defined in KRS 278.010(3), obtain approval from the Public Service Commission pursuant to KRS 278.020(6); and
 6. Within sixty (60) days after the date of the public hearing, finally approve or disapprove the dissolution of the special purpose governmental entity and the dissolution plan. Approval shall require:
 - a. If initiated by the governing board of the special purpose governmental entity, the affirmative vote of two-thirds (2/3) of the members of the governing body of the special purpose governmental entity and the adoption of an ordinance by two-thirds (2/3) of the members of the governing body of each establishing entity;
 - b. The adoption of an ordinance by two-thirds (2/3) of the members of the governing body of each establishing entity; or
 - c. If there is no establishing entity, by the adoption of an ordinance by two-thirds (2/3) of the members of the governing body of each county in which the special purpose governmental entity provided services or operated;
- (d) The governing body or bodies shall notify the DLG of the outcome of the vote or votes taken pursuant to subparagraph 6. of paragraph (c) of this subsection; and
- (e) Notwithstanding any other provision of this section, the dissolution of a special purpose governmental entity shall not be final until all obligations of the special purpose governmental entity have been satisfied or have been assumed by another entity.

Effective: April 8, 2016

History: Amended 2016 Ky. Acts ch. 50, sec. 4, effective April 8, 2016. -- Created 2013 Ky. Acts ch. 40, sec. 5, effective March 21, 2013.

Legislative Research Commission Note (3/21/2013). Under the authority of KRS 7.136, the Reviser of Statutes has corrected manifest clerical or technical errors in this statute. In subsection (1)(c)1.d.i., the word "the" has been inserted before "special purpose governmental entity." In subsection (2)(a)1., the words "vote or" have been changed to read "vote of." In subsection (2)(c)5., the word "a" has been inserted before "utility," and in subsection (2)(d), the word "of" has been inserted

before "the vote or votes."

Legislative Research Commission Note (3/21/2013). In subsection (2)(c)4. of this statute, a reference to "subparagraph 5." has been changed to read "subparagraph 6." During the drafting of the bill that created this statute (2013 Ky. Acts ch. 40, sec. 5), the former subparagraph 5. was renumbered as subparagraph 6., but an internal reference to subparagraph 5. was not corrected. In codifying this section, the Reviser of Statutes has made this correction pursuant to KRS 7.136(1).

65A.060 Educational materials and programs for governing bodies and employees.

The DLG shall provide, or shall arrange for the provision of, educational materials and programs for the governing bodies and employees of special purpose governmental entities to inform them of their duties and responsibilities under the provisions of this chapter and issues related thereto. In developing the materials and programs, the DLG shall consult with public entities as defined in KRS 65.310. The DLG may promulgate administrative regulations under KRS Chapter 13A to implement this section.

Effective: March 21, 2013

History: Created 2013 Ky. Acts ch. 40, sec. 6, effective March 21, 2013.

65A.070 Code of ethics.

- (1)
 - (a) The board, officers, and employees of each special purpose governmental entity shall be subject to the code of ethics of the establishing entity in which the special purpose governmental entity's principal business office is located.
 - (b) If the principal business office is located in more than one (1) establishing entity, the board of the special purpose governmental entity shall select one (1) of the applicable codes of ethics that will apply.
 - (c) If there is no establishing entity, the board, officers, and employees of the special purpose governmental entity shall be subject to the code of ethics of the county in which the special purpose governmental entity's principal business office is located.
- (2) The governing body of a special purpose governmental entity may adopt ethics provisions that are more stringent than those of the establishing entity in which its principal business office is located. If more stringent provisions are adopted, the governing body of the special purpose governmental entity shall, within twenty-one (21) days of the adoption of the provisions, deliver a copy of the provisions to the DLG and the establishing entity. Any subsequent amendments shall also be delivered to the DLG and the establishing entity within twenty-one (21) days of adoption. The DLG shall include any documents provided under this section as part of the public records and lists maintained under KRS 65.003(5)(a).

Effective: March 21, 2013

History: Created 2013 Ky. Acts ch. 40, sec. 7, effective March 21, 2013.

65A.080 Annual budget -- Publication of information.

- (1) The governing body of each special purpose governmental entity shall annually adopt a budget conforming with the requirements established under KRS 65A.020 prior to the start of the fiscal year to which the budget applies. The adopted budget may be amended by the governing body of the special purpose governmental entity throughout the fiscal year using the same process that was used for adoption of the original budget. No moneys shall be expended from any source except as provided in the originally adopted or subsequently amended budget.
- (2) In lieu of the publication requirements of KRS 424.220, but in compliance with other applicable provisions of KRS Chapter 424, each special purpose governmental entity shall, within sixty (60) days after the close of each fiscal year, publish the location where the adopted budget, financial statements, and most recent audit or attestation engagement reports may be examined by the public.

Effective: March 19, 2014

History: Amended 2014 Ky. Acts ch. 7, sec. 4, effective March 19, 2014. -- Created 2013 Ky. Acts ch. 40, sec. 8, effective March 21, 2013.

Legislative Research Commission Note (3/19/2014). 2014 Ky. Acts ch. 7, sec. 11 provides that the amendments to this statute made in 2014 Ky. Acts ch. 7, sec. 4, shall apply retroactively beginning January 1, 2014.

65A.090 Registration with Department for Local Government -- Notification -- Failure to register -- Action to enforce prohibition against taxes and fees.

- (1)
 - (a) To establish a complete list of all special purpose governmental entities operating in Kentucky on March 21, 2013, so that the registry established pursuant to KRS 65A.020 will be comprehensive, every existing special purpose governmental entity shall register with the DLG as provided in this subsection.
 - (b) Registration shall occur prior to December 31, 2013, and shall be in the form and format required by the DLG, provided that in addition to the information required by the DLG, all special purpose governmental entities shall report to the DLG the date the last independent audit of the entity was conducted.
 - (c) Between March 21, 2013, and December 31, 2013, the DLG, with assistance from the area development districts created under KRS 147A.050, public entities as defined in KRS 65.310, and the Auditor of Public Accounts, shall notify all special purpose governmental entities of which it is aware of the registration requirement established by this subsection, and of the consequences of failing to register in a timely manner.
- (2) The governing body of any special purpose governmental entity established on or after January 1, 2014, shall, within fifteen (15) days of the establishment of the entity, file with the DLG the information required by subsection (2)(a)1. of KRS 65A.020 and any other information required by the DLG.
- (3) Notwithstanding any other provision of the Kentucky Revised Statutes, any special purpose governmental entity that fails to provide information to the DLG as required under this section shall be:
 - (a) Subject to administrative dissolution as provided in KRS 65A.050; and
 - (b) Prohibited from levying or collecting any tax, fee, assessment, or charge beginning January 1, 2014, through the date the entity registers with the DLG.

To enforce paragraph (b) of this subsection, any resident or property owner of the service area of a special purpose governmental entity may bring an action in the Circuit Court. The Circuit Court, in its discretion, may allow the prevailing party, other than the special purpose governmental entity, a reasonable attorney's fee and court costs, to be paid from the special purpose governmental entity's treasury.

Effective: March 21, 2013

History: Created 2013 Ky. Acts ch. 40, sec. 9, effective March 21, 2013.

65A.100 Repealed, 2021. **(Effective January 1, 2021)**

Catchline at repeal: Fees and ad valorem taxes levied by special purpose governmental entities -- Reporting to governing body of city or county -- Reporting exceptions.

History: Repealed 2020 Ky. Acts ch. 90, sec. 4, effective January 1, 2021. -- Amended 2014 Ky. Acts ch. 7, sec. 5, effective March 19, 2014. -- Amended 2013 Ky. Acts ch. 124, sec. 8, effective June 25, 2013. -- Created 2013 Ky. Acts ch. 40, sec. 85, effective March 21, 2013.

**65A.110 Fees and ad valorem taxes levied by special purpose governmental entities
-- Reporting to governing body of city or county -- Reporting exceptions.**

- (1) This section applies to any ad valorem tax or fee levied by a special purpose governmental entity that is not otherwise required by statute or ordinance to be adopted or approved through an official act of an establishing entity.
- (2) This section does not apply to:
 - (a) An air board established or operating under KRS 183.132 to 183.160;
 - (b) A fire protection district established or operating under KRS Chapter 75; or
 - (c) An ambulance taxing district established or operating under KRS 108.090 to 108.180.
- (3) As used in this section, "compensating tax rate" has the same meaning as in KRS 132.010 and applies to all special purpose governmental entities with the authority to levy ad valorem taxes, regardless of whether the special purpose governmental entity is subject to KRS 132.023 or any other provision of the Kentucky Revised Statutes that requires advertisement or allows for voter recall.
- (4)
 - (a) Notwithstanding any other provision of the Kentucky Revised Statutes, any special purpose governmental entity, other than the special purpose governmental entities described in subsection (2) of this section, proposing to levy:
 1. An ad valorem tax rate for the upcoming year that is projected to generate more revenue than would be generated by the levy of the compensating tax rate; or
 2. An ad valorem tax for the first time;shall submit in writing the proposed rate to the establishing entity. If the establishing entity includes more than one (1) city or county, or if there is no establishing entity, the rate shall be submitted to the governing body of the city or county in which the largest number of citizens served by the special purpose governmental entity reside. If the special purpose governmental entity serves only the residents of a city, the notice shall be provided to the governing body of that city. The rate shall be submitted no later than seven (7) days after the adoption of the ordinance, order, resolution, or motion to levy a tax rate that exceeds the compensating tax rate, or to levy a new ad valorem tax.
 - (b) The governing body of the city or county to which the rate was submitted shall have thirty (30) days from the date of submission to:
 1. Approve or fail to act on the proposed rate, in which case the proposed rate may be implemented by the special purpose governmental entity after all other statutory requirements for levying the rate are met;
 2.
 - a. Approve a rate that is less than the proposed rate but greater than the compensating tax rate when the special purpose governmental entity is proposing the levy of a rate that is projected to generate more revenue than would be generated by the levy of the

compensating tax rate; or

- b. Approve a rate that is less than the proposed rate when the special purpose governmental entity is proposing the levy of an ad valorem tax for the first time.

If the governing body approves a rate under subdivision a. or b. of this subparagraph, the approved amount of the rate may be implemented by the special purpose governmental entity after all other statutory requirements for levying the rate are met; or

- 3. Disapprove the entire proposed rate by a majority vote of the governing body, in which case subdivisions a. and b. of this subparagraph shall apply:
 - a. If the special purpose governmental entity levied an ad valorem tax during the current year, the special purpose governmental entity may levy a rate for the upcoming year that does not exceed the compensating tax rate; and
 - b. If the special purpose governmental entity is proposing an initial levy, the levy shall not be imposed, and the special purpose governmental entity shall wait at least one (1) year before proposing another ad valorem tax levy.
- (c) Upon request of a special purpose governmental entity, the DLG shall calculate rates on behalf of the special purpose governmental entity.
- (5) (a) Notwithstanding any other provision of the Kentucky Revised Statutes, any special purpose governmental entity, other than the special purpose governmental entities described in subsection (2) of this section, proposing the imposition of a new fee, or a fee which is expected to produce increased revenue as compared to revenue generated during the prior fiscal year, and that is not subject to an approval process for the proposed fee under another provision of the Kentucky Revised Statutes or administrative regulations promulgated pursuant thereto, shall submit the proposed fee to the establishing entity. If the establishing entity includes more than one (1) city or county, or if there is no establishing entity, the fee shall be submitted to the governing body of the city or county in which the largest number of citizens served by the special purpose governmental entity reside, except as provided in subsection (6) of this section. If the special purpose governmental entity serves only the residents of a city, the notice shall be provided to the governing body of that city. The proposed fee shall be submitted to the relevant city or county no later than forty-five (45) days prior to the scheduled implementation of the fee.
- (b) The governing body of the city or county shall have thirty (30) days from the date of submission to:
 - 1. Approve or fail to act on the proposed fee, in which case the proposed fee may be implemented by the special purpose governmental entity after all other statutory requirements for levying the fee are met;

2. Approve a fee in an amount less than the amount of the proposed fee, in which case the approved fee amount may be implemented by the special purpose governmental entity after all other statutory requirements for levying the fee are met; or
 3. Disapprove the entire proposed fee by a majority vote of the governing body, in which case subdivisions a. and b. of this subparagraph shall apply:
 - a. If a proposed increase of an existing fee is disapproved, any fee then in existence shall remain unchanged, and the special purpose governmental entity shall not seek to increase the fee again for at least one (1) year from the date of the submission of the disapproved fee increase; and
 - b. If a proposed initial fee is disapproved, the special purpose governmental entity shall not seek to impose the fee again for at least one (1) year from the date of the submission of the disapproved initial fee.
- (6) The requirements established by subsection (5) of this section shall not apply to the following provisions of this subsection:
- (a) Rental fees;
 - (b) Fees established by contractual arrangement;
 - (c) Admission fees;
 - (d) Fees or charges to recover costs incurred by a special purpose governmental entity for the connection, restoration, relocation, or discontinuation of any service requested by any person;
 - (e) Any penalty, interest, sanction, or other fee or charge imposed by a special purpose governmental entity for a failure to pay a charge or fee, or for the violation or breach of or failure to pay or perform as agreed pursuant to a contractual agreement or as reflected in a published schedule;
 - (f) Amounts charged to customers or contractual partners for nonessential services provided on a voluntary basis;
 - (g) Fees or charges authorized under federal law that pursuant to federal law may not be regulated by the Commonwealth or local governments within the Commonwealth;
 - (h) Purchased water or sewage treatment adjustments, as authorized by KRS 278.015, made by a special purpose governmental entity as a direct result of a rate increase by its wholesale water supplier or wholesale sewage treatment provider;
 - (i) Any new fee or fee increase for which a special purpose governmental entity must obtain prior approval from the Public Service Commission pursuant to KRS Chapter 278;
 - (j) Other charges or fees imposed by a special purpose governmental entity for the provision of any service that is also available on the open market; or

- (k) Fees or charges imposed by municipal utilities for the provision of power, water, wastewater, natural gas, or telecommunications services, unless submission is otherwise required by statute or an ordinance adopted by the establishing entity.
- (7) (a) Subsections (4) and (5) of this section shall not be interpreted as transferring any tax-levying or fee-levying authority granted to a special purpose governmental entity under any other provision of the Kentucky Revised Statutes to cities and counties charged with reviewing tax and fee increases under this section.
(b) This section shall not be interpreted to grant tax-levying or fee-levying authority on behalf of special purpose governmental entities to any city or county reviewing tax rates or fees proposed by a special purpose governmental entity and subject to review under this section.
- (8) This section shall apply independently of and in addition to any other statutory requirements and provisions relating to the levy of ad valorem taxes or fees by special purpose governmental entities, other than the special purpose governmental entities described in subsection (2) of this section, including statutory rate limits, public hearing requirements, and recall provisions, and shall not be interpreted to circumvent, supplant, or otherwise replace those requirements and provisions.
- (9) The provisions of this section shall not be interpreted as limiting the ability of any city, county, or other establishing entity to impose reporting or submission requirements that are more stringent than those established in this section.

Effective: January 1, 2021

History: Created 2020 Ky. Acts ch. 90, sec. 1, effective January 1, 2021.