

1 AN ACT relating to real property taxes levied by fire districts.

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

3 ➔Section 1. KRS 75.015 is amended to read as follows:

- 4 (1) A fire protection subdistrict may be formed according to the provisions of this
5 section. A fire protection subdistrict shall:
- 6 (a) Be located within the territorial limits of a fire protection district or volunteer
7 fire department district;
 - 8 (b) Have a continuous boundary; and
 - 9 (c) Be managed by the board of trustees of the district, which shall:
 - 10 1. Impose an ad valorem tax on property in the subdistrict in addition to the
11 ad valorem tax the board imposes on property in the district as a whole;
12 and
 - 13 2. Expend the revenue from that additional tax on improved fire protection
14 facilities and services for the subdistrict.
- 15 (2) Persons desiring to form a fire protection subdistrict shall present a petition to the
16 fiscal court clerk and to each member of the fiscal court. The petition shall be
17 accompanied by a map and a metes and bounds description or other description
18 which specifically identifies the boundaries of the proposed subdistrict. The petition
19 shall be signed by more than sixty percent (60%) of the persons who both:
- 20 (a) Live within the proposed subdistrict; and
 - 21 (b) Own property that is located within the proposed subdistrict and is subject to
22 taxation by the district under KRS 75.040.
- 23 (3) The petition shall contain the name and address of each petitioner and the address of
24 each petitioner's property that is located within the proposed subdistrict. It shall be
25 in substantially the following form: "The following owners of property located
26 within (insert the name of the fire protection district or volunteer fire department
27 district) hereby petition the fiscal court to form a fire protection subdistrict located

1 at (insert a brief description of the location of the proposed subdistrict). The board
2 of trustees of (insert the name of the fire protection district or volunteer fire
3 department district) shall have the authority to impose a special ad valorem tax of
4 (insert amount, not to exceed the maximum allowed under subsection (6) of this
5 section) on each one hundred dollars (\$100) worth of property assessed for local
6 taxation in the subdistrict, in order to provide enhanced fire protection for the
7 subdistrict. This tax shall be in addition to the ad valorem tax imposed by the
8 trustees on the district as a whole."

9 (4) Upon receipt of the petition, the fiscal court shall hold a hearing and provide
10 notification in the manner required for creation of a taxing district under KRS
11 65.182(2) to (5). Following the hearing, the fiscal court shall set forth its written
12 findings of fact and shall approve or disapprove the formation of the subdistrict.
13 The creation of the subdistrict shall be of legal effect only upon the adoption of an
14 ordinance in accordance with the provisions of KRS 67.075 to 67.077. A certified
15 copy of the ordinance creating the subdistrict shall be filed with the county clerk.

16 (5) Upon the creation of a fire protection subdistrict, the trustees shall levy a tax, not to
17 exceed the amount stated in the petition, on the property in the subdistrict, for the
18 purpose of improving fire protection facilities and services in the subdistrict.

19 (6) The tax levied under this section, combined with the tax for fire and emergency
20 services levied on the entire district under KRS 75.040, shall not exceed:

21 (a) Ten cents (\$0.10) per one hundred dollars (\$100) of valuation as assessed for
22 county taxes if neither the fire district nor the fire subdistrict operates an
23 emergency ambulance service under KRS 75.040; or

24 (b) Twenty cents (\$0.20) per one hundred dollars (\$100) of valuation as assessed
25 for county taxes if either the fire district or fire subdistrict operates an
26 emergency ambulance service under KRS 75.040. **However, any portion of**
27 **the tax rate that is above ten cents (\$0.10) per one hundred dollars (\$100) of**

1 assessed valuation is subject to opt-out provisions of subsection (7) of this
2 section.

3 At no time shall the trustees increase either of these taxes so that the combined total
4 exceeds this limit.

5 (7) (a) As used in this subsection:

6 1. "Opt out" means a voluntary choice to not have a tax assessed on real
7 property; and

8 2. "Portion of the tax rate" means the portion of the real property tax
9 rate levied under subsection (6)(b) of this section that exceeds ten
10 cents (\$0.10) per one hundred dollars (\$100) of assessed valuation.

11 (b) When a city or county provides an emergency ambulance service and a fire
12 protection subdistrict located within that city or county levies a tax rate in
13 accordance with subsection (6)(b) of this section, the fire protection
14 subdistrict shall provide each person who owns real property located within
15 the fire protection subdistrict the option to opt out of a portion of the tax
16 rate.

17 (c) Prior to the levy of the tax rate provided by subsection (6)(b) of this section,
18 the fire protection subdistrict shall advertise a property owner's option to
19 opt out of a portion of the tax rate by publishing a notification at least twice
20 in two (2) consecutive weeks in the newspaper of largest circulation in the
21 county. The size of the newspaper advertisement shall not be less than
22 twelve (12) column inches, and shall include:

23 1. The total tax rate levied by the fire protection subdistrict;

24 2. The portion of the tax rate from which a property owner may choose
25 to opt out;

26 3. The process for a property owner to opt out of a portion of the
27 property tax rate; and

1 shall be assessed to the property owner on a written itemized
 2 statement. Disputes involving fees shall be submitted to arbitration by
 3 the commission.

4 (g) Each year the county clerk shall provide to the fire protection subdistrict a
 5 list of all property owners who have opted out of a portion of the tax rate
 6 and a list of the property addresses of property owners who have opted out
 7 of a portion of the tax rate.

8 (h) The county clerk shall maintain records identifying the boundaries of
 9 districts providing emergency ambulance services. The fire protection
 10 subdistrict, city, and county shall provide the county clerk any information
 11 needed in order to maintain accurate records for the boundaries.

12 (8) The county clerk shall add the levy to the tax bills of the affected property owners.
 13 For taxing purposes, the effective date of the tax levy shall be January 1 of the year
 14 following the certification and creation of the subdistrict. The tax shall be
 15 administered in the same manner as the tax on the entire district under KRS
 16 75.040(2) and (3).

17 ~~(9)~~~~(8)~~ The board of trustees shall not reduce the tax rate imposed on property in the
 18 district as a whole as a result of receiving extra revenue from the additional tax on
 19 property in the subdistrict. The trustees shall expend the extra revenue solely on
 20 improving fire protection facilities and services in the subdistrict and shall not
 21 expend the extra revenue on facilities or services that are shared by the entire
 22 district.

23 ~~(10)~~~~(9)~~ Fire subdistrict taxes shall be placed on the tax bill in a place separate from
 24 the bill of the fire district tax so that ratepayers can ascertain the amount of each tax
 25 and its rate.

26 ~~(11)~~~~(10)~~ The sheriff shall separately account to the fire district for the funds collected
 27 for each subdistrict within the fire district.

1 ~~(12)~~~~(11)~~ Fire districts shall maintain a separate accounting of all subdistrict funds, and
2 if there is more than one (1) subdistrict, a separate accounting for each subdistrict.

3 ➔Section 2. KRS 75.040 is amended to read as follows:

4 (1) (a) Upon the creation of a fire protection district or a volunteer fire
5 department district as provided in KRS 75.010 to 75.031, the trustees of
6 a district are authorized to establish and operate a fire department and
7 emergency ambulance service as provided in subsection (6) of this
8 section and to levy a tax upon the property in the district. Property that
9 may be taxed includes property within cities in a fire protection district
10 or a volunteer fire department district:

- 11 1. As provided by KRS 75.022; or
- 12 2. Within the metes and bounds of a city that does not maintain a regular
13 fire department as defined by KRS 95.010(3)(b).

14 The property taxed shall be subject to county tax, and the tax levied by the
15 district shall not exceed ten cents (\$0.10) per one hundred dollars (\$100) of
16 valuation as assessed for county taxes, for the purpose of defraying the
17 expenses of the establishment, maintenance, and operation of the fire
18 department or to make contracts for fire protection for the districts as provided
19 in KRS 75.050. The rate set in this subsection shall apply, notwithstanding the
20 provisions of KRS 132.023.

21 (b) 1. A fire protection district or a volunteer fire department district that
22 establishes and operates an emergency ambulance service and is the
23 primary service provider in the district may levy a tax upon the property
24 in the district not to exceed twenty cents (\$0.20) per one hundred dollars
25 (\$100) of valuation as assessed for county taxes, for the purpose of
26 defraying the expenses of the establishment, maintenance, and operation
27 of the fire department and emergency ambulance service or to make

1 contracts for fire protection for the districts as provided in KRS 75.050.
2 However, any portion of the tax rate that is above ten cents (\$0.10) per
3 one hundred dollars (\$100) of assessed valuation is subject to the opt-
4 out provisions of subparagraph 2. of this paragraph. The rate set in
5 this subsection shall apply, notwithstanding the provisions of KRS
6 132.023.

7 2. a. As used in this subparagraph:

8 i. "Opt out" means a voluntary choice to not have a tax
9 assessed on real property; and

10 ii. "Portion of the tax rate" means the portion of the real
11 property tax rate levied under subparagraph 1. of this
12 paragraph that exceeds ten cents (\$0.10) per one hundred
13 dollars (\$100) of assessed valuation.

14 b. When a city or county provides an emergency ambulance service
15 and a fire protection district or volunteer fire district located
16 within that city or county levies a tax rate in accordance with
17 subparagraph 1. of this paragraph, the fire protection district or
18 volunteer fire district shall provide each person who owns real
19 property located within the fire protection district or volunteer
20 fire district the option to opt out of a portion of the tax rate.

21 c. Prior to the levy of the tax rate provided by subparagraph 1. of
22 this paragraph, the fire protection district or volunteer fire
23 district shall advertise a property owner's option to opt out of a
24 portion of the tax rate by publishing a notification at least twice
25 in two (2) consecutive weeks in the newspaper of largest
26 circulation in the county. The size of the newspaper
27 advertisement shall not be less than twelve (12) column inches,

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and shall include:

- i. The total tax rate levied by the fire protection district or volunteer fire district;
- ii. The portion of the tax rate from which a property owner may choose to opt out;
- iii. The process for a property owner to opt out of a portion of the property tax rate; and
- iv. A statement to the effect that the General Assembly has required publication of the advertisement and a reference to this section.

In lieu of the two (2) published notices, a single notice containing the required information may be sent by first-class mail to each person owning real property in the fire protection district or volunteer fire district, addressed to the owner at his or her residence or principal place of business as shown on the current year property tax roll.

d. To opt out of a portion of the property tax rate as permitted by subparagraph 2.b. of this paragraph, the property owner shall notify the county clerk of the county in which the fire protection district or volunteer fire district is located. After opting out of the portion of the tax rate, the county clerk shall provide the property owner a written confirmation that he or she has successfully opted out of the portion of the tax rate.

e. Once a property owner chooses to opt out of a portion of the tax rate, the portion of the tax rate shall not be assessed on the property tax bill for the property unless:

- i. The property owner contacts the county clerk to notify the

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county clerk that he or she would like to have the portion of the tax rate assessed on his or her property; or

ii. The property is transferred.

f. i. A fire protection district or a volunteer fire district may charge a fee to the property owner if the fire protection district or volunteer fire district responds to an emergency ambulance service request at a property address of a property owner who chose to opt out of the portion of the tax rate.

ii. The fee charged to the property owner shall be equal to an amount that enables the fire protection district or volunteer fire district to recover the total necessary and reasonable costs incurred for providing the service and shall be assessed to the property owner on a written itemized statement. Disputes involving fees shall be submitted to arbitration by the commission.

g. Each year the county clerk shall provide to the fire protection district and volunteer fire district a list of all property owners who have opted out of a portion of the tax rate and a list of the property addresses of property owners who have opted out of a portion of the tax rate.

h. The county clerk shall maintain records identifying the boundaries of districts providing emergency ambulance services. The fire protection district, volunteer fire district, city, and county shall provide the county clerk any information needed in order to maintain accurate records for the boundaries.

(2) The establishment, maintenance, and operation of a fire protection district or

- 1 volunteer fire department district shall include, but not be limited to, the following
2 activities:
- 3 (a) Acquisition and maintenance of adequate fire protection facilities;
 - 4 (b) Acquisition and maintenance of adequate firefighting equipment;
 - 5 (c) Recruitment, training, and supervision of firefighters;
 - 6 (d) Control and extinguishment of fires;
 - 7 (e) Prevention of fires;
 - 8 (f) Conducting fire safety activities;
 - 9 (g) Payment of compensation to firefighters and providing the necessary support
10 and supervisory personnel;
 - 11 (h) Payment for reasonable benefits or a nominal fee to volunteer firefighters
12 when benefits and fees do not constitute wages or salaries under KRS Chapter
13 337 and are not taxable as income to the volunteer firefighters under Kentucky
14 or federal income tax laws; and
 - 15 (i) The use of fire protection district equipment for activities which are for a
16 public purpose and which do not materially diminish the value of the
17 equipment.
- 18 (3) The property valuation administrator of the county or counties involved, with the
19 cooperation of the board of trustees, shall note on the tax rolls the taxpayers and
20 valuation of the property subject to such assessment. The county clerk shall
21 compute the tax on the regular state and county tax bills in such manner as may be
22 directed by regulation of the Department of Revenue.
- 23 (4) Such taxes shall be subject to the same delinquency date, discounts, penalties, and
24 interest as are applied to the collection of ad valorem taxes and shall be collected by
25 the sheriff of the county or counties involved and accounted for to the treasurer of
26 the district. The sheriff shall be entitled to a fee of one percent (1%) of the amount
27 collected by him.

1 (5) Nothing contained in this subsection shall be construed to prevent the trustees of a
2 fire protection district located in a city or county which provides emergency
3 ambulance service from using funds derived from taxes for the purpose of providing
4 supplemental emergency medical services so long as the mayor of the city or the
5 county judge/executive of the county, as appropriate, certifies to the trustees in
6 writing that supplemental emergency medical services are reasonably required in
7 the public interest. For the purposes of this subsection, "supplemental emergency
8 medical services" may include EMT, EMT-D, and paramedic services rendered at
9 the scene of an emergent accident or illness until an emergency ambulance can
10 arrive at the scene.

11 (6) The trustees of those fire protection districts or volunteer fire department districts
12 whose districts or portions thereof do not receive emergency ambulance services
13 from an emergency ambulance service district or, whose districts are not being
14 served by an emergency ambulance service operated or contracted by a city or
15 county government, may develop, maintain, and operate or contract for an
16 emergency ambulance service as part of any fire department created pursuant to this
17 chapter. No taxes levied pursuant to subsection (1) of this section shall be used to
18 develop, maintain, operate, or contract for an emergency ambulance service until
19 the tax year following the year the trustees of the district authorize the establishment
20 of the emergency ambulance service.