

Dratt Consensus Recommendations

1. The Commission recommends that the state transportation funding model, which was designed in the 1940s, be revised to more properly recognize population, areas of economic development, and KYTC backlogs in its road funding determinations. Roads in many areas are simply not keeping up with development and citizens' needs. One way that this could be done that has already been proposed in Frankfort is to protect the current amounts for counties and cities and then to amend the funding model for dollars over and above the current receipts. For example, the first \$850 million in the Road Fund would be distributed based on the current model and any amounts received above \$850 million would be distributed based on a new formula with the above-referenced goals in mind.
2. The Commission has had multiple discussions among commissioners and with the public at public hearings concerning housing. Testimony has also been received from officials with the Metro government that Louisville needs many more affordable housing units. Discussions on this topic have also focused on the need to incentivize home ownership. The Commission recommends, therefore, that the General Assembly enact an affordable housing tax credit to spur economic development of multi-family and single-family affordable housing. This tax credit should be available for urban and rural housing development, as well as multi-family and single-family homes. In crafting this tax credit consideration should be made to construct walkable neighborhoods and increase the tax paying population in the highest taxes areas; transit-oriented development, and homeownership opportunities (whether single family or condominiums). The Commission also acknowledges the unique possibilities in urban areas like Louisville to convert existing office buildings into multi-family and retail functions. This should also include grocery stores to address urban food desert conditions and with an eye toward creating thriving downtown neighborhoods.
3. The Commission encourages the General Assembly to consider current KDA development incentives to include development and business attraction incentives for corporate relocation to attract companies in non-manufacturing sectors. This should supplement existing manufacturing incentives to ensure Kentucky can continue to attract manufacturing to our state. Also related to incentives aimed at growing our economy, the Commission also recommends that the General Assembly amend the KBI statutes to include recurring software and licensing costs associated with each new full-

time job created as eligible costs to qualify for the program. Making these changes to the KBI program would position Kentucky to compete for high paying job growth, allow Kentucky to scale its homegrown companies and small businesses, and attract cutting-edge enterprises. These changes will also help Kentucky to retain our developing talent and establish Louisville as a regional hub for tech companies.

4. The Commission notes that discussions have been ongoing concerning TARC. The Commission recognizes that tax income to the agency has risen an inflation adjusted \$32 million or 38 percent, while ridership has decreased by 65 percent with buses in circulation decreasing by 23 percent. The Commission further finds that a great deal of the Metro area does not receive services from TARC. And while conversations have occurred, the Commission is not prepared to recommend policy changes at this time. However, the Commission recommends that the Metro Council study issues related to TARC to make necessary and substantial improvements primarily focused on persistent governance issues and service across the entire community.

5. The Commission recognizes that local governments are restricted in their ability to levy a diversity of taxes to both meet the needs of their citizens and to incentivize economic development. Currently local governments are largely dependent upon property and occupational taxes. The Commission believes a more diverse tax structure is desirable to meet the citizens' needs. The Commission further encourages the General Assembly to ensure that this does not result in an overall increase in taxes, but that it, rather, results in an offsetting or diversification of taxes to encourage economic development, fairness in the payment of taxes, and adequate resources to meet the needs of the citizens.

Alt 5. The Commission recognizes that local governments are restricted in their ability to levy a diversity of taxes to both meet the needs of their citizens and to incentivize economic development. Currently local governments are largely dependent upon property and occupational taxes. The Commission believes a more diverse tax structure is desirable to meet the citizens' needs. The Commission encourages the General Assembly to present Kentucky voters with the opportunity to approve a constitutional amendment that would allow local governments to implement modernized revenue tools.

6. The Commission recommends that prior to incorporating a new suburban city or annexing to join a suburban city or the Urban Services District, residents must be informed about their options to join the Urban Services District, incorporate a new city, join an existing city via annexation, or to create a new services district. Louisville Metro Government must designate a city department responsible for responding to inquiries and informing the citizens of their options. The department must have and display office hours, an address, a phone number, and an email address on its website. The department must have thorough information about how to join existing service districts, how to create a new service district, how to annex into a suburban city, how to incorporate a new city, and how to privately contract for services as an unincorporated area. The information must include financial impact on the constituents as well as services provided from the various service options. The Commission further recommends that the General Assembly make the process to annex into the Urban Services District the same as annexation into a suburban city.