

**COMMONWEALTH OF KENTUCKY
SHELBY COUNTY FISCAL COURT
ORDINANCE NO. 03-3-02, SERIES 2020**

**AN ORDINANCE ADOPTING AN INTERLOCAL COOPERATION
AGREEMENT BETWEEN THE CITY OF SHELBYVILLE AND SHELBY
COUNTY ESTABLISHING A FRAMEWORK FOR THE SHARING OF
REVENUE RECEIVED FROM BUSINESS LICENSE TAXES**

WHEREAS, the governing bodies of the City of Shelbyville ("City") and Shelby County ("County") have each previously adopted separate ordinances establishing a business license tax within their jurisdictions; and

WHEREAS, it is in the best interest of the City and County to promote economic development, avoid competition for economic development, and to share in the joint promotion of future economic growth; and

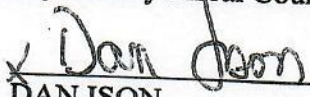
WHEREAS, the City and County desire to enter into an agreement which will establish a framework by which revenue from business license taxes shall be shared between the City and County,

NOW, THEREFORE, BE IT ORDAINED by Shelby County, Kentucky, by and through the Shelby County Fiscal Court that the Interlocal Cooperation Agreement attached hereto, which was executed by both the City and County on December 4, 2019, and which establishes a framework for the sharing of revenue received from business license taxes collected by the City and County, is hereby adopted and incorporated by reference herein as if set forth in its entirety.

This Ordinance shall become effective upon publication and may be published in summary.

INTRODUCED, SECONDED, AND GIVEN A FIRST READING AND APPROVAL at a duly convened meeting of the Shelby County Fiscal Court held on the 18 day of February 2020,

INTRODUCED, SECONDED, AND GIVEN A SECOND READING AND APPROVAL at a duly convened meeting of the Shelby County Fiscal Court held on the 3rd day of March 2020.



DAN ISON
Shelby County Judge Executive

ATTEST:



SUE CAROLE PERRY
Shelby County Clerk

INTERLOCAL COOPERATION AGREEMENT

This agreement is made and entered into this 4TH day of DECEMBER, 2019, pursuant to the Kentucky Interlocal Cooperation Act, KRS 65.210 et seq., by and between the County of Shelby, Kentucky ("County") and the City of Shelbyville, Kentucky ("City");

RECITALS

WHEREAS, the City has a business license tax, as established in Chapter 110 of the Shelbyville Code of Ordinances, which was duly enacted on April 17, 1986 and amended per Ordinance 2005-03-17 on March 17, 2005; and

WHEREAS, the County has a business license tax, as established in Shelby County Ordinance No. 90-1, which was enacted on March 22, 1990; and

WHEREAS, the County exempted from its business license tax all taxpayers who were paying the city's business license tax at the time the ordinance was enacted; and

WHEREAS, it is in the best interest of the City and County to promote economic development, avoid competition for economic development, and to share in the joint promotion of future economic growth; and

WHEREAS, the City and County desire to enter into an agreement which will establish a framework by which revenue from business license taxes shall be shared between the County and City; and

WHEREAS, the City and the County desire to enter this agreement pertaining to the following significant points:

- a. The County and the City shall share equally with each other future increases in business license tax receipts based upon a 1% rate.
- b. During the first five years of this agreement, if territory of the Shelby County Suburban Volunteer Fire District is annexed by the City, the fire district will continue to receive an amount equal to its tax levy from the time of annexation through the end of the first five year period.

NOW THEREFORE, in consideration of the mutual promises hereinafter made, the County and City hereby agree and covenant as follows:

1. Effective July 1, 2019 and continuing during this agreement, all persons engaged in any occupation or business, as defined in Shelby County Ordinance No. 90-1, within the present or future boundaries of the City, who pay a license fee to the City in any fiscal year shall receive a credit against the County license fee equal to 100% of the County license fee otherwise due from that person in that fiscal year.
2. The total business license tax at 1% collected by the County during the period of July 1, 2018 to June 30, 2019 shall be the County's "baseline" for sharing business license tax revenue between the County and the City under this agreement. The business license tax revenue paid by the County to the City of Simpsonville under its revenue sharing agreement shall not, however, be included in the County's total business license tax collection for determining the County's "baseline".
3. The total business license tax at 1% collected by the City during the period of July 1, 2018 to June 30, 2019, shall be the City's "baseline" for sharing business license tax revenue between the County and the City under this agreement.
4. Business license tax receipts for the County and City shall be totaled for the one-year period ending on June 30, 2020 and on June 30th of each year thereafter of this agreement. The County's total business license tax receipts shall not include the 50% of business license tax collected by the County in Simpsonville and paid by the County to Simpsonville under the Revenue Sharing Agreement between the County and Simpsonville. If Simpsonville and the County create a new agreement in the future, the City of Shelbyville agrees for the new amount received by Simpsonville, if higher, to not be included in the total business license tax collected by the County.

5. The County shall pay to the City an amount equal to 50% of its total business license tax receipts which exceed its "baseline" if any, set out in paragraph 2 above.
6. The City shall pay to the County an amount equal to 50% of its total business license tax receipts which exceed its "baseline, if any, set out in paragraph 3 above.
7. The payments due under paragraphs 5 and 6 hereof shall be paid on or before September 1, 2020 and on or before September 1st of each year thereafter during this agreement.
8. The business license tax receipts from all individuals and entities operating on the property where Martha Layne Collins High School and Marnel C. Moorman School are currently located, along with any property of Shelby County Public Schools ("SCPS") contiguous thereto, shall not be included in the County's baseline as those revenues are already shared on a 50%-50% basis. However, under the terms of this agreement the County shall remit the fifty percent (50%) set aside for this specific SCPS property to the City on an annual basis, instead of a quarterly basis as was required under the terms of a previous interlocal cooperation agreement entered into between the County and the City on May 30, 2018. The funds from the individuals and entities located on this property shall only be counted after the baseline is established by the County.
9. Both the County and the City acknowledge that annexation cannot be restricted by this agreement. The City will have the ability to annex properties in accordance to and compliance with state law.
10. The City shall provide fire service to areas annexed by the City during this agreement. For any area annexed during the first five years of this agreement, the City shall pay to the Shelby County Suburban Volunteer Fire District an amount equal to its special district levy against the area annexed based upon the tax assessment for the area in the year of the annexation. The payments to the fire district shall commence in the first year after annexation and shall continue from that year through the end of the first five years of this

agreement. Payments due the fire district, however, shall be based upon the assessment of the property in the year of annexation which assessment shall not thereafter be increased. Any amount required to be paid by the City per the provisions of this section 10 shall be paid in lieu of, not in addition to, any amount required to be paid by the City per the provisions of KRS 75.022(3).

11. The Shelbyville City Council shall not deny approval to those persons engaged in any occupation or business, as defined in Section 1 hereto, outside the sewer service area as last established by the Shelbyville Municipal Water & Sewer Commission on July 31, 2014, who request to be added to said service area, and who meet all the federal, state and local laws, regulations and requirements for being processed into and operating within said service area. It is the understanding of the parties hereto that this agreement in no way restricts or guarantees the review and/or approval required by the Shelbyville Municipal Water & Sewer Commission and the Commonwealth of Kentucky with regards to extending the sewer service area.
12. Both the County and City must agree in writing prior to either party granting an inducement that reduces the occupational tax levied in relation to the hiring of new employees by any business or entity in accordance with the Kentucky Business Investment Program and the provisions of KRS 154.32.
13. The initial term of this agreement shall be for ten (10) years and at the conclusion of the initial term the parties shall meet to review its provisions. At that time this agreement may be terminated only by the written mutual agreement of the parties. If this agreement is not terminated following the initial term, it shall remain in effect for a second ten (10) year term but may be terminated any time prior to the conclusion of that second term by the written mutual agreement of the parties. Any time after the conclusion of that second term either party may unilaterally terminate this agreement upon ninety (90) days written notice

to the other party, but until such termination is implemented, this agreement will continue in successive ten (10) year increments. This agreement may be updated at any time following its effective date by the written mutual agreement of the parties. The initial term of this agreement shall be in effect retroactively and shall begin July 1, 2019.

14. This agreement does not call for nor will there be any separate legal or administrative entity created for its administration, nor will there be any separate manner of financing or budget which is not already established in accordance with ordinances of the County and the City.
15. This agreement does not call for nor will there be any joint or cooperative acquisition, holding or disposition of real or personal property between the parties hereto.
16. The terms of this agreement shall be effective notwithstanding the future application of KRS 68.197 pertaining to counties having a population of 30,000 or more.
17. This agreement will be jointly administered by the County Judge-Executive of the County and the Mayor of the City, or their respective designees, who shall have authority to enact jointly applied rules and regulations, created per written mutual agreement, to implement and carry out this agreement.
18. It is expressly understood and agreed that, with the exception of the provisions herein, the execution of this agreement does not alter or constitute a waiver in whole or in part of any of the privileges or immunities otherwise enjoyed by any of the governmental entities which are parties hereto.
19. If any part of this Agreement shall be held invalid, that part shall be deemed severable and the invalidity thereto shall not affect the remaining parts of this Agreement.
20. This agreement shall be valid and binding only when all of the following acts have occurred:
 - a. Execution by the Mayor of the City of Shelbyville, which is authorized by the Shelbyville City Council pursuant to a duly enacted city ordinance.


- b. Execution by the County Judge Executive of Shelby County which is authorized by the Fiscal Court in Shelby County pursuant to a duly enacted county ordinance.
- c. Approval by the Kentucky Department for Local Government pursuant to KRS 65.260.
- d. Filing the attested copies with the Secretary of State of the Commonwealth of Kentucky and the County Clerk of Shelby County, as required by KRS 65.290.

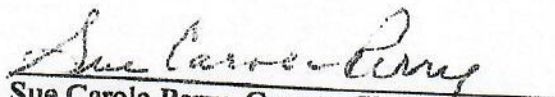
IN WITNESS WHEREOF, we have hereunto set our hands on the date first above written, pursuant to the law of the Commonwealth of Kentucky and duly enacted City and County Ordinances, copies of which are attached hereto, authorizing the execution of this agreement.


David B. Eaton, Mayor


Dan Ison, County Judge Executive

ATTEST:


Carla Wainscott, City Clerk


Sue Carole Perry, County Clerk



OFFICE OF THE GOVERNOR
DEPARTMENT FOR LOCAL GOVERNMENT

Andy Beshear
Governor

100 Airport Road, Third Floor
Frankfort, Kentucky 40601
Phone: (502) 573-2382
Fax: (502) 227-8691
www.kydlgweb.ky.gov

Dennis Keene
Commissioner

INTERLOCAL COOPERATION AGREEMENT

RE: ICA 20-001. Shelby County and City of Shelbyville – ICA regarding Business License Tax

Reviewed for compliance with KRS 65.210 to 65.300
and recommended for approval:

Matt Stephens
General Counsel
Department for Local Government

1/13/20

Date

Approved:

Dennis Keene
Commissioner
Department for Local Government

1-14-20

Date

DOCUMENT NO: 458099
RECORDED: March 04, 2020 10:39:00 AM
TOTAL FEES: \$0.00
COUNTY CLERK: SUE CAROLE PERRY
DEPUTY CLERK: SUE CAROLE PERRY
COUNTY: SHELBY COUNTY
BOOK: O2019 PAGES: 130 - 137

