

**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).