

MASS TRANSIT AUTHORITIES

A GUIDE FROM KLC MUNICIPAL LAW

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MASS TRANSIT AUTHORITIES

In order to play any game, you must first learn the rules. The same holds true for the law surrounding mass transit authorities. It is impossible to carry out the duties of mass transit authorities unless you familiarize yourself with the applicable state statutes, as well as your local ordinances, that govern.

Statutes are not contained in some magical spell book. There is no forbidden wisdom in a statutory code book. You do not need a law school education to understand their meaning. We wanted to remove some of the mystique from the law by compiling this simple pdf document. It contains the entire portion of Kentucky Revised Statutes which pertain to mass transit authorities.

Feel free to use this guide in any way that you deem fit. The reason we wanted to present this as a pdf though is because a pdf does have just a little bit of magic, truth be told. A pdf is word searchable. If you have the pdf on a laptop during a meeting and an issue comes up - you can plug the words in and hopefully the relevant portion of the law pertaining to mass transit authorities will pop up. Failing that, you can always call the KLC Municipal Law Department at 800.876.4552.

The KLC Municipal Law Team

96A.010 Definitions for chapter

As used in this chapter, unless the context otherwise requires, the following words or terms shall mean as follows:

- (1) “City” means any incorporated city in the Commonwealth;
- (2) “County” means any county in the Commonwealth wherein there is located an incorporated city and for the purpose of this chapter shall also mean a county which has adopted an urban-county government or consolidated local government;
- (3) “State” means the Commonwealth;
- (4) “Transit authority” or “authority” means a transit authority created pursuant to this chapter;
- (5) “Board” means the board of a transit authority;
- (6) “Public body” means any city or county of the Commonwealth;
- (7) “Governing body” means, as to a county, the fiscal court thereof; as to a consolidated local government, the legislative council thereof; and as to a city, the legislative body thereof, howsoever the same may be denominated according to law;
- (8) “Proceedings” means, in the case of a county, a resolution of its fiscal court; and in the case of a city or consolidated local government, an ordinance adopted and made effective according to law by its governing body;
- (9) “Joint proceedings” relates only to the establishment of a transit authority by two (2) or more public bodies acting in concert or by agreement, and means the proceedings, taken collectively, by the governing bodies of the public bodies participating in the creation and establishment of a transit authority;
- (10) “Appointing authority” means, as to a county, the county judge/executive thereof; and as to any city or consolidated local government, the elected chief executive officer, whether designated as its mayor or otherwise;
- (11) “Area” or “transit area” means the geographical area which may be encompassed from time to time within the lawful boundaries of such cities and counties as may be involved in the creation and establishment of an authority; and of any cities or counties within any single unified metropolitan area which may subsequently become participants as provided in this chapter;
- (12) “Mass transit” or “mass transportation” means the transportation of persons and their baggage within or without a transit area, but shall not include the for-hire operation of a taxicab, or bus as defined by KRS Chapter 281;
- (13) “Human service transportation delivery” means the same as defined in KRS 281.010;
- (14) “Delivery area” means the same as defined in KRS 281.010; and
- (15) “Broker” means the same as defined in KRS 281.010.

96A.020 Creation of authority; which governmental units may form or join; general powers and purposes

- (1) A transit authority may be created and established under the provisions of this chapter by proceedings or joint proceedings, and the name thereof shall be "Transit Authority of" If established by a city alone, or by a county alone, the name shall be completed by identification of the city or county. If created and established by joint proceedings, the name may be completed by inserting words generally identifying the area intended to be served, in such manner as the public bodies may determine by concert or agreement in their joint proceedings. Such transit authority shall constitute an agency and instrumentality for accomplishing essential governmental functions of the public body or public bodies creating and establishing the same, and shall be a political subdivision and a public body corporate, with power to contract and be contracted with, to sue and be sued, to establish, alter and enforce rules and regulations in furtherance of the purposes of its creation, to adopt, use and alter a corporate seal, and to have and exercise, generally, all of the powers of private corporations, as enumerated in KRS 271B.3-020, except to the extent the same may be inconsistent with this chapter. An authority shall be authorized to promote and develop mass transportation in its transit area and adjoining areas, including acquisition, operation and extension of existing mass transit systems; and an authority shall have and may exercise such powers as may be necessary or desirable to carry out such purposes.
- (2) Subsequent to the creation and establishment of a transit authority, one (1) or more additional public bodies may be permitted to join therein, in such manner and subject to such conditions as may be prescribed by the board of the authority with the concurrence and approval of all public bodies which have theretofore participated in the establishment or previous enlargement of the authority.

96A.030 Time when existence begins

A transit authority created and established under the provisions of this chapter shall become a corporate entity:

- (1) In the case of an authority created and established by a single public body, upon the effective date of the proceedings of the governing body thereof, and
- (2) In the case of an authority created by joint proceedings, upon the effective date of the last of such joint proceedings.

96A.040 Managing board; membership; effect of compact; membership upon establishment of consolidated local government

- (1) The business, activities, and affairs of a transit authority shall be managed, controlled, and conducted by a board consisting of members appointed as follows:
 - (a) If the authority is established by one (1) city alone, or by a county alone, the members shall be eight (8) in number and shall be appointed by the appointing authority of such city or county;
 - (b) If the authority is established by joint proceedings of two (2) public bodies, the membership shall be eight (8) in number, four (4) of whom shall be appointed by the appointing authority of each of such public bodies;
 - (c) If an authority is created and established by joint proceedings of more than two (2) public bodies, the membership shall be eight (8) in number, plus one (1) additional member for each participating public body in excess of two (2), and the members thereof shall be appointed by the

appointing authorities of the participating public bodies in such manner as may be set forth in the joint proceedings; and

- (d) If an authority is created and established, and subsequently one (1) or more other public bodies are permitted to join therein, the membership of the board may be enlarged, with the concurrence and approval of the governing bodies of the public bodies theretofore participating, by not more than one (1) additional member for each additional public body so permitted to join the authority.
- (2) No officer or employee of any public body represented in the creation, establishment, or enlargement of an authority shall be eligible for appointment to the board.
- (3) After the effective date of the creation of an authority as provided in this chapter, the appointing authority or the appointing authorities, as the case may be, shall, in such manner as may be specified in the proceedings or joint proceedings, appoint at least two (2) members for terms of one (1) year, at least two (2) members for terms of two (2) years, at least two (2) members for terms of three (3) years, and the remaining number for terms of four (4) years; such terms to expire, in each instance, on June 30 and thereafter until a successor is appointed and accepts appointment. Upon the expiration of these initial staggered terms, successors shall be appointed by the respective appointing authorities, for terms of four (4) years, and until successors are appointed and accept their appointments. Members shall be eligible for reappointment.
- (4) Any member of the board may be removed by his or her appointing authority for inefficiency, neglect of duty, malfeasance, conflict of interest, or want of mental or physical capacity to serve. Any appointing authority exercising the power to remove a member of the board shall submit to the board a written statement setting forth the reasons for removal. Notice shall be given to the member named in such statement; a hearing, if requested, shall be conducted within thirty (30) days before the members of the board who are not the subject of such removal proceedings; a record of the hearing shall be made by the secretary-treasurer of the board; and the member named in such removal notice may appeal any adverse decision, within ten (10) days after the rendering thereof, to the Circuit Court of any county which is served in whole or in part by the facilities of the transit authority, such appeal to be perfected by filing with the clerk of such court a copy of the removal proceedings certified by the secretary-treasurer of the board. The court, upon application of the member removed, may in its discretion order that the original record of the proceedings be filed with the clerk as the basis for such appeal. There shall be a right of appeal to the Court of Appeals.
- (5) Members of the board shall be allowed reasonable expenses necessarily incurred by them in the conduct of the affairs of the authority. Compensation may be paid to members of the board if so provided in the proceedings or joint proceedings, subject to such limitations as may be set forth therein.
- (6) Notwithstanding subsection (3) of this section, when a city of the first class and a county containing such city have in effect a compact under KRS 79.310 to 79.330, the terms of the members on the board shall be for three (3) years and until their successors are appointed and qualified. Upon the effective date of the compact, the mayor, and county judge/executive with the approval of the fiscal court, shall adjust the terms of the sitting members so that the terms of two (2) of each of their appointments expire in one (1) year, the term of one (1) of each of their appointments expire in two (2) years and the term of one (1) of each of their appointments expire in three (3) years. Upon expiration of these staggered terms, successors shall be appointed for a term of three (3) years. Upon the establishment of a consolidated local government in a county where a city of the first class and a county containing such city have had in effect a cooperative compact pursuant to KRS 79.310 to 79.330, all members of the board shall be appointed by the mayor of the consolidated local government pursuant to the provisions of KRS 67C.139 for a term of three (3) years. Incumbent members upon the establishment of the consolidated

local government shall continue to serve as members of the board for the time remaining of their current term of appointment.

96A.050 Fiscal year

Each authority shall operate for an initial fiscal period ending on June 30 next following the effective date of its creation as a corporate entity; and shall thereafter operate on a fiscal year basis beginning each July 1 and ending on the next ensuing June 30.

96A.060 Board meetings; quorum

- (1) Regular meetings of the board shall be held at least once in each calendar month, at such time and place as may be fixed by the board as a matter of record. Special meetings of the board may be called by the chairman or any two (2) members of the board upon oral or written notice to all members at least forty-eight (48) hours in advance. Each notice of a special meeting shall state the time, place and purpose or purposes thereof. Notice may be waived by any member, orally or in writing, before, at or after such special meeting; and the presence of any member at any such special meeting shall constitute a waiver of any defect of notice, unless such member shall cause it to appear of record that his attendance is only for the purpose of objecting to any deficiency in the notice or the time or manner of giving the same.
- (2) A majority of the members of the board shall constitute a quorum for the transaction of business, but a smaller number may adjourn from time to time, and may compel the attendance of absent members in such manner and under such penalties as the authority may previously have provided for, according to its bylaws. The affirmative vote of a majority of a quorum shall be necessary for the adoption of any motion, measure or resolution. Passage of any motion, measure or resolution may be by voice vote, provided:
 - (a) At the request of any member the ye and nay votes shall be recorded upon call of the roll, and
 - (b) Such record shall be made in all proceedings involving any adjustment of rates and charges for use of the services and facilities of the mass transportation system of the authority, authorization of proceedings to acquire property through exercise of the power of eminent domain, the issuance of revenue bonds or mortgage bonds of the authority, a request that general obligation bonds be issued by any public body for the benefit of the authority, or approval and authorization of any lease agreement wherein the authority is the lessor and a public body or public bodies (or any combination thereof) may be the lessee or lessees, as provided in this chapter.

96A.070 Board officers, executive committee, director, employees; effect of compact; appointment of executive director or secretary-treasurer upon establishment of consolidated local government

- (1) The board shall, within sixty (60) days after the appointment of its entire initial membership, and thereafter in July of each year, elect from its members a chairman and a vice chairman. It may, in its discretion, employ an executive director and a secretary-treasurer, neither of whom shall be a member of the board; provided, however, if the creation and establishment of the authority is shown by the provisions of the proceedings or joint proceedings to have been undertaken only on a standby basis, the board may defer the employment of an executive director and may, on an interim basis, designate a secretary-treasurer from its own membership.
- (2) The board may, in its discretion, employ necessary legal counsel and other agents and employees

to carry out its work and functions, and may from time to time prescribe and alter such rules and regulations as it may deem necessary.

- (3) The executive director, if and when employed in the discretion of the board, shall be experienced and knowledgeable in the field of transportation; and if and when employed, such executive director shall be the chief executive officer of the authority, having such powers and duties as the board may prescribe. Such executive director may recommend the establishment or alteration of rules and regulations, and of rates and charges for use of the services and facilities of the mass transportation system of the authority; but action in such respects, and in the issuance of revenue bonds or mortgage bonds of the authority, and in requesting the issuance of general obligation bonds by other public bodies for the benefit of the authority, and in authorizing leases of the properties of the authority for financing purposes, shall be taken by the board, or by the executive committee of the board if properly thereunto authorized.
- (4) The secretary-treasurer shall keep the minutes of all meetings of the board, and shall also keep a set of books showing the receipts and expenditures of the board. He or she shall preserve on file duplicate vouchers for all expenditures and shall present to the board, upon request, complete reports of all financial transactions and the financial condition of the board. Such books and vouchers shall at all times be subject to examination by the governing body of any public body by which the authority was created or enlarged. He or she shall transmit at least once annually a detailed report of all acts and doings of the board to the public body or bodies by whom the board was created. He or she shall cause all moneys of the authority coming into his or her hands to be deposited in one (1) or more financial institutions, as designated from time to time by the board.
- (5) The board shall require its secretary-treasurer, and its executive director, if and when such executive director shall be employed, each to execute bond in favor of the authority, in such respective penal sums as the board may fix, in favor of the authority, and conditioned upon faithful performance of the duties of such offices and full accounting to the authority. Each such bond shall be with corporate surety, provided by a corporate surety company qualified to transact business in Kentucky and approved, in each instance, by the board. The board may in like manner require similar bonds, with corporate surety, to be given by other officers, agents, and employees in such manner and in such penal sums, as it may specify from time to time. Premiums payable to sureties upon such bonds shall be paid by the authority and may be chargeable as an operating expense of the authority.
- (6) The board shall fix the salaries, wages, or other compensation of the officers, agents, and employees whom it may engage from time to time; in each case within such limitations, if any, as may be prescribed in the proceedings or joint proceedings set forth in the establishment of the authority, or as such proceedings may be amended; but such salaries, wages, or other compensation shall constitute obligation of the authority only, and shall be payable from the authority's revenues and any other available resources, and shall not constitute obligations of any city or county participating in the creation and establishment, or subsequent enlargement, of the authority.
- (7) The board may, by resolution duly adopted and spread at large upon its public records, establish an executive committee, composed of such members of the board as may be specified in such resolution, and may authorize such executive committee to exercise in intervals between board meetings any powers of the board except those powers which are expressly required by this chapter or by other controlling provisions of law to be exercised by the board.
- (8) The board may create such other committees of its members as it may deem necessary or proper; but the same shall be advisory in nature and shall report to the board or to the executive committee, and shall not be authorized to take any independent action except in such advisory capacity.

- (9) Notwithstanding other provisions of this section, when a city of the first class and a county containing such city have in effect a compact under KRS 79.310 to 79.330, the executive director and a secretary-treasurer or any individual, corporation, or partnership, either by contract or employment, who serves as executive director or secretary-treasurer in the management of the affairs of the board, shall be appointed by and serve at the joint pleasure of the mayor, and the county judge/executive with the approval of fiscal court pursuant to KRS 67.040. Upon the establishment of a consolidated local government in a county in which a city of the first class and a county containing the city have had in effect a cooperative compact under KRS 79.310 to 79.330, an executive director or secretary-treasurer shall be appointed by, and shall serve at the pleasure of, the mayor.

96A.080 Acquisition of transportation systems by purchase or condemnation; subsidies

- (1) A transit authority may establish mass transportation within its transit area and adjoining areas, but may not inaugurate service in direct competition with any existing certificated carrier.
- (2) In addition to the power conferred upon an authority by this chapter, an authority may acquire real or personal property, easements, franchises, bus certificates, or other rights by any lawful means necessary to its operation of any existing mass transit system within its transit area and adjoining areas, provided that having acquired an existing transit system it shall not thereafter inaugurate service in direct competition with any other existing certificated carrier.
- (3) An authority may, if unable to contract or agree with the owner or owners thereof, acquire real and personal property, franchises, bus certificates, easements and other rights when necessary in and to the accomplishments of the public purposes of the authority, through exercise of the power of eminent domain; provided, however, that in acquiring any private bus company pursuant to this section, the authority may not do so piecemeal but shall acquire the entire system including that which may be outside the area then included within the authority. An authority shall not condemn any real and personal property, franchises, bus certificates, easements and other rights of a private bus company the majority of whose passengers move between termini without the transit area. Any exercise of such power shall be initiated by resolution of the board of the authority identifying the properties or rights to be acquired, reciting the board's determination that acquisition by such means is necessary, and authorizing initiation of proceedings as required by law; and such resolution of the board of the authority shall not be conclusive of such determination but shall be subject to the approval of the fiscal court or courts of the county or counties in which the property sought to be condemned is located.
- (4) Proceedings in the exercise of the power of eminent domain herein vested in an authority shall, except where inconsistent with this chapter, be such as are prescribed for the Department of Highways by the Eminent Domain Act of Kentucky, and as the same may be amended and supplemented from time to time. All such proceedings shall be governed by the provisions of the Rules of Civil Procedure except where the provisions of this chapter or of the Eminent Domain Act of Kentucky specifically or by necessary implication provide otherwise. If a privately owned mass transportation system, or other property sought to be acquired by an authority, shall have been acquired or improved in whole or in part at the expense of the authority, the cost and value of such acquisitions and improvements shall be excluded in any proceedings to establish the fair value thereof.
- (5) During any period when negotiations for the purchase of a mass transit system are in progress, and/or during any period when proceedings for acquisition of a mass transportation system through exercise of the power of eminent domain may be pending, an authority may make reasonable subsidy payments to the owner or owners of such mass transit system if, in the judgment of the board of the authority, such subsidy payments are necessary in order to give reasonable assurance that there will be no substantial reduction of transportation service to the public. Such subsidy payments may be made by an authority

from any resources available to it, or from appropriations made or agreed to be made to it by any public body having an interest in the preservation of mass transit service to the public; and if bonds are ultimately issued for the purchase or other acquisition of such mass transit system, the aggregate amount of such subsidy payments may be included as a part of the cost of acquisition and made payable from the proceeds of such bonds. In no event, however, shall any action on the part of a board of an authority in this connection create an indebtedness of the authority beyond its available resources or such appropriations or the proceeds of such bonds, if and when bonds are issued.

96A.090 Authority's capacity to accept appropriations, grants

- (1) No transit authority established or created under and pursuant to this chapter shall be vested with any power to levy taxes of any nature or in any amount.
- (2) The governing body of any public body participating in the creation and establishment of an authority, or in the subsequent enlargement thereof, may, in the proceedings or joint proceedings, or by subsequent action, appropriate and pay over to an authority from its general funds or from other resources not required by law to be appropriated for other purposes, any sum or sums of money, or any property which such public body shall determine to be necessary or advisable in furtherance of the public purposes of the authority as set forth in this chapter. An authority may receive moneys or property from any such source, and may use the same in furtherance of its proper purposes; but an authority shall not pledge anticipated appropriations from any such source for any period beyond the period for which any such appropriations shall be made, except to the extent of committing that any such appropriation, when and if actually received by the authority, without commitment as to the possible amount thereof, will be applied by the authority in certain specified ways.
- (3) An authority may accept gifts, grants, or loans of money or other property from the United States, the state or any person or entity for such purposes, may enter into any agreement required in connection therewith, may comply with any federal or state laws or regulations applicable thereto, and may hold, use, and dispose of such money or property in accordance with the terms of the gift, grant, loan, or agreement relating thereto.

96A.095 Authorization for the Transportation Cabinet to accept funds for promotion of, development of, and provision of capital for mass transit services and human service transportation delivery; authority to promulgate administrative regulations

- (1) The Transportation Cabinet may receive and accept from the Commonwealth or any of its agencies, including the Cabinet for Health and Family Services and the Department of Workforce Investment, and from federal agencies appropriations or grants to promote, develop, and provide capital and operating subsidies for mass transit services and human service transportation delivery in Kentucky, and to receive and accept aid or contributions from any source of either money, property, labor, or other things of value to promote mass transit services. Subject to the provisions of Section 230 of the Constitution of the Commonwealth of Kentucky, any of these funds, property, or things of value received by the Transportation Cabinet may be given directly to any of the following entities in order to accomplish the purposes of this section:
 - (a) A local transit authority as created under this chapter;
 - (b) A city;
 - (c) A county;

- (d) Other public mass transit providers;
 - (e) A nonprofit or public mass transit provider operating under 49 U.S.C. sec. 5310 or 5311; or
 - (f) An entity providing human service transportation delivery.
- (2) The Transportation Cabinet is authorized and directed to apply for any available federal funds for operating subsidies, either on a matching basis or otherwise and to make any of these funds received available to any of the following entities in order to accomplish the purposes of this section:
- (a) A local transit authority as created under this chapter;
 - (b) A city;
 - (c) A county;
 - (d) Other public mass transit providers;
 - (e) A nonprofit or public mass transit provider operating under 49 U.S.C. sec. 5310 or 5311; or
 - (f) An entity promoting or providing transit services such as safety, planning, research, coordination, or training activities.

In those cases where federal laws or regulations preclude the Transportation Cabinet from direct application for this type of federal funds, the cabinet is authorized and directed to provide assistance to any of the entities listed in this subsection as necessary to enable it to apply for and obtain this type of federal funds in order to accomplish the purposes of this section.

- (3) The Transportation Cabinet is authorized to assist cities and counties in the formation of local transit authorities in conformance with this chapter, but nothing in this chapter shall be construed as preventing the Transportation Cabinet from providing assistance as authorized in this chapter to cities or counties where local transit authorities do not exist.
- (4) The Transportation Cabinet is authorized to contract, in accordance with the provisions of KRS Chapters 45A and 281, with a broker to provide human service transportation delivery within a specific delivery area.

96A.096 Kentucky public transportation development fund

There is created in the State Treasury a special fund to be known as the “Kentucky Public Transportation Development Fund.” All moneys deposited or paid into this fund are appropriated and shall be available to the cabinet for the purposes of KRS 96A.095. All moneys in this fund shall be expended for public transportation capital and operating subsidies, public transportation development, or administrative costs incidental to these developments. The fund shall consist of all money appropriated by the state and all money received from the United States or from any other source for the purpose of providing public transportation capital and operating subsidies and public transportation development funds. All moneys in the Kentucky public transportation development fund shall be deposited, administered, and dispersed in the same manner and under the same conditions and requirements as are provided by law for other special funds in the State Treasury, except that any balance in this fund shall not lapse at any time but shall be continuously available to the cabinet for the purposes of carrying out the provisions of KRS 96A.095. A general statement that all continuing appropriations are repealed shall not be construed as abolishing this fund.

96A.100 Management contracts

An authority may operate any mass transit system which it establishes or acquires; or instead of operating the same in its own name, an authority may enter into one (1) or more management contracts for operating the same or any part thereof, under such terms and conditions as it may determine to be proper and desirable; provided, however, any such management contract shall retain in the authority the power to establish, and to adjust from time to time, rates and charges to be exacted from the public for use of the services and facilities referred to therein, and the power to issue revenue bonds, mortgage bonds, or other obligations of the authority payable from the income and revenues thereof.

96A.110 Responsibility for planning, coordination

An authority shall be responsible for over-all planning of mass transit in its transit area. An authority must consult, cooperate and coordinate with any other state, local or federal planning agency or department, having responsibilities and/or authority in the same transit area according to federal and state laws. The ultimate goal of such planning shall be improvement of mass transit service. In carrying out its purposes, the authority shall consider its highway, road and street systems on federal, state and local levels.

96A.120 Permissible types of financing

For the purposes of acquiring or otherwise establishing one (1) or more transit systems, or parts thereof, or for the purpose of adding to, extending, operating, or improving one (1) or more mass transportation systems owned or to be acquired or established, or for any combination of these purposes, an authority may, in addition to other methods permitted by law, resort to financing according to any of the following financing methods, or any combination thereof, to the extent not inconsistent, one with another:

- (1) Upon determination of its financing needs, an authority, by resolution of its board, may request the public body responsible for its creation and establishment, or any one (1) or more of the public bodies if there be more than one (1):
 - (a) To appropriate and pay over to the authority all or any part of the amount determined to be necessary; or
 - (b) To provide the amount determined to be necessary, or any part thereof, from the proceeds of general obligation bonds of the public body or public bodies, in which event the governing body or governing bodies of the public body or public bodies may, in its or their discretion, take action as may be required by the Constitution and applicable statutes of the Commonwealth to submit to the voters thereof, at one (1) or more elections to be held for that purpose, a proposal or proposals that the issuance of general obligation bonds be approved and authorized, and if so approved and authorized, the general obligation bonds may be issued and the proceeds may be appropriated to the authority in the manner requested;
- (2) An authority may issue revenue bonds in its own name, payable solely from its income and revenues, and not constituting or purporting to constitute an indebtedness of the authority or of any other public body within the meaning of debt-limiting provisions of the Constitution and applicable statutes of the Commonwealth, in the manner and in accordance with the procedures set forth in KRS 58.010 to 58.170, inclusive, and KRS 61.390, subject to any interest rate limitations which may be applicable as provided by law;

- (3) An authority may issue its mortgage bonds, as authorized by statute and may make provision for obtaining revenues for the payment of the principal of and interest thereon, and for the payment of costs of operating and maintenance, and for the accumulation of reserves for renewals, replacements, extensions, and improvements, and for debt service reserves, by leasing any mass transportation system owned by the authority, or to be acquired or established by the authority, or, if there be more than one (1) mass transportation system, by leasing the same individually or in any combination, to one (1) or more public bodies, whether or not the public bodies, or any of them, shall have participated in the creation and establishment of the authority. Any lease shall be a written instrument, executed by the authority as lessor, and by one (1) or more public bodies, as a lessee or lessees, for a period of one (1) year, which may be from the date of the mortgage bonds, or from the date of acquisition or other establishment of the mass transit system or systems, with exclusive options to the lessee or lessees to renew the same thereafter, from year to year, upon the rentals and other terms and provisions as will provide to the authority annual sums sufficient to provide for the purposes of this subsection;
- (4) General obligation bonds issued for the benefit of an authority, or revenue bonds or mortgage bonds issued by an authority may, in the discretion of the parties involved in the issuance, be refinanced, whether at maturity or upon prior redemption in accordance with the terms, by the issuance of bonds, according to any of the financing plans herein authorized.

96A.130 Authority's bonds are legal investments

Bonds issued by an authority, or by public bodies for the benefit of an authority, under the provisions of this chapter, are hereby made securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, credit unions, savings and loan associations, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds are hereby made securities which may properly and legally be deposited with and received by any state or municipal officer of any agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations is now or may hereafter be authorized by law.

96A.140 Tax-exempt nature of authority's property, bonds

Revenue bonds and mortgage bonds of an authority, together with interest thereon, shall be exempt from ad valorem and income taxation by the Commonwealth and all of its political subdivisions. The properties, moneys and other assets of an authority, and all revenues or other income of an authority, shall be exempt from all taxation, licenses, fees, or charges of any kind imposed by the state or by any county, municipality, political subdivision, taxing district, or other public agency or body of the state.

96A.150 Bond anticipation notes

When an authority has made a determination, as a matter of record, that it will authorize and issue in its own name revenue bonds under authority of subsection (2) of KRS 96A.120, or mortgage bonds under authority of subsection (3) of KRS 96A.120, such authority may obtain interim construction or acquisition financing moneys through the authorization and issuance of its revenue bond anticipation notes, or its mortgage bond anticipation notes, as the case may be, the same to be shown in the text thereof to be payable as to principal and interest solely from the proceeds of the authorized revenue bonds or mortgage bonds, as the case may be. Such notes shall mature not later than one (1) year from the date of issuance thereof, as the authority may determine, and shall be renewable at or prior to maturity according to the provisions of the authority's proceedings incident to the issuance thereof. Such anticipation notes need not be offered at an advertised competitive public sale, but may be offered in the manner provided for in the case of similar notes of certain state agencies, according to KRS 56.513.

96A.160 Power of other agencies to sell property to authority

Any department or agency of the United States or state government or any county, municipality, or other public agency may sell, lease, grant, transfer, or convey to an authority, with or without consideration, any facilities or any part or parts thereof or any real or personal property or interest therein which may be useful to the authority for any authorized purpose. In any case where the construction or installation of any such facilities has not been completed, the public agency concerned may also transfer, sell, assign, and set over to the authority, with or without consideration, any existing contract for the construction or installation of the facilities.

96A.170 Exemption from jurisdiction of Transportation Cabinet; cabinet assistance permitted

An authority created and established under this chapter, together with its ownership, financing, operation, rates and charges for use of its services and facilities, rules and regulations, routes, schedules, size and character of its equipment and quality of service shall be exempt from all jurisdiction of the Transportation Cabinet of the Commonwealth, provided, however, that no new service may be instituted within or outside of the authority's transit area in competition with an existing certificated bus company without an application to and a grant of authority from the Transportation Cabinet as provided by KRS Chapter 281 or KRS 96A.095(4), provided further that nothing in this section shall deny the Transportation Cabinet the authority to render such advice and assistance, including financial aid, engineering, planning and technical assistance, as it deems advisable, to enable an authority as created under this chapter to acquire, construct, expand, maintain, and operate a mass transit system as defined in this chapter and to establish regulations to promote local transit authorities and to ensure compliance with the requirements of the United States Federal Transit Administration.

96A.180 Insurance of authority's properties

An authority shall provide insurance, or may provide for self-insurance and establish for that purpose such reserves as it deems prudent, for its properties, and for workers' compensation, and for public liability, and may provide for the insuring of its officers or employees, and the expense of obtaining such insurance, and of paying the premiums therefor from time to time, shall be borne by the authority and be chargeable as an operating expense of the authority.

96A.190 Annual audit; compliance with KRS 65A.010 to 65A.090

- (1) Each authority shall employ a certified public accountant, or firm thereof, to make an annual audit of the authority's financial accounts and affairs, and to make a report thereof, including comments of the auditor regarding whether or not the authority is in compliance with statutory requirements and with lawful covenants and commitments made in its contract or bond proceedings. A copy of each audit report shall be filed and kept open for public inspection in the office of the secretary-treasurer of the authority, and a copy shall be provided to the clerk, secretary or other appropriate office of record of each public body which may have participated in the creation and organization of the authority, or in the subsequent expansion thereof.
- (2) Each authority shall comply with the provisions of KRS 65A.010 to 65A.090.

96A.200 Duties to employees transferred from acquired system

If an authority acquires an existing transit system, the authority shall assume and observe all existing labor contracts and pension obligations. All employees of such system who are necessary for the operation thereof by the authority shall be transferred to and appointed as employees of the authority. Such employees shall be given seniority credit and sick leave, vacation, insurance, and pension credits in accordance with the records or labor agreements from the acquired transit system. The authority shall assume the obligations of any transit system acquired by it with regard to wages, salaries, hours, working conditions, sick leave, health and welfare and pension or retirement provisions for employees. The authority and the employees, through their representatives for collective bargaining purposes, shall take whatever action may be necessary to have pension trust funds presently under the joint control of the acquired transportation system and the participating employees through their representatives transferred to the trust fund to be established, maintained and administered jointly by the authority and the participating employees through their representatives. No employee of any acquired transportation system who is transferred to a position with the authority shall by reason of such transfer be placed in any worse position with respect to workers' compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance or any other benefits than he enjoyed as an employee of such acquired transportation system.

96A.210 Interstate transit authorities

Counties and cities of this state abutting upon the boundary line between this state and any other state are hereby authorized separately, jointly with each other, or jointly with any other county, municipality or political subdivision of any such abutting state to form a transit authority or to become a part of an existing transit authority as authorized by this chapter, with the broad and specific powers granted hereunder; or under KRS Chapter 65; provided, however, that any contract, agreement or compact authorized to be made under this section, shall be made with due regard to such federal or state constitutional requirements, as may prevail at the time of the making thereof.

96A.220 Power to conduct studies, apply for subpoenas

A transit authority may conduct such surveys and studies, gather such information, and institute such programs and plans as may be reasonably necessary to carry out the purposes of this chapter. If necessary, it may make application for subpoenas, or subpoenas duces tecum to any Circuit Court having proper venue for the production of any records, books or other documents of any privately owned mass transit system operating in whole, or substantially in part, within its transit area when required in the bona fide pursuit of its purposes as specified in this chapter.

96A.230 Citation of chapter

This chapter shall be known and may be cited as the "Kentucky Transit Authority Act."

MASS TRANSPORTATION PROGRAM

96A.310 Legislative findings

The General Assembly of the Commonwealth of Kentucky hereby finds and determines as a legislative finding of fact that the institution, acquisition, preservation and continuation of mass transportation facilities to serve the general public is vital to the health, safety and material well-being of the citizens and inhabitants of the Commonwealth, and that the preservation and continuation of operations of mass transit facilities at reasonable rates to the public constitutes a proper application of the police power, will result in decreased automotive congestion, safer and more efficient utilization of the public ways, and the safe and effective movement of persons and property, and will thereby serve the public safety, health, convenience, enjoyment and general welfare.

96A.320 Submission of proposal to establish program; voters; program financing

- (1) As used in KRS 96A.310 to 96A.370, the term “mass transportation program” shall mean the provision of necessary funds by public bodies to transit authorities created pursuant to KRS Chapter 96A with which to acquire, operate, and preserve mass transportation facilities. A “mass transportation program” may also include a method for the public body or public bodies to finance principal and interest payments on any general obligation bonds issued pursuant to KRS 96A.120, or to finance transportation-related facilities to promote the movement of vehicles and people. Urban-county governments which initiate a “mass transportation program” may include in this program the improvement of existing roads and the construction of new roads.
- (2) Public bodies which have been parties to the creation and establishment of transit authorities, or who constitute the membership of such transit authorities, may, acting either individually or jointly, submit to either the electorates of such public bodies, or the electorate of the transit area encompassed by any such transit authority, but only in the manner and pursuant to the procedures set forth in KRS 96A.310 to 96A.370, one (1) or more proposals for the approval of a mass transportation program to be financed by additional voted levies of ad valorem taxes upon all taxable property in such public body or public bodies. Such additional voted levies of ad valorem taxes upon all taxable property in any such public body shall never exceed in the aggregate the limits prescribed by the Constitution of Kentucky for any such public body.
- (3) Public bodies which have been parties to the creation and establishment of transit authorities, or who constitute the membership of such transit authorities, may, acting either individually or jointly, submit to either the electorates of such public bodies, or the electorate of the transit area encompassed by any such transit authority, but only in the manner and pursuant to the procedures set forth in KRS 96A.310 to 96A.370, one (1) or more proposals for the approval of a mass transportation program to be financed by voted levies of occupational license fees. Such voted levies of occupational license fees shall not exceed one percent (1%) of:
 - (a) Salaries, wages, commissions, and other compensation earned by persons for work done and services performed or rendered; and
 - (b) The net profits of businesses, trades, professions, or occupations from activities conducted in the public body, or the transit area, except public service companies, banks, trust companies, combined banks and trust companies, combined trust, banking and title companies, any savings and loan association whether state or federally chartered, and in all other cases where a public body is prohibited by law from imposing a license fee.

- (4) (a) Public bodies which have been parties to the creation and establishment of transit authorities, or who constitute the membership of such transit authorities, may, acting either individually or jointly, submit to either the electorates of such public bodies, or the electorate of the transit area encompassed by any such transit authority, but only in the manner and pursuant to the procedures set forth in KRS 96A.310 to 96A.370, one (1) or more proposals for the approval of a mass transportation program to be financed by the voted levy of a sales tax upon all retailers at a rate not to exceed one-half of one percent (0.5%) of the gross receipts of any retailer derived from “retail sales” or “sales at retail” made within the public body or public bodies, provided, however, that public transit sales tax shall not be levied on those retail sales which are exempted from the state sales tax by KRS Chapter 139 on June 19, 1976, or hereafter exempted.
- (b) Any sales tax levied for said purpose shall be in addition to the sales tax authorized by Chapter 139 of the Kentucky Revised Statutes. Said public transportation sales tax shall be collected and administered under the provisions of Chapter 139 of the Kentucky Revised Statutes and the rules and regulations of the Kentucky Department of Revenue.
- (5) The Kentucky Department of Revenue shall refund that portion of the sales tax collected as a public transportation tax to the public body or bodies imposing said tax.
- (6) Notwithstanding any other provision contrary hereto, a mass transportation program financed by a public body or public bodies from said sales tax shall be restricted by the following order of priorities, to wit:
 - (a) First, the annual payment of principal, interest, and sinking fund requirements on any general obligation bonds issued pursuant to KRS 96A.120;
 - (b) Second, appropriations to the transit authority to provide local matching funds for any available federal or state capital, operating, or planning and demonstration grant projects in accordance with the annual approved budget; and
 - (c) Third, any excess funds in the control of each public body receiving said tax shall be transferred to the general fund of each such public body for public transportation and traffic improvement projects at any location within a city or county, in any manner which said public body or public bodies determine will improve transportation, road or traffic conditions, or in general will promote the movement of people and vehicles.

96A.330 Resolution or ordinance to submit proposal to electorate; simultaneous elections in transit area; notice

- (1) Any transit authority created pursuant to the provisions of KRS Chapter 96A may, by resolution duly adopted by its board in the manner prescribed by KRS 96A.060, request one (1) or more of the public bodies which, upon the date of adoption of such resolution constitute members of such transit authority, either:
 - (a) To submit to their respective electorates; or
 - (b) To jointly submit to the electorate of the entire transit area encompassed by such transit authority a proposal for the approval or disapproval of a mass transportation project.
- (2) The resolution shall set forth in detail, or shall incorporate by reference a detailed study in respect of, the mass transportation program proposed for submission to such electorate or electorates, together

with the proposed source or sources of funding thereof, subject to the limitations of KRS 96A.310 to 96A.370. The mass transportation project of an urban-county government may consist of specific road construction and improvement projects. The funding source may be proposed for a limited period of time as specified in the mass transportation program proposal at the conclusion of which the funding source shall terminate unless it has been extended by referendum in accordance with the provision of this chapter.

- (3) Upon receipt of any such resolution of the board of any such transit authority, the governing body of each public body to which the resolution is directed shall cause the resolution and the study for mass transportation program contained therein to be carefully reviewed. The public body or public bodies may cause further studies to be made with respect to such request of the transit authority, and may require the transit authority to submit such further and additional data, statistics, and information as may be required by such public body or public bodies in order to enable them to make a proper decision regarding any proposed mass transportation program.
- (4) If the governing body of any such public body shall determine that the public welfare requires the establishment of the mass transportation program as proposed by the transit authority, the governing body of such public body may by resolution or ordinance determine that a proposal for the establishment of such mass transportation program shall be submitted to the electorate of the public body. Such resolution or ordinance of the public body shall describe the mass transportation program to be submitted to the electorate, together with the proposed source of funding therefor, which shall be expressed as one of the following:
 - (a) An ad valorem tax levy expressed as a certain maximum number of cents per each one hundred dollars (\$100) of assessed valuation, subject to constitutional limits;
 - (b) An occupational license tax, subject to the limitations of KRS 96A.310 to 96A.370; or
 - (c) A sales tax upon all retailers at a rate not to exceed one-half of one percent (0.5%) of the gross receipts of any retailer derived from "retail sales" or "sales at retail" as defined in KRS Chapter 139.
- (5) In the event the membership of any such transit authority consists of more than one (1) public body, and in the event the resolution of the board of such transit authority is directed to all such public bodies, all such public bodies may, by adoption of appropriate resolutions or ordinances determine that the proposition for the establishment of the mass transportation program, together with the identified funding source therefor, shall be submitted to the electorate of the transit area of the transit authority rather than to the separate electorates of such public bodies. In that event, the election on the proposition regarding the mass transportation program shall be held simultaneously within the transit area by all such public bodies and the notice of the election shall be uniform.

96A.340 Publication of resolution or ordinance; framing of proposal; majority required; status of voted levies

- (1) The resolution or ordinance of each public body determining that a proposition for the establishment of a mass transportation program be submitted to the electorate of such public body or to the electorate of the transit area of such transit authority, as the case may be, shall in each case be published in the newspaper having the largest bona fide circulation in the area affected and KRS 424.120 notwithstanding, in the following manner:

- (a) The advertisement shall contain a notification that there is to be a referendum, the subject of which is to be the proposed sales tax.
- (b) The advertisement shall contain the amount of the proposed sales tax and the subject(s) thereof.
- (c) The advertisement shall include the manner in which the tax shall be levied.
- (d) The advertisement shall include the manner in which and purposes for which revenues resulting from the tax levy shall be spent.
- (e) The advertisement shall be no less than one-quarter (1/4) page in size, and
- (f) Shall be published at least once weekly for the nine (9) weeks immediately prior to the date of the referendum,
- (g) And daily for the week immediately prior to the date of the publication in those papers with daily publication.
- (h) The advertisement shall begin with the word "Tax."

Thereafter such public body or public bodies shall cause the proposition to be prepared for submission to the electorate of either such public bodies or such transit area of the transit authority, as the case may be, at an election to be called and held for such purpose. Such election may be held upon any date stipulated by the public body or public bodies and shall be held pursuant to notice as prescribed in KRS 424.130. Said election may, but need not, be held in conjunction with a regularly scheduled November election or a primary election as otherwise provided by law. The proposal to be submitted to the electorate of such public body or public bodies, or transit area of such transit authority, as the case may be, shall be so framed that any voter who wishes to vote in favor of the mass transportation program and the financing source therefor may signify his approval by voting "yes," and any voter who wishes to vote against the mass transportation program and the funding therefor may do so by voting "no."

- (2) In the event any such mass transportation program proposal is submitted to the electorate of any individual public body, such proposition and the source of funding therefor shall be approved if a majority of those voting on the proposal within the public body shall vote "yes."
- (3) In the event any such mass transportation program proposal is submitted to the electorate of any transit area of any such transit authority by simultaneous submission by all public bodies who are at the time of such submission members of such transit authority, such proposition and the source of funding therefor shall be approved if a majority of those voting on the proposal within the transit area of such transit authority shall vote "yes."
- (4) Any additional voted levies of ad valorem taxes approved by electorates pursuant to KRS 96A.310 to 96A.370, shall in the case of individual public bodies, be added to and constitute legal tax levies of such individual public bodies within the meaning of the Constitution of Kentucky, and shall, in the case of votes taken in transit areas of transit authorities, constitute legal tax levies of each and every individual public body which is a member of any such transit authority within the meaning of the Constitution of Kentucky.

96A.350 Elections; collection of tax receipts

- (1) The elections herein authorized shall, in the case of any individual public body, be called and held by the particular public officials of said public body responsible for the calling and holding of general elections. All ad valorem tax receipts, occupational tax receipts and public transportation sales tax receipts derived in respect of any such elections shall be collected by the public officials of such public body statutorily responsible for such collection, and shall pending disbursement be held in a separate and special trust fund identified as the mass transit trust fund by said public body to be used solely and only for purposes of the mass transportation program approved by the electorate of such public body, as hereinafter provided. Moneys therefrom shall be disbursed only upon order of the chief financial officer of such public body.
- (2) In the event any election authorized by KRS 96A.310 to 96A.370 is, pursuant to the provisions of KRS 96A.310 to 96A.370, to be submitted to the electorate of any transit area of a transit authority by all of the public bodies which are members of any such transit authority, and if one of such public bodies is a county which encompasses one or more additional public bodies, the county clerk of such county (or each county clerk in the event more than one county shall be a member of such transit authority) shall cause such election proposition to be prepared for presentation to the voters at the election on such proposition. All ad valorem tax receipts, occupational tax receipts and public transportation sales tax receipts derived in respect of any such elections shall be collected or received by the proper public officials of such county or counties statutorily responsible for such collection or receipt, and shall pending disbursement be held in a separate and special trust fund identified as the mass transit trust fund to be used solely and only for purposes of the mass transportation program approved by the electorate of such transit area, as hereinafter provided. Said mass transit trust fund shall in such case be held in the custody of all public bodies which are members of such transit authority and moneys therefrom shall be disbursed only upon orders of the chief financial officers of all such public bodies.

96A.360 Annual budget and report of transit authority required

Not less than annually any transit authority for the benefit of which a mass transportation program has been approved by the electorate of any public body, or by the electorate of its transit area in the event all public bodies comprising the membership of such transit authority have submitted such mass transportation program to the electorate of such transit area as provided by KRS 96A.310 to 96A.370, shall file with such public body or public bodies an annual budget of current expenses and an annual report, together with such other periodic reports and data as such public bodies may reasonably require and prescribe. Such annual budget may be approved or disapproved by such public body or public bodies, or may be caused by such public body or public bodies to be revised, amended, or otherwise altered in the sound discretion of such public body or public bodies. Provided, however, that no disbursement of any funds within any mass transit trust fund shall be made until such annual budget shall in its final form be approved by the governing bodies of all such public bodies.

96A.370 Joint agreements and multimunicipal compacts; commuter transportation agreements

- (1) In addition to all other powers and rights granted by KRS Chapter 96A, public bodies are expressly authorized and empowered to enter into joint agreements and multimunicipal compacts with transit authorities, and all other units of government, both federal and state, for the acquisition, maintenance and operation of mass transportation facilities. Any such agreements may provide for proportionate payments by such public bodies for transit purposes based upon any reasonable criteria, including, but not by way of limitation, population and actual mass transit services rendered, or percentage of funding.



- (2) Any such joint agreement or multimunicipal compact may provide by its terms that notwithstanding the fact that a mass transportation program, together with the source of funding therefor, has been approved by the electorate or electorates of one (1) or more of such public bodies, any such public body may, in any annual period, in lieu of utilizing such source of funding as approved by the electorate of any such public body, use and apply for purposes of making payments or contributions under such joint agreement or multimunicipal compact any other funds of such public body legally available therefor. Provided, however, that any source of funding approved by the electorate in connection with the approval of such a mass transportation program shall not, as a result of such permissive funding by any such public body from other legally available sources, be rendered void or nugatory.
- (3) Notwithstanding any provision to the contrary any transit authority created pursuant to this chapter may enter into agreements with the Commonwealth or agency thereof for the transportation of governmental employees to and from work stations located within or outside the authority's transit area. For the purposes of this subsection the Commonwealth may provide demonstration funds to encourage commuter transportation for its employees. These funds shall be limited to one (1) year of operation of new routes and shall not be used to subsidize the individual governmental employee's cost of transportation.