



2006-2008

Budget of the Commonwealth

Ernie Fletcher, Governor

Bradford L. Cowgill, State Budget Director



Budget in Brief

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PREFACE

The Budget of the Commonwealth for the 2006-2008 biennium is the financial plan for Kentucky State Government as enacted by the Regular Session of the 2005 General Assembly. It is published by the Office of the State Budget Director, Governor's Office for Policy and Management in accordance with KRS Chapter 48.

The 2006-2008 budget is presented in three volumes:

- **Volume I:** State Agency Program Budget Detail
- **Volume II:** Capital Projects
- **Budget in Brief:** Budget Summary Data and Appropriations Acts

These documents provide the detail to support the budget in legislative form as presented in the budget bill.

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**2006-2008 BUDGET OF THE COMMONWEALTH
GENERAL FUND SUMMARY**

	<u>Revised FY 2006</u>	<u>Enacted FY 2007</u>	<u>Enacted FY 2008</u>
RESOURCES			
Beginning Balance	468,879,400	544,874,100	434,187,000
Consensus Revenue Forecast	8,216,200,000	8,341,200,000	8,675,700,000
Tobacco Settlement - Phase I	91,300,000	88,800,000	94,000,000
Continuation of Revenue Measures		7,600,000	7,900,000
Other Resources	21,147,000	44,142,500	87,652,400
Small Business AMC Relief		(1,870,000)	(6,080,000)
Non-Participating Manufs. Assignment		35,000,000	20,000,000
Fund Transfers	211,197,100	132,833,800	84,589,200
Budget Stability Initiative Fund Transfers	62,483,500	0	0
Total Resources	9,071,207,000	9,192,580,400	9,397,948,600
Continued Appropriations Reserve			
Budget Reserve Trust Fund	28,764,800	119,015,100	151,815,100
Tobacco Settlement - Phase I	30,664,100	12,305,200	9,508,700
Executive Branch	21,548,700	7,288,300	3,167,600
Legislative Branch	11,869,100	6,828,400	5,299,600
Judicial Branch	8,539,500	6,411,600	4,351,600
Total Continued Appropriations Reserve	101,386,200	151,848,600	174,142,600
TOTAL RESOURCES	9,172,593,200	9,344,429,000	9,572,091,200
APPROPRIATIONS			
Executive Branch			
Regular Operating	7,994,729,800	8,377,670,200	9,014,177,200
Tobacco Settlement - Phase I	91,300,000	88,800,000	94,000,000
Special Bills (SB 82 in FY 2007 & 2008)	10,645,200	400,000	400,000
Current Year Appropriations	86,848,200	0	0
Other - Dedicated Revenues	55,122,400	2,200,000	2,200,000
Necessary Governmental Expenses	15,000,000	0	0
Budgeted Lapse	(14,500,000)	(57,000,000)	(43,000,000)
Lapses Due to Line-Item Vetoes		0	(11,576,000)
Budget Stability Initiative Lapse	(83,188,100)	0	0
Capital Projects	6,140,700	22,145,800	11,103,000
Total Executive Branch	8,162,098,200	8,434,216,000	9,067,304,200
Judicial Branch	232,613,900	244,588,600	279,376,500
Legislative Branch	41,370,500	46,788,800	50,182,200
TOTAL APPROPRIATIONS	8,436,082,600	8,725,593,400	9,396,862,900
BALANCE	736,510,600	618,835,600	175,228,300
Continued Appropriations Reserve			
Budget Reserve Trust Fund	119,015,100	151,815,100	142,324,800
Tobacco Settlement - Phase I	30,664,100	12,305,200	9,508,700
Executive Branch	21,548,700	7,288,300	3,167,600
Legislative Branch	11,869,100	6,828,400	5,299,600
Judicial Branch	8,539,500	6,411,600	4,351,600
Total Continued Appropriations Reserve	191,636,500	184,648,600	164,652,300
ENDING BALANCE	544,874,100	434,187,000	10,576,000

**2006-2008 BUDGET OF THE COMMONWEALTH
ROAD FUND SUMMARY**

	<u>Revised FY 2006</u>	<u>Enacted FY 2007</u>	<u>Enacted FY 2008</u>
RESOURCES			
Beginning Balance		1,493,500	
Consensus Revenue Forecast	1,169,703,400	1,223,125,400	1,239,614,400
Road Fund Revenue Initiative		15,559,900	22,317,500
		<u>15,559,900</u>	<u>22,317,500</u>
TOTAL RESOURCES	1,169,703,400	1,240,178,800	1,261,931,900
APPROPRIATIONS			
Transportation Cabinet			
Revenue Sharing	240,939,000	241,886,100	244,276,700
Aviation	0	4,000,000	4,000,000
Highways	625,672,600	667,409,400	670,193,200
Vehicle Regulation	16,280,300	17,396,100	18,269,900
Debt Service	166,840,900	162,710,200	181,143,200
General Administration and Support	66,530,000	69,217,100	70,072,400
Capital Projects	4,248,000	9,035,000	6,795,000
Subtotal	<u>1,120,510,800</u>	<u>1,171,653,900</u>	<u>1,194,750,400</u>
Justice & Public Safety Cabinet			
Kentucky State Police	29,769,100	50,000,000	50,000,000
Vehicle Enforcement	12,999,000	13,974,900	13,881,500
Subtotal	<u>42,768,100</u>	<u>63,974,900</u>	<u>63,881,500</u>
Finance and Administration Cabinet			
Debt Service	2,505,000	0	0
General Administration	283,000	400,000	400,000
Commonwealth Office of Technology	125,000	0	0
Revenue - Capital Project	0	1,250,000	0
Revenue	1,418,000	2,000,000	2,000,000
Subtotal	<u>4,331,000</u>	<u>3,650,000</u>	<u>2,400,000</u>
Environmental Protection	0	300,000	300,000
Treasury	250,000	250,000	250,000
Homeland Security	350,000	350,000	350,000
	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
TOTAL APPROPRIATIONS	1,168,209,900	1,240,178,800	1,261,931,900
ENDING BALANCE	<u><u>1,493,500</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

**2006-2008 BUDGET OF THE COMMONWEALTH
TOBACCO SETTLEMENT - PHASE I SUMMARY**

	<u>Enacted FY 2007</u>	<u>Enacted FY 2008</u>
Revenue	175,000	175,000
Rural Development - (50%)		
Governor's Office of Agricultural Policy	17,469,800	20,065,100
Finance and Administration Debt Service	17,842,700	17,847,400
Environmental and Public Protection - Natural Resources	9,000,000	9,000,000
Subtotal	44,312,500	46,912,500
Health Improvement - (25%)		
Office of Drug Control Policy (KY ASAP)	1,816,800	1,923,400
Health and Family Services - Public Health - Smoking Cessation	2,215,600	2,345,600
Council on Postsecondary Education -		
Lung Cancer Research Program/Ovarian Cancer Screening	4,431,200	4,691,200
Environmental and Public Protection - Insurance (Kentucky Access)	13,692,700	14,496,000
Subtotal	22,156,300	23,456,200
Early Childhood Development - (25%)		
Education - Early Childhood Development Services	1,388,400	1,508,400
Health and Family Services - Community Based Services	6,970,400	7,420,400
Health and Family Services - Human Support Services	100,000	100,000
Health and Family Services - Public Health	11,785,300	12,375,500
Health and Family Services - Mental Health/Mental Retardation	800,000	800,000
Health and Family Services - Children with Special Health Care Needs	312,100	352,000
Postsecondary Education -		
Kentucky Higher Education Assistance Authority	800,000	900,000
Subtotal	22,156,200	23,456,300
TOTAL TOBACCO SETTLEMENT - PHASE I	88,800,000	94,000,000

**2006-2008 BUDGET OF THE COMMONWEALTH
PROGRAMS FUNDED BY LOTTERY RECEIPTS**

	<u>Enacted FY 2007</u>	<u>Enacted FY 2008</u>
Gross Lottery Estimate (Consensus Forecasting Group)	165,500,000	170,500,000
Less Literacy Development Programs:		
Collaborative Center for Literacy Development	1,200,000	1,200,000
Early Reading Incentive Fund	1,800,000	1,800,000
Total Literacy Development Programs	3,000,000	3,000,000
Net Lottery Revenues	162,500,000	167,500,000
Kentucky Educational Excellence Scholarship (KEES) 45%	73,125,000	75,375,000
Need-Based Student Financial Aid: 55%		
College Access Program	58,427,800	60,262,000
Kentucky Tuition Grant Program	29,170,100	30,085,900
Teacher Scholarships Program	1,777,100	1,777,100
Need-Based Student Financial Aid - Total	89,375,000	92,125,000

Note: Some of the above programs include fund sources other than Lottery receipts.

**2006-2008 BUDGET OF THE COMMONWEALTH
CAPITAL PROJECTS SUMMARY**

	<u>ENACTED FY 2006</u>	<u>ENACTED FY 2007</u>	<u>ENACTED FY 2008</u>	<u>NEW AUTHORIZATION</u>
SOURCE OF FUNDS				
Executive Branch				
General Fund		22,145,800	11,103,000	33,248,800
Restricted Funds	4,320,000	1,624,482,956	32,150,000	1,660,952,956
Federal Funds		179,399,084	22,190,000	201,589,084
Bond Fund		1,394,691,000		1,394,691,000
Road Fund		10,285,000	6,795,000	17,080,000
Agency Bond Fund		267,537,000		267,537,000
Capital Construction Surplus		4,107,000	1,045,000	5,152,000
Investment Income		10,900,000	10,810,000	21,710,000
Other Funds		249,138,000	17,868,000	267,006,000
Emergency, Repair Maintenance and Replacement		1,700,000		1,700,000
TOTAL SOURCE OF FUNDS	<u>4,320,000</u>	<u>3,764,385,840</u>	<u>101,961,000</u>	<u>3,870,666,840</u>
EXPENDITURES BY CABINET				
Executive Branch				
General Government		643,451,800	34,304,000	677,755,800
Commerce		154,080,000	15,925,000	170,005,000
Economic Development		37,500,000		37,500,000
Department of Education		73,075,000	675,000	73,750,000
Education Cabinet		18,092,000	400,000	18,492,000
Environmental and Public Protection		32,300,000	6,800,000	39,100,000
Finance and Administration		185,801,000	7,704,000	193,505,000
Health and Family Services		29,249,000	1,500,000	30,749,000
Justice and Public Safety		8,197,000	1,650,000	9,847,000
Postsecondary Education	4,320,000	2,572,965,040	26,208,000	2,603,493,040
Transportation		9,675,000	6,795,000	16,470,000
TOTAL EXPENDITURES	<u>4,320,000</u>	<u>3,764,385,840</u>	<u>101,961,000</u>	<u>3,870,666,840</u>

Capital Projects Overview

The Commonwealth's capital projects program for the Executive Branch for the 2006-2008 biennium is presented in this single volume – Volume II of the Budget of the Commonwealth. This overview section of the volume focuses on the capital projects priorities, policies, and fund sources for the next two years.

Total Bonded Indebtedness - Capital Project Vetoes by the Governor

The General Assembly's enacted budget included a total of \$2,380,824,000 in debt financing. Governor Fletcher vetoed \$370,296,000 incorporating 43 capital projects, reducing the total debt budgeted to \$2,010,528,000. This action represented the first time a Governor vetoed a capital project in an Appropriations Act. The Governor's veto messages are published in the Budget in Brief volume of the Budget of the Commonwealth publication. The \$2.0 billion still represents the highest level of debt ever appropriated in a biennial budget.

The \$2,010,528,000 in budgeted debt includes \$1,392,991,000 in bond funded capital projects supported from the General Fund, \$350,000,000 in Highway bonds supported from the Road Fund, and \$267,537,000 in bond funded capital projects to be financed from Restricted Funds.

Bond Financed Capital Policy Emphasis – Bonds for Education and Economic Development and Infrastructure

By far, the largest proportion of new bond-financed project activity, \$952.3 million (47 percent), is directed to education purposes, elementary and secondary and postsecondary education. Of that amount, \$714,235,000 is appropriated for postsecondary education purposes; the largest amount ever in a biennial budget.

Bond Project Implementation Timing Limitations

The Budget of the Commonwealth provides authorization in fiscal year 2007 for all General Fund-supported bond financed projects, but provides limits on the timing of the implementation of the projects resulting from the appropriation of less than a full-year's debt service for the majority of projects. The Budget of the Commonwealth provides a half-year's debt service in fiscal year 2007 and a full year's debt service in fiscal year 2008 for just four bond financed projects. Those projects will be able to be implemented during any part of fiscal year 2007. For eight bond financed projects (this includes the two Infrastructure for Economic Development pools and the Community Development pool), a full year's debt service is provided in fiscal year 2008; those projects will be able to be implemented after January 1, 2007. For the remaining 46 General Fund-supported bond financed projects, only a half-year's debt service is provided in fiscal year 2008; those projects will be able to be implemented after July 1, 2007.

Postsecondary Education

Collectively, the postsecondary education system received \$479,898,000 in new General Fund-supported bonds as well as \$234,337,000 in Restricted Fund-supported bonds for a total of \$714,235,000 in bonded indebtedness. The agency bond total represents the third consecutive budget with appropriations far in excess of recent historical standards. A continued and significant emphasis has been placed on facilities that support research. These facilities complement the significant research initiative launched as a part of the Postsecondary Improvement Act from the 1997 Special Session. Both the University of Kentucky and the University of Louisville received state support for their top projects – the completion phase of the Biological/Pharmaceutical Complex at the University of Kentucky (\$79.9 million in addition to the \$40 million appropriated by the 2005 General Assembly) and the Health Sciences Center Research Facility – Phase IV at the University of Louisville (\$69.7 million in addition to the \$39 million appropriated by the 2005 General Assembly). These projects were the highest research and economic development capital project priorities of the Council on Postsecondary Education. Major funding was also provided for eleven Kentucky Community and Technical College (KCTCS) projects, including: the Advanced Manufacturing Technology project at Gateway Community and Technical College (\$28 million), the Emerging Technology Center at the West Kentucky Community and Technical College in Paducah (\$16.5 million), the Science/Allied Health building at

Jefferson Community and Technical College (\$25.6 million), the Allied Health/Technical Education Building at the Laurel Campus of the Somerset Community College (\$14 million), the third phase of the new campus of the Ashland Community and Technical College (\$17.6 million in addition to the \$18 million previously appropriated, an expansion of the Central Regional Postsecondary Education Center in Elizabethtown (\$20 million), a new community and technical college facility in Washington County (\$14.5 million), an expansion of the facility in McCreary County (\$6.5 million). Other major postsecondary capital investments include: the Center for Health Education and Research at Morehead State University (\$23 million), a joint effort with the St. Claire Regional Medical Center, the Center for Informatics at Northern Kentucky University (\$35.5 million), the new Science building at Eastern Kentucky (\$54.1 million), support to complete the Hathaway Hall project at Kentucky State University related to the long-standing U.S. Office of Civil Rights agreement (\$4.9 million), phase three of the Science complex at Murray State University (\$15 million), and a new College of Education building at Western Kentucky University (\$35 million).

Other Postsecondary Education projects receiving agency bond appropriations include the remaining financing of the new Hospital Patient Bed Tower at the University of Kentucky (\$150 million in agency bonds), the completion of the Student Union Building (\$17.4 million), a new Parking Structure to support the Regional Special Events Center (\$15.4 million) at Northern Kentucky University, the construction of a New Residential College at Murray State University (\$13.1 million), the remaining funds necessary to completely renovate the Academic/Athletic #2 Complex at Western Kentucky University (\$25.5 million), and University of Louisville's Center for Predictive Medicine (\$13 million) which will match a \$22 million federal grant the University received from the National Institutes of Health for a Level 3 Regional Biosafety Laboratory.

Elementary and Secondary Education

The third largest commitment of support is for local school construction. The School Facilities Construction Commission (SFCC) was authorized by the 2005 General Assembly to make offers of assistance to local school districts for new construction and renovation projects. The 2006-2008 Budget of the Commonwealth recommends \$100 million in new bonds to honor these offers of assistance to local school districts. The 2006-2008 Budget of the Commonwealth also appropriated an additional \$50 million for additional offers of assistance.

Education Technology

The 2006-2008 Budget of the Commonwealth provides \$50 million for the K-12 school districts to provide new workstations to support instructional activities. It also supports a major advancement in the modernization of the Commonwealth's education information technology systems by providing \$8.9 million in bond funds and \$22 million in the operating budget to finance the Kentucky Education Network (KEN), providing a faster and higher volume transfer of data and electronic resources to schools connecting local school districts, universities and colleges, and other education agencies together in a single network; the establishment of a learning systems repository accessible electronically to share instructional content modules across all education agencies; and a data repository that allows comprehensive education information to be shared among agencies to better inform policy and decision making. Over \$15 million is provided to Kentucky Educational Television to convert to digital technology the master control, studio, and production capabilities.

Economic Development

Economic Development bond appropriations include \$17.5 million in new Economic Development bond funds and a \$20 million pool for the Commercialization and Innovation program's High Tech Construction and Investment Pool. Both of these efforts are underwritten by General Fund debt service. The \$17.5 million in bonds will recapitalize the Economic Development Bond pool that will be used to leverage state investments against private investments to promote the economic development of the Commonwealth. The High Tech Construction and Investment Pool supports the growth of innovation-based business and industry in Kentucky by targeting new economy niche areas where Kentucky might gain a competitive edge in the emerging technology economic sectors.

The 2006-2008 Budget of the Commonwealth proposes significant investments in tourism and quality of life projects including \$75 million in General Fund-supported bonds for a new Louisville Arena. This will provide partial funding to support a new Arena in downtown Louisville. The total anticipated cost of the arena complex will be approximately \$349 million. It will be paid for from 15 different sources of revenue, including naming rights, seat premiums, parking, and incremental tax dollars that occur due to the creation of the arena complex. The University of Louisville men's and women's basketball teams will be the primary tenants in the arena complex; concerts, family shows, and other major functions will be held as well. The arena is proposed to have 22,000 seats, 70 luxury suites, a practice facility, and the ability to convert the facility into an ice rink for a minor league hockey team and family skating shows. The 2006-2008 Budget of the Commonwealth proposes funding for a New Indoor Arena project at the Kentucky Horse Park (\$36.5 million in bonds). This project includes the construction of a new climate controlled indoor arena with seating for up to 6,000 people, enabling the Kentucky Horse Park to host the World Equestrian Games in 2010. This event has never been held outside of Europe. The Indoor Arena will bear fruit prior to 2010 by enabling the addition of equine events, expanding its show season and pursuing leading national championship equine shows that it has been unsuccessful attracting with its current facilities.

Infrastructure Development and Community Development

The Budget of the Commonwealth provides two Infrastructure for Economic Development pools: a \$150,000,000 bond funded pool for Non-Coal Producing Counties, and a \$100,000,000 bond funded pool for Coal-Producing Counties, the debt service for which is funded from coal severance revenues within the General Fund. These two pools will finance nearly 560 individual projects, most of which are water and sewer related projects. A Community Development pool financed with \$73,958,000 in bond funds and \$29,103,800 from the General Fund, a total of \$103,061,800, is appropriated to finance 298 community projects throughout the Commonwealth.

The Kentucky River Authority was budgeted a \$37.8 million pool (\$33.2 million in agency bonds and \$4.6 million in Restricted Funds) for critically needed repairs to several dams on the Kentucky River. Funding is provided to construct a new Dam 9 in Jessamine County, to provide the 20 percent state match for Federal Funds to replace Dam 10 near Boonesboro, and authorization to reconstruct Lock and Dam 3 in Owen County, and the Lock at Dam 4 in Franklin County.

Information Technology

Another significant investment is proposed for information technology programs and upgraded business systems. In contemporary society, governments, businesses, and individual citizens are dependent upon and daily users of information technology (IT) systems. State government IT systems need to keep pace. The IT system replacements recommended in this budget replace IT systems dating back ten, twenty, or more years. These include the remaining phases of the public safety communications infrastructure known as KEWS (Kentucky Emergency Warning System), which was developed in the wake of the 1974 tornadoes that rampaged through Kentucky (\$13 million in bonds plus \$16.2 million in Federal Funds); the first phase of a Comprehensive Tax System (\$23.2 million), the last of the Commonwealth's enterprise-wide legacy business systems to be replaced; and the completion of the TWIST system to safeguard children at risk (\$3.1 million matched by the same amount of Federal Funds).

Reduction of Leased Space

The 2006-2008 Budget of the Commonwealth includes funding to finish the renovation of the State Office Building (\$13.6 million) which will enable the Commonwealth to vacate 375,000 square feet of leased property. Design funding is recommended for the renovation of the Capital Plaza Tower which is necessary for the life of the building and will continue the progress of reducing the amount of leased space in Frankfort (\$4.9 million).

Maintenance Projects

The Budget of the Commonwealth also includes funding for maintaining and restoring state owned assets, and to protect existing investments in important facilities. Maintenance Pools finance construction projects

costing less than \$600,000 each and keep minor problems from escalating into more costly major maintenance or renovation needs. The 2006-2008 Budget of the Commonwealth provides a limited amount of bonds (\$10 million) for state agency maintenance pools. The Commonwealth's ongoing maintenance requirements need to be financed with cash sources (\$12 million). The cash funding is critical to enable the hundreds of small maintenance projects to be executed without the limitation that bonding imposes to fund only those projects with a useful life of at least 20 years. The Capital Planning Advisory Board endorses the emphasis on cash funding for maintenance. The bond funded maintenance pools include just a 10-year term to allow agencies to direct these funds to appropriate maintenance needs. Other key maintenance investments are: the Replacement of Chillers at the Oakwood mental retardation facility (\$2 million), the Pavilion Roof project at the Kentucky Fair and Exposition Center (\$1.2 million), and the next phase of the Capitol Complex Infrastructure improvements (\$1.1 million).

Life Safety-Protection of the Public

The Budget of the Commonwealth includes capital projects that protect life safety and improve the general welfare of Kentuckians, including: Upgrading Fire Safety at the Morehead Youth Development Center (\$1.5 million), Flood Control and Dam Repair projects (\$1.6 million), additional funding for Drinking Water and Wastewater Revolving Loan funds within the Kentucky Infrastructure Authority's budget (\$8 million in bonds, \$40 million in Federal Funds), security upgrades at the Kentucky History Center.

Other Notable Projects

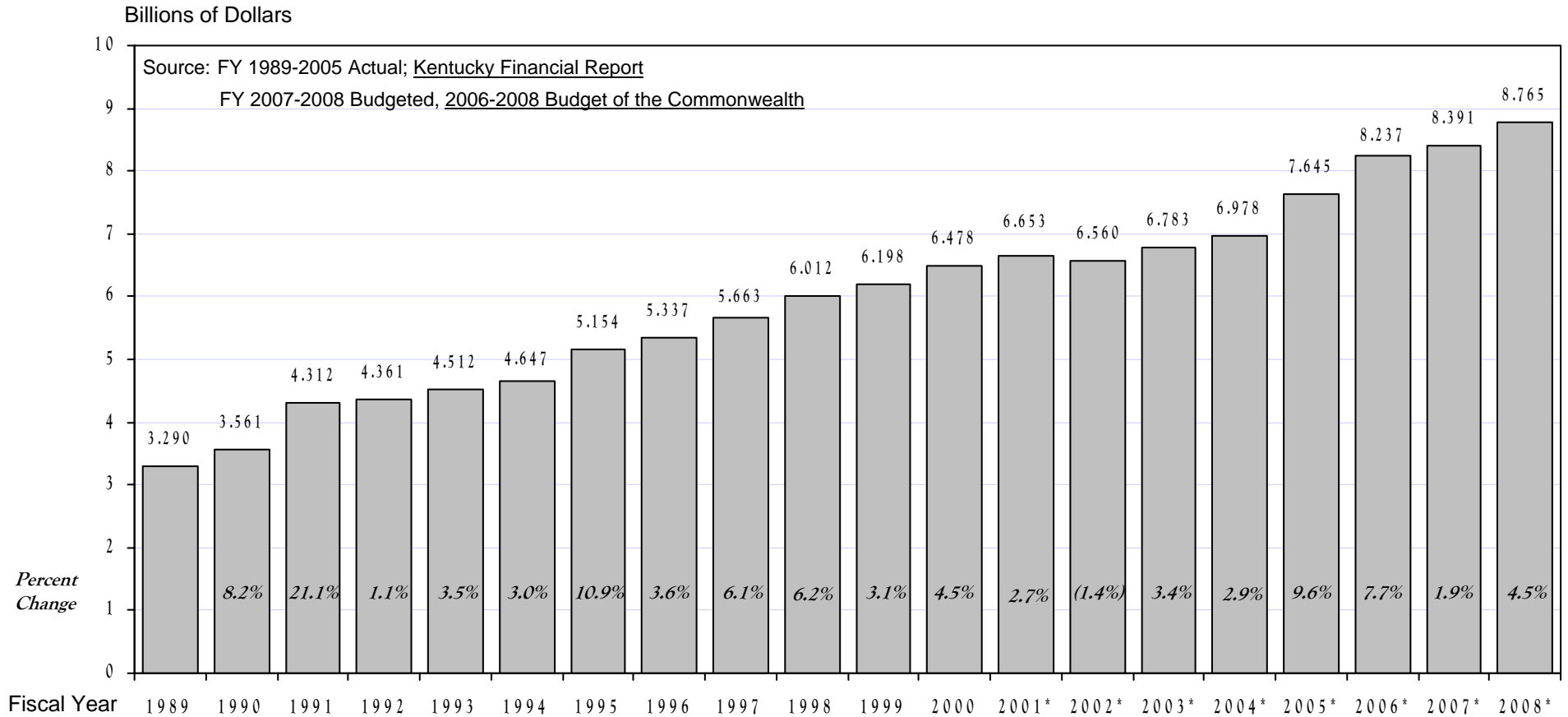
The 2006-2008 Budget of the Commonwealth includes funding to acquire 4,291 acres of currently leased property at the Department of Military Affairs' Wendell H. Ford Regional Training Center in Muhlenberg County. The current leaseholder plans to sell this property and its acquisition is critical to the Department's ability to maintain this area as a major military training center (\$4.5 million). Funding is also included to construct the Commonwealth's fourth and fifth Veterans' cemetery, the Northeastern Kentucky State Veterans' Cemetery, in Greenup County, with over \$8 million in Federal Funds, and a Veterans' cemetery in Southeast Kentucky, with \$6 million in Federal Funds.

NOTE: The preceding discussion does not include reference to the second phase of a bond program begun in the 2004-2006 biennium for interstate highway construction. This \$290 million GARVEE bond program is discussed in Volume I of the Budget of the Commonwealth documents in the Kentucky Transportation Cabinet description.

General Fund Revenue Receipts

Fiscal Years 1989-2008

(Billions of dollars – rounded)

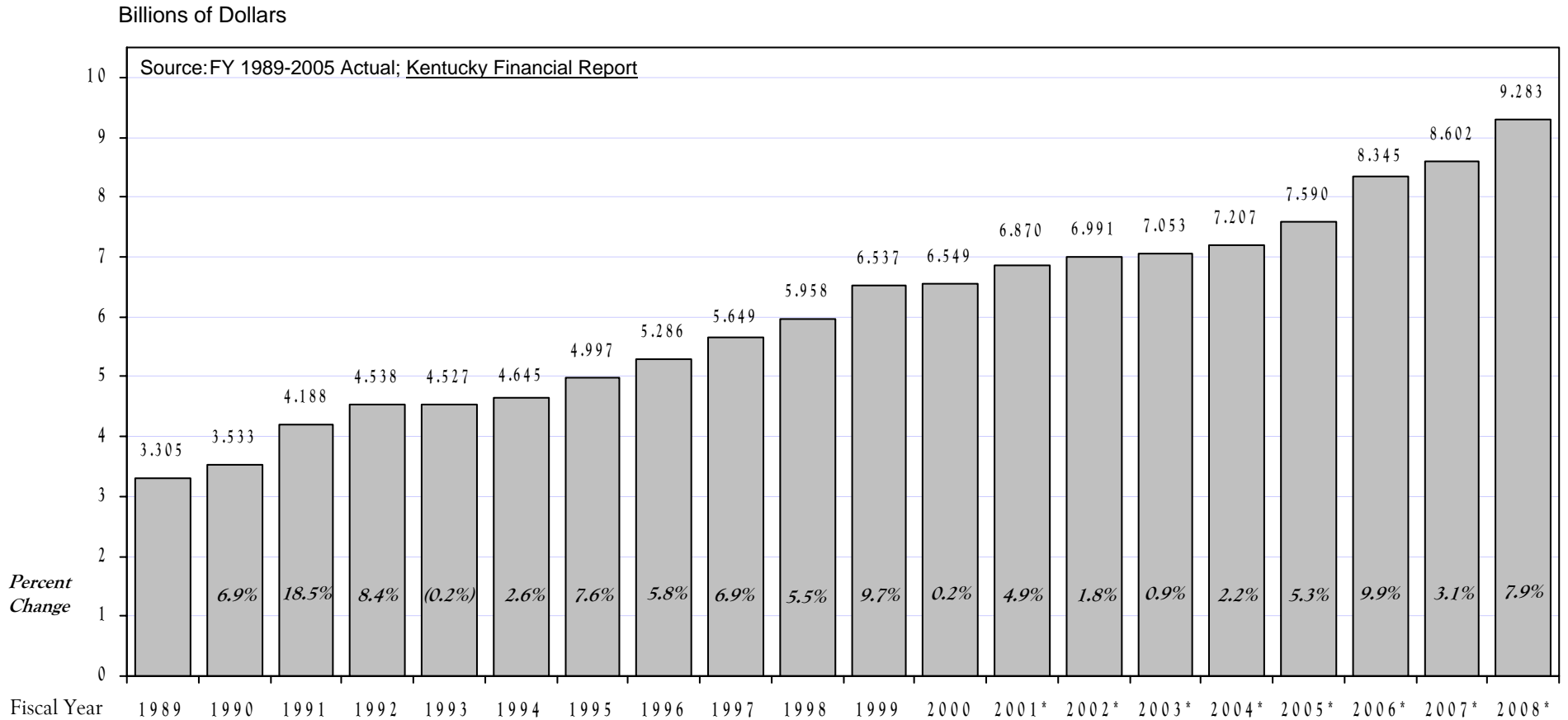


- Excludes Tobacco Settlement – Phase I Funds
- Excludes Fund Transfers

General Fund Expenditures

Fiscal Years 1989-2008

(Billions of dollars – rounded)

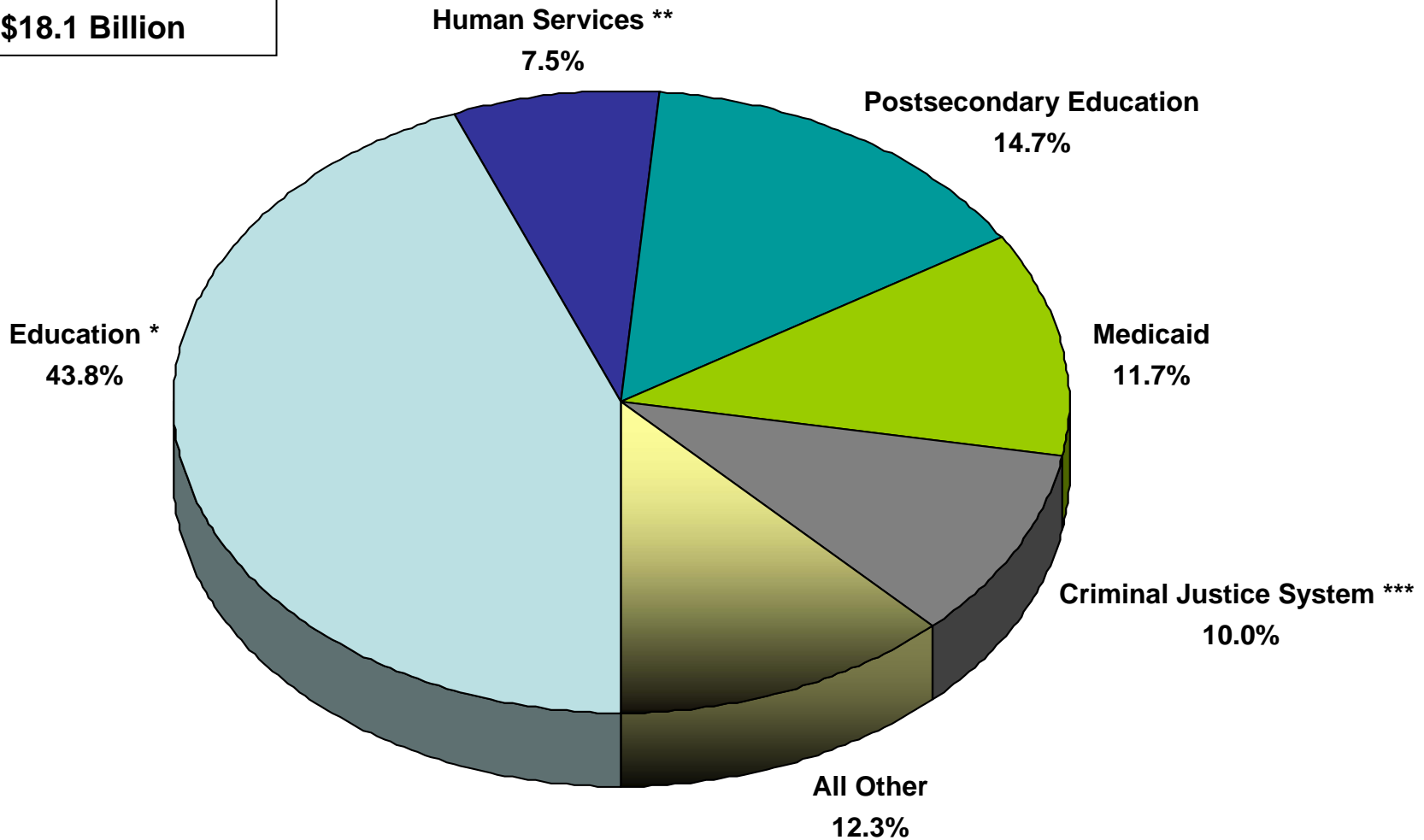


* Excludes Tobacco Settlement – Phase I Funds

2006-2008 Biennium

Distribution of General Fund Appropriations

Total = \$18.1 Billion



Excludes Tobacco Settlement – Phase I Funds

* Education includes the Department of Education, Teachers' Retirement System, School Facilities Construction Commission and the Education Professional Standards Board.

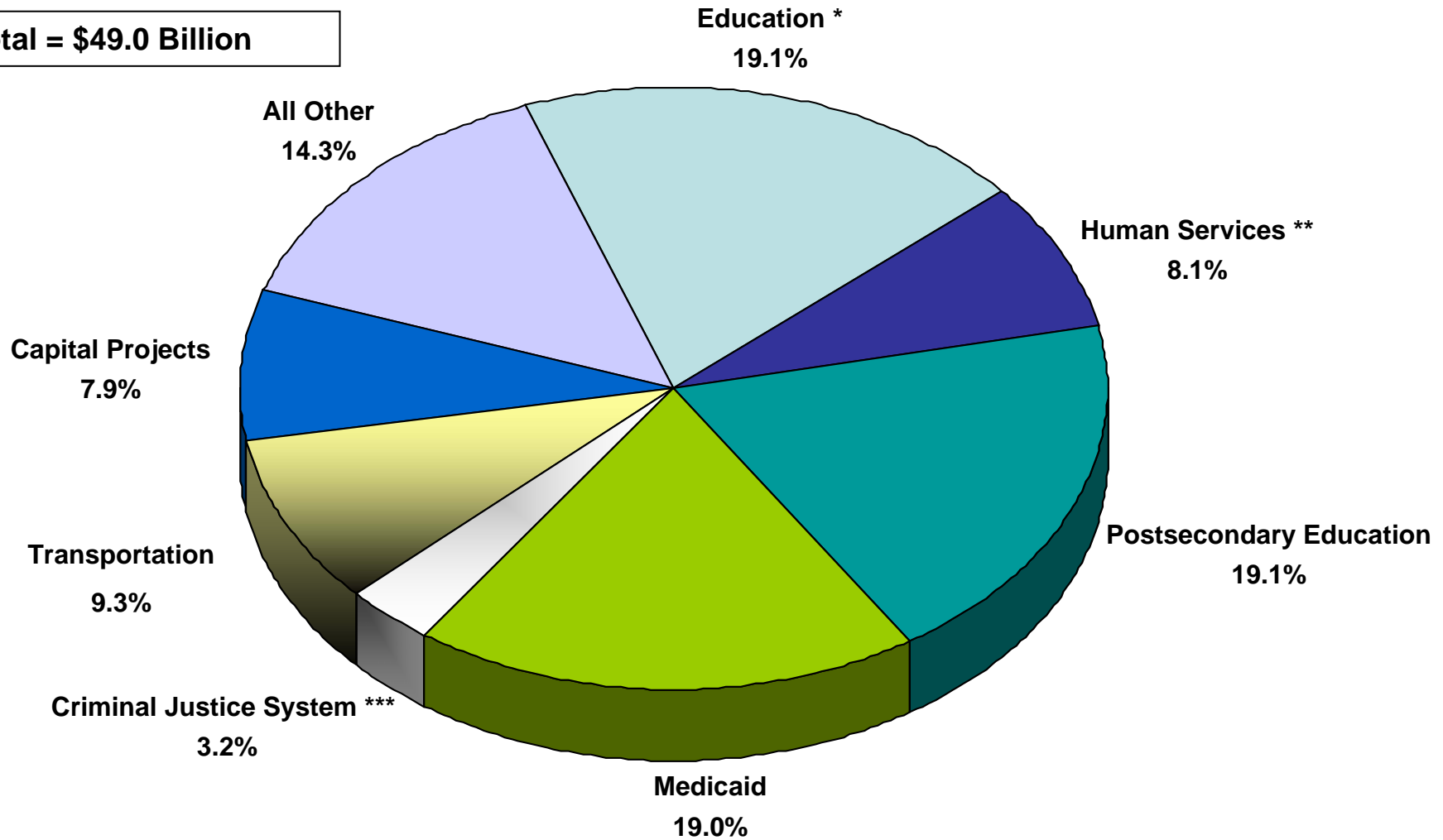
** Human Services include the Health and Family Services Cabinet (net of Medicaid).

*** Criminal Justice System includes the Unified Prosecutorial System, Justice and Public Safety Cabinet and the Judicial Branch.

2006-2008 Biennium

Distribution of All Funds Appropriations

Total = \$49.0 Billion



Excludes Tobacco Settlement – Phase I Funds

* Education includes the Department of Education, Teachers' Retirement System, School Facilities Construction Commission and the Education Professional Standards Board.

** Human Services include the Health and Family Services Cabinet (net of Medicaid).

*** Criminal Justice System includes the Unified Prosecutorial System, Justice and Public Safety Cabinet and the Judicial Branch.

**2006-2008 BIENNIAL BUDGET
EXECUTIVE BRANCH AUTHORIZED PERSONNEL LEVELS**

	<u>Enacted Full Time</u>	<u>Enacted Part Time</u>	<u>Enacted All Other</u>
Commerce Cabinet	2,243	33	1,614
Economic Development Cabinet	113	2	0
Department of Education	660	1	33
Education Cabinet	2,270	125	16
Environmental & Public Protection	3,076	6	161
Finance & Administration Cabinet	2,771	4	127
Cabinet for Health & Family Services	8,974	53	48
Justice & Public Safety Cabinet	8,106	9	32
Personnel Cabinet	245	2	3
Postsecondary Education	214	4	6
Transportation Cabinet	5,178	12	188
General Government			
Office of the Governor	74	4	2
Office of State Budget Director	43	1	1
Homeland Security	15	0	13
Veterans' Affairs	765	6	6
Governor's Office of Agricultural Policy	16	0	0
Military Affairs	321	19	262
Commission on Human Rights	31	0	0
Commission on Women	3	1	0
Governor's Office for Local Development	76	0	6
Kentucky Infrastructure Authority	11	0	0
Executive Branch Ethics Commission	4	2	0
Secretary of State	41	0	0
Board of Elections	18	0	0
Registry of Election Finance	17	0	0
State Treasurer	33	0	2
Attorney General	227	2	7
Commonwealth's Attorneys	377	148	1
County Attorneys	238	369	0
Auditor of Public Accounts	130	1	1
Agriculture	302	1	9
Personnel Board	6	0	0
Occupational & Professional Boards & Commissions	149	31	11
Board of Emergency Medical Services	18	0	0
Kentucky River Authority	10	2	0
School Facilities Construction Commission	3	0	0
Kentucky Retirement System	259	2	0
Teachers' Retirement System	87	26	0
General Government Total	<u>3,274</u>	<u>615</u>	<u>321</u>
TOTAL EXECUTIVE BRANCH	<u><u>37,124</u></u>	<u><u>866</u></u>	<u><u>2,549</u></u>

Commonwealth of Kentucky

	<u>Revised FY 2006</u>	<u>Requested FY 2007</u>	<u>Requested FY 2008</u>	<u>Enacted FY 2007</u>	<u>Enacted FY 2008</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	8,263,310,800	9,803,912,400	10,584,408,900	8,669,047,600	9,343,735,900
Surplus Expenditure Plan	90,250,300				
Special Appropriation	993,000	565,000	565,000	-1,800,000	-26,890,300
Current Year Appropriation	96,848,200	69,800	72,800		
Continuing Appropriation	70,722,100	141,717,000	137,627,900	139,455,400	168,432,400
Salary Compensation Fund	4,838,400	5,298,900	5,323,300		
Base Deduction	-32,966,700				
Mandated Allotments	12,425,000				
Other	55,122,400	3,949,600	3,949,600	35,000,000	20,000,000
Total General Fund	8,561,543,500	9,955,512,700	10,731,947,500	8,841,703,000	9,505,278,000
Tobacco Settlement-Phase I					
Tobacco Settlement - I	108,600,000	91,678,200	91,807,700	88,800,000	94,000,000
Continuing Appropriation	30,664,100	12,310,000	9,508,700	12,305,200	5,508,700
Other	-43,900				
Total Tobacco Settlement-Phase I	139,220,200	103,988,200	101,316,400	101,105,200	99,508,700
Restricted Funds					
Balance Forward	500,307,784	270,479,885	251,415,985	195,787,100	126,823,700
Current Receipts	3,698,583,216	3,860,807,200	4,038,264,700	4,147,455,900	4,043,727,800
Non-Revenue Receipts	684,549,700	681,381,200	691,247,700	740,762,200	716,247,900
Fund Transfers	-143,048,300		50,000	-86,645,500	-46,253,900
Total Restricted Funds	4,740,392,400	4,812,668,285	4,980,978,385	4,997,359,700	4,840,545,500
Federal Funds					
Balance Forward	87,928,106	22,068,452	9,809,652	22,048,600	11,400,000
Current Receipts	7,168,841,763	7,097,723,100	7,325,919,500	6,947,784,800	7,115,759,900
Non-Revenue Receipts	215,581,409	217,170,900	217,259,400	216,608,800	216,662,100
Total Federal Funds	7,472,351,278	7,336,962,452	7,552,988,552	7,186,442,200	7,343,822,000
Road Fund					
Regular Appropriation	1,151,156,200	1,250,704,000	1,260,213,000	1,229,893,800	1,255,136,900
Surplus Expenditure Plan	28,578,100				
Current Year Appropriation	12,805,700				
Total Road Fund	1,192,540,000	1,250,704,000	1,260,213,000	1,229,893,800	1,255,136,900
Highway Bonds					
Balance Forward	232,141,599	367,619,400	379,769,400		
Current Receipts	80,410,901	23,290,000	14,170,000	350,000,000	
Non-Revenue Receipts	150,000,000	290,000,000			
Total Highway Bonds	462,552,500	680,909,400	393,939,400	350,000,000	
TOTAL SOURCE OF FUNDS	22,568,599,878	24,140,745,037	25,021,383,237	22,706,503,900	23,044,291,100
EXPENDITURES BY CLASS					
Personnel Cost	4,862,175,300	5,496,611,655	5,822,639,537	5,049,679,300	5,289,154,400
Operating Expenses	2,278,481,400	2,494,569,145	2,596,132,463	2,422,405,100	2,556,272,200
Grants, Loans or Benefits	12,405,138,100	13,198,111,300	13,874,044,150	12,444,875,100	13,009,448,800
Debt Service	646,477,600	747,397,100	846,934,500	755,491,800	840,130,600
Capital Outlay	178,719,300	185,389,800	177,371,200	172,464,600	169,402,000
Construction	1,750,938,100	1,246,666,100	1,224,368,800	1,545,923,200	915,627,900
TOTAL EXPENDITURES	22,121,929,800	23,368,745,100	24,541,490,650	22,390,839,100	22,780,035,900
EXPENDITURES BY FUND SOURCE					
General Fund	8,357,366,700	9,834,264,000	10,615,444,700	8,669,770,600	9,339,933,700
Tobacco Settlement-Phase I	114,562,600	94,479,500	95,575,500	95,596,500	99,508,700
Restricted Funds	4,544,605,300	4,561,258,200	4,747,121,000	4,870,536,000	4,747,462,200

Federal Funds	7,450,302,700	7,327,152,800	7,550,879,850	7,175,042,200	7,337,994,400
Road Fund	1,192,540,000	1,250,704,000	1,260,213,000	1,229,893,800	1,255,136,900
Highway Bonds	462,552,500	301,140,000	272,498,200	350,000,000	
TOTAL EXPENDITURES	22,121,929,800	23,368,998,500	24,541,732,250	22,390,839,100	22,780,035,900
EXPENDITURES BY UNIT					
Executive Branch	21,819,012,500	23,013,552,300	24,160,833,750	22,074,752,800	22,425,361,900
Legislative Branch	46,675,800	48,005,200	50,323,400	48,387,200	50,373,200
Judicial Branch	256,241,500	307,441,000	330,575,100	267,699,100	304,300,800
TOTAL EXPENDITURES	22,121,929,800	23,368,998,500	24,541,732,250	22,390,839,100	22,780,035,900



Executive Branch

- House Bill 380
- House Bill 557

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Executive Branch

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Enacted FY 2007	Enacted FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	7,994,729,800	9,478,396,500	10,234,179,300	8,377,670,200	9,014,177,200
Surplus Expenditure Plan	90,250,300				
Special Appropriation	428,000			-1,800,000	-26,890,300
Current Year Appropriation	96,848,200	69,800	72,800		
Continuing Appropriation	50,313,500	128,477,000	127,976,700	126,215,400	158,781,200
Salary Compensation Fund		460,500	484,900		
Base Deduction	-32,966,700				
Mandated Allotments	12,425,000				
Other	55,122,400	3,949,600	3,949,600	35,000,000	20,000,000
Total General Fund	8,267,150,500	9,611,353,400	10,366,663,300	8,537,085,600	9,166,068,100
Tobacco Settlement-Phase I					
Tobacco Settlement - I	108,600,000	91,678,200	91,807,700	88,800,000	94,000,000
Continuing Appropriation	30,664,100	12,310,000	9,508,700	12,305,200	5,508,700
Other	-43,900				
Total Tobacco Settlement-Phase I	139,220,200	103,988,200	101,316,400	101,105,200	99,508,700
Restricted Funds					
Balance Forward	481,735,884	256,801,085	244,436,085	181,215,500	118,951,000
Current Receipts	3,686,785,516	3,848,885,500	4,026,198,100	4,133,234,200	4,029,361,200
Non-Revenue Receipts	681,620,100	680,451,600	690,318,100	739,832,600	715,318,300
Fund Transfers	-143,048,300		50,000	-86,645,500	-46,253,900
Total Restricted Funds	4,707,093,200	4,786,138,185	4,961,002,285	4,967,636,800	4,817,376,600
Federal Funds					
Balance Forward	87,866,306	22,068,452	9,809,652	22,048,600	11,400,000
Current Receipts	7,165,866,863	7,095,953,200	7,324,488,000	6,946,014,900	7,114,328,400
Non-Revenue Receipts	215,581,409	217,170,900	217,259,400	216,608,800	216,662,100
Total Federal Funds	7,469,314,578	7,335,192,552	7,551,557,052	7,184,672,300	7,342,390,500
Road Fund					
Regular Appropriation	1,151,156,200	1,250,704,000	1,260,213,000	1,229,893,800	1,255,136,900
Surplus Expenditure Plan	28,578,100				
Current Year Appropriation	12,805,700				
Total Road Fund	1,192,540,000	1,250,704,000	1,260,213,000	1,229,893,800	1,255,136,900
Highway Bonds					
Balance Forward	232,141,599	367,619,400	379,769,400		
Current Receipts	80,410,901	23,290,000	14,170,000	350,000,000	
Non-Revenue Receipts	150,000,000	290,000,000			
Total Highway Bonds	462,552,500	680,909,400	393,939,400	350,000,000	
TOTAL SOURCE OF FUNDS	22,237,870,978	23,768,285,737	24,634,691,437	22,370,393,700	22,680,480,800
EXPENDITURES BY CLASS					
Personnel Cost	4,655,344,000	5,262,238,555	5,570,151,637	4,841,285,600	5,061,454,000
Operating Expenses	2,184,379,900	2,380,799,945	2,468,891,163	2,318,556,800	2,434,590,400
Grants, Loans or Benefits	12,405,138,100	13,198,111,300	13,874,044,150	12,444,875,100	13,009,448,800
Debt Service	646,477,600	747,397,100	846,934,500	755,491,800	840,130,600
Capital Outlay	176,734,800	178,085,900	176,201,900	168,620,300	164,110,200
Construction	1,750,938,100	1,246,666,100	1,224,368,800	1,545,923,200	915,627,900
TOTAL EXPENDITURES	21,819,012,500	23,013,298,900	24,160,592,150	22,074,752,800	22,425,361,900
EXPENDITURES BY FUND SOURCE					
General Fund	8,076,213,700	9,500,137,900	10,255,953,800	8,377,304,400	9,008,967,300
Tobacco Settlement-Phase I	114,562,600	94,479,500	95,575,500	95,596,500	99,508,700
Restricted Funds	4,525,877,700	4,541,708,000	4,727,144,900	4,848,685,800	4,725,186,100

Federal Funds	7,447,266,000	7,325,382,900	7,549,448,350	7,173,272,300	7,336,562,900
Road Fund	1,192,540,000	1,250,704,000	1,260,213,000	1,229,893,800	1,255,136,900
Highway Bonds	462,552,500	301,140,000	272,498,200	350,000,000	
TOTAL EXPENDITURES	21,819,012,500	23,013,552,300	24,160,833,750	22,074,752,800	22,425,361,900
EXPENDITURES BY UNIT					
General Government	966,279,800	1,209,643,900	1,308,738,100	932,450,000	996,209,200
Commerce	216,095,800	262,755,000	296,660,550	218,967,300	227,681,400
Economic Development	24,478,800	35,062,200	40,428,900	32,960,400	37,832,700
Department of Education	4,086,973,600	4,437,871,100	4,748,704,800	4,209,587,900	4,524,727,200
Education Cabinet	871,969,100	910,383,900	921,070,900	877,152,000	879,877,400
Environmental and Public Protection	618,170,300	646,726,600	658,698,800	626,007,500	632,368,300
Finance and Administration	567,561,100	650,496,000	679,216,100	641,684,800	646,413,700
Health and Family Services	6,618,961,600	6,868,526,200	7,151,695,700	6,555,756,700	6,760,191,800
Justice and Public Safety	751,815,700	968,327,800	1,014,781,400	794,065,000	822,831,100
Personnel	52,221,000	55,863,400	59,387,100	58,816,700	84,412,700
Postsecondary Education	4,313,332,400	4,682,700,200	4,994,686,500	4,542,598,700	4,826,567,400
Transportation	2,731,153,300	2,285,196,000	2,286,764,900	2,584,705,800	1,986,249,000
TOTAL EXPENDITURES	21,819,012,500	23,013,552,300	24,160,833,750	22,074,752,800	22,425,361,900



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

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RECEIVED AND FILED

DATE April 24, 2006
9:19 pm

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Soller

VETO MESSAGE FROM THE

GOVERNOR OF THE COMMONWEALTH OF KENTUCKY

House Bill 380 of the 2006 Regular Session – Partial Veto #1

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 2, lines 10 through 12, in their entirety.

I am vetoing this part as it conflicts with applicable statutes affording the Governor's Scholars Program, Inc., flexibility in the hiring and compensation of its employees.

House Bill 380 of the 2006 Regular Session – Partial Veto #2

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 4, line 5, after "shall" delete ",".

Page 4, line 6, delete "within 15 days of the final award of grants,".

This part mandates that a report of all the recipients of homeland security grants be presented to the Legislative Research Commission within 15 days of the final award of the grants. I am vetoing this part because the timeframe is too restrictive. I have no objection to the issuance of a report in a more reasonable timeframe and have left the underlying reporting requirements intact.



House Bill 380 of the 2006 Regular Session – Partial Veto #3

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 9, line 1, after “2006-2007” delete “and \$500,000 in fiscal year 2007-2008”.

This part appropriates \$500,000 in fiscal year 2007-2008 as a grant supporting the operations of the Patton Museum. The Patton Museum is located on the grounds of Fort Knox and is a museum of the history of mechanized armor and General George S. Patton. The Patton Museum is incorporated as a 501(c) entity responsible for raising operating and support revenues through private donations as well as maintaining historic objects and pieces of equipment that remain U.S. Army property. I am vetoing the \$500,000 appropriation in fiscal year 2007-2008 because the grant for the Patton Museum should be a one-time, nonrecurring grant of funds from state tax dollars. As a result of this veto, the \$500,000 will lapse to the General Fund Surplus account at the end of fiscal year 2007-2008.

House Bill 380 of the 2006 Regular Session – Partial Veto #4

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following parts:

Page 12, line 27, in its entirety.

Page 13, lines 1 through 3, in their entirety.

Page 24, lines 26 through 27, in their entirety.

Page 25, line 1, in its entirety.

Page 33, line 10, after the word “above” delete “General Fund appropriation is \$1,630,000 in”.

Page 33, line 11, in its entirety.

Page 43, lines 11 through 13, in their entirety.

Page 44, lines 9 through 11, in their entirety.

Page 49, lines 23 through 27, in their entirety.

Page 50, lines 1 through 22, in their entirety.

Page 112, lines 8 through 11, in their entirety.

Page 122, lines 26 through 27, in their entirety.

Page 123, lines 1 through 9, in their entirety.

Page 153, lines 3 through 6, in their entirety.

Page 153, line 10, in its entirety.

Page 154, line 15, after the second character “;” delete “the Capital Renewal and Maintenance Bond”.

Page 154, line 18, after the second character “;” delete “the Postsecondary Education Institutions”.

Page 154, line 19, in its entirety.

Page 154, line 20, delete "Support/Lab Renovation and Equipment Pool;".
Page 158, lines 26 through 27, in their entirety.
Page 159, lines 18 through 19, in their entirety.
Page 160, line 2, in its entirety.
Page 160, lines 23 through 27, in their entirety.
Page 161, lines 23 through 24, in their entirety.
Page 164, lines 10 through 13, in their entirety.
Page 173, lines 15 through 19, in their entirety.
Page 175, lines 7 through 18, in their entirety.
Page 175, lines 21 through 22, in their entirety.
Page 176, lines 15 through 18, in their entirety.
Page 176, lines 24 through 27, in their entirety.
Page 178, line 27, in its entirety.
Page 179, line 1, in its entirety.
Page 179, lines 6 through 7, in their entirety.
Page 181, lines 10 through 13, in their entirety.
Page 181, lines 16 through 17, in their entirety.
Page 183, lines 14 through 17, in their entirety.
Page 185, lines 21 through 24, in their entirety.
Page 187, lines 2 through 3, in their entirety.
Page 206, lines 13 through 16, in their entirety.
Page 210, lines 20 through 27, in their entirety.
Page 211, lines 18 through 21, in their entirety.
Page 211, lines 26 through 27, in their entirety.
Page 212, line 27, in its entirety.
Page 213, lines 1 through 3, in their entirety.
Page 213, lines 6 through 9, in their entirety.
Page 214, line 4, in its entirety.
Page 215, lines 24 through 25, in their entirety.
Page 216, lines 1 through 2, in their entirety.
Page 216, lines 9 through 12, in their entirety.
Page 403, lines 24 through 27, in their entirety.
Page 405, lines 5 through 8, in their entirety.

These parts represent capital projects authorized for bond financing. I am vetoing these projects because it is my belief that the Commonwealth cannot afford to sustain the debt that would have to be incurred to fund them without jeopardizing its credit rating and financial future. To fund these projects would limit the Commonwealth's ability to adequately fund its operating expenses in the short and long term. The overall level of debt of the Commonwealth has ballooned in recent years. Record levels of debt were approved in both the 2005 General Assembly and the 2006 General Assembly. In comparison to other states, the debt per capita for Kentucky has increased substantially while most states have held constant or reduced their relative debt levels. I do not take issue with the merit of any one of these projects, or their ability to have a positive impact on our Commonwealth. My concern is the overall level of debt that we will rely on our children and grandchildren to honor.

The credit rating services closely review the degree to which the Commonwealth can meet recurring expenditures with recurring revenues. I am concerned about the structural imbalance in the operating budget. However, due to the structure of the appropriations Act, there is limited ability to impact the appropriation levels in the budget without jeopardizing entire programs. Many of the projects vetoed herein were only provided with a half year of debt service in the biennium, adding to the structural imbalance that will have to be addressed in the succeeding biennial budget. The debt service for these capital projects represents \$11,076,000 in General Fund appropriations in fiscal year 2007-2008. These appropriations will lapse to the General Fund Surplus account.

The part on page 50, lines 1 through 3, mandates the procurement of a specific bandwidth for local school districts with the funds appropriated for a data/telecommunications network. I am vetoing this part because specifying a particular bandwidth in an Appropriations Act unduly eliminates the necessary administrative discretion of the Executive. It also precludes the implementation of network bandwidth that most appropriately meets the needs of each school district, is cost-effective, is based on an analysis of empirical data, and can be afforded within the funds available.

House Bill 380 of the 2006 Regular Session – Partial Veto #5

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 18, line 11, after the character “.” delete the word “The”.

Page 18, lines 12 through 14, in their entirety.

This part mandates that the Cabinet for Economic Development engage in specific evaluations of and provide the necessary funding for multicounty regional industrial parks. I am vetoing this part because state funds have already been used to purchase and develop these industrial parks, and it is the responsibility of the local owners of these industrial parks to provide these functions and to maintain their viability.

House Bill 380 of the 2006 Regular Session – Partial Veto #6

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 35, lines 14 through 15, in their entirety.

This part suspends the state law that requires unexpended debt service to be credited to the General Fund, and instead credits unexpended debt service for the School Facilities Construction Commission to the Urgent Need School Trust Fund. I am vetoing this part because the fiscal year 2005-2006 General Fund ending balance enacted by the 2006

General Assembly is dependent upon \$19,616,000 in unexpended debt service to lapse to the credit of the General Fund. The lapsing of unexpended debt service appropriations is required by KRS 45.229, KRS 48.010(13)(b) and KRS 48.720. In addition, House Bill 380 directs the Executive Branch to reduce unspecified General Fund expenditures in the amount of \$38,500,000 in fiscal year 2006-2007 and \$39,500,000 in fiscal year 2007-2008 from the collective appropriations made to the Executive Branch. Finally, House Bill 380 mandates certain expenditures from the General Fund Surplus account in numerous instances without making an appropriation. One of the largest historical contributors to the Commonwealth's ability to accommodate these unbudgeted expenditures is the lapsing of unexpended debt service.

House Bill 380 of the 2006 Regular Session – Partial Veto #7

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 43, lines 17 through 19, in their entirety.

This part mandates that \$125,000 in Restricted Funds from the Department of Parks be used to construct boat slips at Buckhorn Lake State Park. I am vetoing this part because House Bill 380 did not provide any additional money for this project, and the budget for the Department is already constrained by the obligation to continue current levels of service within the amounts appropriated.

House Bill 380 of the 2006 Regular Session – Partial Veto #8

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following distinct part:

Page 51, line 6, after the word “program” delete “under the”.

Page 51, line 7, delete “direction of the Kentucky Economic Development Finance Authority”.

This part places funding received by the Department of Education for the Coal County Computing program under the direction of the Kentucky Economic Development Finance Authority. I am vetoing this part because the funds are appropriated to the Department of Education, and because providing school technology resources is the responsibility of the Department of Education.

House Bill 380 of the 2006 Regular Session – Partial Veto #9

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 77, lines 24 through 26, in their entirety

This part imposes a moratorium on the assessments paid by Kentucky thoroughbred and standardbred race tracks to the Horse Racing Authority for each live-day of racing for the 2006-2008 biennium. The receipts from these assessments represent approximately \$1 million of the Authority's Restricted Funds appropriations each year. I am vetoing this part because the funds generated from the assessments are required to support the appropriations enacted in House Bill 380, which finance all of the Authority's statutory activities in fiscal year 2007-2008. I am reserving the option of imposing or suspending the assessments for fiscal year 2006-2007 because House Bill 380 provided an alternative source of funding for that year.

House Bill 380 of the 2006 Regular Session – Partial Veto #10

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 85, lines 8 through 13, in their entirety.

This part requires a semiannual report to the Interim Joint Committee on Appropriations and Revenue of contracting information by the Commonwealth Office of Technology. I am vetoing this part because the reporting requirements are redundant of information already provided to the Government Contract Review Committee of the General Assembly.

House Bill 380 of the 2006 Regular Session – Partial Veto #11

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 106, lines 14 through 19, in their entirety.

This part suspends a statute for the stated purpose of allowing a reservation of a certificate of need for the same health care facility services in the same county in the event of a voluntary closure, revocation of a certificate of need, or the revocation of licensure. I am vetoing this part because existing law already permits the re-establishment of a licensed health care service or facility which was voluntarily discontinued; because this part nullifies existing legal authority of the Cabinet for Health and Family Services that is unrelated to the policy goal of this part; and because this part

could provide unintended statutory consequences to the regulation and licensure of health care facilities.

House Bill 380 of the 2006 Regular Session – Partial Veto #12

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 111, line 27, in its entirety.

Page 112, lines 1 through 2, in their entirety.

This part directs any unexpended General Funds appropriated for Foster Youth Transitional Assistance in fiscal year 2006-2007 to carry forward into fiscal year 2007-2008 rather than lapsing to the General Fund Surplus account. I am vetoing this part because KRS 45.229 directs that unexpended General Fund appropriations lapse at the end of each fiscal year. Exceptions are sometimes made for a legitimate business purpose, such as expenditures that span two fiscal years. In this case, these are recurring expenditures. Moreover, House Bill 380 directs the Executive Branch to reduce unspecified General Fund expenditures in the amount of \$38,500,000 in fiscal year 2006-2007 and \$39,500,000 in fiscal year 2007-2008 from the collective appropriations made to the Executive Branch. Finally, House Bill 380 mandates certain expenditures from the General Fund Surplus account in numerous instances without making an appropriation.

House Bill 380 of the 2006 Regular Session – Partial Veto #13

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following distinct part:

Page 124, lines 6 through 8, in their entirety

This part suspends existing law so that the Kentucky Science and Technology Corporation shall administer three science and technology programs for the Council on Postsecondary Education. I am vetoing this part because I oppose the suspension of a competitive procurement process for these services as required by KRS 164.6017(3) and by the Commonwealth's model procurement code. Furthermore, the language in this part suspends the incorrect statutory provision, leaving in place the existing statutory contracting requirements.

House Bill 380 of the 2006 Regular Session – Partial Veto #14

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 124, line 16, after the word “universities” delete “in equal amounts of \$800,000 per”.

Page 124, line 17, delete “institution”.

Page 124, line 25, after the character “.” delete “Once distributed, these funds will become recurring to the”.

Page 124, line 26, delete “institutions.”

This part mandates that the Council on Postsecondary Education distribute funding for the Regional Stewardship Funding Program in equal amounts of \$800,000 among the six public comprehensive universities. I am vetoing this part because the language eliminates any discretion that the Council on Postsecondary Education may have in awarding these funds. The language requires adherence to certain conditions and approval prior to the distribution of the funds. The mandatory language conflicts with the requirement of meeting certain conditions prior to the distribution of the funds. Also, the \$800,000 allocation per institution is inconsistent with the funding provided, which is \$1,200,000 in fiscal year 2006-2007, and \$3,600,000 in fiscal year 2007-2008.

House Bill 380 of the 2006 Regular Session – Partial Veto #15

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 126, lines 3 through 5, in their entirety.

This part requires the Kentucky Higher Education Assistance Authority to award grants from the Kentucky Tuition Grant program only to postsecondary students that are accepted by or enrolled as a full-time student at a Kentucky independent college or university which is accredited by the Southern Association of Colleges and Schools. I am vetoing this part because there are currently 313 Kentucky students who are receiving grants from the Kentucky Tuition Grant program in total amounts exceeding \$600,000 who attend currently eligible institutions that are not accredited by Southern Association of Colleges and Schools. To be eligible to participate in the Kentucky Tuition Grant program, these institutions must be accredited by a regional accrediting association recognized by the United States Department of Education. By vetoing this part, I ensure that these students and other students who attend these institutions remain eligible to receive grants from the program as intended by current law.

House Bill 380 of the 2006 Regular Session – Partial Veto #16

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 126, lines 25 through 27, in their entirety.

Page 127, lines 1 through 9, in their entirety.

This part requires authorization from the General Assembly before the Kentucky Higher Education Assistance Authority and the Kentucky Higher Education Student Loan Corporation may enter into any agreements which would result in the transfer of ownership or ultimate managerial decision-making authority regarding the control and investment performance of their property and assets. This part would impair the agencies' ability to enter into contracts; could prevent the ability to outsource the servicing of the Kentucky Higher Education Student Loan Commission's loan portfolio; and would jeopardize the ongoing origination and sale of loans to the Alabama Higher Education Loan Corporation.

House Bill 380 of the 2006 Regular Session – Partial Veto #17

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 128, line 10, after the character “.” delete “The board will make all”.

Page 128, lines 11 through 13, in their entirety.

Page 128, line 14, delete “community areas and the performing arts center.”

This part mandates that a Community Operations Board make all decisions regarding the use of the Business/Technology Building at Eastern Kentucky University. I am vetoing this part because it removes the responsibility for operations of Eastern Kentucky University facilities from the President and the Board of Regents where that responsibility properly resides. I am retaining the provision that establishes and sets membership of the Community Operations Board so that it may provide useful advice from the community to the University for the operations of this facility.

House Bill 380 of the 2006 Regular Session – Partial Veto #18

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 130, line 19, after the word “is”, delete “encouraged”.

This part encourages the University of Kentucky to provide funding to the Cooperative Extension Service to support the County Extension Enhancement Initiative. By this partial veto I direct funding to support the County Extension Enhancement Initiative.

House Bill 380 of the 2006 Regular Session – Partial Veto #19

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 134, lines 14 through 21, in their entirety.

This part suspends existing laws to allow the President of the Kentucky Community and Technical College System to convey title to state-owned land to the Gateway Community and Technical College Foundation for future consideration. I am vetoing this part because it eliminates existing legal processes under the authority of the Secretary of the Finance and Administration Cabinet.

House Bill 380 of the 2006 Regular Session – Partial Veto #20

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 138, line 1, after the word “prioritize” delete “and fund”.

Page 138, line 2, after the word “resources” delete “in the designated fiscal year”.

This part requires the Transportation Cabinet to fund aviation projects in the specific fiscal year as contained in the Aviation Six Year Plan. I am vetoing this part because the appropriations enacted in House Bill 380 are less than the identified costs associated with the project list, and because mandating the fiscal year for each project eliminates the flexibility of the Transportation Cabinet to adjust the timing of the projects.

House Bill 380 of the 2006 Regular Session – Partial Veto #21

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 138, lines 22 through line 24, in their entirety.

This part prohibits the use of appropriated funds for the studying, planning, or construction of additional runways for, or the expansion of, the Capital City Airport. I am vetoing this part because the language eliminates a potential investment by the Commonwealth or from an award of Federal Aviation Administration funds to the

Commonwealth for the next two fiscal years. While there are no future plans to construct an additional runway, a blanket prohibition is unnecessary.

House Bill 380 of the 2006 Regular Session – Partial Veto #22

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 146, line 16, after the character “:” delete “The Transportation Cabinet”.

Page 146, line 17, delete “shall”.

This part mandates the completion of the painting of the Kennedy Bridge in Louisville within the current biennium. I am vetoing this part because the introductory provision on page 145, section 25, states that the Transportation Cabinet may undertake the following miscellaneous road projects. This provision is one of twenty-two miscellaneous projects listed, but the language for this project is mandatory rather than permissive. I am retaining the part that allows the Transportation Cabinet to complete the bridge painting.

House Bill 380 of the 2006 Regular Session – Partial Veto #23

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 146, line 22, after the character “:” delete “A sound barrier shall be”.

Page 146, line 24, after the word “feet” delete “. The cost related to the installation of the sound barrier shall be”.

Page 146, line 25 in its entirety.

Page 146, line 26, delete “2006-2007”.

This part mandates that a sound barrier shall be installed on the north side of I-264/Watterson Expressway from the west side of the Newburg Interchange going west 1,500 feet, to be funded for \$650,000 from the Highway Construction Contingency Account in fiscal year 2006-2007. I am vetoing this part because the introductory provision on page 145, section 25, states that the Transportation Cabinet may undertake the following miscellaneous road projects. This provision is one of twenty-two miscellaneous projects listed, but the language for this project is mandatory rather than permissive. I am retaining the portion of the part that allows the Transportation Cabinet to install the sound barrier.

House Bill 380 of the 2006 Regular Session – Partial Veto #24

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following parts:

Page 218, lines 2 through 27, in their entirety.

Pages 219 through 308, in their entirety.

Page 309, lines 1 through 4, in their entirety.

These parts contain projects authorized for funding from coal severance tax receipts in single county accounts within the Local Government Economic Development Fund. I am vetoing these project designations, but not the funding that will be available to the respective counties listed therein. In accord with House Bill 380, the funds received by the respective counties from coal severance receipts may be used to support the nonrecurring investments in public health and safety, economic development, public infrastructure, information technology development and access, and public water and wastewater development, with the concurrence of both the respective fiscal court and the Governor's Office for Local Development or the Kentucky Infrastructure Authority, as appropriate. I am taking this action because I believe that local officials and communities should have more involvement in the decision-making process for the investment of these funds that are returned to their communities as a result of the severance of coal.

House Bill 380 of the 2006 Regular Session – Partial Veto #25

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 424, line 12, after "KRS 18A.355" delete "(1)".

KRS 18A.355(1) requires that state employees receive a 5 percent annual increment. By adoption of the salary policy authorized in House Bill 380, providing non-uniform annual increments, the General Assembly's clear and unmistakable intent is to suspend the entirety of the statute. As authorized and intended, lower-paid employees are provided a higher annual increment than higher-paid employees. I am vetoing this part so that the entirety of KRS 18A.355 is suspended for the fiscal year 2006–2008 biennium, as intended by the General Assembly.

House Bill 380 of the 2006 Regular Session – Partial Veto #26

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 431, lines 18 through 19, in their entirety.

This part requires that the Commonwealth Office of Technology transfer \$1,000,000 to the General Fund in fiscal year 2007-2008 from its internal service fund. I am vetoing this part because the nature of the internal service fund is to charge state agencies for the costs of the services delivered. This mechanism yields no excess funds, or profits. Due to the billing structure of the fund, transferring \$1,000,000 would result in the Commonwealth Office of Technology overbilling state agencies for the services rendered. Moreover, since a portion of the payments made by state agencies are from federal funds, this transfer will likely result in an audit finding to which the Commonwealth may have to repay approximately \$200,000 in funds that are unbudgeted.

House Bill 380 of the 2006 Regular Session – Partial Veto #27

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 435, line 13, delete “Federal”.

This part mandates the transfer of \$9,000,000 in Federal Highway funds to the General Fund in fiscal year 2006-2007. I am vetoing this part because the grant requirements for the federal funds prohibit the direct transfer to the General Fund. Federal funds must be expended by state or recipient agencies for legal and eligible purposes. I am retaining the value of the \$9,000,000 fund transfer in the anticipation that some portion of it may be executed in conformity with the federal grant.

House Bill 380 of the 2006 Regular Session – Partial Veto #28

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 556, lines 10 through 12, in their entirety.

This part mandates that any debt obligation issued by or on behalf of a unit of government to finance a court facility leased to the Administrative Office of the Courts be publicly bid by the owner of the court facility. I am vetoing this part because it temporarily overrides an existing statute, KRS 66.141, that requires bonds to be publicly bid, but allows notes to be sold by either competitive bid or at private negotiated sale. The existing statute adequately provides the flexibility of either procurement approach for issuing notes, and leaves that decision to the local unit of government.

House Bill 380 of the 2006 Regular Session – Partial Veto #29

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 599, line 18, after the word “principles” delete “, shall be paid for”.
Page 599, line 19, delete “by the trust fund”.

Although this section appropriately requires an audit of the books and records of the public employee health insurance trust fund, it mandates payment with fund source specificity, for performance of the audit by the Auditor of Public Accounts, an office whose operations are funded otherwise with appropriations by House Bill 380. Considerations as to burden of payment and expenses for such an audit should be left to the discretion of the Personnel Cabinet.

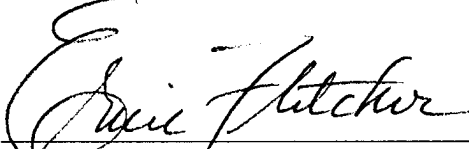
House Bill 380 of the 2006 Regular Session – Partial Veto #30

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 599, line 23, after “(d)” delete “*Within thirty (30) days of the end of each calendar quarter,*”.

This part mandates a quarterly report by the Secretary of the Personnel Cabinet on the status of the Public Employee Health Insurance Trust Fund within 30 days of the end of each calendar quarter. I am vetoing this part because the 30-day requirement precludes the ability to fully report the information contained in the remainder of this provision. I have retained all of the underlying requirements.

Done this 24th day of April, 2006.



Ernie Fletcher, Governor



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

HOUSE BILL NO. 380

VOLUME 1 OF 3

AS ENACTED AND VETOED IN PART

WEDNESDAY, APRIL 12, 2006 - AS ENACTED

MONDAY, APRIL 24, 2006 - VETOED IN PART

Informational Copy

RECEIVED AND FILED
DATE April 28, 2006
9:45 a.m.

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY Katie Allmon

AN ACT relating to appropriations and revenue measures providing financing and conditions for the operations, maintenance, support, and functioning of the government of the Commonwealth of Kentucky and its various officers, cabinets, departments, boards, commissions, institutions, subdivisions, agencies, and other state-supported activities.

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

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PART I

OPERATING BUDGET

(1) Funds Appropriations: There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning July 1, 2005, and ending June 30, 2006, for the fiscal year beginning July 1, 2006, and ending June 30, 2007, and for the fiscal year beginning July 1, 2007, and ending June 30, 2008, the following discrete sums, or so much thereof as may be necessary. Appropriated funds are included pursuant to KRS 48.700 and 48.710. Each appropriation is made by source of respective fund or funds accounts. Appropriations for the following officers, cabinets, departments, boards, commissions, institutions, subdivisions, agencies, and budget units of the state government, and any and all other activities of the government of the Commonwealth, are subject to the provisions of Chapters 12, 42, 45, and 48 of the Kentucky Revised Statutes and compliance with the conditions and procedures set forth in this Act.

(2) Tobacco Settlement Funds: Appropriations identified as General Fund (Tobacco) in Part I, Operating Budget, of this Act are representative of the amounts provided in Part X, Phase I Tobacco Settlement, of this Act and are not to be appropriated in duplication.

A. GENERAL GOVERNMENT

Budget Units

1. OFFICE OF THE GOVERNOR

2006-07 2007-08

1	General Fund	9,734,400	9,816,100
2	Restricted Funds	388,200	388,200
3	TOTAL	10,122,600	10,204,300

4 **(1) Housing Allowance for the Lieutenant Governor:** Included in the above
5 General Fund appropriation for the Office of the Governor and Lieutenant Governor's
6 Office, is \$2,500 monthly as a housing allowance.

7 **(2) Governor's Scholars Program:** Included in the above General Fund
8 appropriation is \$2,180,100 in fiscal year 2006-2007 and \$2,297,800 in fiscal year 2007-
9 2008 for the Governor's Scholars Program.

10 ~~**(3) Employees of Governor's Scholars Program, Inc.:** For the purposes of~~
11 ~~salary and fringe benefits, employees of Governor's Scholars Program, Inc. shall be~~
12 ~~considered state employees.] (Veto #1)~~

13 **2. OFFICE OF STATE BUDGET DIRECTOR**

14		2006-07	2007-08
15	General Fund	4,433,400	4,433,400
16	Restricted Funds	80,600	136,800
17	TOTAL	4,514,000	4,570,200

18 **3. STATE PLANNING FUND**

19		2006-07	2007-08
20	General Fund	250,000	250,000

21 **4. HOMELAND SECURITY**

22		2006-07	2007-08
23	General Fund	350,000	350,000
24	Restricted Funds	440,000	440,000
25	Federal Funds	40,000,000	40,000,000
26	Road Fund	350,000	350,000
27	TOTAL	41,140,000	41,140,000

1 **(1) Reviewing of Applications:** The Kentucky Office of Homeland Security shall
2 consult with Local Area Development Districts and local government entities while
3 reviewing applications to determine qualified grant recipients.

4 **(2) Statewide Annual Report:** The Kentucky Office of Homeland Security shall
5 prepare an annual report that identifies the state homeland security priorities based on
6 National Homeland Security Priorities and shall include:

7 a. An assessment of the Commonwealth's preparedness to respond to acts of war or
8 terrorism, including nuclear, biological, chemical, electromagnetic pulse, agricultural,
9 ecological, or cyber terrorism;

10 b. Identify the priority of needs, areas of improvement, and the overall progress
11 made with regard to the Commonwealth's preparedness; and

12 c. Provide a record of all federal homeland security funding, including grants of all
13 federal homeland security funding distributed in Kentucky since the last annual written
14 report, as well as any other relevant homeland security funding information gathered by
15 the Kentucky Office of Homeland Security. The record shall identify, at a minimum, the
16 specific federal source, the amount, the specific recipient, the intended use of the funding,
17 the actual use of the funding, and any unspent amount.

18 The report shall be approved by the Homeland Security Interagency Working
19 Group. The Homeland Security Interagency Working Group shall include the chair of the
20 Senate Committee on Veterans, Military Affairs, and Public Protection, the chair of the
21 House Committee on Seniors, Military Affairs, and Public Safety, a state agency
22 representative, and a private agency representative.

23 The annual report shall be submitted to the Legislative Research Commission by
24 October 25 of each year for a public hearing to be conducted by a joint meeting of the
25 Senate Committee on Veterans, Military Affairs, and Public Protection and the House
26 Committee on Seniors, Military Affairs, and Public Safety for the purpose of receiving
27 comments on the statewide report and critique of the criteria established for determining

1 the award of homeland security funds. The Executive Director of the Kentucky Office of
 2 Homeland Security shall report all findings of fact or any other reports or
 3 recommendations presented at the public hearing to the Homeland Security Working
 4 Group.

5 **(3) Grant Recipient Report:** The Kentucky Office of Homeland Security shall
 6 ~~within 15 days of the final award of grants,~~ (Veto #2) report the list of recipients to the
 7 Legislative Research Commission.

8 **(4) Application Background Data:** The Kentucky Office of Homeland Security
 9 shall, upon request of the Commission, make available to the Commission all grant
 10 applications submitted to the office, score sheets, and procedures for funding.

11 5. DEPARTMENT OF VETERANS' AFFAIRS

	2006-07	2007-08
13 General Fund	15,436,200	16,669,700
14 Restricted Funds	24,713,700	24,905,700
15 TOTAL	40,149,900	41,575,400

16 **(1) Weekend and Holiday Premium Pay Incentive:** The Kentucky Veterans'
 17 Centers are authorized to continue the weekend and holiday premium pay incentive
 18 component of the Personnel Pilot Program for the 2006-2008 fiscal biennium.

19 **(2) Congressional Medal of Honor Recipients - Travel and Per Diem:** The
 20 Commissioner of the Department of Veterans' Affairs may approve travel and per diem
 21 expenses incurred when Kentucky residents who have been awarded the Congressional
 22 Medal of Honor attend veterans, military, or memorial events in the Commonwealth of
 23 Kentucky.

24 **(3) Military Burial Honor Guard Program:** Included in the above General
 25 Fund appropriation is an additional \$35,000 in each fiscal year to support the Military
 26 Burial Honor Guard Program/Veterans' Service Organizational Burial Honor Guard Trust
 27 Fund for providing proper support and decorum for veterans' funeral honors. These funds

1 shall not lapse nor be utilized for other than the intended purposes.

2 Pursuant to KRS 36.390, the Department of Military Affairs shall coordinate with
 3 the Department of Veterans' Affairs and the Board of Embalmers and Funeral Directors
 4 on the implementation of the Military Burial Honor Guard Program. The Board of
 5 Embalmers and Funeral Directors shall mail program notification letters to all licensed
 6 embalmers and funeral directors with information related to the program description and
 7 contacts for the Military Burial Honor Guard Program. These letters shall be mailed with
 8 the annual renewal notifications prior to July 1 each year. New applicants will receive
 9 their notification of the program at the time of licensing. The Board of Embalmers and
 10 Funeral Directors shall establish a section on the Board's Web site pertaining to the
 11 Military Burial Honor Guard Program. The Department of Military Affairs and the
 12 Department of Veterans' Affairs shall report to the Interim Joint Committee on Seniors,
 13 Veterans, Military Affairs, and Public Protection prior to January 1, 2007, on the
 14 implementation of the Military Burial Honor Guard Program. The report shall include
 15 recommendations on organizational related matters, training and continuing education
 16 needs, equipment requirements for organizations performing or coordinating the honors
 17 ceremonies, and the expenditure of funds.

18 **(4) Debt Service:** Included in the above General Fund appropriation is \$84,000 in
 19 fiscal year 2006-2007 and \$168,000 in fiscal year 2007-2008 for debt service to support
 20 new bonds for the Western Kentucky Veterans' Center as set forth in Part II, Capital
 21 Projects Budget, of this Act.

22 **6. GOVERNOR'S OFFICE OF AGRICULTURAL POLICY**

	2006-07	2007-08
23		
24	General Fund (Tobacco)	17,469,800
25	General Fund	20,065,100
26	Restricted Funds	3,000,000
27	TOTAL	-0-
		545,800
		570,000
		21,015,600
		20,635,100

1 **(1) Kentucky Agricultural Finance Corporation:** Notwithstanding KRS
 2 247.978(2), the total amount of principal which a qualified applicant may owe the
 3 Kentucky Agricultural Finance Corporation at any one time shall not exceed \$5,000,000.

4 **(2) Tobacco Settlement Funds - Allocations:** Notwithstanding KRS 248.711(2),
 5 and from the allocation provided therein, counties that are allocated in excess of \$20,000
 6 annually may provide up to four percent of the individual county allocation, not to exceed
 7 \$15,000 annually, to the county council in that county for administrative costs.

8 **(3) Partial Phase II Litigation Proceeds:** Notwithstanding KRS 45.229, General
 9 Fund dollars of \$27,000,000 representing Partial Phase II Litigation proceeds that were
 10 appropriated in fiscal year 2005-2006 pursuant to 2005 House Bill 267 (2005 Ky. Acts
 11 ch. 173, Part X, Phase I Tobacco Settlement, B.3.a.(4)), shall not lapse in fiscal years
 12 2005-2006, 2006-2007, and 2007-2008. To the extent possible, all General Fund dollars
 13 shall be expended from the account prior to the expenditure of Tobacco Fund dollars.

14 **(4) Restoration of Funds:** Notwithstanding KRS 45.229, General Fund dollars of
 15 \$3,000,000 representing the restoration of funds, shall not lapse in fiscal year 2006-2007
 16 and fiscal year 2007-2008. Included in the above General Fund appropriation in fiscal
 17 year 2006-2007 is an additional \$3,000,000 for the restoration of funds resulting from the
 18 Master Settlement Agreement appropriation adjustment resulting from the reduced
 19 Consensus Forecasting Group estimates in fiscal year 2005-2006.

20 **7. KENTUCKY INFRASTRUCTURE AUTHORITY**

	2006-07	2007-08
21 General Fund	2,343,500	25,744,100
22 Restricted Funds	1,483,300	1,752,600
23 Federal Funds	50,172,600	50,172,600
24 TOTAL	53,999,400	77,669,300

25
 26 **(1) Federally Assisted Wastewater Revolving Loan Fund Program:** Included
 27 in the above General Fund appropriation is \$188,000 in fiscal year 2007-2008 for debt

1 service to support \$4,000,000 in bonds to match \$20,000,000 in Federal Funds for the
2 Federally Assisted Wastewater Revolving Loan Fund Program (Fund A).

3 **(2) Safe Drinking Water State Revolving Loan Fund Program:** Included in
4 the above General Fund appropriation is \$188,000 in fiscal year 2007-2008 for debt
5 service to support \$4,000,000 in bonds to match \$22,000,000 in Federal Funds for the
6 Safe Drinking Water State Revolving Loan Fund Program (Fund F). The Federal Funds
7 for this program are appropriated in the operating budget to comply with the Federal Cash
8 Management Act. The required state matching funds are appropriated as Bond Funds in
9 Part II, Capital Projects Budget, of this Act.

10 **(3) Administrative Fee on Infrastructure for Economic Development Fund**
11 **Projects:** A one-half of one percent administrative fee is authorized to be paid to the
12 Kentucky Infrastructure Authority for the administration of each project funded by the
13 Infrastructure for Economic Development Fund for Coal-Producing Counties and the
14 Infrastructure for Economic Development Fund for Tobacco Counties. These
15 administrative fees shall be paid, upon inception of the project, out of the fund from
16 which the project was allocated.

17 **(4) Local Government Economic Development Funds:** Included in the above
18 General Fund appropriation is \$370,000 in fiscal year 2006-2007 and \$311,700 in fiscal
19 year 2007-2008 from the Local Government Economic Development Fund to support
20 services provided to coal-producing counties.

21 **(5) Infrastructure for Economic Development Fund for Non-Coal Producing**
22 **Counties:** Included in the above General Fund appropriation is \$13,968,000 in fiscal year
23 2007-2008 for debt service to support \$150,000,000 Bond Funds for the Infrastructure for
24 Economic Development Fund for Non-Coal Producing Counties as set forth in Part II,
25 Capital Projects Budget, of this Act.

26 **(6) Infrastructure for Economic Development Fund for Coal-Producing**
27 **Counties:** Included in the above General Fund appropriation is \$9,312,000 in fiscal year

1 2007-2008 for debt service to support \$100,000,000 Bond Funds for the Infrastructure for
 2 Economic Development Fund for Coal-Producing Counties as set forth in Part II, Capital
 3 Projects Budget, of this Act.

4 **8. MILITARY AFFAIRS**

	2006-07	2007-08
5		
6	General Fund	12,588,700
7	Restricted Funds	24,271,500
8	Federal Funds	62,302,800
9	TOTAL	99,731,900

10 **(1) Kentucky National Guard:** There is appropriated from the General Fund the
 11 necessary funds to be expended, subject to the conditions and procedures provided in this
 12 Act, which are required as a result of the Governor's call of the Kentucky National Guard
 13 to active duty when an emergency or exigent situation has been declared to exist by the
 14 Governor. These necessary funds shall be made available from the General Fund Surplus
 15 Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

16 **(2) Disaster or Emergency Aid Funds:** There is appropriated from the General
 17 Fund the necessary funds, subject to the conditions and procedures in this Act, which are
 18 required to match federal aid to which the state would be eligible in the event of a
 19 presidentially declared disaster or emergency. These necessary funds shall be made
 20 available from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve
 21 Trust Fund Account (KRS 48.705).

22 **(3) Base Realignment and Closure:** Included in the above General Fund
 23 appropriation is \$300,000 in fiscal year 2006-2007 and \$300,000 in fiscal year 2007-2008
 24 for the Kentucky Commission on Military Affairs to support Kentucky's efforts regarding
 25 the Base Realignment and Closure process. The Department of Military Affairs shall
 26 continue to provide administrative support for this activity.

27 **(4) Patton Museum:** Included in the above General Fund appropriation is an

1 additional \$500,000 in fiscal year 2006-2007~~[and \$500,000 in fiscal year 2007-2008]~~
2 (*Veto #3*) for the Kentucky Commission on Military Affairs to provide funds for a grant
3 to support the operations of the Patton Museum. The Department of Military Affairs shall
4 provide administrative support for this activity.

5 **(5) Military Burial Honor Guard Program:** Included in the above General
6 Fund appropriation is an additional \$200,000 in each fiscal year to support the Military
7 Burial Honor Guard Program/Military Burial Honor Guard Trust Fund for providing the
8 proper support and decorum for military funeral honors pursuant to KRS 36.390 to
9 36.396. These funds shall not lapse nor be utilized for other than the intended purposes.

10 Pursuant to KRS 36.390, the Department of Military Affairs shall coordinate with
11 the Department of Veterans' Affairs and the Board of Embalmers and Funeral Directors
12 on the implementation of the Military Burial Honor Guard Program. The Board of
13 Embalmers and Funeral Directors shall mail program notification letters to all licensed
14 embalmers and funeral directors with information related to program description and
15 contacts for the Military Burial Honor Guard Program. These letters shall be mailed with
16 the annual renewal notifications prior to July 1 each year. New applicants will receive
17 their notification of the program at the time of licensing. The Board of Embalmers and
18 Funeral Directors shall establish a section on the Board's web site pertaining to the
19 Military Burial Honor Guard Program. The Department of Military Affairs and the
20 Department of Veterans' Affairs shall report to the Interim Joint Committee on Seniors,
21 Veterans, Military Affairs, and Public Protection prior to January 1, 2007, on the
22 implementation of the Military Burial Honor Guard Program. The report shall include
23 recommendations on organizational related matters, training and continuing education
24 needs, equipment requirements for organizations performing or coordinating the honors
25 ceremonies, and the expenditure of funds.

26 **(6) Debt Service:** Included in the above General Fund appropriation is \$211,000
27 in fiscal year 2006-2007 and \$422,000 in fiscal year 2007-2008 for debt service to

1 support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

2 (7) **Military Family Assistance Trust Fund:** Included in the above General
3 Fund appropriation is an additional \$500,000 each fiscal year to provide funding to
4 support the Military Family Assistance Trust Fund as codified in Part XXVIII of this Act.
5 Of the total General Fund appropriation, \$400,000 each fiscal year shall be used as
6 proceeds for the Fund and \$100,000 shall be used for operations.

7 (8) **Morehead/Rowan County Airport:** The Kentucky National Guard may
8 accept any available federal dollars for construction of a road to the Morehead/Rowan
9 County Airport. The Kentucky National Guard shall work with the Transportation
10 Cabinet to complete this project.

11 **9. COMMISSION ON HUMAN RIGHTS**

	2005-06	2006-07	2007-08
12 General Fund	-0-	1,840,900	1,859,100
13 Restricted Funds	-0-	1,700	1,600
14 Federal Funds	126,100	293,400	305,700
15 TOTAL	126,100	2,136,000	2,166,400

16
17 **10. COMMISSION ON WOMEN**

	2006-07	2007-08
18 General Fund	266,200	266,200
19 Restricted Funds	25,600	24,400
20 TOTAL	291,800	290,600

21
22 **11. GOVERNOR’S OFFICE FOR LOCAL DEVELOPMENT**

	2006-07	2007-08
23 General Fund	13,498,500	20,887,400
24 Restricted Funds	2,585,600	2,085,600
25 Federal Funds	55,564,200	55,564,200
26 TOTAL	71,648,300	78,537,200

1 **(1) Flood Control Matching Fund Project Review:** The Governor's Office for
2 Local Development shall transmit a copy of the application for a flood-related project to
3 be funded from the flood control matching fund to the Environmental and Public
4 Protection Cabinet with a request for a review of the project pursuant to KRS Chapter
5 151.

6 **(2) Owenton/Owen County Natural Gas Line Project:** Included in the above
7 General Fund appropriation is \$234,000 in fiscal year 2007-2008 to provide new debt
8 service for the Owenton/Owen County Natural Gas Line Project as set forth in Part II,
9 Capital Projects Budget, of this Act.

10 **(3) Support of the 12 Multicounty Regional Industrial Park Authorities:**
11 Included in the above Restricted Funds appropriation is \$300,000 in fiscal year 2006-
12 2007 and \$300,000 in fiscal year 2007-2008 in support of the 12 multicounty regional
13 industrial park authorities. Funds shall be distributed equally to the 12 multicounty
14 regional industrial park authorities for marketing and maintenance of the industrial parks
15 and the procurement of property and casualty insurance on the parks.

16 **(4) Buckhorn Children's Home:** Included in the above Restricted Funds
17 appropriation is \$500,000 in fiscal year 2006-2007 for a grant to the Buckhorn Children's
18 Home.

19 **(5) Prior Year Funded Community Development Projects:** Notwithstanding
20 any statutory provision or agreement between a state agency and any local government to
21 the contrary, any fund balance remaining in any Community Development Project
22 appropriated in 2000 Ky. Acts ch. 549, Part II, Section R, remain authorized and may be
23 retained by the local entity and expended in a manner consistent with the intent and
24 purpose of the appropriation. The Secretary of the Finance and Administration Cabinet,
25 pursuant to KRS 48.500, shall make any determination necessary to effect this provision.

26 **(6) Debt Service - Warren County Fiscal Court - Transpark - Rail Spur:**
27 Included in the above General Fund appropriation is \$422,000 in fiscal year 2007-2008

1 for debt service to support \$4,500,000 Bond Funds for the Warren County Fiscal Court
 2 Transpark, for Rail Spur and Infrastructure Improvements, as set forth in Part II, Capital
 3 Projects Budget, of this Act.

4 **(7) Jessamine County Fiscal Court - Building Restoration in Nicholasville:**
 5 Included in the above General Fund appropriation is \$300,000 in fiscal year 2006-2007
 6 for a grant to Jessamine County Fiscal Court for building restoration in Nicholasville.

7 **(8) Chamber of Commerce/Vision 2015 Northern Kentucky Encyclopedia:**
 8 Included in the above General Fund appropriation is \$100,000 in fiscal year 2006-2007
 9 for a grant to Chamber of Commerce/Vision 2015 Northern Kentucky Encyclopedia.

10 **(9) Scott County Fiscal Court - Buffalo Park Improvement and**
 11 **Infrastructure:** Included in the above General Fund appropriation is \$150,000 in fiscal
 12 year 2006-2007 for a grant to Scott County Fiscal Court for the Buffalo Park
 13 Improvement and Infrastructure.

14 **(10) City of Covington - Timestar Commons - Planning:** Included in the above
 15 General Fund appropriation is \$250,000 in fiscal year 2006-2007 for a grant to the City of
 16 Covington for Timestar Commons planning.

17 **(11) City of Ludlow - Municipal Meeting Center:** Included in the above General
 18 Fund appropriation is \$225,000 in fiscal year 2006-2007 for a grant to the City of Ludlow
 19 for Phases I through III of the upgrade and renovation of the Municipal Meeting Center.

20 **(12) Richmond Arts Council:** Included in the above General Fund appropriation
 21 is \$100,000 in fiscal year 2006-2007 and \$100,000 in fiscal year 2007-2008 for a grant to
 22 the Richmond Arts Council.

23 **(13) Debt Service - Community Development Fund Projects:** Included in the
 24 above General Fund appropriation is \$7,045,000 in fiscal year 2007-2008 for debt service
 25 to support \$75,658,000 in Bond Funds for the Community Development Fund Projects,
 26 as set forth in Part II, Capital Projects Budget, of this Act.

27 ~~**(14) Debt Service - Louisville Zoo - Glacier Run:** Included in the above General~~

1 ~~Fund appropriation is \$561,000 in fiscal year 2007-2008 for debt service on \$6,000,000~~
 2 ~~Bond Funds for the Louisville Zoo Glacier Run project as set forth in Part II, Capital~~
 3 ~~Projects Budget, of this Act.] (Veto #4)~~

4 **12. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	2006-07	2007-08
6 General Fund	52,535,600	51,443,100

7 **13. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND**

	2006-07	2007-08
9 General Fund	51,716,800	50,453,700

10 **(1) Coal Severance Tax Collections Calculations and Transfers:** The above
 11 appropriations from the General Fund are based on the official estimate presented by the
 12 Office of State Budget Director for coal severance tax collections during the biennium,
 13 distributed in accordance with KRS 42.450 to 42.495.

14 **(2) Trover Clinic Grant:** Notwithstanding KRS 42.4582 and 42.4585, the
 15 quarterly calculation and transfer of the funds shall be made only after each quarterly
 16 installment of the annual appropriation of \$1,000,000 in fiscal year 2006-2007 and
 17 \$1,000,000 in fiscal year 2007-2008 has been credited to the Trover Clinic Grant within
 18 the Governor's Office for Local Development.

19 **(3) Community Development Office:** Notwithstanding KRS 42.4592, the
 20 quarterly calculation of the allocation of moneys to coal-producing counties through the
 21 Local Government Economic Development Fund shall be made only after each quarterly
 22 installment of the annual appropriation of \$669,700 in fiscal year 2006-2007 and
 23 \$728,000 in fiscal year 2007-2008 is appropriated as General Fund moneys to the
 24 Community Development Office in the Governor's Office for Local Development.

25 **(4) Kentucky Infrastructure Authority:** Notwithstanding KRS 42.4592, the
 26 quarterly calculation of the allocation of moneys to coal-producing counties through the
 27 Local Government Economic Development Fund shall be made only after each quarterly

1 installment of the annual appropriation of \$370,000 in fiscal year 2006-2007 and
 2 \$311,700 in fiscal year 2007-2008 is appropriated as General Fund moneys to the
 3 Kentucky Infrastructure Authority.

4 **(5) Tourism Marketing Program:** Notwithstanding KRS 42.4588, \$1,000,000
 5 in fiscal year 2006-2007 and \$1,000,000 in fiscal year 2007-2008 shall be transferred
 6 from the Local Government Economic Development Fund, Multi-County Fund, to the
 7 Tourism Marketing Program within the Commerce Cabinet. Fees for professional artists
 8 and entertainers performing on the Kentucky Music Trail shall be paid from the Tourism
 9 Marketing Program.

10 **(6) Read to Achieve:** Notwithstanding KRS 42.4592, the quarterly calculation of
 11 the allocation of moneys to coal-producing counties through the Local Government
 12 Economic Development Fund shall be made only after each quarterly installment of the
 13 annual appropriation of \$4,000,000 in fiscal year 2006-2007 and \$4,000,000 in fiscal year
 14 2007-2008 is appropriated as General Fund moneys to the Read to Achieve Program
 15 within the Department of Education.

16 **(7) Drug Courts:** Notwithstanding KRS 42.4588, \$1,300,000 in fiscal year 2006-
 17 2007 and \$1,800,000 in fiscal year 2007-2008 shall be transferred from the Local
 18 Government Economic Development Fund, Multi-County Fund, to the Drug Court
 19 Program in the Office of Drug Control Policy, Justice Administration budget unit.

20 **(8) Kentucky Wood Products Competitiveness Corporation:** Notwithstanding
 21 KRS 42.4586, no funds shall be transferred to the Secondary Wood Products
 22 Development Fund.

23 **(9) Kentucky Workers' Compensation Funding Commission:**
 24 Notwithstanding KRS 342.122(1)(c), no General Fund appropriation is provided to the
 25 Kentucky Workers' Compensation Funding Commission in fiscal year 2006-2007 and
 26 fiscal year 2007-2008.

27 **(10) Energy Research and Development Fund:** Notwithstanding KRS 42.4588,

1 \$3,500,000 in fiscal year 2006-2007 and \$3,500,000 in fiscal year 2007-2008 shall be
2 transferred from the Local Government Economic Development Fund to the Office of
3 Energy Policy within the Commerce Cabinet as General Fund moneys. These funds shall
4 be used for research projects relating to clean coal, new combustion technology, thin-
5 seam coal extraction research, synthetic natural gas produced from coal through
6 gasification processes, and the development of alternative transportation fuels produced
7 by processes that convert coal or biomass resources or extract oil from oil shale and shall
8 be targeted solely to Kentucky's Local Government Economic Development Fund-eligible
9 counties. The Office of Energy Policy shall coordinate its efforts with those of Kentucky's
10 universities and related Kentucky Community and Technical College System programs in
11 order to maximize Kentucky's opportunities for federal funding and receive research
12 grants and awards from federal and other sources of funding for the development of clean
13 coal technology, coal-to-liquid-fuel conversion, alternate transportation fuels, and
14 biomass energy resources.

15 **(11) School Facilities Construction Commission:** Notwithstanding KRS
16 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties
17 through the Local Government Economic Development Fund in fiscal year 2006-2007
18 shall be made only after funds totaling \$4,617,900, and in fiscal year 2007-2008 shall be
19 made only after funds totaling \$4,617,900, is appropriated as General Fund moneys to the
20 School Facilities Construction Commission to provide debt service to support previously
21 authorized bonds.

22 **(12) Kentucky Infrastructure Authority:** Notwithstanding KRS 42.4592, the
23 quarterly calculation of the allocation of moneys to coal-producing counties through the
24 Local Government Economic Development Fund shall be made only after each quarterly
25 installment of the annual appropriation of \$4,091,900 in fiscal year 2006-2007 and
26 \$4,091,900 in fiscal year 2007-2008 is appropriated as General Fund moneys to the
27 Finance and Administration Cabinet, Debt Service budget unit to provide General Fund

1 debt service to support previously authorized bonds for the Water and Sewer Resources
2 Development Fund for Coal Producing Counties.

3 **(13) KIA Infrastructure for Economic Development Fund for Coal-Producing**
4 **Counties:** Notwithstanding KRS 42.4588, funds totaling \$7,450,000 in fiscal year 2006-
5 2007 and \$7,450,000 in fiscal year 2007-2008 shall be transferred from the Local
6 Government Economic Development Fund, Multi-County Fund, to the General Fund to
7 be used by the Finance and Administration Cabinet Debt Service budget unit to support
8 previously authorized bonds for the Infrastructure for Economic Development Fund for
9 Coal-Producing Counties, Bond Pool.

10 **(14) Debt Service:** All necessary debt service amounts shall be appropriated from
11 the General Fund and shall be fully paid regardless of whether there are sufficient moneys
12 available to be transferred from coal severance tax-supported funding program accounts
13 to other accounts of the General Fund.

14 **(15) Flood Matching/State Owned Dam Repair Pool:** Notwithstanding KRS
15 42.4592, the quarterly calculation of the allocation of moneys to coal-producing counties
16 through the Local Government Economic Development Fund shall be made only after
17 each quarterly installment of the annual appropriation of \$800,000 in fiscal year 2006-
18 2007 and \$800,000 in fiscal year 2007-2008 is appropriated as General Fund moneys to
19 the Governor's Office for Local Development.

20 Notwithstanding KRS 42.4588, \$700,000 in fiscal year 2006-2007 and \$700,000 in
21 fiscal year 2007-2008 shall be transferred from the Local Government Economic
22 Development Fund, Multi-County Fund, to the Flood Matching/State Owned Dam Repair
23 Pool within the Governor's Office for Local Development.

24 **(16) Osteopathic Medicine Scholarship Program:** The transfer of moneys from
25 the General Fund to the Local Government Economic Development Fund shall be made
26 after the transfer to the Osteopathic Medicine Scholarship Program has been made
27 pursuant to KRS 164.7891(11) and (12) in the amount of \$1,024,300 in fiscal year 2006-

1 2007 and \$1,024,300 in fiscal year 2007-2008, within the Kentucky Higher Education
2 Assistance Authority.

3 **(17) Operation Unite:** Notwithstanding KRS 42.4588, funds totaling \$1,250,000
4 in fiscal year 2006-2007 and \$1,250,000 in fiscal year 2007-2008 shall be transferred
5 from the Local Government Economic Development Fund, Multi-County Fund, to the
6 Office of Drug Control Policy for Operation Unite in relation to the Federal Task Force
7 on Drug Abuse.

8 **(18) Mining Engineering Scholarship Program:** Notwithstanding KRS 42.4592,
9 the quarterly calculation of the allocation of moneys to coal-producing counties through
10 the Local Government Economic Development Fund shall be made only after each
11 quarterly installment of the annual appropriation of \$200,000 in fiscal year 2006-2007
12 and \$200,000 in fiscal year 2007-2008 is appropriated as General Fund moneys to the
13 University of Kentucky for the Mining Engineering Scholarship Program.

14 **(19) 404 Permitting Program:** Notwithstanding KRS 42.4588, \$300,000 in fiscal
15 year 2006-2007 and \$300,000 in fiscal year 2007-2008 shall be transferred from the Local
16 Government Economic Development Fund, Multi-County Fund, to the U.S. Clean Water
17 Act section for 404 Permitting Program in the Environmental and Public Protection
18 Cabinet, Division of Water. These funds will only be made available after the
19 Commonwealth assumes primacy over the 404 Permitting Program.

20 **(20) School Technology:** Notwithstanding 42.4588, \$5,000,000 in fiscal year
21 2006-2007 and \$5,000,000 in fiscal year 2007-2008 shall be transferred from the Local
22 Government Economic Development Fund, Multi-County Fund, to the Office of
23 Operations and Support Services within the Department of Education for school
24 technology purposes.

25 **(21) Parameters for County Flexibility:** Notwithstanding KRS 42.4588(2), Local
26 Government Economic Development Fund allocations may be used to support the
27 nonrecurring investments in public health and safety, economic development, public

1 infrastructure, information technology development and access, and public water and
 2 wastewater development, with the concurrence of both the respective fiscal court and the
 3 Governor's Office for Local Development or the Kentucky Infrastructure Authority, as
 4 appropriate.

5 **(22) Support of the 12 Multicounty Regional Industrial Park Authorities:**
 6 Notwithstanding KRS 42.4588, funds totaling \$300,000 in fiscal year 2006-2007 and
 7 \$300,000 in fiscal year 2007-2008 shall be transferred from the Local Government
 8 Economic Development Fund, Multi-County Fund, to the Governor's Office for Local
 9 Development to be distributed equally to the 12 multicounty regional industrial park
 10 authorities located in coal counties to be used for marketing and maintenance of the
 11 industrial parks and for procurement of property and casualty insurance on the parks. {
 12 ~~The Cabinet for Economic Development is directed to evaluate the ongoing marketing,~~
 13 ~~maintenance, and insurance needs of multicounty regional industrial parks and make~~
 14 ~~necessary expenditures from the Multi County Fund to ensure viability of these~~
 15 ~~parks.} (Veto #5)~~

16 **(23) Coal Severance Tax Receipts:** The appropriations of severance tax receipts
 17 made in this Act shall not lapse but shall be carried forward at the end of each fiscal year.

18 **(24) Buckhorn Children's Home:** Notwithstanding KRS 42.4588, funds totaling
 19 \$500,000 in fiscal year 2006-2007 shall be transferred from the Local Government
 20 Economic Development Fund, Multi-County Fund, to the Governor's Office for Local
 21 Development to be distributed as a grant to the Buckhorn Children's Home.

22 **(25) Infrastructure for Economic Development Fund for Coal Producing**
 23 **Counties:** Notwithstanding KRS 42.4592, the quarterly calculation of the allocation of
 24 moneys to coal-producing counties through the Local Government Economic
 25 Development Fund shall be made only after each quarterly installment of the annual
 26 appropriation of \$1,164,000 in fiscal year 2007-2008 is appropriated as General Fund
 27 moneys to the Kentucky Infrastructure Authority for debt service on \$100,000,000 Bond

1 Funds for the Infrastructure for Economic Development Fund for Coal-Producing
 2 Counties.

3 Notwithstanding KRS 42.4588, funds totaling \$8,148,000 in fiscal year 2007-2008
 4 shall be transferred from the Local Government Economic Development Fund, Multi-
 5 County Fund, to the Kentucky Infrastructure Authority for debt service on \$100,000,000
 6 Bond Funds for the Infrastructure for Economic Development Fund for Coal-Producing
 7 Counties.

8 **(26) Industrial Park Priority:** Notwithstanding KRS 42.4588(2), any county that
 9 is providing at least \$1,000,000 from their Local Government Economic Development
 10 Fund, Single County Account for an industrial park project, shall be given higher priority
 11 when applying for Local Government Economic Development Fund, Multi-County Fund
 12 dollars for the same project.

13 **(27) Pharmacy Scholarship Fund:** Notwithstanding KRS 42.4582 and 42.4585,
 14 the quarterly calculation and transfer of the funds in fiscal year 2007-2008 shall be made
 15 only after each quarterly installment of the annual appropriation of \$1,000,000 has been
 16 credited to the Pharmacy Scholarship Fund within the Kentucky Higher Education
 17 Assistance Authority.

18 **(28) Kentucky Geological Survey:** Notwithstanding KRS 42.4588, funds totaling
 19 \$250,000 in fiscal year 2007-2008 shall be transferred from the Local Government
 20 Economic Development Fund, Multi-County Fund, to the University of Kentucky for the
 21 Kentucky Geological Survey.

22		2006-07	2007-08
23	14. AREA DEVELOPMENT FUND		
24	General Fund	809,700	809,700

25 **(1) Appropriation Limit:** Notwithstanding KRS 48.185, funds appropriated
 26 from the General Fund for the Area Development Fund shall be limited to these amounts.

27 **15. EXECUTIVE BRANCH ETHICS COMMISSION**

	2005-06	2006-07	2007-08
1			
2	General Fund	62,400	435,000
3	Restricted Funds	-0-	1,500
4	TOTAL	62,400	436,500

5 **16. SECRETARY OF STATE**

		2006-07	2007-08
6			
7	General Fund	2,299,300	2,298,100
8	Restricted Funds	849,200	900,000
9	TOTAL	3,148,500	3,198,100

10 **(1) Carry Forward of Restricted Funds Appropriation Balance:**
 11 Notwithstanding KRS 14.140(3), the above Restricted Funds appropriations shall not
 12 lapse and shall be used for the continuation of current activities within the General
 13 Administration unit and for the operations and staff of the Uniform Commercial Code
 14 Branch.

15 **17. BOARD OF ELECTIONS**

		2006-07	2007-08
16			
17	General Fund	4,878,500	4,861,900
18	Restricted Funds	77,600	93,900
19	Federal Funds	10,000,000	5,628,500
20	TOTAL	14,956,100	10,584,300

21 **(1) Help America Vote Act of 2002:** Amounts above those appropriated that are
 22 necessary to match Federal Funds from the Help America Vote Act shall be deemed a
 23 necessary government expense and shall be paid from the General Fund Surplus Account
 24 (KRS 48.700) or the Budget Reserve Trust Fund (KRS 48.705). Notwithstanding KRS
 25 45.229, any unexpended balance from the General Fund appropriation necessary to match
 26 Federal Funds shall not lapse and shall carry forward to fiscal year 2006-2007 and fiscal
 27 year 2007-2008.

1 **(2) Cost of Elections:** Included in the above General Fund appropriation is
 2 \$3,280,900 in fiscal year 2006-2007 and \$3,291,100 in fiscal year 2007-2008 to pay the
 3 state's share of county election expenses (KRS 117.345) and the state's share of voter
 4 registration expenses (KRS 116.112(7), 116.145, and 117.343). Notwithstanding KRS
 5 117.345(2), the maximum state payment rate is increased from the current statutory level
 6 of \$255 to \$300 per precinct per election to each precinct using voting machines. Any
 7 amount that the state is required to pay for precinct election expenses under the
 8 provisions of KRS 116.112(7), 116.145, 117.343, and 117.345 shall be deemed necessary
 9 government expenses and shall be paid from the General Fund Surplus Account (KRS
 10 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

11 **18. REGISTRY OF ELECTION FINANCE**

	2006-07	2007-08
12		
13 General Fund	1,547,100	1,571,700

14 **19. ATTORNEY GENERAL**

	2006-07	2007-08
15		
16 General Fund	14,276,500	14,113,100
17 Restricted Funds	9,167,300	9,109,100
18 Federal Funds	2,437,000	2,531,500
19 TOTAL	25,880,800	25,753,700

20 **(1) Expert Witnesses:** In addition to such funds as may be appropriated, the
 21 Office of the Attorney General may request from the Finance and Administration Cabinet,
 22 as a necessary government expense, such funds as may be necessary for expert witnesses.
 23 Upon justification of the request, the Finance and Administration Cabinet shall provide
 24 up to \$275,000 for the 2006-2008 fiscal biennium for this purpose to the Office of the
 25 Attorney General. The Office of Insurance shall provide the Office of the Attorney
 26 General any available information to assist in the preparation of a rate hearing pursuant to
 27 KRS 304.17A-095.

1 **(2) Annual and Sick Leave Service Credit:** Notwithstanding any statutory or
 2 regulatory restrictions to the contrary, any former employee of the Unified Prosecutorial
 3 System who has been appointed to a permanent full-time position under KRS Chapter
 4 18A shall be credited annual and sick leave based on service credited under the Kentucky
 5 Retirement Systems solely for the purpose of computation of sick and annual leave. This
 6 provision shall only apply to any new appointment or current employee as of July 1,
 7 1998.

8 **(3) Legal Services Contracts:** The Office of the Attorney General may present
 9 proposals to state agencies specifying legal work that is presently accomplished through
 10 Personal Service Contracts that indicate the Office of the Attorney General's capacity to
 11 perform the work at a lesser cost. State agencies may agree to make arrangements with
 12 the Office of the Attorney General to perform the legal work and compensate the Office
 13 of the Attorney General for the legal services. Notwithstanding KRS Chapter 45A, the
 14 Office of the Attorney General may contract with outside law firms on a contingency
 15 basis.

16 **(4) Child Sexual Abuse License Plate Revenue:** Notwithstanding KRS 186.162,
 17 the Transportation Cabinet shall review the costs related to the distribution of child
 18 victims' license plates. Any revenue received from the sale or renewal of those plates in
 19 excess of actual costs shall be transferred to the Child Victims' Trust Fund on an annual
 20 basis.

21 **20. UNIFIED PROSECUTORIAL SYSTEM**

22 **(1) Prosecutors Advisory Council Administrative Functions:** The Prosecutors
 23 Advisory Council shall approve compensation for employees of the Unified Prosecutorial
 24 System subject to the appropriations in this Act.

25 **a. Commonwealth's Attorneys**

26		2006-07	2007-08
27	General Fund	31,752,200	32,558,100

1	Restricted Funds	234,000	249,900
2	Federal Funds	179,700	186,500
3	TOTAL	32,165,900	32,994,500
4	b. County Attorneys		
5		2006-07	2007-08
6	General Fund	26,875,000	27,752,300
7	Restricted Funds	23,000	23,500
8	Federal Funds	472,700	502,000
9	TOTAL	27,370,700	28,277,800
10	TOTAL - UNIFIED PROSECUTORIAL SYSTEM		
11		2006-07	2007-08
12	General Fund	58,627,200	60,310,400
13	Restricted Funds	257,000	273,400
14	Federal Funds	652,400	688,500
15	TOTAL	59,536,600	61,272,300
16	21. TREASURY		
17		2006-07	2007-08
18	General Fund	2,171,300	2,210,400
19	Restricted Funds	744,500	753,100
20	Road Fund	250,000	250,000
21	TOTAL	3,165,800	3,213,500
22	(1) Unclaimed Property Fund:		
23	Included in the above Restricted Funds		
24	appropriation is a recurring transfer from the Unclaimed Property Fund. In each		
25	respective fiscal year of the 2006-2008 fiscal biennium, \$744,500 and \$753,100 is		
26	appropriated to provide funding for services performed by the Unclaimed Property		
27	Division of the Department of the Treasury.		
28	22. AGRICULTURE		

	2006-07	2007-08
1		
2	19,803,100	21,529,700
3	4,937,200	4,548,900
4	3,947,400	3,889,200
5	28,687,700	29,967,800

6 **(1) Breathitt Veterinary Center and Diagnostic Laboratories:** Included in the
7 above General Fund appropriation is \$478,500 in fiscal year 2006-2007 and \$478,500 in
8 fiscal year 2007-2008 for the Breathitt Veterinary Center at Murray State University and
9 \$478,500 in fiscal year 2006-2007 and \$478,500 in fiscal year 2007-2008 for the
10 University of Kentucky for the diagnostic laboratories.

11 **(2) Enforcement of Tobacco Product Sale Restrictions:** Included in the above
12 General Fund appropriation is \$260,000 in fiscal year 2006-2007 and \$260,000 in fiscal
13 year 2007-2008 to carry out the provisions of KRS 438.335.

14 **(3) Purchase of Agricultural Conservation Easement (PACE) Program:** The
15 PACE board may contract directly with land surveyors, real estate appraisers, and other
16 licensed professionals as necessary. The Department of Agriculture may receive funds
17 from local and private sources to match Federal Funds for the Purchase of Agricultural
18 Conservation Easement (PACE) Program.

19 **(4) Metrology Lab Operating Fees:** The Department of Agriculture may
20 promulgate administrative regulations establishing license fees, testing fees, and any other
21 fees necessary to operate and maintain a metrology lab in the Department of Agriculture.
22 These Restricted Funds receipts shall be utilized for personnel and operations of the
23 metrology lab.

24 **(5) County Fair Grants:** Included in the above General Fund appropriation is
25 \$495,000 in fiscal year 2006-2007 and \$495,000 in fiscal year 2007-2008 to support the
26 capital improvement grants to the Local Agricultural Fair Program.

27 ~~**(6) Debt Service:** Included in the above General Fund appropriation is \$462,000~~

1 ~~in fiscal year 2007-2008 for debt service to support new bonds for Animal Shelters as set~~
 2 ~~forth in Part II, Capital Projects Budget, of this Act.] (Veto #4)~~

3 **23. AUDITOR OF PUBLIC ACCOUNTS**

	2006-07	2007-08
4 General Fund	5,829,900	5,828,300
5 Restricted Funds	3,297,500	3,297,500
6 TOTAL	9,127,400	9,125,800

7
 8 **(1) Auditor's Scholarships:** Notwithstanding KRS 43.200, no funding is
 9 provided for Auditor's scholarships.

10 **(2) Audit Services Contracts:** No state agency shall enter into any contract with
 11 a nongovernmental entity for an audit unless the Auditor of Public Accounts has declined
 12 in writing to perform the audit or has failed to respond within 30 days of receipt of a
 13 written request. The agency requesting the audit shall furnish the Auditor of Public
 14 Accounts a comprehensive statement of the scope and nature of the proposed audit.

15 **(3) Audit Records and Status Reports:** The Auditor of Public Accounts shall
 16 report in writing each 60 days to the Interim Joint Committee on Appropriations and
 17 Revenue the progress of all state audits, together with copies of all completed audits. The
 18 Auditor of Public Accounts shall maintain a record of all time and expenses for each
 19 audit or investigation.

20 **(4) Compensatory Leave Conversion to Sick Leave:** If the Auditor of Public
 21 Accounts determines that internal budgetary pressures warrant further austerity measures,
 22 the State Auditor may institute a policy to suspend payment of 50 hour blocks of
 23 compensatory time for those auditors who have accumulated 240 hours of compensatory
 24 time and instead to convert those hours to sick leave.

25 **(5) Auditor Salary Equity:** Included in the above General Fund appropriation
 26 are funds to provide an increase to each merit classified auditor within the Auditor of
 27 Public Accounts office to be added to the eligible employee's base salary effective July 1,

1 2006. The Secretary of the Personnel Cabinet shall take such action to develop a revised
 2 classification and salary compensation schedule to implement this provision in
 3 consultation with the Auditor of Public Accounts to be effective by July 1, 2006. This
 4 salary increase shall be in addition to any salary increase provided to state employees
 5 included in this Act.

6 **24. PERSONNEL BOARD**

	2005-06	2006-07	2007-08
7 General Fund	38,600	-0-	-0-
8 Restricted Funds	-0-	754,500	767,100
9 TOTAL	38,600	754,500	767,100

11 **(1) Personnel Board Operating Assessment:** Each agency of the Executive
 12 Branch with employees covered by KRS Chapter 18A shall be assessed each fiscal year
 13 the amount required for the operation of the Personnel Board, as appropriated above. The
 14 agency assessment shall be determined by the Secretary of the Finance and
 15 Administration Cabinet based on the authorized full-time positions of each agency on
 16 July 1 each year of the biennium. The Secretary of the Finance and Administration
 17 Cabinet shall collect the assessment and allot these Restricted Funds for the routine
 18 operations of the Personnel Board. Notwithstanding KRS 45.229, any Restricted Funds
 19 generated by this assessment not spent in fiscal year 2006-2007 shall not lapse but shall
 20 be carried forward to the next fiscal year and utilized for the routine operations of the
 21 Personnel Board.

22 **(2) Special Assessment:** As a result of increased workload or for other reasons in
 23 the best interest of the State Merit System, the Chairman of the Personnel Board may
 24 request a special assessment to adequately provide for the financial needs and operation
 25 of the Personnel Board. Any special assessment for Personnel Board operations shall
 26 receive the prior approval of the State Budget Director and the Secretary of the Finance
 27 and Administration Cabinet. Should any special assessment be approved, it shall be

1 uniformly implemented in accordance with the same procedures as the regular Personnel
 2 Board Operating Assessment.

3 **25. KENTUCKY RETIREMENT SYSTEMS**

	2005-06	2006-07	2007-08
Restricted Funds	1,235,000	22,580,700	24,253,100

6 **(1) Dependent Subsidy for Retirees - Kentucky Employee Retirement**
 7 **System:** From July 1, 2006, through December 31, 2007, in addition to the benefits
 8 conferred under KRS 61.702, a recipient of a nonhazardous monthly retirement allowance
 9 shall also be eligible for the dependent subsidy as provided under the terms established by
 10 the State Group Health Insurance Program. The dependent subsidy conferred to recipients
 11 of a nonhazardous monthly retirement allowance shall not be considered as a benefit
 12 protected by the inviolable contract provisions of KRS 61.692, 16.652 and 78.852.

13 **(2) Dependent Subsidy for Retirees - County Employees Retirement System:**
 14 From July 1, 2006, through December 31, 2007, in addition to the benefits conferred
 15 under KRS 61.702, a recipient of a nonhazardous monthly retirement allowance shall also
 16 be eligible for the dependent subsidy as provided under the terms established by the State
 17 Group Health Insurance Program. The dependent subsidy conferred to recipients of a
 18 nonhazardous monthly retirement allowance shall not be considered as a benefit
 19 protected by the inviolable contract provisions of KRS 61.692, 16.652 and 78.852.

20 **26. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS**

21 **a. Accountancy**

	2006-07	2007-08
Restricted Funds	617,600	619,200

24 **b. Certification of Alcohol and Drug Counselors**

	2006-07	2007-08
Restricted Funds	67,200	67,200

27 **c. Architects**

1		2006-07	2007-08
2	Restricted Funds	356,600	362,800
3	d. Certification for Professional Art Therapists		
4		2006-07	2007-08
5	Restricted Funds	11,400	11,400
6	e. Auctioneers		
7		2006-07	2007-08
8	Restricted Funds	405,500	412,700
9	f. Barbering		
10		2006-07	2007-08
11	Restricted Funds	247,400	249,400
12	g. Chiropractic Examiners		
13		2006-07	2007-08
14	Restricted Funds	203,900	211,100
15	h. Dentistry		
16		2006-07	2007-08
17	Restricted Funds	639,800	641,800
18	i. Licensure and Certification for Dietitians and Nutritionists		
19		2006-07	2007-08
20	Restricted Funds	77,500	77,500
21	j. Embalmers and Funeral Directors		
22		2006-07	2007-08
23	Restricted Funds	259,400	262,800

24 **(1) Military Burial Honor Guard Program:** Pursuant to KRS 36.390, the
 25 Department of Military Affairs shall coordinate with the Department of Veterans' Affairs
 26 and the Board of Embalmers and Funeral Directors on the implementation of the Military
 27 Burial Honor Guard Program. The Board of Embalmers and Funeral Directors shall mail

1 program notification letters to all licensed embalmers and funeral directors with
 2 information related to program description and contacts for the Military Burial Honor
 3 Guard Program. These letters shall be mailed with the annual renewal notifications prior
 4 to July 1 each year. New applicants will receive their notification of the program at the
 5 time of licensing. The Board of Embalmers and Funeral Directors shall establish a section
 6 on the Board's Web site pertaining to the Military Burial Honor Guard Program. The
 7 Department of Military Affairs and the Department of Veterans' Affairs shall report to the
 8 Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection
 9 prior to January 1, 2007, on the implementation of the Military Burial Honor Guard
 10 Program. The report shall include recommendations on organizational related matters,
 11 training and continuing education needs, equipment requirements for organizations
 12 performing or coordinating the honors ceremonies, and the expenditure of funds.

13 **k. Licensure for Professional Engineers and Land Surveyors**

	2006-07	2007-08
14		
15	Restricted Funds	1,398,400
		1,411,400

16 **l. Certification of Fee-Based Pastoral Counselors**

	2006-07	2007-08
17		
18	Restricted Funds	3,500
		3,500

19 **m. Registration for Professional Geologists**

	2006-07	2007-08
20		
21	Restricted Funds	135,000
		135,000

22 **n. Hairdressers and Cosmetologists**

	2006-07	2007-08
23		
24	Restricted Funds	1,043,000
		1,074,100

25 **o. Specialists in Hearing Instruments**

	2006-07	2007-08
26		
27	Restricted Funds	55,200
		55,200

1	p. Interpreters for the Deaf and Hard of Hearing		
2		2006-07	2007-08
3	Restricted Funds	31,000	31,000
4	q. Examiners and Registration of Landscape Architects		
5		2006-07	2007-08
6	Restricted Funds	53,000	53,200
7	r. Licensure of Marriage and Family Therapists		
8		2006-07	2007-08
9	Restricted Funds	83,200	83,200
10	s. Licensure for Massage Therapy		
11		2006-07	2007-08
12	Restricted Funds	62,800	62,800
13	t. Medical Licensure		
14		2006-07	2007-08
15	Restricted Funds	2,408,200	2,427,400
16	u. Nursing		
17		2006-07	2007-08
18	Restricted Funds	4,656,900	4,760,600
19	v. Licensure for Nursing Home Administrators		
20		2006-07	2007-08
21	Restricted Funds	76,200	76,200
22	w. Licensure for Occupational Therapy		
23		2006-07	2007-08
24	Restricted Funds	86,000	86,000
25	x. Ophthalmic Dispensers		
26		2006-07	2007-08
27	Restricted Funds	62,900	62,900

1	y. Optometric Examiners		
2		2006-07	2007-08
3	Restricted Funds	167,200	166,400
4	z. Pharmacy		
5		2006-07	2007-08
6	Restricted Funds	1,037,200	1,045,000
7	aa. Physical Therapy		
8		2006-07	2007-08
9	Restricted Funds	264,700	264,700
10	ab. Podiatry		
11		2006-07	2007-08
12	Restricted Funds	21,700	21,700
13	ac. Private Investigators		
14		2006-07	2007-08
15	Restricted Funds	64,200	64,200
16	ad. Licensed Professional Counselors		
17		2006-07	2007-08
18	Restricted Funds	56,200	56,200
19	ae. Proprietary Education		
20		2006-07	2007-08
21	Restricted Funds	164,300	164,300
22	af. Examiners of Psychology		
23		2006-07	2007-08
24	Restricted Funds	176,100	176,100
25	ag. Real Estate Appraisers		
26		2006-07	2007-08
27	Restricted Funds	602,700	604,200

1	ah. Real Estate Commission			
2			2006-07	2007-08
3	Restricted Funds		2,744,300	2,666,600
4	ai. Respiratory Care			
5			2006-07	2007-08
6	Restricted Funds		127,100	127,100
7	aj. Social Work			
8			2006-07	2007-08
9	Restricted Funds		145,300	145,300
10	ak. Speech-Language Pathology and Audiology			
11			2006-07	2007-08
12	Restricted Funds		92,000	92,000
13	al. Veterinary Examiners			
14			2006-07	2007-08
15	Restricted Funds		237,800	237,800
16	TOTAL - OCCUPATIONAL AND PROFESSIONAL BOARDS AND			
17	COMMISSIONS			
18			2006-07	2007-08
19	Restricted Funds		18,942,400	19,070,000
20	27. EMERGENCY MEDICAL SERVICES			
21		2005-06	2006-07	2007-08
22	General Fund	-0-	2,393,700	2,373,800
23	Restricted Funds	40,000	401,300	422,700
24	Federal Funds	-0-	155,000	155,000
25	TOTAL	40,000	2,950,000	2,951,500
26	28. KENTUCKY RIVER AUTHORITY			
27			2006-07	2007-08

1	General Fund	368,200	1,978,800
2	Restricted Funds	5,436,600	4,414,800
3	TOTAL	5,804,800	6,393,600

4 **(1) Water Withdrawal Fees:** The water withdrawal fees imposed by the
 5 Kentucky River Authority shall not be subject to state and local taxes. Notwithstanding
 6 that portion of the provision of KRS 151.710(10) that directs the Finance and
 7 Administration Cabinet to provide administrative services for the Kentucky River
 8 Authority, Tier I water withdrawal fees shall be used to support the operations of the
 9 Authority and for contractual services for water supply and quality studies.

10 **(2) Debt Service - Kentucky River Locks and Dams Maintenance and**
 11 **Renovations Pool:** Included in the above ~~General Fund appropriation is \$1,630,000 in~~
 12 ~~fiscal year 2007-2008 for debt service on \$17,500,000 in Bond Funds, and in the~~ (Veto
 13 #4) Restricted Funds appropriation \$3,092,000 in fiscal year 2007-2008 for debt service
 14 on \$33,200,000 in Agency Bond Funds for the Kentucky River Locks and Dams
 15 Maintenance and Renovations Pool, as set forth in Part II, Capital Projects Budget, of this
 16 Act. The Agency Bonds may be issued by the State Property and Buildings Commission
 17 or the Kentucky Asset Liability Commission.

18 **29. SCHOOL FACILITIES CONSTRUCTION COMMISSION**

19		2006-07	2007-08
20	General Fund	107,589,000	117,974,500

21 **(1) Debt Service:** Included in the above General Fund appropriation is
 22 \$1,688,000 in fiscal year 2006-2007 and \$8,439,000 in fiscal year 2007-2008 for debt
 23 service on \$150,000,000 in bonds as set forth in Part II, Capital Projects Budget, of this
 24 Act.

25 **(2) Growth Nickel Levy:** The Facilities Support Program of Kentucky is fully
 26 funded in the 2006-2008 fiscal biennium. Notwithstanding KRS 157.621(3), local school
 27 districts may exercise authority expressed in KRS 157.621(1) and (2).

1 **(3) School Facility Revenue:** A local board of education may commit an
2 equivalent tax rate not to exceed five cents in addition to the taxes levied in KRS
3 157.440(1)(b). Receipts from the levy shall be committed to debt service, new facilities,
4 or major renovations of existing school facilities. The tax rate levied by the local board of
5 education under this provision shall be made no later than October 1 of each odd-
6 numbered year and shall not be equalized with state funding. The levy shall be subject to
7 recall.

8 **(4) Urgent Need School Trust Fund:** The Urgent Need School Trust Fund is
9 established in the Finance and Administration Cabinet for the purpose of assisting school
10 districts that have urgent and critical construction needs. The Urgent Need School Trust
11 Fund shall be administered by the School Facilities Construction Commission. The fund
12 may receive state appropriations, contributions, and grants from any source which shall
13 be credited to the trust fund and invested until needed. All interest earned on the fund
14 shall be retained in the trust fund. Notwithstanding KRS 45.229, moneys in the trust fund
15 shall not lapse, but shall carry forward at the end of each fiscal year.

16 The Secretary of the Finance and Administration Cabinet, the Commissioner of
17 Education, and the Executive Director of the School Facilities Construction Commission
18 shall jointly establish an Urgent Need School Trust Fund Advisory Committee to develop
19 guidelines for the distribution of funds and to advise the School Facilities Construction
20 Commission on the distribution of funds from this trust fund. Funds may be distributed to
21 local school districts to address anomalies in the existing school construction funding
22 formulas as direct grants, loans, matching funds, additional offers of assistance to address
23 districts' unmet needs, or as equalization funds in situations where school districts have
24 levied additional taxes for school construction purposes. The guidelines developed for
25 distribution of funds from this trust fund shall be developed and presented to the Interim
26 Joint Committee on Appropriations and Revenue and the Interim Joint Committee on
27 Education no later than September 31, 2006. Area Vocational Centers shall be eligible to

1 participate in the Urgent Need School Trust Fund. Included in the above appropriation is
 2 \$5,000,000 in fiscal year 2007-2008 for the Urgent Need School Trust Fund that may be
 3 distributed after July 1, 2007. In addition, funds authorized in subsections (1) and (6) of
 4 this section may be distributed to local school districts based on the guidelines developed
 5 by the Urgent Need School Trust Fund Advisory Committee after July 1, 2007.

6 **(5) Offers of Assistance:** Notwithstanding KRS 157.622, a local school district
 7 may accumulate credit, subject to the availability of funds, for its unused state allocation
 8 for a period not to exceed eight years.

9 **(6) Additional Offers of Assistance:** Notwithstanding KRS 157.611 to 157.640,
 10 157.650, 157.655, 157.660, or 157.665, the School Facilities Construction Commission is
 11 authorized to make an additional \$100,000,000 in offers of assistance during the 2006-
 12 2008 biennium in anticipation of debt service availability during the 2008-2010
 13 biennium. No bonded indebtedness based on the above amount is to be incurred during
 14 the 2006-2008 biennium.

15 ~~[(7) Debt Service: Notwithstanding KRS 45.229, moneys appropriated for debt~~
 16 ~~service shall not lapse but shall be credited to the Urgent Need School Trust Fund.] (Veto~~
 17 ~~#6)~~

18 **(8) Administrative Costs:** The School Facilities Construction Commission may
 19 utilize up to \$300,000 in each fiscal year of the 2006-2008 biennium for administrative
 20 purposes.

21 **(9) School Facilities Evaluation:** The Kentucky Department of Education, in
 22 partnership with the School Facilities Construction Commission, shall conduct a
 23 comprehensive evaluation of the current facilities planning process, the process for
 24 categorizing schools for planning and funding purposes, major plant maintenance
 25 planning and implementation, the process used to determine unmet school facility needs,
 26 and the degree of equity in the distribution of state capital funds. The department shall
 27 involve local superintendents, finance officers, facility managers and other local school

1 personnel, consultants who are knowledgeable in school facilities planning and
2 construction, and others as deemed appropriate.

3 The evaluation shall consider:

4 (a) The feasibility of adding weights for special needs or situations, including but
5 not limited to student growth, inadequate classroom space, student accommodations,
6 health and safety needs, compliance with the Americans with Disabilities Act, school
7 district size, and overall building condition as certified by the Department of Education,
8 in the calculation of unmet needs;

9 (b) The adequacy of long-range planning for plant maintenance, procedures for
10 improving long-range planning, and the appropriate level of monitoring by local and state
11 officials;

12 (c) Measurable, objective criteria for categorizing schools for local planning
13 purposes and for the distribution of state capital funds;

14 (d) A waiver system to accommodate special facility needs;

15 (e) The level of technical assistance and training that is necessary to ensure that
16 local school district personnel are knowledgeable of the facility planning process, capital
17 construction funding mechanisms, and long-range planning and examine the most
18 effective methods for providing technical assistance and training; and

19 (f) A detailed review of all capital funding sources, and a study of local effort, to
20 include an examination of the individual and cumulative effect of multiple funding
21 sources on the equitable distribution of state capital construction funds and the effects of
22 permitting individual school districts to levy additional taxes for construction purposes
23 based on special or unique circumstances in that school district.

24 Notwithstanding KRS 157.622, the School Facilities Construction Commission , in
25 cooperation with the Urgent Need School Trust Fund Advisory Committee, shall
26 incorporate the findings and recommendations of this evaluation in determining the 2006
27 Offers of Assistance to local school districts. The School Facilities Construction

1 Commission is authorized to make the 2006 Offers of Assistance prior to completion of
 2 this evaluation if sufficient data and other information is available.

3 A preliminary report shall be made to the Interim Joint Committee on
 4 Appropriations and Revenue no later than September 15, 2006, and a final report,
 5 including recommendations for regulatory or statutory change, shall be made no later than
 6 September 30, 2006.

7 **(10) Use of Local District Capital Outlay Funds:** Notwithstanding KRS
 8 157.420(4) and (6), a local district may submit a request to the Commissioner of
 9 Education to use capital outlay funds for maintenance expenditures or for the purchase of
 10 property insurance in fiscal year 2006-2007 and fiscal year 2007-2008 without forfeiture
 11 of the district's participation in the School Facilities Construction Commission Program.

12 **30. TEACHERS' RETIREMENT SYSTEM**

	2006-07	2007-08
14 General Fund	157,326,100	183,323,100
15 Restricted Funds	9,409,300	10,361,500
16 TOTAL	166,735,400	193,684,600

17 **(1) State Retirement Obligations:** Notwithstanding KRS 161.550, General Fund
 18 moneys are appropriated to comply with the obligations of the state under the Teachers'
 19 Retirement System statutes as provided in KRS 161.220 to 161.716.

20 **(2) Administrative Costs:** In accordance with KRS 161.420, in each fiscal year
 21 an amount not greater than four percent of the receipts of the state accumulation fund
 22 shall be set aside into the expense fund or expended for the administration of the
 23 retirement system. No General Fund moneys are provided in fiscal year 2006-2007 or
 24 fiscal year 2007-2008 for the cost of administration.

25 **(3) Amortization of Sick Leave:** Included in the above General Fund
 26 appropriation is \$4,293,800 in fiscal year 2006-2007 and \$9,211,000 in fiscal year 2007-
 27 2008 to provide the cost of amortizing the requirements of KRS 161.155 (sick leave) for

1 members retiring during the 2006-2008 fiscal biennium.

2 **(4) Cost-of-Living Increase for Retirees:** Included in the above General Fund
3 appropriation is \$4,312,800 in fiscal year 2006-2007 and \$7,865,100 in fiscal year 2007-
4 2008 to provide, when combined with the annual one and one-half percent retirement
5 allowance increase as provided for under KRS 161.620, a total increase in retirement
6 allowances of eligible system members and beneficiaries of two and three-tenths percent
7 in fiscal year 2006-2007 and an additional two and one-tenths in fiscal year 2007-2008.

8 **(5) Supplemental Health Insurance Funding:** Notwithstanding KRS
9 161.675(4)(a) included in the above General Fund appropriation is \$50,000 in each fiscal
10 year to enable the retirement system to provide a subsidy from July 1, 2006, through
11 December 31, 2007, for those retired state members over age 65 that insure their spouses
12 under age 65 through the state health insurance plan. The amount of the subsidy for those
13 over age 65 shall not exceed the amount of the subsidy for members under age 65 that
14 choose couple, family, or parent plus coverage. The spousal subsidy is not subject to KRS
15 161.714.

16 **(6) State Medical Insurance Fund Stabilization Contribution:**
17 Notwithstanding KRS 161.420 and 161.550, a portion of the state employer contribution
18 in a sufficient amount shall be allocated to the Teachers' Retirement System Medical
19 Insurance Fund instead of the State Accumulation Fund. Also included in the above
20 General Fund appropriation is \$14,133,200 in fiscal year 2007-2008 to amortize the cost
21 of the State Medical Insurance Fund Stabilization Contribution with the remainder to be
22 amortized under the schedule set forth in KRS 161.553.

23 **(7) Dependent Subsidy for Retirees under age 65:** Notwithstanding KRS
24 161.675(4)(a), from July 1, 2006, through December 31, 2007, for all retirees under the
25 age of 65 who participate in the Kentucky Group Health Insurance Program through the
26 Kentucky Teachers' Retirement System, the Kentucky Teachers' Retirement System shall
27 pay the same dependent subsidy that Executive Branch agencies pay for their active

1 employees who have similar coverage. The dependent subsidy is not subject to KRS
2 161.714.

3 **(8) Ad Hoc State Contribution:** Included in the above General Fund
4 appropriation is \$12,974,100 in fiscal year 2006-2007 and \$29,444,100 in fiscal year
5 2007-2008 for an ad hoc contribution to the State Accumulation Fund.

6 **(9) Highly Skilled Educators' Retirement Benefits:** Salary supplements
7 received by persons selected as highly skilled educators on or after July 1, 2000, shall not
8 be included in the total salary compensation for any retirement benefits to which the
9 employee may be entitled.

10 **31. JUDGMENTS**

	2005-06	2006-07	2007-08
11			
12	General Fund	-0-	-0-

13 **(1) Payment of Judgments and Carry Forward of General Fund**
14 **Appropriation Balance:** The above appropriation is for the payment of judgments as
15 may be rendered against the Commonwealth by courts and orders of the State Personnel
16 Board and, where applicable, shall be subject to the provisions of KRS Chapter 45, and
17 for the payment of medical malpractice judgments against the University of Kentucky and
18 the University of Louisville in accordance with KRS 164.892 and 164.941.
19 Notwithstanding KRS 45.229, any remaining appropriation in the Judgments account at
20 the end of fiscal year 2005-2006 or fiscal year 2006-2007 shall not lapse but shall be
21 carried forward.

22 **32. APPROPRIATIONS NOT OTHERWISE CLASSIFIED**

	2006-07	2007-08
23		
24	General Fund	3,917,500
		3,917,500

25 **(1) Funding Sources for Appropriations Not Otherwise Classified:** Funds
26 required to pay the costs of items included within the Appropriations Not Otherwise
27 Classified are appropriated, and any required expenditure over the above amounts is to be

1 paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any
 2 available balance in either the Judgments budget unit appropriation or the Budget Reserve
 3 Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in
 4 this Act.

5 The above appropriation is for the payment of Attorney General Expense, Board of
 6 Claims Award, Guardian Ad Litem, Prior Year Claims, Unredeemed Checks Refunded,
 7 Involuntary Commitments - ICF/MR, Frankfort in Lieu of Taxes, Frankfort Cemetery,
 8 Police Officers and Firefighters Survivor Benefits, Medical Malpractice Liability
 9 Insurance Reimbursement, and Blanket Employee Bonds.

10 **(2) Repayment of Awards or Judgments:** Funds are appropriated from the
 11 General Fund for the repayment of awards or judgments made by the Board of Claims
 12 against departments, boards, commissions, and other agencies maintained by
 13 appropriations out of the General Fund. However, awards under \$5,000 shall be paid
 14 from funds available for the operations of the agency.

15 **(3) Guardian Ad Litem Fees:** Included in the above appropriation is funding for
 16 fees to be paid to each guardian ad litem appointed by the court pursuant to KRS 311.732.
 17 The fee shall be fixed by the court and shall not exceed \$500.

18 **(4) Reissuance of Uncashed Checks:** Checks written by the State Treasurer and
 19 not cashed within the statutory period may be presented to the State Treasurer for
 20 reissuance in accordance with KRS 41.370.

21 **(5) Police Officer and Firefighter Survivor Benefits:** Funds are appropriated
 22 for payment of benefits for state and local police officers and firefighters in accordance
 23 with KRS 61.315 and 95A.070.

24 **TOTAL - GENERAL GOVERNMENT**

	2005-06	2006-07	2007-08
25			
26	General Fund (Tobacco)	-0-	17,469,800
27	General Fund	101,000	550,266,300
			618,517,500

1	Restricted Funds	1,275,000	131,392,600	132,843,000
2	Federal Funds	126,100	225,524,800	221,595,900
3	Road Fund	-0-	600,000	600,000
4	TOTAL	1,502,100	925,253,500	993,621,500

B. COMMERCE CABINET

Budget Units

1. SECRETARY

		2006-07	2007-08
8			
9	General Fund	3,089,100	3,114,000
10	Restricted Funds	1,046,200	1,062,900
11	TOTAL	4,135,300	4,176,900

12 **(1) Outdoor Drama Grants:** Included in the above General Fund appropriation
 13 is \$371,000 in each fiscal year for the purpose of supporting the following grants:
 14 Someday Outdoor Drama, \$20,000 in each fiscal year; Stephen Foster, \$81,000 in each
 15 fiscal year; Pioneer School of Drama, \$28,500 in each fiscal year; Music Theater of
 16 Louisville, \$9,000 in each fiscal year; Pine Knob Theater, \$29,500 in each fiscal year;
 17 Kincaid Regional Theater, \$27,500 in each fiscal year; Twilight Cabaret, \$9,000 in each
 18 fiscal year; Horse Cave Theater, \$26,000 in each fiscal year; Jenny Wiley, \$39,500 in
 19 each fiscal year; Indian Fort Drama of Berea, \$25,000 in each fiscal year; Fort Harrod
 20 Drama Productions, \$41,000 in each fiscal year, Greenbo Lake State Resort Park,
 21 \$10,000 in each fiscal year; and Russell County Ruscotown Players Production, \$25,000
 22 in each fiscal year.

2. ARTISANS CENTER

		2005-06	2006-07	2007-08
24				
25	General Fund	-0-	156,200	156,200
26	Restricted Funds	125,800	2,169,000	2,193,400
27	TOTAL	125,800	2,325,200	2,349,600

1 **3. ENERGY POLICY**

2		2005-06	2006-07	2007-08
3	General Fund	-0-	2,341,500	2,341,500
4	Restricted Funds	89,600	5,400,000	5,400,000
5	Federal Funds	-0-	2,382,800	2,382,800
6	TOTAL	89,600	10,124,300	10,124,300

7 **(1) Energy Research and Development:** Included in the above Restricted Funds
8 appropriation is \$3,500,000 in fiscal year 2006-2007 and \$3,500,000 in fiscal year 2007-
9 2008 which shall be used for research projects relating to clean coal, new combustion
10 technology, thin-seam coal extraction research, synthetic natural gas produced from coal
11 through gasification processes, and the development of alternative transportation fuels
12 produced by processes that convert coal or biomass resources or extract oil from oil shale
13 and shall be targeted solely to Kentucky's Local Government Economic Development
14 Fund-eligible counties. The Office of Energy Policy shall coordinate its efforts with those
15 of Kentucky's universities and related Kentucky Community and Technical College
16 System programs in order to maximize Kentucky's opportunities for federal funding and
17 receive research grants and awards from federal and other sources of funding for the
18 development of clean coal technology, coal-to-liquid-fuel conversion, alternate
19 transportation fuels, and biomass energy resources.

20 **4. TOURISM**

21		2006-07	2007-08
22	General Fund	7,130,500	7,176,500
23	Restricted Funds	8,700,000	9,200,000
24	TOTAL	15,830,500	16,376,500

25 **(1) Tourism Marketing and Development:** Included in the above Restricted
26 Funds appropriation is \$1,000,000 in fiscal year 2006-2007 and \$1,000,000 in fiscal year
27 2007-2008 for Tourism Marketing and Development on behalf of the coal-producing

1 counties. Fees for professional artists and entertainers performing on the Kentucky Music
2 Trail may be paid from the Tourism Marketing Program.

3 **(2) Bluegrass State Games:** Included in the above General Fund appropriation is
4 \$50,000 in each fiscal year for the Bluegrass State Games.

5 **5. PARKS**

	2006-07	2007-08
6 General Fund	27,978,400	31,145,400
7 Restricted Funds	55,217,700	56,335,600
8 TOTAL	83,196,100	87,481,000

10 **(1) Park Capital Maintenance and Renovation Fund:** Notwithstanding KRS
11 148.810, the General Assembly authorizes the use of the Park Capital Maintenance and
12 Renovation Fund for any ongoing cost of the Department of Parks.

13 ~~{(2) Debt Service: Included in the above General Fund appropriation is~~
14 ~~\$3,167,000 in fiscal year 2007-2008 for new debt service to support new bonds as set~~
15 ~~forth in Part II, Capital Projects Budget, of this Act.} (Veto #4)~~

16 **(3) Nicholas Hildreth School:** Included in the above Restricted Funds
17 appropriation is \$60,000 in fiscal year 2006-2007 to move the Nicholas Hildreth School
18 to Blue Licks Battlefield State Park.

19 ~~{(4) Buckhorn Lake State Park: Included in the above Restricted Funds appropriation~~
20 ~~is \$125,000 in fiscal year 2006-2007 to construct boat slips at Buckhorn Lake State~~
21 ~~Park.} (Veto #7)~~

22 **6. HORSE PARK COMMISSION**

	2006-07	2007-08
23 General Fund	1,708,200	5,034,200
24 Restricted Funds	6,239,300	6,246,500
25 TOTAL	7,947,500	11,280,700

26 **(1) Debt Service:** Included in the above General Fund appropriation is
27

1 \$3,399,000 in fiscal year 2007-2008 for new debt service to support new bonds as set
2 forth in Part II, Capital Projects Budget, of this Act.

3 **7. STATE FAIR BOARD**

	2006-07	2007-08
4		
5	396,800	553,800
6	37,058,600	37,821,900
7	37,455,400	38,375,700

8 **(1) Debt Service:** Included in the above Restricted Funds appropriation is
9 \$4,322,100 in fiscal year 2006-2007 and \$4,424,400 in fiscal year 2007-2008 for
10 previously issued bonds.

11 ~~[(2) Debt Service: Included in the above General Fund appropriation is \$157,000~~
12 ~~in fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II,~~
13 ~~Capital Projects Budget, of this Act.] (Veto #4)~~

14 **8. FISH AND WILDLIFE RESOURCES**

	2006-07	2007-08
15		
16	28,778,500	29,810,000
17	10,063,900	10,098,100
18	38,842,400	39,908,100

19 **9. HISTORICAL SOCIETY**

	2005-06	2006-07	2007-08
20			
21	125,000	8,762,800	8,045,500
22	-0-	760,900	819,600
23	-0-	1,004,200	516,800
24	125,000	10,527,900	9,381,900

25 **(1) City of Hodgenville:** Included in the above General Fund appropriation is
26 \$750,000 in fiscal year 2006-2007 to provide a grant for the City of Hodgenville to match
27 Federal Funds.

1 **(2) Abraham Lincoln Bicentennial Commission:** Included in the above General
 2 Fund appropriation is \$2,000,000 in each year of the biennium for the Abraham Lincoln
 3 Bicentennial Commission.

4 **(3) Perryville Battlefield:** Included in the above General Fund appropriation is
 5 \$75,000 in fiscal year 2005-2006 for the 2006 reenactment of the battle at Perryville.

6 **(4) Lincoln Wedding Reenactment:** Included in the above General Fund
 7 appropriation is \$50,000 in fiscal year 2005-2006 for the Abraham Lincoln Bicentennial
 8 Commission to support the Lincoln Wedding Reenactment.

9 **(5) Debt Service:** Included in the above General Fund appropriation is \$32,000 in
 10 fiscal year 2007-2008 for new debt service to support new bonds as set forth in Part II,
 11 Capital Projects Budget, of this Act.

12 **10. ARTS COUNCIL**

	2006-07	2007-08
14 General Fund	4,203,200	4,182,500
15 Restricted Funds	441,900	452,700
16 Federal Funds	744,900	740,000
17 TOTAL	5,390,000	5,375,200

18 **(1) Open Meetings:** Any entity involved in producing or financing arts on a local
 19 or statewide basis, since the inception of fiscal year 2004-2005, which received a total of
 20 \$25,000 or less as a result of appropriations or grants from state or local governmental
 21 units, shall be exempt from the requirements of KRS 61.800 to 61.850.

22 **(2) Open Records:** Any entity involved in producing or financing arts on a local
 23 or statewide basis, since the inception of fiscal year 2004-2005, which received a total of
 24 \$25,000 or less as a result of appropriations or grants from state or local governmental
 25 units shall be exempt from the requirements of KRS 61.870 to 61.884.

26 **11. HERITAGE COUNCIL**

	2006-07	2007-08
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1	General Fund	940,000	900,000
2	Restricted Funds	469,300	487,100
3	Federal Funds	669,000	669,000
4	TOTAL	2,078,300	2,056,100

5 **(1) African-American Heritage Council:** Included in the above General Fund
6 appropriation is \$40,000 in fiscal year 2006-2007 for the African-American Heritage
7 Council.

8 **12. KENTUCKY CENTER FOR THE ARTS**

9		2006-07	2007-08
10	General Fund	1,114,400	1,264,400

11 **(1) Governor's School for the Arts:** Included in the above General Fund
12 appropriation is \$150,000 in fiscal year 2007-2008 for stabilization of the Governor's
13 School for the Arts.

14 **TOTAL - COMMERCE CABINET**

15		2005-06	2006-07	2007-08
16	General Fund	125,000	57,821,100	63,914,000
17	Restricted Funds	215,400	146,281,400	149,829,700
18	Federal Funds	-0-	14,864,800	14,406,700
19	TOTAL	340,400	218,967,300	228,150,400

20 **C. ECONOMIC DEVELOPMENT CABINET**

21 **Budget Units**

22 **1. SECRETARY**

23		2006-07	2007-08
24	General Fund	16,619,000	21,550,200
25	Restricted Funds	1,340,000	1,340,000
26	TOTAL	17,959,000	22,890,200

27 **(1) New Economy High-Tech Construction and High-Tech Investment Pools:**

1 Included in the above General Fund appropriation is \$1,026,000 in fiscal year 2007-2008
 2 for new debt service as set forth in Part II, Capital Projects Budget, of this Act. The
 3 Commissioner of the Department for Commercialization and Innovation shall determine
 4 the amounts to be apportioned between the High-Tech Investment and High-Tech
 5 Construction Pools.

6 **(2) Funding for Commercialization and Innovation:** Notwithstanding
 7 Subchapter 20 of KRS Chapter 154, interest income earned on balances in the High-Tech
 8 Construction Pool and the High-Tech Investment Pool shall be used to support the
 9 Department for Commercialization and Innovation within the Cabinet for Economic
 10 Development. Upon the recommendation of the Commissioner, these funds are
 11 authorized and appropriated to fund High-Tech Construction Pool and High-Tech
 12 Investment Pool projects. Loan repayments received by the High-Tech Construction and
 13 High-Tech Investment Pools are appropriated in addition to amounts specified in Part II,
 14 Capital Projects Budget, of this Act.

15 **(3) Louisville Waterfront Development Corporation:** Included in the above
 16 General Fund appropriation is \$420,800 in fiscal year 2006-2007 and \$420,800 in fiscal
 17 year 2007-2008 for the Louisville Waterfront Development Corporation.

18 **2. NEW BUSINESS DEVELOPMENT**

	2006-07	2007-08
19		
20	General Fund	1,365,200
21	Restricted Funds	747,000
22	TOTAL	2,112,200

23 **3. FINANCIAL INCENTIVES**

	2006-07	2007-08
24		
25	General Fund	3,200,000
26	Restricted Funds	1,789,600
27	TOTAL	4,989,600

1 **(1) Debt Service:** Included in the above General Fund appropriation is \$815,000
 2 in fiscal year 2007-2008 for debt service to support new bonds as set forth in Part II,
 3 Capital Projects Budget, of this Act.

4 **(2) Carry Forward of General Fund Appropriation Balance for Bluegrass**
 5 **State Skills Corporation:** Notwithstanding KRS 45.229, the General Fund appropriation
 6 balance for training grants for fiscal year 2006-2007 and for fiscal year 2007-2008 for the
 7 Bluegrass State Skills Corporation shall not lapse and shall carry forward. The
 8 Corporation is authorized to extend an additional \$1,500,000 in training grant offers
 9 during the 2006-2008 biennium. If such offers are made and disbursements are required
 10 to support those offers, funds shall be appropriated from the General Fund Surplus
 11 Account (KRS 48.700) in an amount not to exceed \$1,500,000.

12 **4. EXISTING BUSINESS DEVELOPMENT**

	2006-07	2007-08
13		
14	General Fund	3,457,500
15	Restricted Funds	210,000
16	Federal Funds	155,400
17	TOTAL	3,822,900

18 **(1) Small and Minority Business Entrepreneurship:** The Kentucky Economic
 19 Development Finance Authority shall make available \$300,000 in fiscal year 2007-2008
 20 for micro-business loans in the Small and Minority Business entrepreneurship program in
 21 the Department of Existing Business Development.

22 **TOTAL - ECONOMIC DEVELOPMENT CABINET**

	2006-07	2007-08
23		
24	General Fund	24,641,700
25	Restricted Funds	4,086,600
26	Federal Funds	155,400
27	TOTAL	28,883,700

1

D. DEPARTMENT OF EDUCATION**Budget Units****1. EXECUTIVE POLICY AND MANAGEMENT**

	2006-07	2007-08
General Fund	672,000	679,800

(1) **Employment of Personnel:** Notwithstanding KRS 18A.115, the Department of Education may fill, through memoranda of agreement, not more than 50 percent of its existing authorized positions below the division director level with individuals employed as school administrators and educators in Kentucky.

(2) **Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to 18A.200, the Kentucky Board of Education shall continue to have sole authority to determine the employees of the Department of Education who are exempt from the classified service and to set their compensation comparable to the competitive market.

2. OPERATIONS AND SUPPORT SERVICES

	2006-07	2007-08
General Fund	36,925,500	56,074,400
Restricted Funds	7,210,100	7,210,100
Federal Funds	8,527,800	8,527,800
TOTAL	52,663,400	71,812,300

(1) **Teachers' Retirement System Employer Match:** Included in the above General Fund appropriation is \$2,705,600 in fiscal year 2006-2007 and \$2,840,900 in fiscal year 2007-2008 to enable the Department of Education to provide the employer match for the teacher retirement contribution for qualified employees as provided by KRS 161.550.

~~(2) **Debt Service:** Included in the above General Fund appropriation is \$8,898,000 in fiscal year 2007-2008 to provide for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act. Included in the \$8,898,000 is \$620,000 in~~

1 ~~fiscal year 2007-2008 to provide debt service for new bonds for a high-speed education~~
 2 ~~telecommunications network that supports a set of seamless P-16 management,~~
 3 ~~instructional, and research applications. The network shall consist of 100 MBPS to at~~
 4 ~~least 40 percent of Kentucky's local school districts and at least ten MBPS to the~~
 5 ~~remaining local school districts. Included in the \$8,898,000 is \$696,000 in fiscal year~~
 6 ~~2007-2008 to provide debt service for a functionally robust and modern system to ensure~~
 7 ~~the efficient collection and management of student information, including a unique~~
 8 ~~student identifier, at the school, district, and state levels. Included in the \$8,898,000 is~~
 9 ~~\$1,044,000 in fiscal year 2007-2008 to provide debt service for a Web-based, on-line~~
 10 ~~testing program that provides a quicker return of test results, student accountability, and~~
 11 ~~assessment integration into teaching and learning situations on a real-time basis. Included~~
 12 ~~in the \$8,898,000 is \$229,000 in fiscal year 2007-2008 to provide debt service for a~~
 13 ~~knowledge management portal that will provide K-12 public educators with intuitive~~
 14 ~~access to indexed, aligned, and well-organized Web-based instructional resources such as~~
 15 ~~units of study that connect curriculum, instruction, and assessment with other data~~
 16 ~~generated by schools and the Kentucky Department of Education. Included in the~~
 17 ~~\$8,898,000 is \$6,069,000 in fiscal year 2007-2008 to provide debt service for the~~
 18 ~~purchase of modern workstations, stationary or mobile, for public K-12 schools to~~
 19 ~~support advanced instructional activities, including on-line learning and Internet-2~~
 20 ~~instructional activities. The Kentucky Board of Education shall approve a plan for~~
 21 ~~distribution of the workstations. Included in the \$8,898,000 is \$144,000 in fiscal year~~
 22 ~~2007-2008 to provide debt service for the Roekcastle County Vocational and Technical~~
 23 ~~Center. Included in the \$8,898,000 is \$96,000 in fiscal year 2007-2008 to provide debt~~
 24 ~~service for the Letcher County Central Vocational Center.] (Veto #4)~~

25 **(3) School Technology in Coal Counties:** Included in the above Restricted
 26 Funds appropriation is \$5,000,000 in each fiscal year from the Local Government
 27 Economic Development Multi-County Fund for the purpose of enhancing education

1 technology in local school districts within coal-producing counties. The Commissioner of
 2 the Department of Education is authorized to use up to \$1,000,000 of the above
 3 \$5,000,000 appropriation in each fiscal year to make offers of assistance to qualifying
 4 local school districts in coal-producing counties to fund technology projects; to be
 5 eligible for these offers of assistance, local school districts may be required to provide a
 6 match of not more than two to one from any of their other funding courses. The
 7 Commissioner of the Department of Education shall use \$2,500,000 of the above
 8 \$5,000,000 appropriation to continue the Coal County Computing program~~[under the~~
 9 ~~direction of the Kentucky Economic Development Finance Authority]~~. (Veto #8) The
 10 Commissioner of the Department of Education shall distribute the remainder of the above
 11 \$5,000,000 appropriation to coal-producing counties in a manner consistent with
 12 distributions to local school districts from the Kentucky Education Technology System;
 13 these funds shall be in addition to any regular distribution to coal-producing counties
 14 from the Kentucky Education Technology System.

15 **(4) Education Technology Program:** Included in the above General Fund
 16 appropriation is \$19,500,000 in each fiscal year for the Education Technology Program.

17 **3. LEARNING AND RESULTS SERVICES**

	2006-07	2007-08
18		
19	General Fund (Tobacco)	1,388,400
20	General Fund	791,940,900
21	Restricted Funds	2,621,200
22	Federal Funds	679,119,100
23	TOTAL	1,475,069,600
		1,522,912,500

24 **(1) Funding for Employer Health and Life Insurance:** If the costs for health
 25 insurance or life insurance coverage for employees of local school districts exceed the
 26 levels of appropriated funds, any unexpended Support Education Excellence in Kentucky
 27 appropriations may be used to offset the unbudgeted costs. Any transfer shall be subject

1 to approval of the Governor upon the written recommendation of the Secretary of the
2 Finance and Administration Cabinet pursuant to the written request of the Commissioner
3 of Education. The per-month per-employee administrative assessment shall be remitted to
4 the Personnel Cabinet by the Department of Education from the General Fund
5 appropriation for local school district health and life insurance.

6 **(2) Kentucky School for the Blind and Kentucky School for the Deaf:**
7 Included in the above General Fund appropriation is \$6,441,400 in fiscal year 2006-2007
8 and \$6,657,100 in fiscal year 2007-2008 for the Kentucky School for the Blind, and
9 \$9,003,200 in fiscal year 2006-2007 and \$9,304,200 in fiscal year 2007-2008 for the
10 Kentucky School for the Deaf.

11 **(3) Kentucky Education Technology System:** (a) Area Vocational Education
12 Centers shall be fully eligible to participate in the Kentucky Education Technology
13 System. Notwithstanding KRS 157.660, the School Facilities Construction Commission,
14 in consultation with the Kentucky Board of Education and the Department of Education,
15 shall develop administrative regulations which identify a methodology by which the
16 average daily attendance for Area Vocational Education Centers may be equated to the
17 average daily attendance of other local school districts in order that they may receive their
18 respective distributions of these funds.

19 (b) The School for the Deaf and the School for the Blind shall be fully eligible,
20 along with local school districts, to participate in the Kentucky Education Technology
21 System in a manner that takes into account the special needs of the students of these two
22 schools.

23 **(4) Family Resource and Youth Services Centers:** Funds appropriated to
24 establish and support Family Resource and Youth Services Centers shall be transferred in
25 fiscal year 2006-2007 and in fiscal year 2007-2008 to the Cabinet for Health and Family
26 Services consistent with the intent of KRS 156.497. The Cabinet for Health and Family
27 Services is authorized to use, for administrative purposes, no more than three percent of

1 the total funds transferred from the Department of Education for the Family Resource and
 2 Youth Services Centers. If a certified person is employed as a director or coordinator of a
 3 Family Resource or Youth Services Center, that person shall retain his or her status as a
 4 certified employee of the school district.

5 If 70 percent or more of the funding level provided by the state is utilized to support
 6 the salary of the director of a center, that center shall provide a report to the Cabinet for
 7 Health and Family Services identifying the salary of the director. The Cabinet for Health
 8 and Family Services shall transmit any reports received from Family Resource and Youth
 9 Services Centers pursuant to this provision to the Legislative Research Commission.

10 **(5) Health Insurance:** Included in the above General Fund appropriation is
 11 \$465,808,000 in fiscal year 2006-2007 for employer contributions for health insurance
 12 and the contribution to the flexible spending account for employees waiving coverage.
 13 Included in the above General Fund appropriation is \$503,855,000 in fiscal year 2007-
 14 2008 for employer contributions for health insurance and the contribution to the flexible
 15 spending account for employees waiving coverage.

16 **(6) Learning and Results Services Programs:** Notwithstanding KRS 156.265,
 17 included in the above General Fund appropriation are the following allocations for the
 18 2006-2008 fiscal biennium:

- 19 (a) \$31,859,500 in each fiscal year for the Extended School Services Program;
- 20 (b) \$51,850,700 in each fiscal year for the Family Resource and Youth Services
 21 Centers Program;
- 22 (c) \$75,127,000 in each fiscal year for the Preschool Program;
- 23 (d) \$15,034,700 in each fiscal year for the Professional Development Program;
- 24 (e) \$10,378,300 in each fiscal year for the Safe Schools Program;
- 25 (f) \$1,400,000 in fiscal year 2007-2008 for ACT and WorkKeys testing;
- 26 (g) \$21,700,100 in each fiscal year for the Textbooks Program;
- 27 (h) \$1,200,000 in fiscal year 2006-2007 and \$1,400,000 in fiscal year 2007-2008

- 1 for the Collaborative Center for Literacy Development;
- 2 (i) \$8,369,200 in each fiscal year for the Commonwealth Accountability Testing
- 3 System (CATS);
- 4 (j) \$616,500 in each fiscal year for the Blind/Deaf Residential Travel Program;
- 5 (k) \$2,100,000 in each fiscal year for the Community Education Program;
- 6 (l) \$720,900 in each fiscal year for the Dropout Prevention Program;
- 7 (m) \$20,558,100 in fiscal year 2006-2007 and \$23,558,100 in fiscal year 2007-
- 8 2008 for the Early Reading Incentive Grant/Read to Achieve Program;
- 9 (n) \$7,121,500 in each fiscal year for the Gifted and Talented Program;
- 10 (o) \$4,276,700 in each fiscal year for the School Food Services match;
- 11 (p) \$10,962,100 in each fiscal year for the State Agency Children Program;
- 12 (q) \$1,600,000 in each fiscal year for the Teacher Academies Program;
- 13 (r) \$1,886,700 in each fiscal year for the Teacher Recruitment and Retention
- 14 Program;
- 15 (s) \$800,000 in each fiscal year for the Virtual Learning Program;
- 16 (t) \$10,945,400 in fiscal year 2006-2007 and \$11,175,400 in fiscal year 2007-
- 17 2008 for the Locally Operated Vocational Schools;
- 18 (u) \$610,300 in each fiscal year for the Writing Program;
- 19 (v) \$500,000 in each fiscal year for the Every1 Reads Program;
- 20 (w) \$2,257,000 in fiscal year 2006-2007 and \$2,378,700 in fiscal year 2007-2008
- 21 for Local School District Life Insurance;
- 22 (x) \$484,400 in each fiscal year for the Elementary Arts and Humanities Program;
- 23 (y) \$3,000,000 in fiscal year 2006-2007 and \$6,900,000 in fiscal year 2007-2008
- 24 for the Mathematics Achievement Fund;
- 25 (z) \$387,500 in each fiscal year for the Middle School Academic Center;
- 26 (aa) \$381,500 in each fiscal year for the Leadership and Mentor Fund;
- 27 (ab) \$3,925,300 in each fiscal year for the Professional Growth Fund;

1 (ac) \$500,000 in each fiscal year for the Save the Children/Rural Literacy
2 Program;

3 (ad) The allocations referenced in subsection (5) of this budget unit for Local
4 School District Health Insurance;

5 (ae) \$100,000 in each fiscal year for a specialized tutoring program for students
6 with learning disabilities from Appalachian counties, as identified by the Appalachian
7 Regional Commission. This program shall be located at a public institution of high
8 education selected by the Commissioner of Education;

9 (af) \$430,000 in fiscal year 2007-2008 for the Partnership for Student Success
10 Program;

11 (ag) \$5,624,000 in fiscal year 2006-2007 and \$5,649,800 in fiscal year 2007-2008
12 for the Highly Skilled Educator Program; and

13 (ah) \$1,504,100 in fiscal year 2006-2007 and \$1,507,900 in fiscal year 2007-2008
14 for the Commonwealth School Improvement Fund.

15 **(7) Program Flexibility:** Notwithstanding KRS 157.226(2) and (3), 157.3175(3)
16 and (4), and 160.345(8) with regard to the state allocation, five programs (Professional
17 Development, Extended School Services, Preschool, Textbooks, and Safe Schools) shall
18 continue to permit the state and local school districts additional flexibility in the
19 distribution of program funds while still addressing the governing statutes and serving the
20 need and the intended student population.

21 **(8) Local District Grant Fund Carry Forward:** Notwithstanding KRS 45.229,
22 up to ten percent of any non-SEEK state grant fund, other than any state grant fund for the
23 Read to Achieve Program, appropriated to the Department of Education and disbursed to
24 a local district that is unexpended during fiscal year 2006-2007 may be carried forward to
25 fiscal year 2007-2008. Notwithstanding KRS 45.229, any state grant fund for the Read to
26 Achieve Program in fiscal year 2006-2007 may be carried forward to fiscal year 2007-
27 2008.

1 **(9) Publishing Requirements:** Notwithstanding KRS 158.6453(7), 160.463, and
2 424.220, public availability of the school district's complete annual financial statement
3 and the school report card shall be made by publishing the documents in the newspaper of
4 the largest general circulation in the county, electronically on the Internet, or by printed
5 copy at a prearranged site at the main branch of the public library within the school
6 district. If publication on the Internet or by printed copy at the public library is chosen, the
7 superintendent shall be directed to publish notification in the newspaper of the largest
8 circulation in the county as to the location where the document can be viewed by the
9 public. The notification shall include the address of the library or the electronic address of
10 the Web site on the Internet where the documents can be viewed.

11 **(10) Surplus Property:** Notwithstanding KRS 45A.045, 45.777, and 56.463, any
12 funds received by the Commonwealth from the disposal of any surplus property at the
13 Kentucky School for the Blind and the Kentucky School for the Deaf shall be deposited
14 in a restricted account and shall not be expended without appropriation authority granted
15 by the General Assembly.

16 **(11) Locally Operated Vocational Programs:** Notwithstanding KRS 157.069, the
17 supplemental funding distribution shall include Category II and III programs in districts
18 established after June 21, 2001, with state assistance if approved by the Commissioner of
19 Education.

20 **(12) Allocation of Safe School Funds:** Notwithstanding KRS 158.446, the Center
21 for School Safety shall develop and implement allotment policies for all moneys received
22 for the purposes of KRS 158.440, 158.441, 158.442, 158.445, and 158.446.

23 **(13) Coordination With Head Start:** Each local district shall work with Head
24 Start and other existing preschool programs to avoid duplication of services and
25 programs, to avoid supplanting federal funds, to maximize Head Start funds in order to
26 serve as many four year old children as possible, and shall maintain certification from the
27 Head Start director that the Head Start Program is fully utilized. If a local district fails to

1 comply with the requirements of this section, the Commissioner of the Department of
 2 Education shall withhold preschool funding for an amount equal to the number of Head
 3 Start eligible children served in the district who would have been eligible to be served by
 4 Head Start under the full utilization certification required under this section. The
 5 Commissioner of the Department of Education shall resolve any disputes and make a
 6 determination of the district's compliance with the full utilization requirement.

7 **(14) Partnership for Student Success:** Included in the above General Fund
 8 appropriation is \$430,000 in fiscal year 2007-2008 for the Partnership for Student
 9 Success Program. These funds shall be expended to develop pilot programs to
 10 demonstrate effective strategies to increase community and parental involvement in K-12
 11 education by providing additional tools for educators to improve instruction and promote
 12 student health and wellness.

13 **(15) Funds Transfer:** The Commissioner of the Department of Education may
 14 transfer any available funds between the Professional Growth Fund and the Professional
 15 Development Leadership Mentor Fund as needed to satisfy the demand and need to
 16 support respective teacher programs.

17 **(16) School Calendar Evaluation:** The Kentucky Department of Education is
 18 directed to conduct an evaluation of school calendars. The primary purpose of this
 19 evaluation is to determine the impact of alternative school calendars, including the use of
 20 extended time beyond the six-hour instructional day, shortened days or weeks, and year-
 21 round calendars. The evaluation shall investigate the positive and negative effects on
 22 students, including academic achievement, extracurricular activities, parental support, and
 23 community acceptance. The evaluation shall review the impact on school district
 24 operations and finances related to transportation, utilities, staffing, facilities, food service,
 25 and other costs associated with operating efficiencies. A preliminary report shall be made
 26 to the Interim Joint Committee on Education by November 15, 2006, and a final report,
 27 including recommendations for regulatory or statutory changes, shall be made to the

1 Interim Joint Committee on Education by January 15, 2007.

2 **(17) Advisory Council for Gifted and Talented Education:** Notwithstanding
 3 KRS 158.648(1), a member of the Advisory Council for Gifted and Talented Education
 4 may be reappointed but may not serve more than three consecutive terms. A member of
 5 the Kentucky Association for Gifted Education shall be a voting member of the Advisory
 6 Council for Gifted and Talented Education.

7 **(18) Highly Skilled Educators:** Notwithstanding KRS 158.6455(3), 158.782, and
 8 160.350(3), the Kentucky Department of Education shall have the authority to expend
 9 moneys appropriated for the Highly Skilled Education Assistance Program on
 10 intervention services that may be required by the Federal No Child Left Behind Act of
 11 2001 (Pub. L. 107-110).

12 **(19) Commonwealth School Improvement Fund:** Notwithstanding KRS
 13 158.805, the Commissioner of Education shall be authorized to use the Commonwealth
 14 School Improvement Fund to provide support services to schools needing assistance
 15 under KRS 158.6455 or in order to meet the requirements of No Child Left Behind.

16 **(20) Community Education:** Included in the above General Fund appropriation is
 17 \$300,000 in each fiscal year to support the establishment of 15 additional community
 18 education programs.

19 **4. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK)**
 20 **PROGRAM**

	2006-07	2007-08
21		
22	General Fund	2,680,910,200 2,930,340,800

23 **(1) Common School Fund Earnings:** Accumulated earnings for the Common
 24 School Fund shall be transferred in each fiscal year to the SEEK Program.

25 **(2) Base SEEK Allotments:** The above appropriation includes \$2,089,483,300 in
 26 fiscal year 2006-2007 and \$2,312,486,700 in fiscal year 2007-2008 for the base SEEK
 27 Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be

1 allotted to school districts in accordance with KRS 157.310 to 157.440, except that the
2 total of the funds allotted shall not exceed the appropriations for this purpose except as
3 provided in this Act. Notwithstanding KRS 157.360(2)(c), included in the appropriation
4 for the base SEEK Program is \$211,953,500 in fiscal year 2006-2007 and \$214,752,800
5 in fiscal year 2007-2008 for pupil transportation.

6 **(3) Tier I Component:** Included in the above appropriation is \$157,620,900 in
7 fiscal year 2006-2007 and \$161,638,900 in fiscal year 2007-2008 for the Tier I
8 component as established by KRS 157.440.

9 **(4) Vocational Transportation:** Included in the above appropriation is
10 \$2,416,900 in fiscal year 2006-2007 and \$2,416,900 in fiscal year 2007-2008 for
11 vocational transportation.

12 **(5) Secondary Vocational Education:** Included in the above appropriation is
13 \$23,053,800 in fiscal year 2006-2007 and \$23,561,000 in fiscal year 2007-2008 to
14 provide secondary vocational education in state-operated vocational schools.

15 **(6) Teachers' Retirement System Employer Match:** Included in the above
16 appropriation is \$319,184,300 in fiscal year 2006-2007 and \$346,100,400 in fiscal year
17 2007-2008 to enable local school districts to provide the employer match for qualified
18 employees as provided for by KRS 161.550.

19 **(7) Salary Supplements for Nationally Certified Teachers:** Notwithstanding
20 KRS 157.395, included in the above appropriation is \$2,104,000 in fiscal year 2006-2007
21 and \$2,504,000 in fiscal year 2007-2008 for the purpose of providing salary supplements
22 for teachers attaining certification by the National Board for Professional Teaching
23 Standards.

24 **(8) Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above
25 appropriation to the base SEEK Program is intended to provide a base guarantee of
26 \$3,508 per student in average daily attendance in fiscal year 2006-2007 and \$3,822 per
27 student in average daily attendance in fiscal year 2007-2008 as well as to meet the other

1 requirements of KRS 157.360.

2 Nothing in this Act shall be construed as prohibiting the contracting out of pupil
3 transportation services.

4 Funds appropriated to the SEEK Program shall be allotted to school districts in
5 accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall
6 not exceed the appropriations for this purpose except as provided in this Act. The total
7 appropriation for the SEEK Program shall be measured by, or construed as, estimates of
8 the state expenditures required by KRS 157.310 to 157.440. If the required expenditures
9 exceed these estimates, the Secretary of the Finance and Administration Cabinet, upon
10 the written request of the Commissioner of Education and with approval of the Governor,
11 may increase the appropriation by such amount as may be available and necessary to
12 meet, to the extent possible, the required expenditures under the cited sections of the
13 Kentucky Revised Statutes, but any increase of the total appropriation to the SEEK
14 Program is subject to Part III, General Provisions, of this Act, and the provisions of KRS
15 Chapter 48. If funds appropriated to the SEEK Program are insufficient to provide the
16 amount of money required under KRS 157.310 to 157.440, allotments to local school
17 districts may be reduced in accordance with KRS 157.430.

18 **(9) Local School District Certified and Classified Employee Pay Policy:**
19 Notwithstanding KRS 157.420, during fiscal year 2006-2007, local school districts shall
20 provide all certified staff a salary or compensation increase of not less than two percent
21 and, during fiscal year 2007-2008, local school districts shall provide all certified staff a
22 salary or compensation increase of not less than \$3,000. The salary increases in fiscal year
23 2006-2007 and fiscal year 2007-2008 for certified staff shall be in addition to the normal
24 rank and step increase attained by certified personnel employed by local school districts.
25 During fiscal year 2006-2007, local school districts shall provide all classified staff a
26 salary increase of two percent and, during fiscal year 2007-2008, local school districts
27 shall provide all classified staff a salary increase of five percent. In fiscal year 2007-2008,

1 no classified staff member shall receive a salary increase in excess of \$2,500. Classified
2 staff employed by a local board of education that work less than full-time shall receive a
3 pro rata share of the salary increase based on terms of their employment. The above
4 increase in fiscal year 2006-2007 and fiscal year 2007-2008 for classified staff shall be in
5 addition to a normal step increase or any increase that might result from assuming new
6 duties or obtaining additional qualifications.

7 **(10) Final SEEK Calculation:** Notwithstanding KRS 157.410, on or before
8 March 1 of each year, the chief state school officer shall determine the exact amount of
9 the public common school fund to which each district is entitled and the remainder of the
10 amount due each district for the year shall be distributed in equal installments beginning
11 the first month after completion of final calculation and for each successive month
12 thereafter.

13 **(11) SEEK Adjustment Factors:** Funds allocated for the SEEK base and its
14 adjustment factors that are not needed for the base or a particular adjustment factor may
15 be allocated to other adjustment factors, if funds for that adjustment factor are not
16 sufficient.

17 **(12) Facilities Support Program of Kentucky/Equalized Nickel Levies:**
18 Included in the above appropriation is \$67,749,200 in fiscal year 2006-2007 and
19 \$63,970,700 in fiscal year 2007-2008 to provide facilities equalization funding pursuant
20 to KRS 157.440 and 157.620. Included in the above appropriation is \$12,177,600 in
21 fiscal year 2006-2007 and \$11,134,200 in fiscal year 2007-2008 to provide facilities
22 equalization funding pursuant to KRS 157.440, 157.620, and 157.621(2) and (3) for local
23 school districts which have: (a) Levied the additional tax pursuant to KRS 157.621 for
24 debt service and new facilities as of January 1, 2006; (b) Levied the five cents under the
25 provisions of KRS 157.440; (c) Met the growth requirements in KRS 157.621(2) in fiscal
26 year 2005-2006; and (d) Levied an additional nickel tax pursuant to KRS 157.621 in
27 addition to (a) and (b) of this section by January 1, 2006.

1 **(13) Retroactive Equalized Facility Funding:** Included in the above
2 appropriation is \$2,302,500 in fiscal year 2006-2007 and \$2,076,400 in fiscal year 2007-
3 2008 to provide equalized facility funding to districts meeting the following eligibility
4 requirements: A local board of education that levied a tax rate subject to recall in fiscal
5 year during or prior to fiscal year 2003-2004 in addition to the five cents levied pursuant
6 to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or
7 major renovations of existing facilities shall be eligible for equalization funds from the
8 state at 150 percent of the statewide average per pupil assessment. The equalization funds
9 shall be used as provided in KRS 157.440(1)(b).

10 **(14) Equalized Facility Funding:** Included in the above General Fund
11 appropriation is \$4,617,700 in fiscal year 2006-2007 and \$4,451,600 in fiscal year 2007-
12 2008 to provide equalized facility funding to districts meeting the following eligibility
13 requirements: (a) The board of education has levied at least a ten cent equivalent tax rate
14 for building purposes or has debt service of at least a ten cent equivalent tax rate as of
15 February 24, 2005; (b) The district has not received equalized growth facility funding as a
16 result of 2005 Ky. Acts ch. 173, Part I, D. Department of Education, 4. Support Education
17 Excellence in Kentucky (SEEK) Program; and (c) The district has received approval by
18 the Commissioner of Education. Eligible districts shall receive equalization funds from
19 the state at 150 percent of the statewide average per pupil assessment, and these funds
20 shall be used as provided in KRS 157.440(1)(b).

21 **(15) School Employee Flexible Spending Account Funds Transfer:** Any funds
22 remaining in flexible spending accounts of employees of local school districts for
23 calendar year 2006 and calendar year 2007 shall be transferred to the credit of the General
24 Fund.

25 **(16) Instructional Days:** Included in the above General Fund appropriation is
26 \$32,600,000 to extend the school term in fiscal year 2007-2008 by an additional two
27 instructional days. Notwithstanding KRS 158.070, the school term for fiscal year 2007-

1 2008 shall include the equivalent of 177 instructional days and shall include no less than
2 two additional six-hour instructional days in addition to the six-hour instructional days
3 included in the 2005-2006 school calendar as approved by the Department of Education.
4 Districts shall not be required to exceed 177 six-hour instructional days.

5 **(17) Facility Matching Grant:** Included in the above General Fund appropriation
6 is \$200,000 in fiscal year 2006-2007 for a matching grant to the Hardin County
7 Educational Foundation, Inc. for the completion of the John Hardin Performing Arts
8 Center.

9 **(18) Transportation Study:** The Legislative Research Commission is hereby
10 directed to study the current funding formula and the equitable disbursement of pupil
11 transportation funds. The study of pupil transportation funding shall include:

12 (a) An analysis of the current formula used to determine the level of reimbursed
13 funding for school districts, including its equity and adequacy, and recommendations for
14 improvement; and

15 (b) A comparison of the efficiencies used by school districts in the operation of their
16 transportation systems, including recommendations for efficiency requirements or
17 incentives.

18 The Legislative Research Commission shall contract with nongovernmental
19 consultants to conduct the study. The consultants shall have the full cooperation of the
20 Executive Branch and the Legislative Branch.

21 The consultants shall present a final report of their findings to the Interim Joint
22 Committee on Education and to the Interim Joint Committee on Appropriations and
23 Revenue no later than July 1, 2007.

24 Provisions of this section to the contrary notwithstanding, the Legislative Research
25 Commission shall have the authority to alternatively assign the issues identified herein to
26 an interim joint committee or subcommittee thereof, and to designate a study completion
27 date.

1 **TOTAL - DEPARTMENT OF EDUCATION**

2		2006-07	2007-08
3	General Fund (Tobacco)	1,388,400	1,508,400
4	General Fund	3,510,448,600	3,827,034,300
5	Restricted Funds	9,831,300	9,831,300
6	Federal Funds	687,646,900	687,371,400
7	TOTAL	4,209,315,200	4,525,745,400

8 **E. EDUCATION CABINET**9 **Budget Units**10 **1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

11		2006-07	2007-08
12	General Fund	2,425,200	2,425,200
13	Restricted Funds	6,393,400	6,502,400
14	Federal Funds	190,000	190,000
15	TOTAL	9,008,600	9,117,600

16 **(1) East Kentucky Science Center:** Included in the above General Fund
 17 appropriation is \$225,200 in fiscal year 2006-2007 and \$225,200 in fiscal year 2007-2008
 18 for a grant to the East Kentucky Science Center.

19 **2. DEAF AND HARD OF HEARING**

20		2005-06	2006-07	2007-08
21	General Fund	-0-	920,400	933,000
22	Restricted Funds	5,000	590,000	590,000
23	TOTAL	5,000	1,510,400	1,523,000

24 **(1) Specialized Telecommunications Equipment:** Included in the above
 25 Restricted Funds appropriation is an additional \$100,000 in fiscal year 2006-2007 and
 26 \$100,000 in fiscal year 2007-2008 and General Fund moneys of \$100,000 in fiscal year
 27 2006-2007 and \$100,000 in fiscal year 2007-2008 to be used for operating the

1 Telecommunication Access Program.

2 **3. KENTUCKY EDUCATIONAL TELEVISION**

3		2006-07	2007-08
4	General Fund	14,694,500	16,816,100
5	Restricted Funds	1,066,300	1,048,000
6	Federal Funds	700,000	700,000
7	TOTAL	16,460,800	18,564,100

8 **(1) Debt Service:** Included in the above General Fund appropriation is
 9 \$1,907,000 in fiscal year 2007-2008 to provide debt service for new bonds as set forth in
 10 Part II, Capital Projects Budget, of this Act.

11 **4. ENVIRONMENTAL EDUCATION COUNCIL**

12		2006-07	2007-08
13	Restricted Funds	192,800	194,400

14 **5. LIBRARIES AND ARCHIVES**

15 **a. Libraries and Archives**

16		2006-07	2007-08
17	General Fund	7,273,600	7,382,900
18	Restricted Funds	1,444,400	1,460,900
19	Federal Funds	1,964,500	1,986,100
20	TOTAL	10,682,500	10,829,900

21 **b. Direct Local Aid**

22		2006-07	2007-08
23	General Fund	7,031,400	7,306,400
24	Restricted Funds	9,000	9,000
25	Federal Funds	424,000	424,000
26	TOTAL	7,464,400	7,739,400

27 **(1) Per Capita Grants:** Included in the above General Fund appropriation is

1 \$4,000,000 in each fiscal year to award per capita grants in accordance with KRS
 2 171.201. Notwithstanding KRS 171.201, the allotment of General Fund dollars
 3 distributed to each local library district shall not be less than received in fiscal year 2005-
 4 2006.

5 **TOTAL - DEPARTMENT FOR LIBRARIES AND ARCHIVES**

	2006-07	2007-08
6		
7	General Fund	14,305,000
8	Restricted Funds	1,453,400
9	Federal Funds	2,388,500
10	TOTAL	18,146,900

11 **6. OFFICE FOR THE BLIND**

	2006-07	2007-08
12		
13	General Fund	1,335,300
14	Restricted Funds	1,955,300
15	Federal Funds	9,349,400
16	TOTAL	12,640,000

17 **7. EMPLOYMENT AND TRAINING**

	2006-07	2007-08
18		
19	Restricted Funds	3,000,000
20	Federal Funds	672,218,400
21	TOTAL	675,218,400

22 **(1) Unemployment Insurance Penalty and Interest Account:** Notwithstanding
 23 KRS 341.835, \$3,000,000 from the Unemployment Insurance Penalty and Interest
 24 Account in the Unemployment Compensation Administration Fund may be used during
 25 each fiscal year by the Office of Employment and Training to operate employment,
 26 training, and unemployment insurance programs.

27 **(2) Reed Act Distribution:** In addition to supplementing the Unemployment

1 Insurance Trust Fund, Federal Funds made available to Kentucky as a result of the Reed
 2 Act distribution under Section 903(d) of the Social Security Act, as amended, in the
 3 amount of \$2,000,000 in fiscal year 2006-2007 and \$2,000,000 in fiscal year 2007-2008,
 4 are appropriated to the Office of Employment and Training for the administration of the
 5 unemployment compensation law and the public employment offices for costs allowable
 6 under the Unemployment Insurance and Wagner-Peyser programs.

7 **8. CAREER AND TECHNICAL EDUCATION**

	2006-07	2007-08
9 General Fund	30,090,200	29,894,500
10 Restricted Funds	20,165,400	20,220,400
11 Federal Funds	15,188,500	15,188,500
12 TOTAL	65,444,100	65,303,400

13 **(1) Participation in the Education Technology Program by Area Vocational**
 14 **Education Centers:** Area Vocational Education Centers shall be fully eligible to
 15 participate in the Kentucky Education Technology System. Notwithstanding KRS
 16 157.650, 157.655, 157.660, and 157.665, the School Facilities Construction Commission,
 17 in consultation with the Kentucky Board of Education and the Department of Education,
 18 shall develop administrative regulations which identify a methodology by which the
 19 average daily attendance for Area Vocational Education Centers may be equated to the
 20 average daily attendance of other local school districts in order that they may receive their
 21 respective distributions of these funds. The School Facilities Construction Commission
 22 shall include Area Vocational Education Centers in any offers of assistance to local
 23 school districts for technology assistance during the 2006-2008 fiscal biennium.

24 **(2) Area Technology Centers:** Included in the above General Fund appropriation
 25 is \$1,002,300 in fiscal year 2006-2007 and \$584,500 in fiscal year 2007-2008 for
 26 program operations at Pulaski, Warren, and Butler County Area Technology Centers.
 27 Included in the above Restricted Funds appropriation is \$600,000 in each fiscal year from

1 the Department of Education for support of the ongoing operational costs for Pulaski,
 2 Warren, and Butler County Area Technology Centers and state-operated technical
 3 programs at Hancock and Kenton County schools. Notwithstanding KRS 45.229,
 4 unexpended General Fund appropriations to the Career and Technical Education
 5 Accessibility Fund for fiscal year 2005-2006, not to exceed \$142,000, shall not lapse and
 6 shall carry forward to fiscal year 2006-2007 to be used for the purchase of welding,
 7 carpentry, and automotive equipment for new vocational programs at the Pulaski,
 8 Warren, and Butler County area technology centers. Included in the above General Fund
 9 appropriation is \$85,000 in fiscal year 2006-2007 and \$50,200 in fiscal year 2007-2008
 10 for operating and equipment at the Mayfield-Graves County Area Technology Center.

11 **(3) Transfer of State-Operated Secondary Vocational Education and**
 12 **Technology Centers:** (a) Notwithstanding KRS 151B.035, 151B.040, 151B.045,
 13 151B.050, 151B.055, 151B.070, or any other statute to the contrary, effective at the
 14 beginning of fiscal year 2006-2007, a local board of education may submit a request to
 15 the Executive Director of the Office of Career and Technical Education to assume
 16 authority for the management and control of a state-operated secondary vocational
 17 education and technology center. Upon agreement between the Executive Director of the
 18 Office of Career and Technical Education and the local board of education for the transfer
 19 of a state-operated secondary vocational education and technology center, all personnel,
 20 equipment and supplies shall be transferred to the local board of education and shall only
 21 be utilized for the operation of the locally operated vocational center. The transfer of
 22 management and control of the secondary area vocational education and technology
 23 center shall be considered a permanent transfer to the local district.

24 (b) A certified employee who is affected by a transfer to the local board of
 25 education under this provision shall be granted a one year limited contract by the local
 26 board of education and shall be employed on the local district salary schedule. A
 27 classified employee shall be guaranteed employment equal to his or her present status for

1 at least one complete school term. A transferred employee shall be provided the benefits
2 of comparable employees in the district and shall be subject to all rules and policies of the
3 local board of education, including but not limited to disciplinary and personnel actions
4 that are the same as those that may be exercised by the district for any other employee in
5 the district during a contract period.

6 (c) A transferred employee who has accrued annual leave and compensatory time
7 shall be paid a lump sum for the accrued time at the effective date of the transfer by the
8 Office of Career and Technical Education. The employee shall be granted credit for
9 accrued sick leave up to the maximum allowed for transfers for teachers between school
10 districts. Sick leave credit shall be awarded to a classified employee based on the local
11 board policy. Any excess sick leave that a classified or certified employee has earned that
12 the district will not accept in the transfer may be requested to be held in escrow by the
13 appropriate state personnel system under KRS Chapter 18A or KRS Chapter 151B, and
14 the sick leave balance shall be restored to the employee if the employee returns to a state
15 government position.

16 (d) An employee who is to be transferred to a local board of education under
17 provisions of this section but who chooses not to accept a one year limited contract with
18 the board shall be separated from the state system and the employee's position shall be
19 abolished. Notwithstanding any other statute, the employee may apply for any state
20 position for which the employee is qualified but shall not be granted priority over other
21 applicants for a position because the employee's position was abolished due to a transfer
22 of the vocational education and technology center. An employee who refuses a contract
23 with the local board shall be provided a lump-sum payment for accrued annual leave and
24 compensatory time, and the employee's sick leave balance shall be placed in escrow by
25 the appropriate state personnel system under KRS Chapter 18A or KRS Chapter 151B.
26 The sick leave balance shall be restored to the employee if the employee returns to a state
27 government position.

1 (e) A certified employee, other than a principal, who has earned continuing status
 2 in the state certified personnel system under KRS Chapter 151B may be granted tenure
 3 under the provisions of KRS 161.740(1)(c). A principal may be granted tenure as a
 4 teacher, but the provisions relating to demotion of the principal under KRS 161.765 shall
 5 apply.

6 (f) An employee of the Office of Career and Technical Education who is
 7 transferred to the local school district and who occupies a position covered by the
 8 Kentucky Teachers' Retirement System shall remain in the Teachers' Retirement System.

9 (g) General Fund moneys previously appropriated to the Office of Career and
 10 Technical Education for support of the transferred state-operated vocational technical
 11 school shall be appropriated to the Kentucky Department of Education for support of the
 12 local board of education center operations effective at the beginning of fiscal year 2006-
 13 2007. In addition, the local board of education shall receive 100 percent of the Support
 14 Education Excellence in Kentucky (SEEK) Program funds from the Kentucky
 15 Department of Education that are generated from students enrolled in the center.

16 **9. VOCATIONAL REHABILITATION**

	2006-07	2007-08
17		
18	General Fund	13,089,700
19	Restricted Funds	2,673,500
20	Federal Funds	46,642,000
21	TOTAL	62,405,200

22 **10. EDUCATION PROFESSIONAL STANDARDS BOARD**

	2006-07	2007-08
23		
24	General Fund	10,328,800
25	Restricted Funds	1,416,800
26	Federal Funds	4,379,200
27	TOTAL	16,124,800

1 **(1) National Board of Teaching Standards Certification:** Notwithstanding
 2 KRS 161.134, up to \$800,000 in fiscal year 2006-2007 and \$800,000 in fiscal year 2007-
 3 2008 is provided for National Board of Teaching Standards Certification from the
 4 General Fund.

5 **(2) Employment of Leadership Personnel:** Notwithstanding KRS 18A.005 to
 6 18A.200, the Education Professional Standards Board shall have the sole authority to
 7 determine the employees of the Education Professional Standards Board staff who are
 8 exempt from the classified service and to set their compensation comparable to the
 9 competitive market.

10 **(3) Kentucky Teacher Internship Program:** Notwithstanding KRS 45.229, any
 11 unexpended General Fund appropriation from fiscal year 2005-2006 and fiscal year 2006-
 12 2007 shall not lapse and shall carry forward to be used to support operations of the
 13 Kentucky Teacher Internship Program.

14 **TOTAL - EDUCATION CABINET**

	2005-06	2006-07	2007-08
15 General Fund	-0-	87,189,100	89,564,500
16 Restricted Funds	5,000	38,906,900	39,105,500
17 Federal Funds	-0-	751,056,000	751,207,400
18 TOTAL	5,000	877,152,000	879,877,400

19 **F. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET**

20 **Budget Units**

21 **1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

	2006-07	2007-08
22 General Fund	8,752,100	8,541,400
23 Restricted Funds	6,708,200	7,132,900
24 Federal Funds	1,531,900	1,612,700
25 TOTAL	16,992,200	17,287,000

1 **(1) Salary Range Increase for Engineering and Mine Inspector Positions:**
 2 Notwithstanding any other provision of law, the Secretary of the Environmental and
 3 Public Protection Cabinet may increase the salary range for authorized engineering and
 4 mine inspector positions within the Cabinet's air, waste, water, and mining programs as
 5 necessary to allow for employment and retention of staff sufficient to timely provide the
 6 permitting and compliance determinations under those programs. The salary range and
 7 caps may be exceeded only upon a finding by the Secretary that the increases are
 8 necessary and the presentation of the new salary range and the justification for that new
 9 range to the Interim Joint Committee on Appropriations and Revenue.

10 **2. ENVIRONMENTAL PROTECTION**

	2005-06	2006-07	2007-08
12 General Fund	21,000	25,611,800	26,118,000
13 Restricted Funds	-0-	40,294,200	35,159,600
14 Federal Funds	-0-	19,047,400	19,237,600
15 Road Fund	-0-	300,000	300,000
16 TOTAL	21,000	85,253,400	80,815,200

17 **(1) Water Discharge Permitting Program:** Notwithstanding KRS 224.20-730,
 18 \$233,926 in Restricted Funds shall be transferred in fiscal year 2006-2007 from the
 19 Division of Air Quality to the Division of Water to be used for activities relating to the
 20 Clean Water Act, Water Quality Standards and Discharge Permitting.

21 **(2) Municipal Solid Waste Landfill Inspectors:** Notwithstanding KRS 224.43-
 22 320, no funds are provided in the above appropriations for the assignment of full-time
 23 inspectors to each municipal solid waste landfill operating in the Commonwealth.

24 **(3) Kentucky Pride Program:** Included in the above Restricted Funds
 25 appropriation is \$18,339,300 in fiscal year 2006-2007 and \$13,705,400 in fiscal year
 26 2007-2008 for the Kentucky Pride Program.

27 **(4) Solid Waste Enforcement Activity:** In accordance with KRS 224.43-505, the

1 Environmental and Public Protection Cabinet shall suspend until July 1, 2008,
 2 enforcement activity regarding landfill closure, maintenance, monitoring, and remediation
 3 obligations against formerly permitted municipal solid waste disposal and water facilities
 4 owned by a city or county that ceases accepting waste prior to July 1, 1992, except as
 5 necessary to abate an environmental emergency.

6 **(5) 404 Permitting Program:** Included in the above Road Fund appropriation is
 7 \$300,000 in each year of the biennium for the U.S. Clean Water Act section for the 404
 8 Permitting Program in the Environmental and Public Protection Cabinet's Division of
 9 Water to facilitate highway construction projects.

10 3. NATURAL RESOURCES

11		2006-07	2007-08
12	General Fund (Tobacco)	9,000,000	9,000,000
13	General Fund	14,895,300	14,895,700
14	Restricted Funds	5,704,300	5,886,500
15	Federal Funds	9,134,100	9,129,400
16	TOTAL	38,733,700	38,911,600

17 **(1) Emergency Forest Fire Suppression:** Not less than \$240,000 of the above
 18 General Fund appropriation for each fiscal year shall be set aside for emergency forest
 19 fire suppression. There is appropriated from the General Fund the necessary funds,
 20 subject to the conditions and procedures provided in this Act, which are required as a
 21 result of emergency fire suppression activities in excess of \$240,000. Fire suppression
 22 costs in excess of \$240,000 annually shall be deemed necessary government expenses and
 23 shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget
 24 Reserve Trust Fund Account (KRS 48.705).

25 **(2) Environmental Stewardship Program:** Included in the above General Fund
 26 (Tobacco) appropriation is \$9,000,000 in fiscal year 2006-2007 and \$9,000,000 in fiscal
 27 year 2007-2008 for the Environmental Stewardship Program.

1 **(3) Maxey Flats Deep Well Monitoring Project:** Notwithstanding KRS
 2 149.280(2) and 149.670, in fiscal year 2006-2007 the Division of Forestry shall transfer
 3 \$500,000 to the Department of Environmental Protection, Division of Maxey Flats for the
 4 Deep Well Monitoring System capital project.

5 **4. MINE RECLAMATION AND ENFORCEMENT**

	2006-07	2007-08
6 General Fund	10,651,900	10,828,200
7 Restricted Funds	3,927,900	3,606,000
8 Federal Funds	18,314,400	18,871,500
9 TOTAL	32,894,200	33,305,700

10
 11 **(1) Return of Permit and Acreage Fees:** Included in the above General Fund
 12 appropriation is \$675,000 in each fiscal year for the return of permit and acreage fees
 13 under KRS 350.139. Any required expenditure for this purpose in excess of this amount
 14 in either fiscal year is appropriated to the department.

15 **(2) Surface Coal Mining Permits:** The permit block provisions of KRS
 16 350.085(6) shall apply both to surface coal mining and reclamation operations owned or
 17 controlled by the applicant, and those operations owning or controlling the applicant. The
 18 Environmental and Public Protection Cabinet shall continue in effect the current state
 19 administrative regulations regarding ownership and control provided that a due process
 20 hearing shall be afforded at the time the Cabinet makes a preliminary determination to
 21 impose a permit block.

22 The Cabinet shall conditionally issue a permit, permit renewal, or authorization to
 23 conduct surface coal mining and reclamation operations, if the Cabinet finds that a direct
 24 administrative or judicial appeal is presently being pursued, in good faith, to contest the
 25 validity of the determination of ownership and control linkage. The Cabinet shall
 26 conditionally issue permits where the applicant submits proof, including a settlement
 27 agreement, that the violation is being abated to the satisfaction of the issuing state or

1 federal agency. If the initial judicial appeal affirms the ownership or control linkage, the
 2 applicant shall have 30 days to submit proof that the violation has been or is in the
 3 process of being corrected. Nothing in this section shall preclude the applicant from
 4 seeking further judicial relief. The reporting requirements of KRS 350.060(3) shall not
 5 extend to persons at the level above a publicly traded corporation who own or control the
 6 applicant.

7 The Cabinet shall continue in force the current administrative regulations regarding
 8 ownership and control, in a manner consistent with this section, until the Ownership and
 9 Control Settlement Rule is finalized, at which time the state program administrative
 10 regulations shall be revised to maintain consistency with the federal requirements and
 11 shall be submitted as a state program amendment for approval by the federal Office of
 12 Surface Mining Reclamation and Enforcement.

13 **5. ABANDONED MINE LAND RECLAMATION PROJECTS**

	2006-07	2007-08
Federal Funds	22,000,000	22,000,000

16 **(1) Fund Receipt and Expenditures Estimates:** The above appropriation
 17 represents estimates of the funds to be received and expended for this program. If
 18 additional funds become available, the funds are appropriated subject to the conditions
 19 and procedures provided in this Act.

20 **6. ENVIRONMENTAL QUALITY COMMISSION**

	2006-07	2007-08
Restricted Funds	266,600	263,800

23 **7. KENTUCKY NATURE PRESERVES COMMISSION**

	2006-07	2007-08
General Fund	1,166,500	1,166,500
Restricted Funds	378,900	402,800
Federal Funds	55,000	55,000

1	TOTAL	1,600,400	1,624,300
2	8. PUBLIC PROTECTION COMMISSIONER		
3		2006-07	2007-08
4	Restricted Funds	1,188,700	1,193,400
5	9. BOXING AND WRESTLING AUTHORITY		
6		2006-07	2007-08
7	Restricted Funds	100,000	100,000
8	10. PETROLEUM STORAGE TANK ENVIRONMENTAL ASSURANCE FUND		
9		2006-07	2007-08
10	General Fund	-0-	3,479,000
11	Restricted Funds	29,164,500	29,277,700
12	TOTAL	29,164,500	32,756,700
13	(1) Debt Service: Included in the above General Fund appropriation in fiscal year		
14	2007-2008 is \$3,479,000 for debt service for new bonds as set forth in Part II, Capital		
15	Projects Budget, of this Act. Included in the above Restricted Funds appropriation in		
16	fiscal year 2006-2007 is \$25,000,000 for underground storage tank fund payments from		
17	new bonds as set forth in Part II, Capital Projects Budget, of this Act.		
18	(2) Financial Responsibility Account: Any Restricted Funds receipts generated		
19	by the Petroleum Storage Tank Assurance Fund in fiscal year 2006-2007 in excess of the		
20	amounts appropriated above shall be allocated to the Financial Responsibility Account to		
21	help ensure that the agency meets its reserve balance requirements in fiscal year 2007-		
22	2008.		
23	11. ALCOHOLIC BEVERAGE CONTROL		
24		2006-07	2007-08
25	General Fund	1,441,400	1,058,600
26	Restricted Funds	3,577,800	4,131,600
27	TOTAL	5,019,200	5,190,200

1 **(1) Sale and Distribution of Tobacco Products Enforcement:** Included in the
 2 above General Fund appropriation is \$250,000 in fiscal year 2006-2007 and \$250,000 in
 3 fiscal year 2007-2008 to carry out the provisions of KRS 438.337.

4 **12. CHARITABLE GAMING**

	2006-07	2007-08
6 Restricted Funds	3,299,600	3,343,200

7 **13. BOARD OF CLAIMS/CRIME VICTIMS' COMPENSATION BOARD**

	2006-07	2007-08
8 General Fund	848,000	848,000
9 Restricted Funds	2,119,200	1,997,400
10 Federal Funds	540,100	540,100
11 TOTAL	3,507,300	3,385,500

12 **(1) Sexual Assault Examinations:** Notwithstanding KRS 216B.400(8),
 13 examinations for reported victims of sexual assault shall be paid by the Crime Victims'
 14 Compensation Board in a manner consistent with KRS Chapter 346, at a rate determined
 15 by the Board. The Board shall reimburse the hospital or sexual assault examination
 16 facility as provided in administrative regulations promulgated by the Board.
 17

18 **14. FINANCIAL INSTITUTIONS**

	2006-07	2007-08
19 Restricted Funds	9,223,800	9,342,200

21 **15. HORSE RACING AUTHORITY**

	2006-07	2007-08
22 General Fund	1,709,700	509,700
23 Restricted Funds	27,934,800	27,778,100
24 TOTAL	29,644,500	28,287,800

25 ~~**(1) Prohibition of Racing Dates Fee and Assessments:** The Horse Racing~~
 26 ~~Authority is prohibited from imposing a fee or assessment on thoroughbred and~~
 27

1 ~~standardbred race tracks, based on the number of racing dates allotted to each track.](Veto~~
 2 #9)

3 **(2) Management and Financial Audit:** A management and financial audit shall
 4 be conducted by the Auditor of Public Accounts and shall be completed by December 31,
 5 2006. A report shall be provided to the Interim Joint Committee on Licensing and
 6 Occupations and the racing associations licensed pursuant to KRS Chapter 230.

7 **16. HOUSING, BUILDINGS AND CONSTRUCTION**

	2006-07	2007-08
8 General Fund	2,524,200	2,524,200
9 Restricted Funds	15,867,900	16,158,900
10 TOTAL	18,392,100	18,683,100

12 **17. INSURANCE**

	2006-07	2007-08
13 General Fund (Tobacco)	13,692,700	14,496,000
14 General Fund	6,500,000	13,500,000
15 Restricted Funds	22,110,700	22,318,000
16 TOTAL	42,303,400	50,314,000

17 **(1) Additional Personnel:** Included in the above Restricted Funds appropriation
 18 is \$66,900 in fiscal year 2006-2007 and \$67,800 in fiscal year 2007-2008 to fill one
 19 position in the Captive Insurance Program.
 20

21 **(2) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
 22 appropriation is \$13,692,700 in fiscal year 2006-2007 and \$14,496,000 in fiscal year
 23 2007-2008 for the Kentucky Access Program.

24 **(3) Kentucky Access:** Notwithstanding KRS 304.17B-021, during the 2006-2008
 25 biennium, the Secretary of the Environmental and Public Protection Cabinet may seek
 26 authorization from the State Budget Director to reallocate excess unbudgeted operating
 27 funds generated by the Office of Insurance to Kentucky Access. Any such funding

1 reallocations that are approved by the State Budget Director shall be reported to the
 2 Interim Joint Committee on Appropriations and Revenue consistent with the provisions
 3 of this Act.

4 **(4) Small Business Health Insurance:** Included in the above General Fund
 5 appropriation is \$6,500,000 in fiscal year 2006-2007 and \$13,500,000 in fiscal year 2007-
 6 2008 to fund the Small Business Health Insurance Subsidy Program.

7 **18. MINE SAFETY REVIEW COMMISSION**

	2006-07	2007-08
8		
9	General Fund	200,700
		202,400

10 **19. MINE SAFETY AND LICENSING**

	2006-07	2007-08
11		
12	General Fund	9,522,600
		9,522,600
13	Restricted Funds	1,437,200
		1,635,900
14	Federal Funds	581,100
		581,100
15	TOTAL	11,540,900
		11,739,600

16 **(1) Coal Workers' Pneumoconiosis Fund:** Included in the above Restricted
 17 Funds appropriation is \$952,000 in fiscal year 2006-2007 and \$952,000 in fiscal year
 18 2007-2008 to support compliance, education, and training programs from the Coal
 19 Workers' Pneumoconiosis Fund.

20 **(2) Necessary Mine Inspection Funding:** To adequately fund mine inspection
 21 salaries beyond the personnel appropriation during the biennium, up to \$750,000 in each
 22 fiscal year shall be deemed a necessary government expense and transferred from the
 23 General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account
 24 (KRS 48.705). These funds shall be transferred only upon certification of need by the
 25 Secretary of the Environmental and Public Protection Cabinet to the Secretary of the
 26 Finance and Administration Cabinet.

27 **20. PUBLIC SERVICE COMMISSION**

	2006-07	2007-08
1		
2	General Fund	12,624,800
3	Restricted Funds	850,000
4	Federal Funds	216,000
5	TOTAL	13,690,800

6 **(1) Debt Service:** Included in the above General Fund appropriation is \$589,000
7 in fiscal year 2006-2007 and \$589,000 in fiscal year 2007-2008 for debt service for
8 previously issued bonds.

9 **(2) Lapse of General Fund Appropriation Balance:** Notwithstanding KRS
10 278.150(3), \$5,273,000 in fiscal year 2005-2006 shall lapse to the credit of the General
11 Fund. Notwithstanding KRS 278.150(3), \$1,000,000 in fiscal year 2006-2007 and
12 \$1,000,000 in fiscal year 2007-2008 shall lapse to the credit of the General Fund.

13 **(3) Water Districts and Water Associations:** A water district created pursuant
14 to KRS Chapter 74 and a water association created pursuant to KRS Chapter 273 that
15 undertakes a waterline extension or improvement project shall not be required to obtain a
16 certificate of public convenience and necessity pursuant to KRS 278.020(1) if the water
17 district or water association is a Class A or B utility as defined in the Uniform System of
18 Accounts established by the Public Service Commission, pursuant to KRS 278.220, as the
19 system of accounts prescribed for utilities in Kentucky, and either: (a) The water line
20 extension or improvement project will not cost in excess of \$500,000; or (b) The water
21 district or water association will not, as a result of the water line extension or
22 improvement project, incur obligations requiring Public Service Commission approval
23 pursuant to KRS 278.300. In either case, the water district or water association shall not,
24 as a result of the water line extension or improvement project, increase rates to its
25 customers.

26 **(4) Kentucky Broadband Task Force Report:** The Kentucky Broadband Task
27 Force shall examine the deployment of broadband, as defined in KRS 278.5461, in the

1 Commonwealth and provide to the Legislative Research Commission and to the
 2 Governor a final report to be submitted no later than November 15, 2006.

3 **(5) Telecommunication Access Program:** Notwithstanding KRS 278.5499, the
 4 funding mechanism for the telecommunication device for the deaf distribution program
 5 shall allocate not more than two cents per access line per month.

6 **21. TAX APPEALS**

	2006-07	2007-08
7		
8	General Fund	471,400
		465,400

9 **22. LABOR**

	2006-07	2007-08
10		
11	General Fund	2,453,400
		2,456,800
12	Restricted Funds	116,986,200
		117,654,300
13	Federal Funds	3,343,800
		3,329,800
14	TOTAL	122,783,400
		123,440,900

15 **23. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION**

	2006-07	2007-08
16		
17	Restricted Funds	500,600
		510,900

18 **24. WORKERS' COMPENSATION BOARD**

	2006-07	2007-08
19		
20	Restricted Funds	937,900
		949,500

21 **25. WORKERS' COMPENSATION FUNDING COMMISSION**

	2006-07	2007-08
22		
23	Restricted Funds	137,298,200
		135,181,600

24 **(1) Commission Funding:** Notwithstanding KRS 342.122(1)(c), no General
 25 Fund appropriation is provided to the Kentucky Workers' Compensation Funding
 26 Commission in fiscal year 2006-2007 and fiscal year 2007-2008.

27 **(2) Mine Safety Funding:** Notwithstanding KRS 342.122(1)(a), \$952,000 in

1 each year of the biennium from the Coal Workers' Pneumoconiosis Fund shall support
 2 mine safety compliance, education, and training in the Office of Mine Safety and
 3 Licensing in the Department of Public Protection.

4 **TOTAL - ENVIRONMENTAL AND PUBLIC PROTECTION CABINET**

5		2005-06	2006-07	2007-08
6	General Fund (Tobacco)	-0-	22,692,700	23,496,000
7	General Fund	21,000	99,373,800	109,122,500
8	Restricted Funds	-0-	429,877,200	424,874,300
9	Federal Funds	-0-	74,763,800	75,575,500
10	Road Fund	-0-	300,000	300,000
11	TOTAL	21,000	627,007,500	633,368,300

12 **G. FINANCE AND ADMINISTRATION CABINET**

13 **Budget Units**

14 **1. GENERAL ADMINISTRATION**

15		2006-07	2007-08
16	General Fund	10,281,500	10,442,600
17	Restricted Funds	34,891,600	34,756,000
18	Road Fund	400,000	400,000
19	TOTAL	45,573,100	45,598,600

20 **(1) Affordable Housing Trust Fund:** Included in the above Restricted Funds
 21 appropriation is \$4,300,000 in fiscal year 2006-2007 and \$4,300,000 in fiscal year 2007-
 22 2008 for the Affordable Housing Trust Fund. The Kentucky Housing Corporation shall
 23 provide from the Kentucky Housing Corporation Housing Assistance Fund to the
 24 Affordable Housing Trust Fund \$500,000 in fiscal year 2006-2007 and \$500,000 in fiscal
 25 year 2007-2008.

26 **(2) Trooper Island, Inc.:** The Kentucky Housing Corporation shall provide from
 27 the Kentucky Housing Corporation Housing Assistance Fund to Trooper Island, Inc.,

1 \$250,000 in fiscal year 2006-2007 and \$250,000 in fiscal year 2007-2008.

2 **(3) Gubernatorial Transition:** Funds that are necessary to meet the
 3 Commonwealth's obligations for gubernatorial transition, up to but not to exceed
 4 \$220,000 in fiscal year 2007-2008, shall be deemed a necessary government expense, and
 5 shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget
 6 Reserve Trust Fund Account (KRS 48.705).

7 **2. CONTROLLER**

	2006-07	2007-08
8		
9	General Fund	10,954,300
10	Restricted Funds	2,052,700
11	Federal Funds	1,000,000
12	TOTAL	14,007,000

13 **(1) Social Security Contingent Liability Fund:** Any expenditures that may be
 14 required by KRS 61.470 are hereby deemed necessary government expenses and shall be
 15 paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any
 16 available balance in either the Judgments budget unit appropriation or the Budget Reserve
 17 Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in
 18 this Act.

19 **3. DEBT SERVICE**

	2006-07	2007-08
20		
21	General Fund (Tobacco)	17,842,700
22	General Fund	328,147,100
23	TOTAL	345,989,800

24 **(1) New Debt Service:** Included in the above General Fund appropriation is
 25 \$3,492,000 in fiscal year 2006-2007 and \$11,137,000 in fiscal year 2007-2008 to support
 26 new bonds as set forth in Part II, Capital Projects Budget, of this Act for appropriation
 27 units within the Finance and Administration Cabinet.

1 **(2) Tobacco Settlement Funds - Debt Service:** To the extent that revenues
 2 sufficient to support the required debt service appropriations are received from the
 3 Tobacco Settlement Program, those revenues shall be made available from those accounts
 4 to the appropriate account of the General Fund. All necessary debt service amounts shall
 5 be appropriated from the General Fund and shall be fully paid regardless of whether there
 6 is a sufficient amount available to be transferred from tobacco-supported funding
 7 program accounts to other accounts of the General Fund.

8 **4. FACILITIES AND SUPPORT SERVICES**

	2006-07	2007-08
9 General Fund	7,518,200	7,526,800
10 Restricted Funds	29,908,400	30,360,400
11 TOTAL	37,426,600	37,887,200

12 **(1) Capital Construction Contingency Fund:** If funds in the Capital
 13 Construction Contingency Fund are not sufficient, then expenditures of the fund are to be
 14 paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the
 15 Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and
 16 procedures provided in this Act.

17 **(2) Emergency Repair, Maintenance, and Replacement Fund:** If funds in the
 18 Emergency Repair, Maintenance, and Replacement Fund are not sufficient, then
 19 expenditures of the fund are to be paid first from the General Fund Surplus Account
 20 (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS
 21 48.705), subject to the conditions and procedures provided in this Act.

22 **5. COUNTY COSTS**

	2006-07	2007-08
23 General Fund	19,181,500	20,481,500
24 Restricted Funds	1,950,000	1,950,000
25 TOTAL	21,131,500	22,431,500

1 **(1) County Costs:** Funds required to pay county costs are appropriated and
 2 additional funds may be allotted from the General Fund Surplus Account (KRS 48.700)
 3 or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance
 4 and Administration Cabinet, subject to the conditions and procedures provided in this
 5 Act.

6 **6. COMMONWEALTH OFFICE OF TECHNOLOGY**

	2006-07	2007-08
8 Restricted Funds	61,168,500	62,962,400
9 Federal Funds	863,100	775,000
10 TOTAL	62,031,600	63,737,400

11 ~~**(1) Reporting Requirements:** The Commonwealth Office of Technology shall~~
 12 ~~report semiannually to the Interim Joint Committee on Appropriations and Revenue the~~
 13 ~~number of sole source contracts, amounts awarded for sole source contracts, and the~~
 14 ~~purposes of the sole source contracts; and the number of contract employees, the amount~~
 15 ~~expended for contract employees, the projects contract employees worked on, and a~~
 16 ~~justification why state merit employees were not used.] (Veto #10)~~

17 **7. REVENUE**

	2006-07	2007-08
18 General Fund (Tobacco)	175,000	175,000
19 General Fund	71,880,000	73,234,300
20 Restricted Funds	4,381,500	4,378,600
21 Road Fund	2,000,000	2,000,000
22 TOTAL	78,436,500	79,787,900

24 **(1) Insurance Surcharge Rate:** Pursuant to KRS 136.392, the insurance
 25 surcharge rate shall be calculated at a rate to provide sufficient funds in the 2006-2008
 26 fiscal biennium for the Firefighters Foundation Program Fund and the Kentucky Law
 27 Enforcement Foundation Program Fund. The calculation of sufficient funds for the

1 above-named programs shall include any Restricted Funds carried forward from fiscal
 2 years 2005-2006 and 2006-2007 provided by the General Assembly in this Act.

3 **(2) Road Fund Compliance and Motor Vehicle Property Tax Programs:** The
 4 above Road Fund appropriation in each fiscal year represents the cost of the Road Fund
 5 Compliance and Motor Vehicle Property Tax Programs within the Department of
 6 Revenue and is to be used exclusively for that purpose.

7 **(3) Operations of Revenue:** Notwithstanding KRS 132.672 and 365.390(2),
 8 funds may be expended in support of the operations of the Department of Revenue.

9 **(4) Debt Collection Fee Distribution:** Notwithstanding KRS 45.238(3),
 10 45.240(3) and 45.241(7)(b), the Secretary of the Finance and Administration Cabinet may
 11 determine, on an equitable basis, that all or a portion of any debt or improper payment
 12 recovered by the Department of Revenue pursuant to the provisions of KRS 45.237,
 13 45.238 and 45.241 may be returned to the agency certifying the debt or improper payment
 14 or to the Court of Justice for allocation as otherwise provided by law.

15 The Department of Revenue may promulgate an administrative regulation pursuant
 16 to KRS Chapter 13A to establish criteria to administer the provisions of this section.

17 **8. PROPERTY VALUATION ADMINISTRATORS**

	2006-07	2007-08
18		
19	General Fund	32,769,300
20	Restricted Funds	4,319,400
21	TOTAL	37,088,700

22 **(1) Management of Expenditures:** Notwithstanding KRS 132.590 and 132.597,
 23 the property valuation administrators are authorized to take necessary actions to manage
 24 expenditures within the appropriated amounts contained in this Act.

25 **TOTAL - FINANCE AND ADMINISTRATION CABINET**

	2006-07	2007-08
26		
27	General Fund (Tobacco)	18,017,700
		18,022,400

1	General Fund	480,731,900	483,436,600
2	Restricted Funds	138,672,100	140,779,700
3	Federal Funds	1,863,100	1,775,000
4	Road Fund	2,400,000	2,400,000
5	TOTAL	641,684,800	646,413,700

6 **H. CABINET FOR HEALTH AND FAMILY SERVICES**

7 **Budget Units**

8 **1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

9		2005-06	2006-07	2007-08
10	General Fund	-0-	35,015,700	34,600,000
11	Restricted Funds	450,000	11,405,400	11,417,500
12	Federal Funds	-0-	43,040,700	42,408,400
13	TOTAL	450,000	89,461,800	88,425,900

14 **(1) Maximizing Federal Funds:** Pursuant to compliance with the
15 State/Executive Branch Budget Bill and the Statutory Budget Memorandum, the Cabinet
16 for Health and Family Services shall maximize Federal Funds for programs within the
17 Cabinet.

18 **(2) Human Services Transportation Delivery:** Notwithstanding KRS 281.014,
19 the Kentucky Works Program shall not participate in the Human Services Transportation
20 Delivery Program or the Coordinated Transportation Advisory Committee.

21 **(3) Debt Service:** Included in the above General Fund appropriation is \$220,000
22 in fiscal year 2007-2008 for debt service for new bonds as set forth in Part II, Capital
23 Projects Budget, of this Act.

24 **(4) Federally Funded Positions:** Notwithstanding KRS 18A.010(2) and any
25 provisions of this Act to the contrary, direct service units of the Office of Inspector
26 General, Department for Human Support Services, Commission for Children with Special
27 Health Care Needs, Department for Disability Determination Services, Department for

1 Community Based Services, Department for Medicaid Services, Department for Mental
 2 Health/Mental Retardation Services, and the Department for Public Health shall be
 3 authorized to establish and fill such positions as are 100 percent federally funded for
 4 salary and fringe benefits.

5 **2. COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS**

	2006-07	2007-08
6		
7	General Fund (Tobacco)	312,100 352,000
8	General Fund	5,835,400 5,917,000
9	Restricted Funds	6,696,100 6,773,400
10	Federal Funds	4,379,000 4,379,000
11	TOTAL	17,222,600 17,421,400

12 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
 13 appropriation is \$310,100 in fiscal year 2006-2007 and \$350,000 in fiscal year 2007-2008
 14 for Universal Newborn Hearing Screening and \$2,000 in each fiscal year for Vision
 15 Screening.

16 **3. MEDICAID SERVICES**

17 **a. Medicaid Administration**

	2005-06	2006-07	2007-08
18			
19	General Fund	17,198,900 37,882,400	36,441,700
20	Restricted Funds	-0- 14,075,000	13,080,000
21	Federal Funds	24,271,000 56,945,500	46,579,400
22	TOTAL	41,469,900 108,902,900	96,101,100

23 **(1) Transfer of Excess Administrative Funds for Medicaid Benefits:** If any
 24 portion of the above General Fund appropriation in either fiscal year is deemed to be in
 25 excess of the necessary expenses for administration of the Department, the amount may
 26 be used for Medicaid Benefits, in accordance with statutes governing the functions and
 27 activities of the Department for Medicaid Services. In no instance shall these excess

1 funds be used without prior written approval of the State Budget Director to:

- 2 (a) Establish a new program;
- 3 (b) Expand the services of an existing program; or
- 4 (c) Increase rates or payment levels in an existing program.

5 Any transfer authorized under this section shall be approved by the Secretary of the
6 Finance and Administration Cabinet upon recommendation of the State Budget Director.

7 **(2) Medicaid Service Category Expenditure Information:** No Medicaid
8 managed care contract shall be valid, and no payment to a Medicaid managed care vendor
9 by the Finance and Administration Cabinet or the Cabinet for Health and Family Services
10 shall be made, unless the Medicaid managed care contract contains a provision that the
11 contractor shall collect Medicaid expenditure data by the categories of services paid for
12 by the Medicaid Program. Actual statewide Medicaid expenditure data by all categories
13 of Medicaid services, including mandated and optional Medicaid services, special
14 expenditures/offsets, and Disproportionate Share Hospital payments by type of hospital,
15 shall be compiled by the Department for Medicaid Services for all Medicaid providers
16 and forwarded to the Interim Joint Committee on Appropriations and Revenue on a
17 quarterly basis. Projections of Medicaid expenditures by categories of Medicaid services
18 shall be provided to the Interim Joint Committee on Appropriations and Revenue upon
19 request.

20 **(3) Medicaid Eligibility Determination Contract Funding:** Included in the
21 above General Fund and Restricted Funds appropriations are the total state matching
22 funds required to fully fund the Medicaid Eligibility Determination contract in each year
23 of the fiscal biennium between the Department for Medicaid Services and Department for
24 Community Based Services.

25 **b. Medicaid Benefits**

26	2005-06	2006-07	2007-08
27	General Fund	68,101,100	1,001,577,900
		1,041,097,000	

1	Restricted Funds	5,021,900	383,400,500	388,805,100
2	Federal Funds	215,142,900	3,100,931,200	3,212,280,900
3	TOTAL	288,265,900	4,485,909,600	4,642,183,000

4 **(1) Supports for Community Living Slots:** Included in the above appropriation
5 is \$1,856,300 in General Fund moneys and \$4,331,200 in Federal Funds in fiscal year
6 2006-2007 to support 100 additional Supports for Community Living slots and
7 \$6,393,800 in General Fund moneys and \$14,918,700 in Federal Funds in fiscal year
8 2007-2008 to support 100 additional Supports for Community Living slots for a total of
9 200 additional slots.

10 Supports for Community Living Waiver funds shall be utilized only for direct
11 services to qualified Supports for Community Living Waiver recipients, and any
12 unexpended funds shall not lapse but shall be carried forward to the next fiscal year for
13 the same purpose.

14 **(2) Carry Forward of General Fund Appropriation Balance:** Notwithstanding
15 KRS 45.229, any General Fund appropriation unexpended in fiscal year 2006-2007 shall
16 not lapse, but shall be carried forward into the next fiscal year.

17 **(3) Disproportionate Share Hospital Program:** Hospitals shall report indigent
18 inpatient and outpatient care for which, under federal law, the hospital is eligible to
19 receive disproportionate share payments. Disproportionate Share Hospital payments shall
20 equal the maximum amounts established by federal law.

21 **(4) Hospital Indigent Patient Billing:** Hospitals shall not bill patients for
22 services where the services have been reported to the Cabinet and the hospital has
23 received disproportionate share payments for the specific services.

24 **(5) Provider Tax Information:** Any provider who posts a sign or includes
25 information on customer receipts or any material distributed for public consumption
26 indicating that it has paid provider tax shall also post, in the same size typeset as the
27 provider tax information, the amount of payment received from the Department for

1 Medicaid Services during the same period the provider tax was paid. Providers who fail
2 to meet this requirement shall be excluded from the Disproportionate Share Hospital and
3 Medicaid Programs. The Cabinet for Health and Family Services shall include this
4 provision in facilities' annual licensure inspection.

5 **(6) Quality and Charity Care Trust Fund:** No hospital shall be reimbursed
6 from both the Quality and Charity Care Trust Fund and the Disproportionate Share
7 Hospital Program for the same service to the same patient. Any hospital that willfully
8 violates this provision shall be subject to a penalty equal to three times the amount of the
9 improper charge to the funds, which shall be credited to the General Fund. The Secretary
10 of the Cabinet for Health and Family Services shall have the authority to secure the
11 patient information as needed from the participating facilities in order to determine
12 compliance and enforce this provision. Each facility billing and receiving reimbursements
13 from the Quality and Charity Care Trust Fund shall be required to identify each patient by
14 Social Security number and indicate whether the patient is classified as indigent or
15 medically needy. Notwithstanding any other provision of this Act or law, in any fiscal
16 year for which all the parties to the Quality and Charity Care Trust Agreement so agree,
17 the General Fund appropriation to fulfill the Commonwealth's contractual obligation
18 relating to the Quality and Charity Care Trust Agreement or any portion thereof, together
19 with any other funds paid to the Quality and Charity Care Trust contractual obligation of
20 the parties, or any portion thereof, shall be transferred to the Department for Medicaid
21 Services as part of its Restricted Funds appropriation for Medicaid Benefits. In any fiscal
22 year for which all the parties to the Quality and Charity Care Trust Agreement do not
23 agree to transfer all or any portion of the Trust's revenues to the Department for Medicaid
24 Services for Medicaid Benefits, the Quality and Charity Care Trust shall operate pursuant
25 to its contractual provisions.

26 **(7) Kentucky Children's Health Insurance Program (KCHIP):** The Secretary
27 of the Cabinet for Health and Family Services may transfer funds from Medicaid Benefits

1 to the KCHIP General Fund or Restricted Funds appropriations to be used to match the
2 Federal Funds allocation. These transfers may be made to cover both additional regular
3 allocations and redistribution from the federal government. The Secretary shall
4 recommend any proposed transfer to the State Budget Director for review and
5 concurrence prior to transfer. Upon concurrence of the State Budget Director and prior to
6 the transfer, the Secretary shall make the appropriate interim appropriation increase
7 requests pursuant to KRS 48.630.

8 **(8) Intergovernmental Transfers (IGT's):** Any funds received through an IGT
9 agreement between the Department for Medicaid Services and other governmental
10 entities, in accordance with a federally approved State Plan amendment, shall be used to
11 provide for the health and welfare of the citizens of the Commonwealth through the
12 provision of Medicaid Benefits. Revenues from IGT's are contingent upon agreement by
13 the parties and, when negotiated, the Secretary of the Cabinet for Health and Family
14 Services shall make the appropriate interim appropriations increase requests pursuant to
15 KRS 48.630.

16 **(9) Medicaid Budget Analysis Reports:** The Department for Medicaid Services
17 shall submit a quarterly budget analysis report to the Interim Joint Committee on
18 Appropriations and Revenue. The report shall provide monthly detail of actual
19 expenditures, eligibles, and average monthly cost per eligible by eligibility category along
20 with current trailing 12-month averages for each of these figures. The report shall also
21 provide actual figures for all categories of noneligible-specific expenditures such as
22 Supplemental Medical Insurance premiums, Kentucky Patient Access to Care,
23 nonemergency transportation, drug rebates, cost settlements, and Disproportionate Share
24 Hospital payments by type of hospital. The report shall compare the actual expenditure
25 experience with those underlying the enacted or revised enacted budget and explain any
26 significant variances which may occur.

27 **(10) Medicaid Benefits Budget Deficit:** In the event Medicaid Benefits

1 expenditures are projected to exceed available funds, the Secretary of the Cabinet for
2 Health and Family Services shall be empowered to recommend that reimbursement rates,
3 optional services, eligibles, or programs be reduced or maintained at levels existing at the
4 time of the projected deficit in order to avoid a budget deficit. The projected deficit shall
5 be confirmed by the Office of State Budget Director. No service, eligible, or program
6 reductions shall be implemented by the Cabinet for Health and Family Services without
7 written notice of such action to the Interim Joint Committee on Appropriations and
8 Revenue and the State Budget Director. Such actions taken by the Cabinet for Health and
9 Family Services shall be reported, upon request, at the next meeting of the Interim Joint
10 Committee on Appropriations and Revenue.

11 **(11) Medicaid Benefits Budget Surplus:** In the event Medicaid Benefits
12 expenditures are less than available funds, the Secretary of the Cabinet for Health and
13 Family Services may recommend the utilization of available funds to increase
14 reimbursement rates, support program administration, or expand the Medicaid Program or
15 the number of eligibles. No reimbursement rate, service, eligible, or program shall be
16 increased without written approval of the State Budget Director and a report to the
17 Interim Joint Committee on Appropriations and Revenue.

18 **(12) Transfer of Medicaid Benefits Funds for Medicaid Modernization:** Any
19 portion of the General Fund appropriation in either fiscal year that is deemed to be
20 necessary for the administration of the Medicaid Modernization initiative may be
21 transferred from Medicaid Benefits in accordance with statutes governing the functions
22 and activities of the Department for Medicaid Services. The Secretary shall recommend
23 any proposed transfer to the State Budget Director for approval prior to transfer. Such
24 action shall be reported by the Cabinet for Health and Family Services to the Interim Joint
25 Committee on Appropriations and Revenue.

26 **(13) Critical Access Hospitals:** Notwithstanding 2004 Ky. Acts ch. 56, sec. 2,
27 through June 30, 2008, no acute care hospital shall convert to a critical access hospital

1 unless the hospital has either received funding for a feasibility study from the Kentucky
2 State Office of Rural Health or filed a written request by January 1, 2006, with the
3 Kentucky State Office of Rural Health requesting funding for conducting a feasibility
4 study.

5 **(14) Medicaid Copayments:** Notwithstanding KRS 205.6312, the Department for
6 Medicaid Services may impose copayments for services rendered to Medicaid recipients
7 not to exceed the amounts permitted by federal authority.

8 **(15) Medicaid State Match for Preventive Services By Local and District**
9 **Health Departments:** Included in the above appropriation in each year of the fiscal
10 biennium are the total state matching funds required to fully support preventive health
11 services provided to Medicaid recipients through local and district health departments.
12 Such services shall continue, at a minimum, at the current level of effort.

13 **(16) Quarterly Cost Containment Reporting:** The Cabinet for Health and Family
14 Services shall submit a quarterly report to the Interim Joint Committee on Appropriations
15 and Revenue on cost-containment initiatives implemented to reduce costs in the Medicaid
16 Program, including the actual experience compared to projected savings for each
17 initiative. In addition, this report shall include any anticipated initiatives to be
18 implemented to reduce Medicaid costs, including a projection for savings from each
19 initiative and implementation date. If applicable, the report shall also include a list of
20 anticipated Medicaid Program expansions, including projected costs and implementation
21 dates.

22 **(17) Adult Day Care Service Rate Increase:** Included in the above appropriation
23 is \$700,000 in Restricted Funds and \$1,595,100 in Federal Funds in fiscal year 2006-
24 2007 and \$700,000 in Restricted Funds and \$1,601,100 in Federal Funds in fiscal year
25 2007-2008 to increase reimbursement rates for Adult Day Care services.

26 **(18) School-based Health Service Expansion:** Included in the above
27 appropriation is \$250,000 in Restricted Funds and \$569,700 in Federal Funds in fiscal

1 year 2006-2007 and \$250,000 in Restricted Funds and \$571,800 in Federal Funds in
2 fiscal year 2007-2008 to expand school-based health services.

3 **(19) Ambulance Fee Increase:** The Department for Medicaid Services shall
4 continue ambulance reimbursement during each fiscal year at the rate level established by
5 the 2005 General Assembly for fiscal year 2005-2006.

6 **(20) Model II Waiver Expansion:** Included in the above appropriation is
7 \$1,000,000 in General Fund support and \$2,278,700 in Federal Funds in fiscal year 2006-
8 2007 and \$1,000,000 in General Fund support and \$2,287,300 in Federal Funds in fiscal
9 year 2007-2008 to expand Model II waiver services to approximately 40 additional
10 ventilator-dependent patients.

11 **(21) Breast and Cervical Cancer Treatment Expansion:** Included in the above
12 appropriation is \$150,000 in Restricted Funds and \$341,800 in Federal Funds in fiscal
13 year 2006-2007 and \$150,000 in Restricted Funds and \$343,100 in Federal Funds in
14 fiscal year 2007-2008 to expand the Breast and Cervical Cancer Treatment Services
15 Program.

16 **(22) General Fund Carry Forward:** Notwithstanding KRS 45.229, included in
17 the above General Fund appropriation is \$3,264,000 in fiscal year 2005-2006 which shall
18 be carried forward and utilized to support Medicaid Benefits expenditures in fiscal year
19 2006-2007 and \$2,387,300 in fiscal year 2006-2007 which shall be carried forward and
20 utilized to support Medicaid Benefits expenditures in fiscal year 2007-2008.

21 **(23) Hospital Provider Tax and Enhanced Payments:** Notwithstanding KRS
22 142.303 or the 2004-2006 State/Executive Branch Budget (2005 Ky. Acts ch. 173)
23 establishing a lower amount of tax, hospital provider tax collections in fiscal year 2005-
24 2006 shall not be less than \$180,000,000. Notwithstanding KRS 205.640 and any other
25 provision of the Kentucky Revised Statutes to the contrary, the Department for Medicaid
26 Services shall use these funds to maintain and continue the hospital inpatient payment
27 enhancements to Kentucky hospitals adopted in fiscal year 2005-2006 and the additional

1 funding allocated by the Department to enhance reimbursement to hospitals paid under
2 managed care arrangements. If the aggregate tax collected from all hospitals in fiscal year
3 2005-2006 pursuant to KRS 142.303 is less than \$180,000,000, each hospital shall pay an
4 additional provider tax in an amount equal to its pro rata share of the difference, based on
5 its taxes paid in relation to total hospital taxes paid in the prior fiscal year. If the hospital
6 provider tax paid in fiscal year 2005-2006 pursuant to KRS 142.303 is greater than
7 \$180,000,000, the amount in excess of \$180,000,000 shall be deposited into the "Hospital
8 Payment Improvement Trust Fund," which is hereby created in the State Treasury as a
9 trust and agency account, and shall be matched with Federal Funds for the sole use of
10 increasing reimbursement to Kentucky hospitals, including those paid under managed
11 care arrangements. To the extent that funds remain in the trust fund established by 2005
12 Ky. Acts ch. 173, Part I, H.3.b.(7), those funds shall be transferred to the fund created in
13 this subsection, and shall be used for the purposes stated above. Any outstanding
14 payments due pursuant to the provisions of 2005 Ky. Acts ch. 173, Part I, H.3.b.(7) shall
15 be retroactive to the beginning of fiscal year 2005-2006 and shall be paid no later than
16 July 30, 2006.

17 Notwithstanding KRS 142.303, hospital provider tax collections for fiscal year
18 2006-2007 and fiscal year 2007-2008 shall be not less than \$180,000,000, but shall not
19 exceed the amount of the aggregate provider taxes paid by hospitals in fiscal year 2005-
20 2006. Notwithstanding KRS 205.640 and any other provision of the Kentucky Revised
21 Statutes to the contrary, the Department for Medicaid Services shall use these funds to
22 maintain and continue the hospital inpatient payment enhancements to Kentucky
23 hospitals adopted in fiscal year 2005-2006 and the additional funding allocated by the
24 Department to enhance reimbursement to hospitals paid under managed care
25 arrangements. Notwithstanding KRS 142.301 to 142.363, taxes due in fiscal year 2006-
26 2007 and in fiscal year 2007-2008 shall be paid in 12 equal monthly installments, except
27 as otherwise provided below, with each payment due no later than 20 days after the last

1 day of each calendar month. At least 30 days prior to the beginning of the fiscal year, the
 2 Department of Revenue shall send written notice to each hospital of the hospital's
 3 estimated total tax liability for the year, which shall be the amount the hospital paid in
 4 taxes in fiscal year 2005-2006. The estimate for fiscal year 2006-2007 shall be based on
 5 actual payments for the first ten months of fiscal year 2005-2006, and an estimated
 6 amount for the last two months of fiscal year 2005-2006. Any adjustment in the total
 7 payment amount due to differences between the estimated and actual payments for the
 8 last two months of fiscal year 2005-2006 shall be made in the final payment due for fiscal
 9 year 2006-2007. In the case of a new hospital that did not operate in state fiscal year
 10 2005-2006, the hospital shall be taxed pursuant to KRS 142.303. Any hospital provider
 11 tax collections in excess of \$180,000,000 in fiscal year 2006-2007 or in fiscal year 2007-
 12 2008 shall be deposited into the "Hospital Payment Improvement Trust Fund," which is
 13 hereby created in the State Treasury as a trust and agency account, and shall be matched
 14 with Federal Funds for the sole use of increasing reimbursement to Kentucky hospitals,
 15 including those paid under managed care arrangements. Any payments due pursuant to
 16 this section shall be made by July 30 of each fiscal year.

17 **(24) Acquired Brain Injury Waiver Program:** Included in the above
 18 appropriation is \$1,000,000 in General Fund moneys and \$2,278,700 in Federal Funds in
 19 fiscal year 2006-2007 and \$1,000,000 in General Fund moneys and \$2,287,300 in Federal
 20 Funds in fiscal year 2007-2008 to support 65 additional individuals through the Acquired
 21 Brain Injury Waiver Program.

22 **(25) Medicaid Pharmacy:** Notwithstanding KRS 205.6312(4), a pharmacy
 23 provider participating in the Medical Assistance Program shall not be required to serve an
 24 eligible recipient if the recipient does not make the required copayment at the time of
 25 service, except for an initial encounter when a recipient presents a condition which could
 26 result in harm to the recipient if left untreated, in which case the pharmacist shall
 27 dispense a 72 hour emergency supply of the required medicine. The recipient may then

1 return to the pharmacy with the necessary copayment to obtain the remainder of the
 2 prescription. Only one dispensing fee shall be paid by the Cabinet for the provision of
 3 both the emergency supply and the remainder of the prescription.

4 **(26) Appeals:** An appeal for denial of a service or services provided by a Medicaid
 5 managed care organization for medical necessity, or denial, limitation, or termination of a
 6 health care service in a case involving a medical or surgical specialty or subspecialty,
 7 shall, upon request of the recipient, authorized person, or provider, include a review by a
 8 board-eligible or board-certified physician in the appropriate specialty or subspecialty
 9 area; except in the case of a health care service rendered by a chiropractor or optometrist,
 10 in which case, the denial shall be made respectively by a chiropractor or optometrist duly
 11 licensed in Kentucky as specified in KRS 304.17A-607(1)(b). The physician reviewer
 12 shall not have participated in the initial review and denial of service and shall not be the
 13 provider of service or services under consideration in the appeal.

14 **4. MENTAL HEALTH AND MENTAL RETARDATION SERVICES**

	2006-07	2007-08
15		
16	800,000	800,000
17	185,755,200	194,117,600
18	207,572,000	210,790,500
19	44,300,200	43,682,000
20	438,427,400	449,390,100

21 **(1) Disproportionate Share Hospital Funds:** Mental health disproportionate
 22 share funds are budgeted at the maximum amounts permitted by the Federal Balanced
 23 Budget Act of 1997, as amended by the Federal Benefits Improvements and Protection
 24 Act of 2000 and the Medicare Modernization Act of 2003, in the amount of \$34,567,300
 25 in each fiscal year.

26 **(2) Kentucky Commission on Services and Supports for Individuals with**
 27 **Mental Illness, Alcohol and Other Drug Abuse Disorders, and Dual Diagnoses:** The

1 Department for Mental Health and Mental Retardation Services shall provide at least
 2 \$12,500 each fiscal year to be distributed to support the continued operation of the 14
 3 regional planning councils and Commission activities relating to the mandates of KRS
 4 210.500, 210.502, 210.504, 210.506, and 210.509, through June 30, 2008. The regional
 5 planning councils shall make recommendations for, and the Commission shall develop, a
 6 two-year work plan for specifying goals and strategies relating to services and supports
 7 for individuals with mental illness, alcohol and other drug disorders, and dual diagnoses,
 8 and efforts to reduce the stigma associated with mental illness and other substance abuse
 9 disorders. The Commission shall report workgroup activities and findings to the
 10 Governor and the Interim Joint Committee on Health and Welfare by December 1 of each
 11 year.

12 **(3) Debt Service:** Included in the above General Fund appropriation in fiscal year
 13 2007-2008 is \$101,000 for debt service to support new bonds as set forth in Part II,
 14 Capital Projects Budget, of this Act.

15 **(4) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
 16 appropriation is \$800,000 in each fiscal year for substance abuse prevention and
 17 treatment for pregnant women with a history of substance abuse problems.

18 **(5) Replacement of Eastern State Hospital:** The Secretary of the Cabinet for
 19 Health and Family Services, in compliance with KRS 210.370 to 210.485 and KRS
 20 Chapter 45A, shall be authorized to provide for the replacement and continuing operation
 21 of Eastern State Hospital. The Cabinet for Health and Family Services shall solicit
 22 proposals for such replacement by no later than January 1, 2007.

23 **(6) Prior Notice Process for Changes to the Operations of Central State**
 24 **Hospital Intermediate Care Facility for the Mentally Retarded/Developmentally**
 25 **Disabled (ICF MR/DD):** Notwithstanding KRS 210.045(1)(g), 210.045(1)(h), and
 26 210.045(2), the 60 day notice requirement contained in KRS 210.045 is suspended until
 27 July 1, 2008, for changes to Central State Hospital ICF MR/DD as referenced in

1 subsection (7) of this section. However, the remaining provisions of KRS 210.045 shall
2 continue to be in effect.

3 **(7) Hazelwood Intermediate Care Facility for the Mentally**
4 **Retarded/Developmentally Disabled (ICF MR/DD):** The Cabinet for Health and
5 Family Services may procure, through the process established by KRS Chapter 45A, a
6 contractual arrangement for a nonstate agency to construct residential units to
7 accommodate the transfer of licensed ICF MR/DD beds at Central State Hospital to the
8 Hazelwood campus. The Cabinet may use these units to house residents currently located
9 at Central State ICF MR/DD. Requests for Proposals shall be issued no later than January
10 1, 2007, for the construction of the residential units to accommodate the transfer of
11 licensed ICF MR/DD beds at Central State to the Hazelwood campus, and the
12 construction of an outpatient psychiatric physical health clinic and an outpatient
13 psychiatric dental clinic on the campus of Hazelwood ICF MR/DD.

14 **(8) Crisis Stabilization Mental Health Services through Regional Mental**
15 **Health/Mental Retardation (MH/MR) Boards:** Included in the above General Fund
16 appropriation is \$3,027,400 in fiscal year 2006-2007 and \$3,077,500 in fiscal year 2007-
17 2008 to support crisis stabilization mental health services provided through regional
18 MH/MR boards, including \$127,400 in fiscal year 2006-2007 and \$177,500 in fiscal year
19 2007-2008 for mental inquest warrant patients served by Hardin Memorial Hospital.

20 **(9) Wellsprings David Block Crisis Stabilization Unit:** Included in the above
21 General Fund appropriation is \$500,000 in each fiscal year to establish the Wellsprings
22 David Block Crisis Stabilization Unit in Louisville, Kentucky to provide mental health
23 crisis stabilization services.

24 **(10) Aging Caregivers One-Stop Shop:** Included in the above General Fund
25 appropriation is \$200,000 in each fiscal year to establish an Aging Caregivers One-Stop
26 Shop to provide aging caregivers with information, consultation, and assistance with
27 choices and planning for long-term supports for individuals with mental retardation and

1 developmental disability.

2 **5. PUBLIC HEALTH**

3		2006-07	2007-08
4	General Fund (Tobacco)	14,000,900	14,721,100
5	General Fund	70,899,700	73,823,000
6	Restricted Funds	71,482,700	71,599,000
7	Federal Funds	169,426,000	169,878,400
8	TOTAL	325,809,300	330,021,500

9 **(1) Health Kentucky:** Included in the above General Fund appropriation is
10 \$150,000 in fiscal year 2006-2007 for Health Kentucky, Inc.

11 **(2) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
12 appropriation is \$7,149,800 in fiscal year 2006-2007 and \$7,599,900 in fiscal year 2007-
13 2008 for the Health Access Nurturing Development Services Program; \$1,000,000 in
14 fiscal year 2006-2007 and \$1,140,100 in fiscal year 2007-2008 for Healthy Start
15 initiatives; \$1,750,000 in each fiscal year for Universal Children's Immunizations;
16 \$400,000 in each fiscal year for the Folic Acid Program; \$775,000 in each fiscal year for
17 Early Childhood Mental Health; \$210,500 in each fiscal year for Early Childhood Oral
18 Health; \$2,215,600 in fiscal year 2006-2007 and \$2,345,600 in fiscal year 2007-2008 for
19 the Smoking Cessation Program; and \$500,000 in each fiscal year for the Kentucky Early
20 Intervention Services First Steps Program.

21 **(3) Governor's Council on Wellness and Physical Activity:** Included in the
22 above General Fund appropriation is \$1,000,000 in fiscal year 2006-2007 and \$1,500,000
23 in fiscal year 2007-2008 for the Governor's Council on Wellness and Physical Activity to
24 develop and implement a statewide fitness program available to all Kentuckians that
25 promotes fitness and wellness for persons of all ages and fitness levels.

26 **(4) Local and District Health Department Payments:** The Department for
27 Public Health shall not impose a cap or other restriction on the number or amount of

1 services that a Local or District Health Department may provide. The Department for
2 Public Health shall submit all requests for payment for services provided to the
3 Department for Medicaid Services that are submitted by a Local or District Health
4 Department.

5 **(5) Medicaid State Match for Preventive Services Through Local and**
6 **District Health Departments:** Included in the Medicaid Benefits appropriation is the
7 total General Fund state matching dollars required in each fiscal year to fully support
8 preventive health services provided to Medicaid recipients through Local and District
9 Health Departments.

10 **(6) Health Insurance for Local and District Health Departments:** Included in
11 the above General Fund appropriation is \$6,174,000 each fiscal year to assist the Local
12 and District Health Departments with the required increased employer contribution for
13 employee health insurance. These funds shall be distributed to the Local and District
14 Health Departments at least quarterly.

15 **(7) Diabetes Services:** Included in the above General Fund appropriation is
16 \$2,300,000 in fiscal 2006-2007 and \$3,050,000 in fiscal year 2007-2008 for continuation
17 of base services through Local or District Health Departments.

18 **(8) Diabetes Research Board:** Included in the above General Fund appropriation
19 is \$200,000 in each fiscal year, which shall be allocated to the Diabetes Research Board.

20 **(9) Diabetes Centers of Excellence:** Included in the above General Fund
21 appropriation is \$750,000 each fiscal year to establish three regional Diabetes Centers of
22 Excellence. Services within the Centers will be based on the number of Medicaid
23 recipients diagnosed with diabetes within the area. These centers shall be designed to
24 provide education, intervention therapy, and case management services and shall
25 demonstrate the effectiveness of this intervention with outcomes and reduced Medicaid
26 expenditures for this disease.

27 **(10) Local and District Health Department Infrastructure Pool:** Included in the

1 above General Fund appropriation is \$466,000 in fiscal year 2007-2008 to provide debt
 2 service to support \$10,000,000 in bonds for a Local and District Health Department
 3 Infrastructure Pool to be administered by the Department for Public Health to address a
 4 portion of the construction and renovation needs of the local public health agencies as set
 5 forth in Part II, Capital Projects Budget, of this Act. The Department for Public Health
 6 shall establish an application process to participate in this pool, and that process shall
 7 require in-kind or matching funds from the local agency of not less than 25 percent of the
 8 grant requested. No individual grant from this pool shall exceed \$500,000. If the amount
 9 of bond funds available from the pool is not sufficient to cover all applications, the
 10 department shall determine the distribution of pool assets.

11 **(11) Kentucky Prescription Drug Patient Assistance Program:** Included in the
 12 above General Fund appropriation is \$125,000 in fiscal year 2006-2007 and \$200,000 in
 13 fiscal year 2007-2008 to establish the Kentucky Prescription Drug Patient Assistance
 14 Program to create a statewide network to link low-income Kentuckians with prescription
 15 drug patient assistance programs offered by pharmaceutical companies and to provide
 16 assistance in obtaining and completing the required documents. The Department may
 17 contract with the University of Kentucky, local health departments, or other organizations
 18 to develop a network and provide this assistance.

19 (a) As used in this subsection, "prescription drug patient assistance programs"
 20 means the programs offered by pharmaceutical companies under which the companies
 21 provide drugs to low-income individuals at no charge or at a substantially reduced cost.
 22 The term does not include the provision of a drug as part of a clinical trial.

23 (b) The Kentucky Prescription Drug Patient Assistance Program is established
 24 within the Cabinet for Health and Family Services, Department for Public Health. The
 25 purposes of the program are to:

26 1. Create an Internet-based statewide network to link low-income Kentuckians
 27 with prescription drug patient assistance programs offered by pharmaceutical companies;

1 2. Provide assistance in obtaining and completing the required documents;

2 3. Establish guidelines related to the security and privacy of protected health
3 information provided through the Internet-based statewide network; and

4 4. Explore the feasibility of the standardization of the application process for
5 prescription drug patient assistance programs.

6 (c) If funds are available, the program created in paragraph (b) of this subsection
7 shall:

8 1. Provide information on the eligibility guidelines and drug coverage provided
9 though any drug assistance program offered by the cabinet;

10 2. Provide information on the process for applying to pharmaceutical companies
11 for free or discounted prescription drugs;

12 3. Provide information to individuals, physicians, pharmacists, and pharmacies
13 regarding eligibility for prescription drug patient assistance programs;

14 4. Increase awareness of the various prescription drug patient assistance
15 programs offered by pharmaceutical companies;

16 5. Establish an Internet-based statewide network to provide information on
17 prescription drug patient assistance programs;

18 6. Link individuals to local community resources to assist with completing
19 required documents; and

20 7. Use the e-health network Web site to provide a link to information on
21 prescription drug assistance programs, eligibility guidelines, and applications. The e-
22 health network link shall have the capability of supporting the completion and
23 transmission of the applications online to health care providers for any required
24 signatures.

25 (d) The cabinet may consult or contract with the University of Kentucky College
26 of Pharmacy, University of Kentucky College of Agriculture Cooperative Extension,
27 local health departments, libraries, the Kentucky Cancer Caucus, or other organizations to

1 develop a network of agencies to assist individuals in accessing prescriptions through the
2 prescription drug patient assistance programs.

3 (e) The cabinet may seek funding for the Internet-based statewide network
4 created under paragraph (b) of this subsection from pharmaceutical companies or any
5 other private entity. Any funding provided by a private entity shall be on a voluntary
6 basis.

7 (f) The cabinet may promulgate an administrative regulation to establish
8 guidelines related to the security and privacy of protected health information provided
9 through the Internet-based statewide network created under paragraph (b) of this
10 subsection.

11 **(12) Area Health Education Centers:** Included in the above General Fund
12 appropriation is \$1,500,000 in fiscal year 2006-2007 and \$1,500,000 in fiscal year 2007-
13 2008 to support the Area Health Education Centers. The Cabinet for Health and Family
14 Services shall contract with the University of Louisville and the University of Kentucky
15 to provide the required support and the amount of that contract shall be in addition to any
16 other appropriations received by the universities and shall not become part of the
17 universities' base budgets for purposes of the Council on Postsecondary Education
18 funding formula.

19 **(13) Central Kentucky Blood Center:** Included in the above General Fund
20 appropriation is \$500,000 in fiscal year 2006-2007 to provide assistance toward the
21 construction of new facilities and purchase of equipment related to blood collection and
22 distribution.

23 **(14) Kentucky AIDS Drug Assistance Program:** Included in the above General
24 Fund appropriation is \$250,000 in each fiscal year for the Kentucky AIDS Drug
25 Assistance Program (KADAP).

26 **(15) Poison Control Center:** Additional support of \$150,000 is provided in the
27 above General Fund appropriation in each fiscal year for the Poison Control Center.

1 **(16) Lead Poisoning and Screening Program:** Included in the above General
 2 Fund appropriation is \$50,000 in each fiscal year for the Lead Poisoning and Screening
 3 Program. With these funds, the Department for Public Health shall review all federal
 4 Medicaid or Medicare compliance issues with respect to lead poisoning and screening
 5 and report its findings to the General Assembly. The report shall include a proposed plan
 6 of action to correct any deficiencies or areas where programs and services are offered or
 7 supported by the Cabinet and are not in compliance with federal requirements related to
 8 lead poisoning and screening.

9 **(17) Osteoporosis Prevention and Education Program:** Included in the above
 10 General Fund appropriation is \$90,000 in each fiscal year to establish, promote, and
 11 maintain a statewide multigenerational osteoporosis prevention and education program.

12 **6. HEALTH POLICY**

	2006-07	2007-08
14 General Fund	636,000	625,600
15 Restricted Funds	605,700	622,400
16 TOTAL	1,241,700	1,248,000

17 ~~**(1) Voluntary Relinquishment of a Certificate of Need or Licensure:**~~
 18 ~~Notwithstanding KRS 216B.061, following the voluntary closure of a health care facility,~~
 19 ~~revocation of a certificate of need, or the revocation of licensure, the beds, equipment,~~
 20 ~~and services provided by the closed facility shall be reserved for applications for any~~
 21 ~~certificate of need to reestablish the same services, in whole or part, in the same county as~~
 22 ~~the closed health facility.] (Veto #11)~~

23 **7. HUMAN SUPPORT SERVICES**

	2005-06	2006-07	2007-08
24 General Fund (Tobacco)	-0-	100,000	100,000
25 General Fund	-0-	41,528,400	45,648,400
26 Restricted Funds	100,000	656,600	656,600

1	Federal Funds	-0-	24,396,700	24,401,900
2	TOTAL	100,000	66,681,700	70,806,900

3 **(1) Local Match Requirements:** Notwithstanding KRS 205.460, entities
4 contracting with the Cabinet for Health and Family Services to provide essential services
5 under KRS 205.455 and 205.460 shall provide local match equal to or greater than the
6 amount in effect during fiscal year 2005-2006. Local match may include any combination
7 of materials, commodities, transportation, office space, personal services, or other types
8 of facility services or funds. The Secretary of the Cabinet for Health and Family Services
9 shall prescribe the procedures to certify the local match assurance.

10 **(2) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
11 appropriation is \$100,000 in each fiscal year for the Children's Advocacy Centers.

12 **(3) Children's Advocacy Centers:** Included in the above General Fund
13 appropriation is funding to provide each Regional Children's Advocacy Center an
14 increase in its base operating grant of \$32,000 for each fiscal year. Also included in the
15 above General Fund appropriation is funding to provide each Regional Children's Center
16 an additional \$34,600 appropriation each fiscal year provided that the Center has on staff,
17 or can document the intent to employ or contract for, a qualified forensic interviewer at
18 least half-time.

19 **(4) Regional Rape Crisis Centers:** Included in the above General Fund
20 appropriation is funding to provide an increase of \$66,600 in base state funding for each
21 region, for each year of the biennium, to cover increased levels of client service needs and
22 increased cost of center operations.

23 **(5) Domestic Violence Statewide Programs:** Included in the above General
24 Fund appropriation is funding to provide a grant of \$45,000 for each region for each fiscal
25 year, to cover increased levels of client service needs and increased cost of center
26 operations of Domestic Violence Programs. These funds are in addition to funding
27 received through the Department for Community Based Services.

1 **(6) Family Resource and Youth Service Centers:** Included in the above
2 General Fund appropriation is \$1,522,600 in fiscal year 2006-2007 and \$3,045,200 in
3 fiscal year 2007-2008 to provide an allocation rate increase to \$204 per eligible child in
4 fiscal year 2006-2007, and return to the original allocation rate of \$210 per eligible child
5 in fiscal year 2007-2008. Also included in the above General Fund appropriation is
6 \$1,060,800 to expand the program to serve 25 additional schools in fiscal year 2006-2007
7 and \$2,373,000 to expand the program to serve 29 additional schools in fiscal year 2007-
8 2008.

9 **(7) Kentucky Family Caregiver Program:** Included in the above General Fund
10 appropriation is \$1,250,000 in fiscal year 2006-2007 and \$2,000,000 in fiscal year 2007-
11 2008 for the expansion of the Kentucky Family Caregiver Program to provide assistance
12 grants or vouchers to grandparents who are the primary caregivers of their grandchildren.
13 To be eligible for this program, a grandparent may not have annual income that exceeds
14 150 percent of the federal poverty level and may not be receiving payments from the
15 Kinship Care Program. The maximum total of grants or vouchers per child shall be \$750
16 in any one fiscal year for each grandchild. Grants or vouchers from this program shall be
17 utilized by the grandparent to provide child clothing, respite assistance, educational
18 supplies or assistance, required legal services, medical and dental services, and other
19 expenses for the grandchild that the cabinet authorizes. The Cabinet for Health and
20 Family Services shall promulgate administrative regulations, in accordance with KRS
21 Chapter 13A, to implement this program no later than January 1, 2007.

22 **(8) Expansion of Aging Services:** Included in the above General Fund
23 appropriation is \$3,500,000 in fiscal year 2006-2007 and \$4,000,000 in fiscal year 2007-
24 2008 to expand Aging Services. With these additional funds and the base appropriation,
25 the General Fund amount shall be expended in the following manner: \$28,224,300 in
26 fiscal year 2006-2007 and \$28,724,400 in fiscal year 2007-2008 to address waiting lists in
27 programs such as Homecare Services, the Personal Care Attendant Program, Adult Day

1 Care, and Home-Delivered Meals. The additional funding provided in this subsection
 2 shall only be utilized for the provision of additional direct services in these programs.

3 **(9) Dementia Training:** Included in the above General Fund appropriation is
 4 \$50,000 in fiscal year 2006-2007 and \$50,000 in fiscal year 2007-2008 to create a
 5 voluntary pilot program for dementia training for long-term care facilities.

6 **(10) Ready, Set, Success Program:** The Department for Human Support Services
 7 shall establish a "Ready, Set, Success" pilot program to encourage the development of
 8 local community partnerships and the development of programs and services for children
 9 who are under age six, and to ensure that children across the Commonwealth are born
 10 healthy, are nurtured, and remain healthy, safe, and prepared to succeed in school and life.

11 a. The Department shall promulgate administrative regulations to define the "Ready,
 12 Set, Success" Program and service criteria.

13 b. The Department, in cooperation with the Kentucky Department of Education and
 14 the Education Cabinet, may host an annual statewide "Ready, Set, Success" summit to
 15 share findings and best practices from the pilot program. The Department shall advise the
 16 Department of Education and the Education Cabinet on the time and location of the
 17 summit.

18 **8. OMBUDSMAN**

	2006-07	2007-08
19 General Fund	3,568,400	3,534,400
20 Restricted Funds	50,000	50,000
21 Federal Funds	2,203,600	2,183,000
22 TOTAL	5,822,000	5,767,400

24 **9. DISABILITY DETERMINATION SERVICES**

	2006-07	2007-08
25 Restricted Funds	65,800	65,800
26 Federal Funds	48,584,000	50,174,900

1	TOTAL		48,649,800	50,240,700
2	10. COMMUNITY BASED SERVICES			
3		2005-06	2006-07	2007-08
4	General Fund (Tobacco)	-0-	6,970,400	7,420,400
5	General Fund	-0-	316,033,500	341,729,700
6	Restricted Funds	-0-	133,505,800	136,301,300
7	Federal Funds	4,900,300	511,118,200	523,230,400
8	TOTAL	4,900,300	967,627,900	1,008,681,800

9 **(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
10 appropriation is \$6,970,400 in fiscal year 2006-2007 and \$7,420,400 in fiscal year 2007-
11 2008 for the Early Childhood Development Program.

12 **(2) Out-of-Home Care:** Included in the above General Fund appropriation is
13 \$7,383,000 in fiscal year 2006-2007 and \$22,962,600 in fiscal year 2007-2008 which is
14 necessary to support and sustain the increased number of court-committed children in the
15 care of the Cabinet.

16 **(3) Criminal Background Investigation Fee Establishment:** The Secretary of
17 the Cabinet for Health and Family Services may promulgate administrative regulations
18 necessary to prescribe criminal background investigation fee amounts which are reflected
19 in the Restricted Funds appropriation above.

20 **(4) Department for Community Based Services Modernization:** Savings
21 generated through efficiencies achieved from the modernization and streamlining of the
22 Department for Community Based Services shall be redirected to other areas within the
23 Department for Community Based Services to enhance adult protection services and
24 family based services, to accommodate increased numbers of children in care, and to
25 offset reductions in available federal funding.

26 **(5) Protection and Permanency Staff Technology Improvements:** Included in
27 the above appropriation is \$1,008,300 in General Fund support and \$291,700 in Federal

1 Funds in each fiscal year to provide technology improvements for each Adult Protection
2 and Child Protection Services staff, including but not limited to new laptop or desktop
3 computers. In addition, included in the above appropriation is \$244,900 in General Fund
4 support and \$31,500 in Federal Funds in fiscal year 2006-2007 to provide digital cameras
5 for each Adult Protection and Child Protection Services staff and a printer for each
6 investigative team in each local office to assist in documenting abuse investigations.

7 **(6) Foster Parent and Adoption Assistance Rate Increases:** Included in the
8 above appropriation to increase Foster Parent and Adoption Assistance daily
9 reimbursement rates beginning on July 1, 2007, is \$4,844,500 in General Fund moneys
10 and \$3,989,300 in Federal Funds for \$3 per day in fiscal year 2007-2008.

11 **(7) Private Child Care Provider Rate Increases:** Included in the above
12 appropriation to increase Private Child Care Provider reimbursement rates beginning on
13 July 1, 2007, is \$2,883,700 in General Fund moneys and \$544,800 in Federal Funds for
14 an additional \$3 per day in fiscal year 2007-2008.

15 **(8) Performance Incentives for Hard-to-Place Youth:** Included in the above
16 appropriation is \$961,200 in General Fund moneys and \$181,600 in Federal Funds in
17 fiscal year 2007-2008 to create a pool to serve hard-to-place youth by providing
18 performance incentives to private child care providers beginning on July 1, 2007.

19 **(9) Foster Youth Transitional Assistance:** Included in the above General Fund
20 appropriation is \$1,000,000 in each fiscal year to provide assistance grants or vouchers to
21 current or former foster youth ages 18 through 23. The maximum total of grants or
22 vouchers per youth shall be \$7,500 in any one fiscal year for working youth. Youth may
23 be eligible for an additional grant totaling \$2,500 per year while attending a community
24 college or four year college or university. Grants or vouchers from this program shall be
25 utilized by the youth for transitional assistance into independence, including but not
26 limited to housing, clothing, transportation, tuition, medical and dental services, and other
27 expenses for the youth for the transition that the cabinet authorizes. The Cabinet for

1 Health and Family Services shall promulgate administrative regulations, in accordance
 2 with KRS Chapter 13A, to implement this program no later than October 1, 2006.
 3 ~~[Notwithstanding KRS 45.229, any General Fund moneys for this purpose unexpended in~~
 4 ~~fiscal year 2006-2007 shall not lapse but shall carry forward into fiscal year 2007-2008~~
 5 ~~for the same purpose.] (Veto #12)~~

6 **(10) Home of the Innocents:** Included in the above General Fund appropriation is
 7 \$385,000 in fiscal year 2007-2008 for debt service to support new bonds for a matching
 8 grant to Home of the Innocents for Phase II of the Childrens' Village as set forth in Part II,
 9 Capital Projects Budget, of this Act. Up to \$8,250,000 in funds generated by Home of the
 10 Innocents from other public and private sources shall be matched by the Commonwealth.

11 ~~**{(11) Brooklawn Child and Family Services:** Included in the above General Fund~~
 12 ~~appropriation is \$96,000 in fiscal year 2007-2008 for debt service to support new bonds~~
 13 ~~for the Brooklawn Child and Family Services project as set forth in Part II, Capital~~
 14 ~~Projects Budget, of this Act.] (Veto #4)~~

15 **TOTAL - CABINET FOR HEALTH AND FAMILY SERVICES**

	2005-06	2006-07	2007-08
16			
17	General Fund (Tobacco)	-0-	22,183,400
18	General Fund	85,300,000	1,698,732,600
19	Restricted Funds	5,571,900	829,515,600
20	Federal Funds	244,314,200	4,005,325,100
21	TOTAL	335,186,100	6,555,756,700
		6,760,287,800	

22 **I. JUSTICE AND PUBLIC SAFETY CABINET**

23 **Budget Units**

24 **1. JUSTICE ADMINISTRATION**

	2006-07	2007-08
25		
26	General Fund (Tobacco)	1,816,800
27	General Fund	13,796,700
		13,946,400

1	Restricted Funds	3,340,100	3,840,100
2	Federal Funds	9,666,100	9,142,700
3	TOTAL	28,619,700	28,852,600

4 **(1) Office of Drug Control Policy:** Included in the above Restricted Funds
 5 appropriation is \$1,300,000 in fiscal year 2006-2007 and \$1,800,000 in fiscal year 2007-
 6 2008 for regional Drug Courts in Kentucky's coal-producing counties.

7 **(2) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
 8 appropriation is \$1,816,800 in fiscal year 2006-2007 and \$1,923,400 in fiscal year 2007-
 9 2008 for the Office of Drug Control Policy.

10 **(3) Civil Legal Services for Indigents:** Included in the above General Fund
 11 appropriation is \$1,500,000 in fiscal year 2006-2007 and \$1,500,000 in fiscal year 2007-
 12 2008 to provide free legal services for indigents.

13 **(4) Operation Unite:** Included in the above Restricted Funds appropriation is
 14 \$1,250,000 in each year of the biennium for Operation Unite.

15 **(5) Multijurisdictional Drug Task Forces:** Included in the above General Fund
 16 appropriation is \$1,000,000 in each fiscal year to be administered by the Office of Drug
 17 Control Policy for the purpose of maintaining existing multijurisdictional drug task forces
 18 and allowing for expansion to under served and unserved areas to assist local and state
 19 law enforcement agencies in a proactive effort to combat drugs and crime.

20 **2. CRIMINAL JUSTICE TRAINING**

		2005-06	2006-07	2007-08
21	Restricted Funds	602,000	46,367,300	46,744,800
22	Federal Funds	-0-	1,873,500	1,886,300
23	TOTAL	602,000	48,240,800	48,631,100

24 **(1) Kentucky Law Enforcement Foundation Program Fund:** Included in the
 25 above Restricted Funds appropriation is \$44,732,300 in fiscal year 2006-2007 and
 26 \$45,105,000 in fiscal year 2007-2008 for the Kentucky Law Enforcement Foundation
 27

1 Program Fund.

2 **(2) Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in
 3 the above Restricted Funds appropriation is \$3,100 in fiscal year 2006-2007 and \$3,100
 4 in fiscal year 2007-2008 for each participant for training incentive payments.

5 **(3) Training Incentive Stipends - Justice and Public Safety Cabinet**
 6 **Personnel:** Notwithstanding KRS 15.410, 15.420(2), 15.440(1), 15.460(1), and 15.470(2)
 7 and (4), included in the above Restricted Funds appropriation is sufficient funding for a
 8 \$3,100 annual training incentive stipend for Kentucky state troopers, Kentucky State
 9 Police arson investigators, Kentucky State Police hazardous devices investigators,
 10 Kentucky State Police legislative security specialists, and Kentucky vehicle enforcement
 11 officers.

12 **3. JUVENILE JUSTICE**

	2006-07	2007-08
14 General Fund	84,005,900	85,724,900
15 Restricted Funds	12,200,000	12,200,000
16 Federal Funds	14,720,000	14,420,000
17 TOTAL	110,925,900	112,344,900

18 **(1) Mary Kendall Homes:** Included in the above General Fund appropriation is
 19 \$350,000 in fiscal year 2006-2007 and \$350,000 in fiscal year 2007-2008 for the support
 20 of the Mary Kendall Homes.

21 **(2) Madison County Juvenile Detention Facility:** The Madison County juvenile
 22 detention facility may remain open to hold juveniles from Madison County, and the
 23 county shall receive the detention subsidy provided for in KRS 635.060(3).

24 **4. STATE POLICE**

	2005-06	2006-07	2007-08
26 General Fund	1,301,200	69,645,800	80,305,900
27 Restricted Funds	-0-	16,713,900	13,543,600

1	Federal Funds	-0-	13,444,700	13,444,700
2	Road Fund	-0-	50,000,000	50,000,000
3	TOTAL	1,301,200	149,804,400	157,294,200

4 **(1) Call to Extraordinary Duty:** There is appropriated from the General Fund to
5 the Department of State Police, subject to the conditions and procedures provided in this
6 Act, funds which are required as a result of the Governor's call of the Kentucky State
7 Police to extraordinary duty when an emergency situation has been declared to exist by
8 the Governor. Funding is authorized to be provided from the General Fund Surplus
9 Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

10 **(2) State Police Authorized Strength:** The Kentucky State Police sworn officer
11 authorized strength is 1,070.

12 **(3) State Police Personnel Training Incentive:** Included in the above Restricted
13 Funds appropriation is sufficient funding for a \$3,100 annual training incentive stipend
14 for state troopers, arson investigators, hazardous devices investigators, and legislative
15 security specialists.

16 **(4) Restricted Funds Uses:** Notwithstanding KRS 42.320(2)(h), 189A.050(3)(a),
17 and 237.110(15), funds are included in the above Restricted Funds appropriation to
18 maintain the operations and administration of the Kentucky State Police.

19 **(5) Dispatcher Training Incentive:** Included in the above General Fund
20 appropriation is sufficient funding for a \$3,100 annual training incentive stipend for
21 dispatchers.

22 **(6) Statewide Mobile Data Infrastructure:** Included in the above General Fund
23 appropriation is \$1,000,000 in each fiscal year for the upkeep and maintenance of the
24 statewide mobile data infrastructure. The Justice and Public Safety Cabinet shall allow
25 any local or state first responding agency to use the system provided it complies with all
26 applicable state standards for the system's uses. The Justice and Public Safety Cabinet
27 shall not charge any first responding agency for using the system, maintenance, or any

1 other fee related to connections, infrastructure upkeep, or maintenance

2 **5. CORRECTIONS**

3 **a. Corrections Management**

4		2006-07	2007-08
5	General Fund	7,253,600	7,119,700
6	Restricted Funds	15,693,100	15,843,700
7	TOTAL	22,946,700	22,963,400

8 **(1) Debt Service:** Included in the above General Fund appropriation is \$82,000 in
 9 fiscal year 2007-2008 to provide debt service to support new bonds as set forth in Part II,
 10 Capital Projects Budget, of this Act.

11 **(2) Appropriations Adjustments:** The General Assembly has determined that
 12 the Department of Corrections shall be permitted to adjust appropriations between the
 13 Community Services and Local Facilities budget unit and the Adult Correctional
 14 Institutions budget unit in fiscal year 2006-2007 and fiscal year 2007-2008. Only
 15 adjustments necessary to manage the diverse mix of inmate classifications, custody
 16 levels, probation and parole caseloads, and population increases and/or decreases shall be
 17 permitted. Any appropriations transferred or otherwise directed between these
 18 appropriation units shall be documented and justified in writing. No adjustments may be
 19 made except upon the prior written concurrence of the State Budget Director. The State
 20 Budget Director shall report the adjustments and the necessity of the adjustments to the
 21 Interim Joint Committee on Appropriations and Revenue.

22 **(3) Jailer Mental Health Screening Training:** The Kentucky Commission on
 23 Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse
 24 Disorders, and Dual Diagnoses shall, in its annual review of the Commission plan,
 25 include in its duties recommendations for improvements in identifying, treating, housing,
 26 and transporting prisoners in jails and juveniles in detention centers with mental illness.
 27 Items to be reviewed shall include but not be limited to recommendations for statutory

1 and regulatory changes, training and treatment funding, cost sharing, housing and
 2 transportation costs, appropriate treatment sites, and training requirements for local jailers
 3 and other officers of the court who may come in contact with persons incarcerated or in
 4 detention but deemed mentally ill.

5 The training shall continue to be delivered by Regional Mental Health/Mental
 6 Retardation Board staff to new jailers and new jail staff, except administrative support, on
 7 screening and responding to the needs of inmates with mental illness within six months of
 8 employment. Treatment services may also be provided for within this funding allocation.

9 **b. Adult Correctional Institutions**

	2006-07	2007-08
10		
11	General Fund	232,200,900
12	Restricted Funds	5,435,200
13	Federal Funds	1,706,600
14	TOTAL	239,342,700
		246,332,000

15 **(1) Education Programs at Department of Corrections Facilities:** The
 16 Kentucky Community and Technical College System (KCTCS) shall provide adult basic
 17 education classes for the Department of Corrections which are aimed toward acquiring a
 18 general educational diploma (GED) and various technical trades aimed toward providing
 19 students with certifications and/or diplomas upon completion of qualifying examinations.

20 **c. Community Services and Local Facilities**

	2006-07	2007-08
21		
22	General Fund	114,496,600
23	Restricted Funds	4,369,000
24	Federal Funds	75,000
25	TOTAL	118,940,600
		132,084,300

26 **(1) Excess Local Jail Per Diem Costs:** In the event that actual local jail per diem
 27 payments exceed the amounts provided to support the budgeted average daily population

1 of state felons in county jails for fiscal year 2006-2007 and fiscal year 2007-2008, the
 2 payments shall be deemed necessary government expenses and may be paid from the
 3 General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account
 4 (KRS 48.705), subject to notification as to necessity and amount by the State Budget
 5 Director who shall report any certified expenditure to the Interim Joint Committee on
 6 Appropriations and Revenue.

7 **(2) Local Jails Funding:** Notwithstanding KRS 441.605 to 441.695, funds in the
 8 amount of \$4,000,000 in fiscal year 2006-2007 and \$1,500,000 in fiscal year 2007-2008
 9 shall be expended from the Kentucky Local Correctional Facilities Construction
 10 Authority for local correctional facility and operational support consistent with
 11 contractual covenants in accordance with bond indentures of the Authority.

12 **(3) Local Jail Per Diem Increase:** Included in the above General Fund
 13 appropriation is \$1,000,000 in each fiscal year to provide an increase of the per diem rate
 14 paid to counties for housing state inmates.

15 **(4) Intensive Secured Substance Abuse Recovery Program:** Funds provided
 16 for local jail per diem payments and for halfway house payments may also be used for the
 17 establishment and operation of an intensive secured substance abuse recovery program
 18 for substance abusers who have been charged with a felony offense. In the event that
 19 actual local jail per diem payments or the halfway house payments exceed the amounts
 20 provided to support the budgeted average daily population of state felons in county jails
 21 or in halfway houses for fiscal year 2006-2007 and fiscal year 2007-2008, the payments
 22 shall be deemed necessary government expenses and may be paid from the General Fund
 23 Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS
 24 48.705), subject to notification as to necessity and amount by the State Budget Director
 25 who shall report any certified expenditure to the Interim Joint Committee on
 26 Appropriations and Revenue.

27 **d. Local Jail Support**

	2006-07	2007-08
1		
2	16,236,100	16,236,100

3 **(1) Inmate Medical Care Expenses:** Included in the above General Fund
4 appropriation is \$931,100 in fiscal year 2006-2007 and \$931,100 in fiscal year 2007-2008
5 for medical care contracts to be distributed, upon approval of the Department of
6 Corrections, to counties by the formula codified in KRS 441.206, and \$295,900 in fiscal
7 year 2006-2007 and \$295,900 in fiscal year 2007-2008, on a partial reimbursement basis,
8 for medical claims in excess of the statutory threshold pursuant to KRS 441.045. The
9 funding support for medical contracts and catastrophic medical expenses for indigents
10 shall be maintained in discrete accounts. Any medical claim which exceeds the statutory
11 threshold may be reimbursed for that amount in excess of the statutory threshold. In no
12 event shall this apply to expenses of an elective, as opposed to emergency, basis and
13 expenses shall be paid according to the Kentucky Medical Assistance Schedule.

14 **(2) Local Jail Support:** Included in the above General Fund appropriation is
15 \$960,000 in each year of the biennium to provide a monthly payment of an annual
16 amount of \$20,000 to each county with a life safety jail or a closed jail. The payment shall
17 be in addition to the monthly payment required by KRS 441.206(2).

18 **TOTAL - CORRECTIONS**

	2006-07	2007-08
19		
20	370,187,200	392,686,300
21	25,497,300	23,147,900
22	1,781,600	1,781,600
23	397,466,100	417,615,800

24 **6. VEHICLE ENFORCEMENT**

	2006-07	2007-08
25		
26	1,666,300	1,043,500
27	5,162,400	5,162,200

1	Road Fund	13,974,900	13,881,500
2	TOTAL	20,803,600	20,087,200

3 **(1) Vehicle Enforcement Officers' Training Incentive:** Included in the above
4 Restricted Funds appropriation is sufficient funding to provide a \$3,100 annual training
5 incentive stipend for vehicle enforcement officers.

6 **7. PUBLIC ADVOCACY**

7		2006-07	2007-08
8	General Fund	29,770,700	31,886,400
9	Restricted Funds	6,815,500	4,455,800
10	Federal Funds	1,618,300	1,663,100
11	TOTAL	38,204,500	38,005,300

12 **(1) Compensatory Leave Conversion to Sick Leave:** If the Department of
13 Public Advocacy determines that internal budgetary pressures warrant further austerity
14 measures, the Public Advocate may institute a policy to suspend payment of 50 hour
15 blocks of compensatory time for those attorneys who have accumulated 240 hours of
16 compensatory time and instead to convert those hours to sick leave.

17 **TOTAL - JUSTICE AND PUBLIC SAFETY CABINET**

18		2005-06	2006-07	2007-08
19	General Fund (Tobacco)	-0-	1,816,800	1,923,400
20	General Fund	1,301,200	567,406,300	604,549,900
21	Restricted Funds	602,000	112,600,400	104,975,700
22	Federal Funds	-0-	48,266,600	47,500,600
23	Road Fund	-0-	63,974,900	63,881,500
24	TOTAL	1,903,200	794,065,000	822,831,100

25 **J. PERSONNEL CABINET**

26 **1. GENERAL OPERATIONS**

27		2006-07	2007-08
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1	General Fund	1,805,600	932,200
2	Restricted Funds	19,569,900	20,785,200
3	TOTAL	21,375,500	21,717,400

4 **(1) Flexible Benefit Account:** Notwithstanding KRS 18A.225(2)(g), any funds
5 from the calendar year 2005 and calendar year 2006 public employee health insurance
6 program accruing to the Flexible Benefit Account, not otherwise appropriated in fiscal
7 year 2006-2007 and in fiscal year 2007-2008, and in excess of the amount reflected in
8 Part V, Funds Transfer, of this Act shall be credited to the General Fund Surplus
9 Account.

10 **(2) Public Employees Self-Insured Health Insurance Premiums:** Beginning
11 with the employer premium due for coverage effective July 1, 2006, under the Public
12 Employees Self-Insured Health Insurance Program, the employer rate shall be reduced by
13 12 percent for the balance of Plan Year 2006. For Plan Year 2007, the increase in
14 employer and employee premiums for coverage under the Public Employees Self-Insured
15 Health Insurance Program shall not exceed 10.4 percent for the Essential Plan and 9
16 percent for the Enhanced and Premier Plan over the Plan Year 2006 rates as adjusted by
17 this Act.

18 **2. PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY**

19		2006-07	2007-08
20	Restricted Funds	6,009,200	6,172,400

21 **3. WORKERS' COMPENSATION BENEFITS AND RESERVE**

22		2006-07	2007-08
23	Restricted Funds	24,798,500	26,204,400

24 **4. STATE SALARY AND COMPENSATION FUND**

25		2006-07	2007-08
26	General Fund	8,000,000	24,000,000

27 **(1) Employee Compensation:** The above General Fund appropriation provides a

1 pool of funds to be allocated in accordance with the procedures contained in Part IV,
 2 State Salary/Compensation and Employment Policy, of this Act. Included in the above
 3 \$8,000,000 General Fund appropriation in fiscal year 2006-2007 is \$3,842,500 which
 4 shall not be allocated, transferred, or expended and shall continue into fiscal year 2007-
 5 2008 and shall only be expended in that fiscal year for this same purpose.

6 **5. STATE GROUP HEALTH INSURANCE FUND**

	2006-07	2007-08
7		
8	General Fund	2,476,000
		2,476,000

9 **(1) Group Health Insurance:** The above General Fund appropriation is provided
 10 to support a dependent subsidy for full-time employees of quasi-governmental employers,
 11 excluding state agencies, participating in the State Group Health Insurance program. To
 12 participate in this fund, each quasi-governmental employer must certify to the Secretary
 13 of the Personnel Cabinet that no funds received from the pool are being utilized to fund
 14 any benefits for persons other than full-time employees.

15 **TOTAL - PERSONNEL CABINET**

	2006-07	2007-08
16		
17	General Fund	12,281,600
		27,408,200
18	Restricted Funds	50,377,600
		53,162,000
19	TOTAL	62,659,200
		80,570,200

20 **K. POSTSECONDARY EDUCATION**

21 **Budget Units**

22 **1. COUNCIL ON POSTSECONDARY EDUCATION**

	2006-07	2007-08
23		
24	General Fund (Tobacco)	4,431,200
		4,691,200
25	General Fund	56,931,200
		95,120,700
26	Restricted Funds	6,610,700
		6,527,900
27	Federal Funds	19,099,400
		19,099,400

1 TOTAL 87,072,500 125,439,200

2 ~~[(1) Debt Service: Included in the above General Fund appropriation is~~
 3 ~~\$27,442,000 in fiscal year 2007-2008 for debt service to support new bonds for capital~~
 4 ~~projects at the colleges and universities as set forth in Part II, Capital Projects Budget, of~~
 5 ~~this Act.~~

6 ~~(2) Debt Service: Included in the above General Fund appropriation is \$551,000~~
 7 ~~in fiscal year 2007-2008 for debt service to support new bonds for Research Support~~
 8 ~~Lab Renovation, Fit up and Equipment at the University of Kentucky and the University~~
 9 ~~of Louisville.~~

10 ~~(3) Debt Service: Included in the above General Fund appropriation is \$917,000~~
 11 ~~in fiscal year 2007-2008 for debt service to support new bonds for Information~~
 12 ~~Technology and Equipment Acquisitions.] (Veto #4)~~

13 **(4) Carry Forward of General Fund Appropriation Balance:** Notwithstanding
 14 KRS 45.229, the General Fund appropriation in fiscal year 2005-2006 and fiscal year
 15 2006-2007 to the Adult Education and Literacy Funding Program shall not lapse and shall
 16 carry forward.

17 Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2005-
 18 2006 and fiscal year 2006-2007 to the Science and Technology Funding Program shall
 19 not lapse and shall carry forward.

20 **(5) Strategic Investment and Incentive Trust Funds Interest Income:**
 21 Notwithstanding KRS 164.7911, 164.7913, 164.7915, 164.7917, 164.7919, 164.7921,
 22 164.7923, 164.7925, and 164.7927, interest earnings in the amount of \$393,900 in fiscal
 23 year 2006-2007 and \$393,900 in fiscal year 2007-2008 shall be transferred from Strategic
 24 Investment and Incentive Trust Fund accounts included under these statutes to Agency
 25 Revenue accounts within the Council on Postsecondary Education budget unit in the
 26 following amounts and for the following specified purposes: \$105,500 in each year of the
 27 biennium for the Minority Student College Preparation Program; \$188,400 in each year

1 of the biennium for the Southern Regional Board Doctoral Scholars Program; and
 2 \$100,000 in each year of the biennium for the P-16 Council/Early Math Testing
 3 Programs.

4 **(6) Interest Earnings Transfer from the Strategic Investment and Incentive**
 5 **Trust Fund Accounts:** Notwithstanding KRS 164.7911, 164.7913, 164.7915, 164.7917,
 6 164.7919, 164.7921, 164.7923, 164.7925, and 164.7927, any expenditures from the
 7 Strategic Investment and Incentive Trust Fund accounts in excess of appropriated
 8 amounts by the Council on Postsecondary Education shall be subject to KRS 48.630.

9 ~~[(7) **Kentucky Science and Technology Corporation:** Notwithstanding KRS~~
 10 ~~164.6017(2), the Kentucky Science and Technology Corporation shall administer the~~
 11 ~~Rural Innovation, the Research and Development, and the Commercialization~~
 12 ~~Funds.](Veto #13)~~

13 **(8) Ovarian Cancer:** Notwithstanding KRS 164.476, General Fund (Tobacco)
 14 dollars in the amount of \$775,000 in each fiscal year shall be allotted from the Lung
 15 Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the
 16 University of Kentucky.

17 **(9) Regional Stewardship Funding Program:** Included in the above General
 18 Fund appropriation is \$1,200,000 in fiscal year 2006-2007 and \$3,600,000 in fiscal year
 19 2007-2008 for the Regional Stewardship Funding Program. The funds will be allocated
 20 among the six public comprehensive universities~~[in equal amounts of \$800,000 per~~
 21 ~~institution]. (Veto #14)~~ Funds will be used for Regional Stewardship priorities related to
 22 collaboration with public elementary and secondary schools and regional economic
 23 development initiatives. Allocated funds will be distributed upon submission and
 24 approval of a strategic plan which determines stewardship priorities. Each institution shall
 25 submit a strategic plan for stewardship activities in priority areas. to the Council on
 26 Postsecondary Education by close of business January 1, 2007. Within 30 days of receipt
 27 of the proposals, the Council on Postsecondary Education shall advise the institutions of

1 any non-compliance or non-conformity and shall work with the institution to help them
 2 qualify for the grant.~~Once distributed, these funds will become recurring to the~~
 3 ~~institutions.] (Veto #14)~~ Each institution shall submit an annual report to the Council on
 4 Postsecondary Education and to Interim Joint Appropriations and Revenue Committee by
 5 September 1 of each year. The report should include descriptions of stewardship
 6 initiatives implemented, use of funds for each initiative, and outcomes of the initiatives.

7 **(10) Postsecondary Education Debt:** Notwithstanding KRS 45.750 to 45.810, in
 8 order to lower the cost of borrowing, any university that has heretofore issued or caused
 9 to be issued debt obligations through a not-for-profit corporation or a municipality or
 10 county government for which the rental or use payments of the university substantially
 11 meet the debt service requirements of those debt obligations is authorized to refinance
 12 those debt obligations if the principal amount of the debt obligations is not increased and
 13 the rental payments of the university are not increased. Any funds used by a university to
 14 make debt obligations issued by university pursuant to this authorization shall be subject
 15 to interception of state appropriated funds pursuant to KRS 164A.608.

16 **(11) Postsecondary Education Employment Status:** Notwithstanding KRS
 17 164.225, 164.360, and 164.830, the appointment of a relative to the governing board of a
 18 public postsecondary education institution, as defined in KRS 164.001, shall not affect
 19 the employment status of any related person employed at least 36 months prior to the
 20 appointment of the relative.

21 **2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY**

	2006-07	2007-08
22		
23	General Fund (Tobacco)	800,000 900,000
24	General Fund	164,624,300 174,304,900
25	Restricted Funds	39,044,500 36,219,300
26	Federal Funds	1,726,000 1,726,000
27	TOTAL	206,194,800 213,150,200

1 **(1) College Access Program:** Notwithstanding KRS 154A.130(4), included in
2 the above General Fund appropriation is \$58,427,800 in fiscal year 2006-2007 and
3 \$60,462,000 in fiscal year 2007-2008 for the College Access Program.

4 **(2) Kentucky Tuition Grant Program:** Notwithstanding KRS 154A.130(4),
5 included in the above General Fund appropriation is \$30,270,100 in fiscal year 2006-
6 2007 and \$32,476,200 in fiscal year 2007-2008 for the Kentucky Tuition Grant Program.
7 ~~[All grants shall be awarded pursuant to KRS 164.785, and the applicant must be~~
8 ~~accepted by or enrolled as a full-time student at a Kentucky independent college or~~
9 ~~university which is accredited by the Southern Association of Colleges and~~
10 ~~Schools.](Veto #15)~~

11 **(3) Teacher Scholarship Program:** Notwithstanding KRS 154A.130(4),
12 included in the above General Fund appropriation is \$1,777,100 in fiscal year 2006-2007
13 and \$1,777,100 in fiscal year 2007-2008 for the Teacher Scholarship Program.

14 **(4) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco)
15 appropriation is \$800,000 in fiscal year 2006-2007 and \$900,000 in fiscal year 2007-2008
16 for Early Childhood Scholarships.

17 **(5) Kentucky National Guard Tuition Assistance Program:** Included in the
18 above Restricted Funds appropriation is \$4,500,000 in fiscal year 2006-2007 and
19 \$5,220,000 in fiscal year 2007-2008 for the Kentucky National Guard Tuition Assistance
20 Program.

21 **(6) Kentucky Education Excellence Scholarships (KEES):** Notwithstanding
22 KRS 154A.130(4), included in the above General Fund appropriation is \$73,125,000 in
23 fiscal year 2006-2007 and \$77,565,300 in fiscal year 2007-2008 for the Kentucky
24 Educational Excellence Scholarships (KEES). Included in the above Restricted Funds
25 appropriation for KEES is \$14,909,100 in fiscal year 2006-2007 and \$11,345,800 in
26 fiscal year 2007-2008.

27 **(7) Pharmacy Scholarship Program:** Included in the above General Fund

1 appropriation is \$1,000,000 in fiscal year 2007-2008 for the Pharmacy Scholarship
2 Program as set forth in Part XXIV, Pharmacy Scholarship Program, of this Act.

3 ~~[(8) Transactions Involving Property and Assets: Notwithstanding any statute
4 to the contrary, the Kentucky Higher Education Assistance Authority and the Higher
5 Education Student Loan Corporation either jointly or separately, shall obtain
6 authorization from the General Assembly prior to entering into any agreement,
7 transaction, or series of agreements which would result in the transfer of ownership or
8 ultimate managerial decision-making authority regarding the control and investment
9 performance of its property and assets. Nothing contained herein shall prohibit the
10 Kentucky Higher Education Assistance Authority and the Higher Education Student Loan
11 Corporation, either jointly or separately, from, in the usual and regular course of business,
12 pledging or assigning their revenues and assets to: improve financial positions, secure
13 obligations, satisfy pledge or trust agreements, or comply with an order of a court of
14 competent jurisdiction.] (Veto #16)~~

15 **3. EASTERN KENTUCKY UNIVERSITY**

	2006-07	2007-08
16		
17	General Fund	77,924,000
18	Restricted Funds	80,230,200
19	Federal Funds	139,565,300
20	TOTAL	57,172,800
		274,662,100
		281,468,300

21 **(1) Debt Service:** Included in the above General Fund appropriation is
22 \$3,030,200 in fiscal year 2006-2007 and \$468,800 in fiscal year 2007-2008 for debt
23 service for previously issued bonds.

24 **(2) Community Operations Board:** Included in the above General Fund
25 appropriation is \$200,000 in fiscal year 2006-2007 and \$200,000 in fiscal year 2007-2008
26 to provide funds to the Community Operations Board for personnel and programmatic
27 operations of the conferencing, meeting, and community areas, and the performing arts

1 center located in Business/Technology Center, Phase II.

2 The Business/Technology Building, Phase II shall be governed by the Community
 3 Operations Board. The Community Operations Board shall consist of 13 members to be
 4 appointed as follows: Six by the President of Eastern Kentucky University, four by the
 5 Madison County judge/executive, two by the mayor of the City of Richmond, and one by
 6 the mayor of the City of Berea. Three of the members appointed by the President of
 7 Eastern Kentucky University will serve two year terms and three will serve a one year
 8 term. Two of the members appointed by the Madison County judge/executive will serve
 9 two year terms and two will serve a one year term. One member appointed by the mayor
 10 of the City of Richmond will serve a two year term and one will serve a one year term.
 11 The member appointed by the mayor of the City of Berea will serve a two year term.
 12 Members of the board will serve without compensation and will not be reimbursed for
 13 expenses incurred in performance of their duties. At the first meeting of the fiscal year,
 14 the board shall elect a chairman and a vice chairman. The board will establish policies
 15 and procedures for board operations and for facility use.~~The board will make all~~
 16 ~~decisions regarding use of the Business/Technology Building, Phase II including the~~
 17 ~~conferencing and community areas and the performing arts center and will make all~~
 18 ~~decisions regarding personnel and programmatic operations of the conferencing and~~
 19 ~~community areas and the performing arts center.] (Veto #17) The board is attached to~~
 20 Eastern Kentucky University for administrative purposes, and the university shall provide
 21 all facility maintenance and operations costs.

22 **4. KENTUCKY STATE UNIVERSITY**

23		2006-07	2007-08
24	General Fund	27,500,700	28,349,000
25	Restricted Funds	23,375,700	23,375,700
26	Federal Funds	14,296,000	14,296,000
27	TOTAL	65,172,400	66,020,700

1 **(1) Debt Service:** Included in the above General Fund appropriation is \$892,200
2 in fiscal year 2006-2007 and \$907,300 in fiscal year 2007-2008 for debt service for
3 previously issued bonds.

4 **(2) Blazer Library:** Included in the above General Fund appropriation is
5 \$500,000 in fiscal year 2006-2007 and \$500,000 in fiscal year 2007-2008 to purchase
6 books and periodicals for Blazer Library.

7 **5. MOREHEAD STATE UNIVERSITY**

	2006-07	2007-08
8		
9 General Fund	45,462,600	48,697,600
10 Restricted Funds	62,467,400	62,754,000
11 Federal Funds	51,201,000	50,897,700
12 TOTAL	159,131,000	162,349,300

13 **(1) Debt Service:** Included in the above General Fund appropriation is
14 \$1,409,500 in fiscal year 2006-2007 and \$495,500 in fiscal year 2007-2008 for debt
15 service for previously issued bonds.

16 **6. MURRAY STATE UNIVERSITY**

	2006-07	2007-08
17		
18 General Fund	55,278,600	56,068,700
19 Restricted Funds	74,587,600	79,864,500
20 Federal Funds	14,886,900	14,886,900
21 TOTAL	144,753,100	150,820,100

22 **(1) Debt Service:** Included in the above General Fund appropriation is
23 \$1,909,100 in fiscal year 2006-2007 for debt service for previously issued bonds.

24 **7. NORTHERN KENTUCKY UNIVERSITY**

	2006-07	2007-08
25		
26 General Fund	53,876,000	55,330,000
27 Restricted Funds	112,204,400	118,886,200

1	Federal Funds	14,331,400	14,331,400
2	TOTAL	180,411,800	188,547,600

3 **(1) Debt Service:** Included in the above General Fund appropriation is
 4 \$5,013,300 in fiscal year 2006-2007 and \$230,500 in fiscal year 2007-2008 for debt
 5 service for previously issued bonds.

6 **(2) Center for Mathematics:** Included in the above General Fund appropriation
 7 is \$1,000,000 in fiscal year 2006-2007 and \$1,500,000 in fiscal year 2007-2008 for the
 8 Center for Mathematics.

9 **8. UNIVERSITY OF KENTUCKY**

		2006-07	2007-08
10			
11	General Fund	318,567,900	335,016,500
12	Restricted Funds	1,238,551,300	1,298,377,600
13	Federal Funds	171,613,900	177,404,300
14	TOTAL	1,728,733,100	1,810,798,400

15 **(1) Debt Service:** Included in the above General Fund appropriation is
 16 \$5,867,700 in fiscal year 2006-2007 and \$1,546,600 in fiscal year 2007-2008 for debt
 17 service for previously issued bonds for the University of Kentucky and \$754,900 in fiscal
 18 year 2006-2007 and \$398,900 in fiscal year 2007-2008 for debt service for previously
 19 issued bonds for Lexington Community College.

20 **(2) Adolescent Medicine and Young Parent Programs and Rape Crisis**
 21 **Center:** Included in the above General Fund appropriation is \$150,000 in fiscal year
 22 2006-2007 and \$150,000 in fiscal year 2007-2008 for the Adolescent Medicine and
 23 Young Parent Programs and the Rape Crisis Center.

24 **(3) Cooperative Extension Agents:** The University of Kentucky is
 25 encouraged (Veto #18) to provide funding in fiscal year 2006-2007 and fiscal year 2007-
 26 2008 to the Cooperative Extension Service to support the County Extension Enhancement
 27 Initiative. This initiative provides salary adjustments for County Extension Agents. These

1 adjustments are in addition to any other salary adjustments which may be made.

2 (4) **Lexington Arboretum:** The University of Kentucky is encouraged to provide
3 funding in fiscal year 2007-2008 for the arboretum.

4 (5) **Bath County Cooperative Extension:** The University of Kentucky is
5 encouraged to provide funding in fiscal year 2007-2008 for the Bath County Cooperative
6 Extension Education and Marketing Center.

7 (6) **Greenup County Cooperative Extension:** The University of Kentucky is
8 encouraged to provide funding in fiscal year 2007-2008 for the Arts and Music program
9 offered through the Greenup County Extension Service.

10 (7) **Center for Research on Violence Against Women:** Included in the above
11 General Fund appropriation is \$150,000 in fiscal year 2006-2007 and \$150,000 in fiscal
12 year 2007-2008 for the Center for Research on Violence Against Women.

13 (8) **Kentucky Geological Survey:** Included in the above General Fund
14 appropriation is \$250,000 in fiscal year 2007-2008 from the General Fund portion of the
15 Natural Gas Severance Tax after the statutory distribution required by KRS 42.450(2),
16 and included in the above Restricted Funds appropriation is \$250,000 in fiscal year 2007-
17 2008 from the Local Government Economic Development Fund, Multi-County Fund, for
18 the Kentucky Geological Survey.

19 (9) **West Liberty Technical Center:** The University of Kentucky is encouraged
20 to provide funding in fiscal year 2007-2008 for maintenance and operations of the West
21 Liberty Technical Center.

22 **9. UNIVERSITY OF LOUISVILLE**

	2006-07	2007-08
23		
24	General Fund	187,484,800
25	Restricted Funds	445,336,100
26	Federal Funds	136,481,300
27	TOTAL	769,302,200
		850,319,500

1 **(1) Debt Service:** Included in the above General Fund appropriation is
 2 \$10,951,200 in fiscal year 2006-2007 and \$3,791,500 in fiscal year 2007-2008 for debt
 3 service for previously issued bonds.

4 **(2) Quality and Charity Care Trust Agreement:** Included in the above General
 5 Fund appropriation is \$18,408,100 in fiscal year 2006-2007 and \$18,982,300 in fiscal
 6 year 2007-2008 to fulfill the Commonwealth's contractual obligation relating to indigent
 7 care furnished via the Quality and Charity Care Trust Agreement.

8 Notwithstanding KRS 45.229, the General Fund appropriation related to the Quality
 9 and Charity Trust Agreement in fiscal year 2006-2007 shall not lapse.

10 **(3) Saturday Academy Program:** The University of Louisville is encouraged to
 11 provide funding for the Saturday Academy Program.

12 **(4) Louisville Signature Partnership Program:** The University of Louisville is
 13 encouraged to provide funding for the Louisville Signature Partnership Program.

14 **(5) Equine Industry Program:** Included in the above General Fund
 15 appropriation is \$300,000 in fiscal year 2006-2007 and \$300,000 in fiscal year 2007-2008
 16 for the Equine Industry Program.

17 **10. WESTERN KENTUCKY UNIVERSITY**

	2006-07	2007-08
18 General Fund	80,224,200	86,396,200
19 Restricted Funds	175,046,300	183,059,600
20 Federal Funds	40,428,600	42,390,300
21 TOTAL	295,699,100	311,846,100

22 **(1) Debt Service:** Included in the above General Fund appropriation is
 23 \$3,171,000 in fiscal year 2006-2007 and \$1,280,600 in fiscal year 2007-2008 for debt
 24 service for previously issued bonds.

25 **(2) Kentucky Academy of Math and Science:** Included in the General Fund
 26 appropriation is \$500,000 in fiscal year 2006-2007 and \$2,800,000 in fiscal year 2007-
 27

1 2008 for operating costs of the Kentucky Academy of Math and Science.

2 **11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

3	2006-07	2007-08	
4	General Fund	212,926,800	226,331,100
5	Restricted Funds	273,623,700	292,823,500
6	Federal Funds	144,916,100	153,070,400
7	TOTAL	631,466,600	672,225,000

8 **(1) Firefighters Foundation Program Fund:** Included in the above Restricted
9 Funds appropriation is \$28,330,500 in fiscal year 2006-2007 and \$29,351,800 in fiscal
10 year 2007-2008 for the Firefighters Foundation Program Fund. Notwithstanding KRS
11 95A.250(1), or the provisions of any other law, supplemental payments for each qualified
12 professional firefighter under the Firefighters Foundation Program Fund shall be \$3,100
13 in fiscal year 2006-2007 and \$3,100 in fiscal year 2007-2008. Notwithstanding KRS
14 95A.200 to 95A.300, \$1,000,000 in fiscal year 2006-2007 and \$1,000,000 in fiscal year
15 2007-2008 from the Firefighters Foundation Program Fund is authorized to be expended
16 on firefighter training, equipment, and support activities. Notwithstanding KRS 95A.200
17 to 95A.300, an additional \$750,000 in fiscal year 2006-2007 and \$1,000,000 in fiscal year
18 2007-2008 from the Firefighters Foundation Program Fund is authorized to be spent on a
19 comprehensive physical aptitude test program for firefighters.

20 **(2) Firefighters Training Center Fund:** Notwithstanding KRS 95A.200 to
21 95A.265, \$500,000 in Restricted Funds is provided each fiscal year of the 2006-2008
22 fiscal biennium for the Firefighters Training Center Fund.

23 **(3) Health Care Coverage:** Included in the above General Fund appropriation is
24 \$1,000,000 in fiscal year 2007-2008 for health care coverage for selected Kentucky
25 Community and Technical College System employees. The University of Kentucky may
26 recover up to \$1,000,000 in fiscal year 2007-2008 from the Kentucky Community and
27 Technical College System for additional costs associated with providing health insurance

1 coverage to those KCTCS employees who remain in the UK personnel system. Such
 2 recovery is allowed only to the extent that UK can provide documented proof that the cost
 3 of providing health insurance coverage for those KCTCS employees exceeds collected
 4 premiums minus deductions for discounts and rebates.

5 **(4) Salary Increases:** It is the intent of General Assembly that employees of
 6 KCTCS who are in the UK personnel system shall be treated the same with respect to
 7 compensation plans and salary increases implemented by KCTCS as all other employees
 8 of KCTCS; specifically, KCTCS shall not utilize the practice of providing lower salary
 9 increases to KCTCS employees who are in the UK personnel system by offsetting the
 10 money paid to UK for the cost of providing health insurance to these employees.

11 KCTCS shall make no distinction in compensation plans or salary increases among
 12 its employees based upon the personnel system to which they belong, except that KCTCS
 13 may make up the lower salary increases given in the past to those employees of KCTCS
 14 in the UK personnel system which were based upon reimbursing UK for the cost of
 15 providing health insurance.

16 **(5) Family Life Skills Center:** The Kentucky Community and Technical College
 17 System is encouraged to provide funds for the Family Life Skills Center at Hazard
 18 Community and Technical College - Lees College Campus.

19 ~~[(6) **Conveyance of Property:** Notwithstanding KRS 164A.575 or KRS Chapter~~
 20 ~~45A, the Kentucky Community and Technical College System may convey fee simple~~
 21 ~~title to certain of its real property located within the City of Covington, Kentucky, to the~~
 22 ~~Gateway Community and Technical College Foundation, a Kentucky not-for-profit~~
 23 ~~corporation, for future consideration as determined reasonable by the President of the~~
 24 ~~Kentucky Community and Technical College System who is hereby authorized to execute~~
 25 ~~all necessary documents and to take all necessary action to complete the foregoing~~
 26 ~~conveyance.] (Veto #19)~~

27 **(7) Education Programs at Department of Corrections Facilities:** Included in

1 the above General Fund appropriation is \$5,800,000 in fiscal year 2006-2007 and
 2 \$5,800,000 in fiscal year 2007-2008 for education programs at Department of Corrections
 3 Facilities. The Kentucky Community and Technical College System (KCTCS) shall
 4 continue to be the provider of educational services to the Department of Corrections
 5 (DOC). These services include adult basic education classes aimed toward acquiring a
 6 general education diploma (GED) and various technical trades aimed toward providing
 7 students with certifications and/or diplomas upon completing qualified examinations. The
 8 faculty and related staff shall remain employees of KCTCS. KCTCS shall determine
 9 curriculum which will facilitate transferability of credits to all Kentucky public
 10 postsecondary institutions. KCTCS faculty and related staff shall abide by all rules and
 11 regulations of the DOC to ensure that DOC's accreditation requirements and
 12 rehabilitation goals are met.

13 **(8) Maintenance and Operations of New Facilities:** Included in the above
 14 General Fund appropriation is \$267,800 in fiscal year 2006-2007 for maintenance and
 15 operation of new facilities coming on-line.

16 **(9) North American Racing Academy:** Included in the above General Fund
 17 appropriation is \$300,000 in fiscal year 2006-2007 for personnel to develop the North
 18 American Racing Academy.

19 **TOTAL - POSTSECONDARY EDUCATION**

	2006-07	2007-08
20		
21	General Fund (Tobacco)	5,231,200
22	General Fund	1,280,801,100
23	Restricted Funds	2,590,413,000
24	Federal Funds	666,153,400
25	TOTAL	4,542,598,700

26 **L. TRANSPORTATION CABINET**

27 **Budget Units**

1 **1. GENERAL ADMINISTRATION AND SUPPORT**

	2006-07	2007-08
3 Restricted Funds	26,000	26,000
4 Road Fund	69,217,100	70,072,400
5 TOTAL	69,243,100	70,098,400

6 **(1) Biennial Highway Construction Programs:** The Secretary of Transportation
7 is directed to produce a single document that contains two separately identified sections,
8 as follows:

9 Section 1 shall detail the enacted fiscal biennium 2006-2008 Biennial Highway
10 Construction Program and Section 2 shall detail the Highway Preconstruction Program
11 Plan for fiscal year 2006-2007 through fiscal year 2011-2012 as identified by the 2006
12 General Assembly. This document shall mirror in data type and format the fiscal year
13 2004-2010 Recommended Six-Year Highway Plan as submitted to the 2004 General
14 Assembly. The document shall be published and distributed to members of the General
15 Assembly and the public within 60 days of adjournment of the 2006 Regular Session of
16 the General Assembly.

17 No executive authority shall expend, or otherwise commit in any manner, available
18 fiscal biennium 2006-2008 Road Fund resources for a project designated as a State
19 Project in the fiscal year 2006-2007 through fiscal year 2011-2012 Highway
20 Preconstruction Program Plan. In the event that federally funded projects contained in the
21 enacted fiscal biennium 2006-2008 Biennial Highway Construction Program are delayed
22 due to unforeseen circumstances, or if additional federal funds are received in excess of
23 the amounts contemplated in this Act, the Transportation Cabinet may advance projects
24 from the Highway Preconstruction Program Plan only to the extent required to assure that
25 the Commonwealth makes full use of all available federal funds.

26 The Secretary of the Transportation Cabinet is further directed to report quarterly to
27 the Interim Joint Committee on Appropriations and Revenue and the Interim Joint

1 Committee on Transportation all activity, as prescribed by KRS 176.430, relating to all
 2 projects with open activity conducted by the Transportation Cabinet during the biennium
 3 including the year each project phase was enacted in a Six-Year Highway Plan. Pursuant
 4 to KRS 48.800(5), the Transportation Cabinet shall submit the electronic quarterly report
 5 in a format prescribed by the Legislative Research Commission.

6 Notwithstanding KRS 176.440(2), any project additions or modifications that the
 7 2006 General Assembly may make to the fiscal year 2006-2012 Recommended Six-Year
 8 Road Plan shall carry the same force of law as projects that were included in the fiscal
 9 year 2006-2012 Recommended Six-Year Road Plan as submitted by the Executive
 10 Branch.

11 **(2) Debt Service:** Included in the above Road Fund appropriation is \$7,297,800
 12 in fiscal year 2006-2007 and \$7,292,500 in fiscal year 2007-2008 for debt service on
 13 previously authorized bonds for the new Transportation Cabinet office building and
 14 parking structure.

15 **(3) Adopt-A-Highway Litter Program:** The Transportation Cabinet and
 16 Environmental and Public Protection Cabinet may receive, accept, and solicit grants,
 17 contributions of money, property, labor, or other things of value from any governmental
 18 agency, individual, nonprofit organization, or private business to be used for the Adopt-a-
 19 Highway Litter Program or other statewide litter programs. Any contribution of this
 20 nature shall be deemed to be a contribution to a state agency for a public purpose and
 21 shall be treated as Restricted Funds under KRS Chapter 45 and reported according to
 22 KRS Chapter 48, and shall not be subject to restrictions set forth under KRS Chapter
 23 11A.

24 **2. AVIATION**

25		2006-07	2007-08
26	Restricted Funds	197,000	172,000
27	Federal Funds	15,000	15,000

1	Road Fund	4,000,000	4,000,000
2	TOTAL	4,212,000	4,187,000

3 **(1) Operational Costs:** Notwithstanding KRS 183.525(5), the above Restricted
4 Funds appropriation includes operational costs of the program in each fiscal year.

5 **(2) Aviation Projects:** The Transportation Cabinet, Aviation Development
6 Program shall prioritize~~[-and fund]~~ (*Veto #20*) the following airport projects from
7 appropriated Road Fund resources~~[in the designated fiscal year]~~ (*Veto #20*) as included
8 in the 2006-2012 Six Year Aviation Plan:

9	(a) Bardstown-Nelson County Airport	\$1,200,000
10	(b) Cynthiana-Harrison County Airport	\$500,000
11	(c) Fleming-Mason Airport	\$2,000,000
12	(d) Muhlenberg County Airport	\$1,000,000
13	(e) Ohio County Airport	\$1,000,000
14	(f) Big Sandy Regional Airport	\$2,500,000
15	(g) Leitchfield-Grayson County Airport	\$1,000,000
16	(h) Madison Airport	\$800,000
17	(i) Lebanon-Springfield Airport	\$1,000,000
18	(j) Tompkinsville-Monroe County Airport	\$1,000,000
19	(k) Danville-Boyle County Airport	\$2,000,000
20	(l) Muhlenberg County Airport	\$2,000,000
21	(m) Henderson City County Airport	\$1,000,000
22	(n) Russell County Airport	\$1,500,000
23	(o) Powell County Airport	\$1,000,000
24	(p) Ohio County Airport	\$1,500,000
25	(q) Russellville-Logan County Airport	\$2,000,000
26	(r) Falmouth-Pendleton County Airport	\$1,000,000

27 ~~**(3) Capital City Airport:** No appropriations for the Aviation budget unit or the~~

1 ~~Military Affairs budget unit shall be utilized for the purpose of studying, planning, or~~
 2 ~~construction of additional runways for, or expansion of, the Capital City Airport.](Veto~~
 3 ~~#21)~~

4 **(4) Use of Road Fund Resources:** The Cabinet may utilize an amount not to
 5 exceed \$10,000,000 of its annual Road Fund appropriations for the Department of
 6 Aviation, including but not limited to providing the above authorized financial aid to
 7 governmental units and local air boards for the development, construction, reconstruction,
 8 maintenance, and repair of airport runways, aprons, and taxiways at public airports and
 9 public use airports as defined in KRS 183.011(20) and (21).

10 **(5) Aviation Plan Project Report:** The Secretary of the Transportation Cabinet
 11 is directed to report quarterly to the Interim Joint Committee on Appropriations and
 12 Revenue and the Interim Joint Committee on Transportation all activity relating to all
 13 aviation projects with open activity conducted by the Transportation Cabinet during the
 14 biennium including the year each project phase was enacted in a Six Year Aviation Plan.
 15 The Transportation Cabinet shall submit the electronic quarterly report in a format
 16 prescribed by the Legislative Research Commission.

17 **3. DEBT SERVICE**

	2006-07	2007-08
Road Fund	162,710,200	181,143,200

20 **(1) Toll Road Lease-Rental Payments:** Included in the above Road Fund
 21 appropriation is \$205,100 in fiscal year 2006-2007 and \$80,000 in fiscal year 2007-2008
 22 for toll road lease-rental payments.

23 **(2) Toll Road Termination:** The tolls on the Audubon Parkway and the Natcher
 24 Parkway shall be terminated during the first year of the biennium when the lease-rental
 25 payments on the toll roads are fully paid.

26 **(3) Resource Recovery Road Lease-Rental Payments:** Included in the above
 27 Road Fund appropriation is \$90,000 in fiscal year 2006-2007 and \$90,000 in fiscal year

1 2007-2008 for Resource Recovery Road lease-rental payments. The Secretary of the
2 Transportation Cabinet shall use Road Fund resources to meet the lease-rental payments
3 to the Kentucky Turnpike Authority for Resource Recovery Road projects in the amount
4 certified by the Transportation Cabinet, pursuant to KRS 143.090. However, if Road
5 Fund resources are not sufficient to meet lease-rental payments, the additional amount
6 required to meet the obligation shall be transferred from the proceeds of the tax levied on
7 the severance or processing of coal by KRS 143.020.

8 **(4) Economic Development Road Lease-Rental Payments:** Included in the
9 above Road Fund appropriation is \$146,119,100 in fiscal year 2006-2007 and
10 \$148,381,200 in fiscal year 2007-2008 for Economic Development Road lease-rental
11 payments relating to projects financed by Economic Development Road Revenue Bonds
12 previously authorized by the General Assembly and issued by the Kentucky Turnpike
13 Authority.

14 **(5) Economic Development Road Bond Debt Service:** Included in the above
15 Road Fund appropriation is \$16,296,000 in fiscal year 2006-2007 and \$32,592,000 in
16 fiscal year 2007-2008 for Economic Development Road lease-rental payments to the
17 Turnpike Authority of Kentucky relating to projects financed by \$350,000,000 in
18 Economic Development Road Revenue Bonds hereby authorized by the General
19 Assembly to be issued in fiscal year 2006-2007 for payment of the cost of the Economic
20 Development Road Projects.

21 **(6) Excess Lease-Rental Payments:** Any moneys not required to meet lease-
22 rental payments or to meet the administrative costs of the Kentucky Turnpike Authority
23 shall be transferred to the State Construction account.

24 **(7) Debt Payment Acceleration Fund Account:** Notwithstanding KRS 175.505,
25 no portion of the revenues to the state Road Fund provided by the adjustments in KRS
26 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment
27 Acceleration Fund account during the 2006-2008 fiscal biennium.

1 **4. HIGHWAYS**

	2005-06	2006-07	2007-08
3 Restricted Funds	-0-	361,842,500	72,686,700
4 Federal Funds	30,085,900	654,147,700	675,013,800
5 Road Fund	-0-	667,409,400	670,193,200
6 Highway Bonds	-0-	350,000,000	-0-
7 TOTAL	30,085,900	2,033,399,600	1,417,893,700

8 **(1) Debt Service:** Included in the above Federal Funds appropriation is
9 \$15,162,700 in fiscal year 2006-2007 and \$15,126,700 in fiscal year 2007-2008 for debt
10 service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds appropriated for this
11 purpose in 2005 Ky. Acts, ch. 173, Part I, L., 4., (16) (HB 267).

12 **(2) New Grant Anticipation Revenue Vehicle (GARVEE) Debt Service:**
13 Included in the above Federal Funds appropriation is \$34,963,000 in fiscal year 2006-
14 2007 and \$34,963,000 in fiscal year 2007-2008 for GARVEE Bonds debt service
15 payments relating to projects financed by \$290,000,000 in GARVEE Bonds hereby
16 authorized by the General Assembly to be issued in fiscal year 2006-2007 for payment of
17 the GARVEE Bond road projects.

18 **(3) State Supported Construction Programs:** Included in the above Road Fund
19 appropriation is \$306,587,500 in fiscal year 2006-2007 and \$300,213,300 in fiscal year
20 2007-2008 for the State Supported Construction Program.

21 **(4) State Resurfacing Program:** Included in the State Supported Construction
22 Program is \$80,402,200 in fiscal year 2006-2007 and \$87,320,000 in fiscal year 2007-
23 2008 from the Road Fund for the State Resurfacing Program.

24 **(5) Biennial Highway Construction Program:** Included in the State Supported
25 Construction Program is \$188,445,300 in fiscal year 2006-2007 and \$175,153,200 in
26 fiscal year 2007-2008 from the Road Fund for state construction projects in the fiscal
27 biennium 2006-2008 Biennial Highway Construction Program. Included in the above

1 Road Fund appropriation is \$2,500,000 in fiscal year 2006-2007 and \$2,500,000 in fiscal
2 year 2007-2008 to support the Kentucky Pride Fund created in KRS 224.43-505.

3 **(6) Kentucky Pride Fund Program Report:** The Environmental and Public
4 Protection Cabinet shall provide to the Interim Joint Committee on Appropriations and
5 Revenue and the Interim Joint Committee on Transportation a program and financial
6 status report of all expenditures related to the Kentucky Pride Fund. The status report
7 shall be provided to the Interim Joint Committee on Transportation no later than October
8 1 of each year.

9 **(7) Highway Construction Contingency Account:** Included in the State
10 Supported Construction Program is \$37,740,000 in fiscal year 2006-2007 and
11 \$37,740,000 in fiscal year 2007-2008 for the Highway Construction Contingency
12 Account. Included in the above Road Fund appropriation is \$2,500,000 in fiscal year
13 2006-2007 and \$2,500,000 in fiscal year 2007-2008 to support the Kentucky Pride Fund
14 created in KRS 224.43-505.

15 **(8) 2006-2008 Biennial Highway Construction Plan:** Projects in the enacted
16 2004-2006 Biennial Highway Construction Plan are authorized to continue their current
17 authorization into the 2006-2008 fiscal biennium.

18 **(9) Kentucky Transportation Center:** Notwithstanding KRS 177.320(4),
19 included in the above Road Fund appropriation is \$290,000 in fiscal year 2006-2007 and
20 \$290,000 in fiscal year 2007-2008 for the Kentucky Transportation Center.

21 **(10) New Highway Equipment Purchases:** Notwithstanding KRS 48.710(3),
22 Restricted Funds are appropriated in the amounts of \$1,500,000 in fiscal year 2006-2007
23 and \$1,500,000 in fiscal year 2007-2008 from the sale of surplus equipment to purchase
24 new highway equipment.

25 **(11) State Match Provisions:** The Transportation Cabinet is authorized to utilize
26 state construction moneys or Toll Credits to match federal highway moneys.

27 **(12) Excess Debt Service/Lease-Rental Appropriations:** Any Road Fund

1 appropriations that are not needed to pay lease-rental payments to the Kentucky Turnpike
2 Authority or debt service on the Transportation Cabinet office building shall be credited
3 to the State Construction Account.

4 **(13) Federal Aid Highway Funds:** If additional federal highway moneys are made
5 available to Kentucky by the United States Congress, the funds shall be used according to
6 the following priority: (a) Any demonstration-specific or project-specific money shall be
7 used on the project identified; and (b) All other funds shall be used to ensure that projects
8 in the fiscal biennium 2006-2008 Biennial Highway Construction Plan are funded. If
9 additional federal moneys remain after these priorities are met, the Transportation
10 Cabinet may select projects from the Four-Year Preconstruction Program.

11 **(14) Demonstration Projects:** The Transportation Cabinet is authorized to select
12 up to ten design/build demonstration road related projects. Notwithstanding any
13 conflicting provisions of KRS Chapters 45A, 176, and 177, for procurement purposes, the
14 Transportation Cabinet shall utilize a qualifications-based bidding process within the
15 context of the provisions of KRS Chapter 176. The Secretary of the Transportation
16 Cabinet shall determine the nature and scope of each design/build project.

17 **(15) Road Fund Cash Management:** The Secretary of the Transportation Cabinet
18 is authorized to continue the Cash Management Plan to address the policy of the General
19 Assembly to expeditiously initiate and complete projects in the fiscal biennium 2006-
20 2008 Biennial Highway Construction Plan. Notwithstanding KRS Chapter 45,
21 specifically including KRS 45.242 and 45.244, the Secretary may concurrently advance
22 projects in the Biennial Highway Construction Plan by employing management
23 techniques that maximize the Cabinet's ability to contract for and effectively administer
24 the project work. Under the approved Cash Management Plan, the Secretary is directed to
25 continuously ensure that the unspent project and Road Fund balances available to the
26 Transportation Cabinet are sufficient to meet expenditures consistent with appropriations
27 provided.

1 **(16) Biennial Highway Construction Program:** In the event that federally funded
2 projects contained in the enacted fiscal biennium 2006-2008 Biennial Highway
3 Construction Program are delayed due to unforeseen circumstances, or if additional
4 Federal Funds are received in excess of the amounts contemplated in this Act, the
5 Transportation Cabinet may advance projects from the Highway Preconstruction Program
6 Plan only to the extent required to ensure that the Commonwealth makes full use of all
7 available Federal Funds.

8 **(17) Programmatic Adjustments:** The Secretary of the Transportation Cabinet is
9 authorized to adjust the specific sums comprising the Highways appropriation programs
10 enumerated above for the purposes of enhancing public safety, maximizing available
11 Federal Funds, supporting economic development, and accelerating state construction
12 projects.

13 **(18) Grant Anticipation Revenue Vehicle (GARVEE) Bonds:** Included in the
14 above Restricted Funds appropriation is \$290,000,000 in fiscal year 2006-2007 for
15 GARVEE Bond Funds.

16 **(19) Carry Forward of Appropriation Balances:** Notwithstanding KRS 45.229,
17 unexpended Road Fund, Federal Funds, and Restricted Funds appropriations in the
18 Highways budget unit for the Construction program, the Maintenance program, and the
19 Research program in fiscal year 2005-2006 and fiscal year 2006-2007 shall not lapse and
20 shall carry forward.

21 **(20) Road Fund Support for Aviation:** The Cabinet may utilize an amount not to
22 exceed \$10,000,000 of its annual Road Fund appropriations for the Department of
23 Aviation, including but not limited to providing financial aid to governmental units and
24 local air boards for the development, construction, reconstruction, maintenance, and
25 repair of airport runways, aprons, and taxiways at public airports and public use airports
26 as defined in KRS 183.011(20) and (21), as identified in Part I, L.2., Aviation, of this Act.

27 **(21) Paving and Rehabilitation:** The Kentucky Transportation Cabinet is

1 encouraged to provide grading and paving rehabilitation efforts on I-64 from Grayson to
2 the West Virginia border at the level equal to that accomplished on I-64 in Bath County,
3 Rowan County, and the remainder of Carter County.

4 **(22) Interlocal Agreement:** Any local government may be permitted to enter into
5 a cooperative agreement with the Transportation Cabinet to maintain traffic control
6 devices on state maintained roads within the local government's jurisdiction and shall be
7 reimbursed by the Transportation Cabinet for the actual cost of such maintenance. The
8 agreement may permit local governments to make temporary repairs to state maintained
9 road surfaces within the local government's jurisdiction and shall be reimbursed by the
10 Transportation Cabinet for the actual cost of the temporary repairs.

11 **(23) Rest Area Closure:** Notwithstanding KRS 177.240, the Transportation
12 Cabinet may close the following five rest area sites:

13 (a) Hart County - One site located on I-65 southbound at milepost 55.1;

14 (b) Hardin County - Two sites located on I-65 northbound and southbound at
15 milepost 81.0;

16 (c) Madison County - Two sites located on I-75 northbound and southbound at
17 milepost 82.3.

18 **(24) Pavement Management:** The Secretary of the Transportation Cabinet may
19 implement a Pavement Management Program to promote pavement preventive
20 maintenance and maintain a higher level of pavement quality between resurfacing cycles.
21 The Transportation Cabinet may expend an amount not to exceed \$8,000,000 for this
22 purpose for the 2006-2008 biennium.

23 **(25) Miscellaneous Road Fund Projects:** The Transportation Cabinet may
24 undertake the following miscellaneous road projects, using the suggested Road Fund
25 allocations contained therein:

26 (a) Campbell County Street Reconstruction: Reconstruct Chateau Drive in
27 Dayton, Kentucky, for \$100,000 from the Highway Construction Contingency Account in

1 fiscal year 2006-2007;

2 (b) Clark County Resurfacing: Resurface KY 15 from milepost 0 to 4.216 near
3 Crow Ridge Road in Clark County for \$280,000 from Road Fund resources in fiscal year
4 2006-2007;

5 (c) Fayette County Traffic Control Device: Add a left turn signal to both sides of
6 the traffic control signal at the intersection of Russell Cave Road and Asbury Lane in
7 Lexington, Fayette County, Kentucky before November 2006, to be paid from Road Fund
8 resources;

9 (d) Fayette County Traffic Control Device: Install a traffic light at Helmsdale and
10 Man-O-War for \$20,000 from Road Fund resources in fiscal year 2006-2007;

11 (e) Fayette County Traffic Control Device: Install a traffic light at Todds Road
12 and Autumn Ridge for \$20,000 from Road Fund resources in fiscal year 2006-2007;

13 (f) Floyd County Traffic Control Device: Install a traffic control device on KY 80
14 at Duff Elementary School in Floyd County for \$20,000 from Road Fund resources in
15 fiscal year 2006-2007;

16 (g) Franklin County Tunnel Maintenance: Implement a tunnel clearance project
17 adjacent to the Kentucky River for \$500,000 from the Highway Construction
18 Contingency Account in fiscal year 2006-2007;

19 (h) Hopkins County Sidewalks: Construct sidewalks on US 41, South Main Street
20 in the City of Madisonville for \$390,000 from the Highway Construction Contingency
21 Account in fiscal year 2007-2008;

22 (i) Jefferson County, Louisville Kennedy Bridge: ~~[-The Transportation Cabinet~~
23 ~~shall]~~ (Veto #22) complete the painting of the Kennedy Bridge on Interstate 65 in
24 Louisville, Kentucky within the current biennium;

25 (j) Jefferson County Traffic Control Device: Install a traffic control device at the
26 intersection of Rockford Lane and Dover Road in Jefferson County, Shively, Kentucky
27 for \$25,000 from Road Fund resources in fiscal year 2006-2007;

1 (k) Jefferson County Sound Barriers:~~[A sound barrier shall be]~~ (Veto #23)
 2 installed on the north side of I-264/Watterson Expressway from the west side of the
 3 Newburg Interchange going west 1,500 feet~~[. The cost related to the installation of the~~
 4 ~~sound barrier shall be funded for \$650,000 from the Highway Construction Contingency~~
 5 ~~Account in fiscal year 2006-2007]~~ (Veto #23);

6 (l) Jefferson County Bridge Preservation: Restore and reconstruct the historic
 7 bridge on Old Taylorsville Road over Chenoweth Run Creek, for \$210,000 from the
 8 Municipal Bond Pool;

9 (m) Jessamine County Resurfacing: Resurface KY 1541 from milepost 6.936 near
 10 Sulphur Well Road to KY 39 at milepost 9.668 near Logana Road in Jessamine County
 11 for \$136,000 from the Highway Construction Contingency Account in fiscal year 2006-
 12 2007;

13 (n) Kenton County Traffic Control Device: Install a traffic control device at the
 14 intersection of Oak and Adella in the City of Ludlow for \$20,000 from Road Fund
 15 resources in fiscal year 2006-2007;

16 (o) Menifee County Resurfacing: Resurface last 0.5 miles of Carrington Green
 17 Road at the Bath County line for \$10,000 from Road Fund resources in fiscal year 2006-
 18 2007;

19 (p) Rowan County Street and Parking Improvements: Improve streets and parking
 20 in the City of Morehead for \$150,000 from the Highway Construction Contingency
 21 Account in fiscal year 2006-2007;

22 (q) Russell County Guardrail Installation: Install approximately 500 feet of
 23 guardrail on KY 1058 between mile marker 2 and 3 in Russell County, to be paid from
 24 Road Fund resources;

25 (r) Russell County Bridge Replacement: Replace the bridge on Payne Road in
 26 Russell County for \$100,000 from Road Fund resources in fiscal year 2006-2007;

27 (s) Simpson County Resurfacing: Resurface Cedar Bluff Road in Simpson

1 County beginning at US 31W to the Warren County line for \$110,000 from the Highway
2 Construction Contingency Account in fiscal year 2006-2007;

3 (t) Simpson County Widening and Resurfacing: Widen and resurface Rapids-
4 Hickory Flat Road in Simpson County for \$143,000 from the Highway Construction
5 Contingency Account in fiscal year 2006-2007;

6 (u) Simpson County Widening and Resurfacing: Widen and resurface Neely Road
7 in Simpson County for \$137,000 from the Highway Construction Contingency Account
8 in fiscal year 2006-2007; and

9 (v) Simpson County Highway Access: Create an access point on the south side of
10 KY 100 at 300 feet east of the intersection with US 31W in Simpson County, to be paid
11 from Road Fund resources.

12 **(26) Louisville Bridges Project Plan Report:** The Secretary of the Transportation
13 Cabinet shall submit to the Legislative Research Commission by December 1, 2006, a
14 long-term planning report for the Louisville Bridges Project. The planning report shall
15 include project strategy, timeline, projected and actual financial data, construction
16 schedule, total cost and cost to complete, anticipated revenues, revenue sources, and the
17 overall financial impact on state transportation funds of the Louisville Bridges Project
18 with respect to the federally funded component and the state-funded component, over the
19 life of the project. The Transportation Cabinet shall also submit to the Interim Joint
20 Committee on Appropriations and Revenue and the Interim Joint Committee on
21 Transportation a copy of the Initial Financial Plan at the same time as it files the plan with
22 the Federal Highway Administration, but in no event later than December 31, 2006.

23 **5. JUDGMENTS**

24 **(1) Payment of Judgments:** Road Fund resources required to pay judgments
25 shall be transferred from the State Construction Account at the time when actual
26 payments must be disbursed from the State Treasury.

27 **(2) Carry Forward of Road Fund Appropriation Balance:** Notwithstanding

1 KRS 45.229, any funds not expended by June 30, 2007, shall not lapse and shall carry
2 forward.

3 **6. PUBLIC TRANSPORTATION**

	2006-07	2007-08
4		
5	General Fund	7,703,400
6	Restricted Funds	555,700
7	Federal Funds	40,204,200
8	TOTAL	48,463,300
		45,992,700

9 **(1) Toll Credits:** The Transportation Cabinet is authorized to maximize to the
10 extent necessary the use of Toll Credits to match Federal Funds for transit systems capital
11 grants.

12 **(2) Nonpublic School Transportation:** Included in the above General Fund
13 appropriation is \$2,950,000 in fiscal year 2006-2007 and \$2,950,000 in fiscal year 2007-
14 2008 for nonpublic school transportation.

15 **(3) State Match Provisions:** Included in the above General Fund appropriation is
16 \$2,500,000 in fiscal year 2006-2007 to provide additional General Fund match resources
17 to support increased grant expenditures related to federal funds for metropolitan public
18 transit system. Notwithstanding KRS 45.229, this appropriation shall not lapse and shall
19 carry forward.

20 **7. REVENUE SHARING**

	2005-06	2006-07	2007-08
21			
22	Road Fund	11,858,400	241,886,100
			244,276,700

23 **(1) County Road Aid Program:** (a) Included in the above Road Fund
24 appropriation is \$91,417,600 in fiscal year 2006-2007 and \$92,249,300 in fiscal year
25 2007-2008 for the County Road Aid Program in accordance with KRS 177.320, 179.410,
26 179.415, and 179.440. Notwithstanding KRS 177.320(2), the above amounts have been
27 reduced by \$38,000 in fiscal year 2006-2007 and \$38,000 in fiscal year 2007-2008 which

1 has been appropriated to the Highways budget unit for the support of the Kentucky
2 Transportation Center.

3 (b) Notwithstanding KRS 177.320(2), the above amounts have been reduced by
4 \$6,039,000 in fiscal year 2006-2007 and \$8,784,000 in fiscal year 2007-2008 and
5 appropriated in the Debt Service budget unit for the support of the \$350,000,000 of
6 Highway Bonds authorized in Part I, L. Transportation, 4. Highways of this Act.

7 **(2) Rural Secondary Program:** (a) Included in the above Road Fund
8 appropriation is \$110,900,200 in fiscal year 2006-2007 and \$111,909,100 in fiscal year
9 2007-2008 for the Rural Secondary Program in accordance with KRS 177.320, 177.330,
10 177.340, 177.350, and 177.360. Notwithstanding KRS 177.320(1), the above amounts
11 have been reduced by \$46,000 in fiscal year 2006-2007 and \$46,000 in fiscal year 2007-
12 2008 which has been appropriated to the Highways budget unit for the support of the
13 Kentucky Transportation Center.

14 (b) Notwithstanding KRS 177.320(2), the above amounts have been reduced by
15 \$7,326,000 in fiscal year 2006-2007 and \$10,656,000 in fiscal year 2007-2008 and
16 appropriated in the Debt Service budget unit for the support of the \$350,000,000 of
17 Highway Bonds authorized in Part I, L. Transportation, 4. Highways of this Act.

18 **(3) Municipal Road Aid Program:** (a) Included in the above Road Fund
19 appropriation is \$38,465,300 in fiscal year 2006-2007 and \$38,815,300 in fiscal year
20 2007-2008 for the Municipal Road Aid Program in accordance with KRS 177.365,
21 177.366, and 177.369. Notwithstanding KRS 177.365(1), the above amounts have been
22 reduced by \$16,000 in fiscal year 2006-2007 and \$16,000 in fiscal year 2007-2008 which
23 has been appropriated to the Highways budget unit for the support of the Kentucky
24 Transportation Center.

25 (b) Notwithstanding KRS 177.320(2), the above amounts have been reduced by
26 \$2,541,000 in fiscal year 2006-2007 and \$3,696,000 in fiscal year 2007-2008 and
27 appropriated in the Debt Service budget unit for the support of the \$350,000,000 of

1 Highway Bonds authorized in Part I , L. Transportation, 4. Highways of this Act.

2 **(4) Energy Recovery Road Fund:** Included in the above Road Fund
3 appropriation is \$1,103,000 in fiscal year 2006-2007 and \$1,303,000 in fiscal year 2007-
4 2008 for the Energy Recovery Road Fund in accordance with KRS 177.977, 177.9771,
5 177.9772, 177.978, 177.979, and 177.981.

6 **8. VEHICLE REGULATION**

	2005-06	2006-07	2007-08	
7				
8	Restricted Funds	-0-	4,109,900	4,101,900
9	Federal Funds	-0-	3,285,500	285,500
10	Road Fund	947,300	17,396,100	18,269,900
11	TOTAL	947,300	24,791,500	22,657,300

12 **TOTAL - TRANSPORTATION CABINET**

	2005-06	2006-07	2007-08	
13				
14	General Fund	-0-	7,703,400	5,203,400
15	Restricted Funds	-0-	366,731,100	77,542,300
16	Federal Funds	30,085,900	697,652,400	715,547,900
17	Road Fund	12,805,700	1,162,618,900	1,187,955,400
18	Highway Bonds	-0-	350,000,000	-0-
19	TOTAL	42,891,600	2,584,705,800	1,986,249,000

20 **PART II**

21 **CAPITAL PROJECTS BUDGET**

22 **(1) Capital Construction Fund Appropriations and Reauthorizations:**
23 Moneys in the Capital Construction Fund are appropriated for the following capital
24 projects subject to the conditions and procedures in this Act. Items listed without
25 appropriated amounts are previously authorized for which no additional amount is
26 required. These items are listed in order to continue their current authorization into the
27 2006-2008 fiscal biennium. Unless otherwise specified, reauthorized projects shall

1 conform to the original authorization enacted by the General Assembly.

2 **(2) Expiration of Existing Line-Item Capital Construction Projects:** All
3 appropriations to existing line-item capital construction projects expire on June 30, 2006,
4 unless reauthorized in this Act with the following exceptions: (a) A construction contract
5 for the project shall have been awarded by June 30, 2006; (b) Permanent financing or a
6 short-term line of credit sufficient to cover the total authorized project scope shall have
7 been obtained in the case of projects authorized for bonds, provided that the authorized
8 project completes an initial draw on the line of credit within the biennium immediately
9 subsequent to the original authorization; (c) Grant or loan agreements, if applicable, shall
10 have been finalized and properly signed by all necessary parties. Notwithstanding the
11 criteria set forth in this section, the disposition of 2004-2006 biennium nonstatutory
12 appropriated maintenance pools funded from Capital Construction Investment Income
13 shall remain subject to the provisions of KRS 45.770(4)(c); and (d) Any capital
14 construction project authorized pursuant to actions approved by the 2005 General
15 Assembly in House Joint Resolution 92 (2005 Ky. Acts ch. 170, Vol. Ia, Part II Coal
16 Severance Tax Projects), unless otherwise provided for in this Act, is deemed to be
17 reauthorized up to the total amount of receipts allocated to the single county account at
18 the end of fiscal year 2005-2006. Notwithstanding the criteria set forth in this section, the
19 disposition of 2004-2006 biennium nonstatutory appropriated maintenance pools funded
20 from Capital Construction Investment Income shall remain subject to the provisions of
21 KRS 45.770(4)(c).

22 **(3) New Bond Projects:** Bond projects authorized for the first time in this Part
23 which have debt service supported by state General Fund appropriations are authorized in
24 the first year of the biennium. The sale of bonds to finance four projects, Western
25 Kentucky Veterans Center - Alzheimer's/General Care Unit, Acquire Land for Wendell
26 H. Ford Regional Training Center, School Facilities Construction Commission Offers of
27 Assistance, Louisville Arena, and Highway Bonds, shall occur after July 1, 2006.

1 The sale of bonds to finance the following projects shall occur after January 1,
2 2007:

- 3 (a) KIA Infrastructure for Economic Development for Coal Producing Counties;
- 4 (b) KIA Infrastructure for Economic Development for Non-Coal Producing
5 Counties;
- 6 (c) Community Development Projects;
- 7 (d) Warren County Fiscal Court Transpark - Rail Spur and Infrastructure
8 Improvements;
- 9 ~~[(e) Animal Shelters;~~
- 10 ~~[(f) Kentucky River Authority Locks and Dams Renovation and Maintenance
11 Pool;~~
- 12 ~~[(g) The Louisville Zoo - Glacier Run] (Veto #4)~~
- 13 (h) New Horse Park Indoor Arena;
- 14 (i) Rockcastle County Vocational and Technical Center;
- 15 (j) Petroleum Underground Storage Tank;
- 16 ~~[(k) CPE Capital Renewal and Maintenance Pool;] (Veto #4)~~
- 17 (l) KCTCS - Franklin Technology Center Project Expansion; and
- 18 (m) All Agency Bond funded projects.

19 The sale of all other bonds to finance the remaining projects shall occur after July 1,
20 2007.

21 **(4) Bond Proceeds Investment Income:** Investment income earned from bond
22 proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage
23 rebates and penalties and excess bond proceeds upon the completion of a bond-financed
24 capital project may be used to pay debt service according to the Internal Revenue Service
25 Code and accompanying regulations. Notwithstanding KRS 48.010(13)(b), 48.720, or any
26 section of this Act, any funds appropriated but not required to pay debt service because of
27 this fund source substitution shall be credited to the Statewide Deferred Maintenance

1 Fund account each year. Unneeded debt service resulting from any other circumstance
 2 shall lapse in accordance with KRS 48.010(13)(b), 48.720, and other provisions of this
 3 Act except for the following: if the fund balance in the Emergency Repair, Maintenance,
 4 and Replacement Fund falls below \$5,000,000 in fiscal year 2006-2007, any debt service
 5 lapse necessary to bring the fund balance to \$5,000,000 in that fiscal year shall be
 6 credited to the Emergency Repair, Maintenance, and Replacement Fund. No transfer to
 7 the Emergency Repair, Maintenance, and Replacement Fund, or the Statewide Deferred
 8 Maintenance Pool account, shall be made based on the above provisions if the lapse from
 9 other General Fund accounts is insufficient to meet appropriations approved in other Parts
 10 of this Act.

11 **(5) Appropriations for Projects Not Line-Itemized:** Inasmuch as the
 12 identification of specific projects in a variety of areas of the state government cannot be
 13 ascertained with absolute certainty at this time, amounts are appropriated for specific
 14 purposes to projects which are not individually identified in this Act in the following
 15 areas: Kentucky Infrastructure Authority Water and Sewer Projects; Kentucky River
 16 Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned
 17 Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects;
 18 Wetland and Stream Mitigation; Phase I Tobacco Settlement Agricultural Development
 19 Initiative; Community Development projects; Economic Development projects which
 20 shall include authorization for the High-Tech Construction Pool and the High-Tech
 21 Investment Pool; Infrastructure projects; ~~the Capital Renewal and Maintenance~~
 22 ~~Bond~~ *(Veto #4)* Pool; Heritage Land Conservation projects; Flood Control projects; the
 23 Parks Renovation Pool; Parks Development Pool; the Statewide Repair, Maintenance,
 24 and Replacement Pool; the Education Technology Pool; ~~the Postsecondary Education~~
 25 ~~Institutions Technology and Equipment Pool; the Postsecondary Education Institutions~~
 26 ~~Research Support/Lab Renovation and Equipment Pool;~~ *(Veto #4)* the Local District
 27 Health Departments Construction Pool; and University Major Items of Equipment Pools.

1 Any projects estimated to cost over \$400,000 and equipment estimated to cost over
2 \$100,000 shall be reported to the Capital Projects and Bond Oversight Committee. All
3 moneys transferred to the Finance and Administration Cabinet for capital construction
4 from any appropriations, including income from investments, shall be expended,
5 accounted for, and otherwise treated in the same manner as funds appropriated directly to
6 the Finance and Administration Cabinet for capital construction.

7 **(6) Jefferson County Medical Society:** Notwithstanding KRS Chapter 45A or
8 any other statute or provision of the law to the contrary, the Commonwealth releases the
9 Medical Foundation of Jefferson County Medical Society from its Promissory Note dated
10 June 15, 1979, in the principal amount of \$110,000.

11 **(7) Executive Mansion Restoration:** In accordance with the process involved in
12 previous renovations of the Executive Mansion and notwithstanding KRS 11.027, 41.290,
13 56.491, and 337.505 to 337.550, KRS Chapter 45A, or any other provision of law to the
14 contrary, the Finance and Administration Cabinet is authorized to enter into an agreement
15 with the Governor's Mansion Preservation Foundation (the foundation) concerning the
16 renovation of the Executive Mansion. All design drawings for the renovation shall be
17 inspected and approved by the Division of Historic Properties for the purpose of ensuring
18 that the work and materials are consistent with the principles of historic preservation and
19 in compliance with all applicable codes and regulations. All work shall be conducted
20 under the supervision of the Finance and Administration Cabinet's Division of Historic
21 Properties, and all such work shall become the property of the Commonwealth. The
22 foundation shall have the authority to select contractors and service providers and to enter
23 into contracts to purchase or receive donations of goods, materials, and services necessary
24 to the renovation; provided, however, that payment and performance bonds in an amount
25 deemed by the Secretary of the Finance and Administration Cabinet to be appropriate for
26 the protection of the Commonwealth's interest therein shall be provided with respect to
27 work performed on the Executive Mansion.

1 **(8) Bond Issues for Tobacco and Non-Coal Producing Counties:** Any
2 authorized bond project from the Infrastructure for Economic Development Fund for
3 Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties,
4 and Infrastructure for Economic Development Fund for Non-Coal Producing Counties
5 may be financed from any associated bond issue for the Infrastructure for Economic
6 Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund
7 for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal
8 Producing Counties.

9 **A. GENERAL GOVERNMENT**

10 **Budget Units** **2006-07** **2007-08**

11 **1. VETERANS' AFFAIRS**

12	001. Construct State Veterans Cemetery - Northeast Kentucky (Greenup County)		
13	General Fund	395,000	-0-
14	Federal Funds	-0-	8,300,000
15	TOTAL	395,000	8,300,000
16	002. Maintenance Pool		
17	Investment Income	100,000	100,000
18	003. Construct State Veterans Cemetery - Southeast Kentucky (Leslie County)		
19	General Fund	-0-	200,000
20	Federal Funds	-0-	6,000,000
21	TOTAL	-0-	6,200,000
22	004. Western Kentucky Veterans' Center - Alzheimer's/General Care Unit		
23	Bond Funds	1,757,000	-0-

24 **2. KENTUCKY INFRASTRUCTURE AUTHORITY**

25	001. KIA Fund F - Drinking Water Revolving Loan Program		
26	Federal Funds	20,000,000	-0-
27	Bond Funds	4,000,000	-0-

1	TOTAL	24,000,000	-0-
2	002. KIA Fund A - Federally Assisted Wastewater Program		
3	Federal Funds	20,000,000	-0-
4	Bond Funds	4,000,000	-0-
5	TOTAL	24,000,000	-0-
6	003. Infrastructure for Economic Development Fund for Non-Coal Producing		
7	Counties		
8	Bond Funds	150,000,000	-0-
9	004. Infrastructure for Economic Development Fund for Coal-Producing		
10	Counties		
11	Bond Funds	100,000,000	-0-
12	(1) Expenditure of Loan Repayments Cash Balances: The Kentucky		
13	Infrastructure Authority is authorized to expend the cash balances from loan repayments		
14	on deposit at the trustee bank for financial assistance, in the form of low-interest loans, to		
15	governmental agencies for professional planning and preliminary engineering design		
16	work required for eligible Fund A wastewater projects.		
17	005. City of Hindman - Water Line Improvements		
18	Reauthorization and Reallocation (\$88,888)		
19	The above project is authorized from a reallocation from the Knott County Water		
20	and Sewer District - Ball Creek Water Project and Others in 2005 HJR 92 (2005 Ky. Acts		
21	ch. 170, Vol. Ia, Part II, Infrastructure for Economic Development Fund for Coal-		
22	Producing Counties, p. 1830).		
23	3. MILITARY AFFAIRS		
24	001. Construct Joint Use Readiness Center Paducah		
25	Federal Funds	11,400,000	-0-
26	002. Bluegrass Station Facility Maintenance Pool		
27	Restricted Funds	2,500,000	2,500,000

1	003. Acquire Land for Wendell H. Ford Regional Training Center		
2	Bond Funds	4,500,000	-0-
3	004. Upgrade DMA Statewide Radio System - Additional		
4	Federal Funds	3,000,000	-0-
5	005. Maintenance Pool		
6	Investment Income	860,000	860,000
7	006. Construct Warehouse - Bluegrass Station		
8	Restricted Funds	375,000	-0-
9	Federal Funds	1,125,000	-0-
10	TOTAL	1,500,000	-0-
11	007. Aircraft Maintenance Pool		
12	Investment Income	500,000	500,000
13	4. GOVERNOR'S OFFICE FOR LOCAL DEVELOPMENT		
14	001. Owenton/Owen County Natural Gas Line Project		
15	Bond Funds	5,000,000	-0-
16	002. Flood Control Matching Fund/State Owned Dam Repair		
17	General Fund	800,000	800,000
18	Restricted Funds	700,000	700,000
19	Investment Income	500,000	500,000
20	TOTAL	2,000,000	2,000,000
21	003. Warren County Fiscal Court - Transpark - Rail Spur		
22	Bond Funds	4,500,000	-0-
23	004. Leslie County Fiscal Court - Leslie County Six Volunteer Fire		
24	Departments - Equipment and Operations		
25	Reauthorization and Reallocation (\$120,000 Restricted Funds)		
26	The above project is authorized from a reallocation from the Leslie County Fiscal		
27	Court - Equipment and Operations project in 2005 Ky. Acts ch., 173, Part I, A., 9.,b.		

1	005. Community Development Fund Projects		
2	General Fund	20,650,800	8,453,000
3	Bond Funds	75,658,000	-0-
4	TOTAL	96,308,000	8,453,000
5	[006. Louisville Zoo - Glacier Run		
6	 Bond Funds	6,000,000	0] (Veto #4)
7	007. Franklin County - Lease		
8	5. ATTORNEY GENERAL		
9	001. Franklin County - Lease		
10	6. UNIFIED PROSECUTORIAL SYSTEM - COMMONWEALTH'S ATTORNEYS		
11	001. Jefferson County - Lease		
12	7. TREASURY		
13	001. Lease-Purchase of Xerox Laser Printers - Additional		
14	Capital Construction Surplus	141,000	141,000
15	8. AGRICULTURE		
16	001. PACE - Agriculture Enhancement Fund - Additional		
17	Federal Funds	3,600,000	3,600,000
18	002. Large Scale Test Truck		
19	Capital Construction Surplus	175,000	-0-
20	003. Forage Testing Van		
21	Capital Construction Surplus	115,000	-0-
22	004. Fuels/Pesticides Testing Lab		
23	General Fund	-0-	1,650,000
24	[005. Animal Shelters		
25	 Bond Funds	2,500,000	0] (Veto #4)
26	006. Franklin County - Lease		
27	9. KENTUCKY RETIREMENT SYSTEMS		

1	001. Kentucky Retirement Systems Line of Business Project		
2	Restricted Funds	19,300,000	-0-
3	002. Franklin County - Lease - Perimeter Park West		
4	10. BOARD OF NURSING		
5	001. Jefferson County - Lease		
6	11. KENTUCKY RIVER AUTHORITY		
7	001. Kentucky River Locks and Dams Maintenance and Renovations Pool		
8	[Bond Funds	17,500,000	0] (Veto #4)
9	Agency Bond Funds	33,200,000	-0-
10	Restricted Funds	4,600,000	-0-
11	TOTAL	55,300,000	-0-
12	12. SCHOOL FACILITIES CONSTRUCTION COMMISSION		
13	001. Offers of Assistance		
14	Bond Funds	100,000,000	-0-
15	002. Additional Offers of Assistance		
16	Bond Funds	50,000,000	-0-
17	003. Urgent Needs School Trust Fund		
18	Reauthorization (\$91,536,000 Bond Funds)		
19	004. School Facilities Construction Commission		
20	Reauthorization (\$73,300,000 Bond Funds)		
21	005. Category 5 School Buildings		
22	Reauthorization (\$24,071,600 Bond Funds)		
23	13. TEACHERS' RETIREMENT SYSTEM		
24	001. KTRS Pension Management System		
25	Reauthorization (\$2,000,000 Restricted Funds)		
26	B. COMMERCE CABINET		
27	Budget Units	2006-07	2007-08

1 **1. PARKS**

2 [~~001. Parks Renovation Pool~~

3 ~~Bond Funds 8,000,000 0~~

4 ~~(1) Permitted Use of Funds: These Bond Funds may be used for any Department~~
5 ~~of Parks or Kentucky Horse Park Commission facility owned, leased, or maintained by~~
6 ~~the Commonwealth.] (Veto #4)~~

7 002. Parks Development Pool

8 Bond Funds 60,000,000 -0-

9 003. Construct Convention Center E. P. "Tom" Sawyer

10 Other Funds 1,000,000 -0-

11 004. Maintenance Pool

12 Investment Income 2,740,000 3,990,000

13 **2. HORSE PARK COMMISSION**

14 001. Construct New Indoor Arena

15 Bond Funds 36,500,000 -0-

16 Other Funds 6,180,000 -0-

17 TOTAL 42,680,000 -0-

18 002. Construct Hotel/Conference Center

19 Other Funds 27,500,000 -0-

20 003. Maintenance Pool

21 Investment Income 575,000 575,000

22 004. Construct Permanent Seating Stadium Jump Area

23 Reauthorization (\$1,000,000 Other Funds)

24 **3. STATE FAIR BOARD**

25 001. Replace Roof for the Pavilion

26 Bond Funds 1,250,000 -0-

27 002. Maintenance Pool

1	Restricted Funds	1,500,000	1,500,000
2	[003. Upgrade HVAC Systems		
3	Bond Funds	2,000,000	0] (Veto #4)
4	004. Replace Paving from Gate 1 to Gate 2		
5	Reauthorization (\$900,000 Restricted Funds)		
6	005. Renovate KICC Pedway System		
7	Reauthorization (\$1,000,000 Restricted Funds)		
8	006. Repave Parking Lots E, J, and Ashton - Adair		
9	Reauthorization (\$1,330,000 Restricted Funds)		
10	4. FISH AND WILDLIFE RESOURCES		
11	001. Fees-in-Lieu-of Stream Mitigation Projects Pool		
12	Restricted Funds	5,000,000	5,000,000
13	002. Bullock Pen Lake Dam/Spillway Upgrade		
14	Restricted Funds	-0-	3,000,000
15	003. Land Acquisition Pool		
16	Restricted Funds	7,700,000	1,000,000
17	004. Water & Drain Line Replacement		
18	Restricted Funds	250,000	-0-
19	Federal Funds	750,000	-0-
20	TOTAL	1,000,000	-0-
21	005. Maintenance Pool		
22	Restricted Funds	400,000	400,000
23	006. Camp Currie Dining Hall Replacement		
24	Restricted Funds	720,000	-0-
25	007. Camp Webb Swimming Pool		
26	Restricted Funds	700,000	-0-
27	008. Boating/Fishing Access Pool		

1	Restricted Funds	300,000	300,000
2	5. HISTORICAL SOCIETY		
3	001. Kentucky History Center Security Upgrades		
4	Capital Construction Surplus	238,000	-0-
5	002. Perryville Battlefield		
6	Bond Funds	617,000	-0-
7	6. KENTUCKY CENTER FOR THE ARTS		
8	001. Maintenance Pool		
9	Investment Income	160,000	160,000
10	C. ECONOMIC DEVELOPMENT CABINET		
11	(1) Economic Development Bond Issues: Before any economic development		
12	bonds are issued, the proposed bond issue shall be approved by the Secretary of the		
13	Finance and Administration Cabinet and the State Property and Buildings Commission		
14	under KRS 56.440 to 56.590. In addition to the terms and conditions of KRS 154.12-100,		
15	administration of the Economic Development Bond Program by the Secretary of the		
16	Cabinet for Economic Development is subject to the following guideline: project		
17	selection shall be documented when presented to the Secretary of the Finance and		
18	Administration Cabinet. Included in the documentation shall be the rationale for selection		
19	and expected economic development impact.		
20	Budget Units	2006-07	2007-08
21	1. SECRETARY		
22	001. New Economy High-Tech Construction/Investment Pool		
23	Bond Funds	20,000,000	-0-
24	2. FINANCIAL INCENTIVES		
25	001. Economic Development Bond Pool		
26	Bond Funds	17,500,000	-0-
27	(1) Purchase Regional Industrial Park: Included in the above appropriation is		

1 \$2,500,000 for the Purchase Regional Industrial Park Authority to support land use and
 2 development at the Purchase Regional Industrial Park as approved by the Kentucky
 3 Economic Development Finance Authority.

4 **D. DEPARTMENT OF EDUCATION**

5 **Budget Unit** **2006-07** **2007-08**

6 **1. OPERATION AND SUPPORT SERVICES**

7 001. Kentucky Education Network

8 Bond Funds 8,900,000 -0-

9 The Secretary of the Education Cabinet, the Commissioner of the Department of
 10 Education, the President of the Council on Postsecondary Education, the Secretary of the
 11 Finance and Administration Cabinet, and the Executive Director of the Education
 12 Professional Standards Board shall submit a coordinated implementation plan with
 13 timelines and regular progress reports to the Interim Joint Committee on Appropriations
 14 and Revenue. All expenditures shall require the prior approval of the Secretary of the
 15 Finance and Administration Cabinet.

16 [~~002. On-Line Assessment~~

17 ~~Bond Funds 15,000,000 0~~

18 ~~003. Knowledge Management Portal~~

19 ~~Bond Funds 3,250,000 0] (Veto #4)~~

20 004. Student Information System

21 Bond Funds 10,000,000 -0-

22 005. Maintenance Pool

23 Investment Income 675,000 675,000

24 006. Rockcastle County Vocational and Technical Center

25 Bond Funds 1,500,000 -0-

26 007. Education Technology Pool

27 Bond Funds 50,000,000 -0-

1	008. Letcher County Central Vocational Center		
2	Bond Funds	2,000,000	-0-

E. EDUCATION CABINET

4	Budget Units	2006-07	2007-08
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1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

6	001. Maintenance Pool		
7	Investment Income	300,000	300,000

2. KENTUCKY EDUCATIONAL TELEVISION

9	001. Maintenance Pool		
10	Investment Income	100,000	100,000

002. Replace Master Control and Production Infrastructure

12	Bond Funds	15,707,000	-0-
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3. EMPLOYMENT AND TRAINING

14	001. KEWES - Seibel Upgrade		
15	Restricted Funds	550,000	-0-
16	Federal Funds	600,000	-0-
17	TOTAL	1,150,000	-0-

002. KEWES - Appeals Upgrade

19	Restricted Funds	250,000	-0-
20	Federal Funds	250,000	-0-
21	TOTAL	500,000	-0-

003. Replace HVAC System - Winchester Office of Employment and Training

23	Capital Construction Surplus	335,000	-0-
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4. VOCATIONAL REHABILITATION

001. Franklin County - Lease

002. Fayette County - Lease

F. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET

1	Budget Units	2006-07	2007-08
2	1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
3	001. Kentucky Heritage Land Conservation Fund - Additional		
4	Restricted Funds	3,000,000	3,000,000
5	Federal Funds	1,000,000	1,000,000
6	TOTAL	4,000,000	4,000,000
7	002. Maintenance Pool		
8	Investment Income	200,000	200,000
9	2. ENVIRONMENTAL PROTECTION		
10	001. Hazardous Waste Management Fund - Additional		
11	Restricted Funds	2,100,000	2,100,000
12	002. State Funded Leaking Underground Storage Tanks - Additional		
13	Restricted Funds	500,000	500,000
14	003. Maxey Flats Construct Deep Well Monitoring		
15	Restricted Funds	500,000	-0-
16	004. Franklin County - Lease - Ash Building		
17	005. Franklin County - Lease - Schenkel Lane		
18	3. MINE RECLAMATION AND ENFORCEMENT		
19	001. Franklin County - Lease		
20	4. PETROLEUM STORAGE TANK ENVIRONMENTAL ASSURANCE FUND		
21	001. Petroleum Storage Tank Environmental Assurance Fund		
22	Bond Funds	25,000,000	-0-
23	5. HOUSING, BUILDINGS AND CONSTRUCTION		
24	001. Franklin County - Lease		
25	6. INSURANCE		
26	001. Franklin County - Lease		
27	7. LABOR		

1 001. Franklin County - Lease - 657 Chamberlin Ave

2 002. Franklin County - Lease - U. S. 127

3 **G. FINANCE AND ADMINISTRATION CABINET**

4 Budget Units	2006-07	2007-08
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5 **1. GENERAL ADMINISTRATION**

6 001. Louisville Arena

7 Bond Funds	75,000,000	-0-
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8 (a) The \$75,000,000 of state-supported Bond Funds shall pay a portion of the cost
9 to construct the Louisville Arena, a public project intended for multiple uses as a public,
10 recreational, cultural, and sports facility. Bond funds authorized under this paragraph
11 shall be conditioned upon the Louisville Arena Authority, Inc. conducting all business in
12 accordance with the applicable provisions of KRS Chapter 45A, and with the provisions
13 of the Kentucky Open Records Act (KRS 61.870 to 61.884) and the Kentucky Open
14 Meetings Act (KRS 61.800 to 61.850). The provisions of KRS Chapter 11A shall apply
15 to the Authority's directors, officers, and management and policymaking employees. All
16 decisions regarding the issuance of bonds and whether bonds should be competitively bid
17 or negotiated shall be made by the Authority in an open meeting.

18 (b) Bond Funds authorized under paragraph (a) shall be conditioned upon the
19 execution of contracts or memorandum of understanding by the Louisville Arena
20 Authority, Inc. and applicable parties to ensure the following:

21 1. Kentucky State Fair Board - Except as provided in subparagraph 2. below, the
22 Kentucky State Fair Board shall be the sole, independent managing agent for the
23 Louisville Arena and shall have complete authority over day-to-day operations, including
24 but not limited to event attractions, scheduling, and coordination between the Arena and
25 other facilities operated by the Fair Board, in accordance with general guidelines
26 established or mutually modified by the Fair Board and the Authority. Any net-negative
27 financial impact to the Kentucky State Fair Board operations resulting from the

1 movement of existing events from current facilities to the new arena shall be reimbursed
2 to the Kentucky State Fair Board during the life of the state bonds authorized herein; and

3 2. University of Louisville - The Authority shall agree to acceptable
4 arrangements with the University for scheduling priorities for men's and women's
5 basketball games and practices, sharing of catering and concession revenue, allocation
6 and pricing of parking spaces, marketing and allocation of revenues from suites and
7 premium seats, arena advertising, signage, banners and branding, ticket prices and
8 surcharges, arena development team membership, other events and uses of the arena,
9 rental rates, merchandise revenue sharing and such other matters as the Authority and the
10 University deem appropriate. The contract or memorandum of understanding referred to
11 in this subparagraph shall include any term or condition recommended by the Louisville
12 Arena Task Force and may address any other term or condition mutually agreed upon by
13 the University and the Authority.

14 (c) If the Arena is constructed at the location commonly known as the "LG&E
15 site," it is not anticipated that a significant portion of the arena project costs will be borne
16 by Louisville Gas & Electric. However, for purposes of transparency, if the Arena is
17 constructed at the LG&E site, any portion of the costs associated with the purchase,
18 relocation, demolition, or construction of buildings, structures, and equipment assumed
19 by Louisville Gas & Electric shall be clearly delineated in the contractual agreement
20 between Louisville Gas & Electric and the Arena Authority, its successor, or any other
21 entity organized for the purpose of developing, financing, and constructing the Arena.

22 (d) If construction of the Arena is dependent upon construction of a floodwall or
23 other flood control structures, the costs associated with such construction shall not be
24 borne by Metropolitan Sewer District ratepayers.

25 (e) The conditions and contingencies imposed by paragraphs (a) through (d)
26 above shall not be construed in any manner which may negatively impact the Louisville
27 Arena Authority, Inc.'s ability to seek and receive tax-exempt status pursuant to 26 U.S.C.

1 Section 501(c) and Treas. Reg. Section 1.501(c)(3)-1(d)(2).

2 (f) Any additional debt issued by any other entity other than the Commonwealth
3 shall not constitute a debt of the Commonwealth or a pledge of the faith and credit of the
4 Commonwealth. Nor shall any debt issued by any other entity other than the
5 Commonwealth be deemed, directly or indirectly, to be a moral obligation of the
6 Commonwealth. In no case shall the Commonwealth pay for any construction cost
7 overruns or operating costs associated with the Louisville Arena.

8 **2. FACILITIES AND SUPPORT SERVICES**

9 001. Renovate Kentucky State Office Building - Additional

10	Bond Funds	13,600,000	-0-
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11 002. Capital Plaza Complex - Renovation and Design

12	Bond Funds	4,942,000	-0-
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13 003. Statewide Repair, Maintenance, and Replacement

14	Bond Funds	10,000,000	-0-
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15 (1) **Statewide Repair, Maintenance, and Replacement Pool Fund:** Included in
16 the above Statewide Repair, Maintenance, and Replacement Pool Fund are the following
17 Bond Funds supported projects and related appropriations in fiscal year 2006-2007:

18 (a) Facilities and Support Services Maintenance Pool, \$7,500,000;

19 (b) Parks, Maintenance Pool, \$1,250,000; and

20 (c) Justice and Public Safety Cabinet, Corrections Management, Maintenance
21 Pool, \$1,250,000.

22 004. Acquire Land/Demolish Structures Statewide - Additional

23	Capital Construction Surplus	903,000	904,000
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24 005. Governor's Mansion HVAC and Window Replacement - Additional

25	Investment Income	90,000	-0-
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26 006. Guaranteed Energy Savings Performance Contracts

27 **3. COMMONWEALTH OFFICE OF TECHNOLOGY**

1 **(1) Transfer of Restricted Funds from Operating Budget:** For the major
 2 equipment purchases displayed in this section funded from Restricted Funds, it is
 3 anticipated that these funds shall be transferred from the Operating Budget as funds are
 4 available and needed.

5	001. Public Safety Commission Infrastructure - KEWS - Additional		
6	Federal Funds	16,166,000	-0-
7	Bond Funds	13,000,000	-0-
8	TOTAL	29,166,000	-0-
9	002. Data Center Readiness		
10	Bond Funds	1,400,000	-0-
11	003. KY Information Highway Expansion 06-08		
12	Restricted Funds	1,975,000	1,975,000
13	004. Enterprise Server (z/OS) Upgrade/Replacement		
14	Restricted Funds	800,000	400,000
15	005. Statewide Digital Orthoimagery Basemap Update 06-08		
16	Restricted Funds	500,000	500,000
17	006. Enterprise Applications Upgrade		
18	Restricted Funds	500,000	500,000
19	007. Enterprise Project Management Information System		
20	Restricted Funds	425,000	425,000
21	008. Franklin County - Lease - Genesco Building Warehouse		
22	009. Franklin County - Lease - 100 Fair Oaks		
23	010. Disk Storage Upgrade		
24	Reauthorization (\$800,000 Restricted Funds)		
25	011. Enterprise Storage Solution		
26	Reauthorization (\$2,000,000 Restricted Funds)		
27	012. Enterprise Server Complex Upgrade		

- 1 Reauthorization (\$2,500,000 Restricted Funds)
- 2 013. Enterprise UNIX Server(s) Consolidation
- 3 Reauthorization (\$3,300,000 Restricted Funds)
- 4 014. Statewide Digital Orthoimagery Basemap Update
- 5 Reauthorization (\$200,000 Restricted Funds, \$300,000 Federal Funds)
- 6 015. Enterprise Messaging
- 7 Reauthorization (\$660,000 Restricted Funds)
- 8 016. Kentucky Information Highway Upgrade Expansion
- 9 Reauthorization (\$3,500,000 Restricted Funds)
- 10 017. Enterprise Infrastructure Security
- 11 Reauthorization (\$1,000,000 Restricted Funds)
- 12 018. Disaster Recovery Phase I & II
- 13 Reauthorization (\$1,200,000 Restricted Funds)

14 **4. REVENUE**

15	001. Implement a Comprehensive Tax System - Phase I		
16	Bond Funds	23,250,000	-0-
17	002. Motor Fuels Tax Automation		
18	Federal Funds	1,250,000	-0-
19	Road Fund	1,250,000	-0-
20	TOTAL	2,500,000	-0-
21	003. Franklin County - Lease - Perimeter Park West		
22	004. Franklin County - Lease - 200 Fair Oaks		
23	005. Franklin County - Lease - 100 Fair Oaks		

24 **5. KENTUCKY LOTTERY CORPORATION**

25	001. Potential Buyout of On-line Gaming System		
26	Other Funds	12,250,000	-0-
27	002. Data Processing, Telecomm., and Related Equipment		

1	Other Funds	3,000,000	3,000,000
2	003. Contingency on Property Adjacent to New Headquarters		
3	Other Funds	4,000,000	-0-
4	004. iSeries System Upgrades		
5	Other Funds	1,000,000	-0-
6	005. Network Storage and Associated Infrastructure		
7	Other Funds	500,000	-0-
8	H. HEALTH AND FAMILY SERVICES CABINET		
9	Budget Units	2006-07	2007-08
10	1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT		
11	001. Safeguarding Children at Risk (TWIST Re-Write II) - Additional		
12	Federal Funds	3,134,000	-0-
13	Bond Funds	3,134,000	-0-
14	TOTAL	6,268,000	-0-
15	2. MENTAL HEALTH AND MENTAL RETARDATION SERVICES		
16	001. Oakwood - Replace Chillers, Heating & Cooling Lines		
17	Bond Funds	2,131,000	-0-
18	002. Maintenance Pool		
19	Investment Income	1,500,000	1,500,000
20	003. Roof Pool		
21	Capital Construction Surplus	700,000	-0-
22	004. Chiller Pool		
23	Restricted Funds	400,000	-0-
24	005. Fayette County - Lease		
25	006. Franklin County - Lease		
26	007. Hazelwood Intermediate Care Facility		
27	for the Mentally Retarded/Developmentally Disabled - Lease		

1 008. Eastern State Hospital - Lease

2 **3. DISABILITY DETERMINATION SERVICES**

3 001. Franklin County - Lease

4 **4. COMMUNITY BASED SERVICES**

5 001. Boone County - Lease

6 002. Boyd County - Lease

7 003. Johnson County - Lease

8 004. Fayette County - Lease - Centre Parkway

9 005. Shelby County - Lease

10 006. Jefferson County - Lease

11 007. Fayette County - Lease

12 008. Kenton County - Lease - Madison Avenue

13 009. Hardin County - Lease

14 010. Campbell County - Lease

15 011. Warren County - Lease

16 012. Kenton County - Lease

17 013. Home of the Innocents - Phase II Children's Village

18 Bond Funds 8,250,000 -0-

19 **(1) Bond Issuance Contingency:** The amount of bond issuance shall be
20 contingent upon equalizing matching funds being provided from other fund sources.

21 [~~014. Brooklawn Child and Family Services~~

22 ~~Bond Funds 2,000,000 0~~

23 ~~**(2) Brooklawn Child and Family Services:** The above appropriation shall be~~
24 ~~used to purchase houses and an apartment building for Brooklawn residents who have~~
25 ~~completed residential treatment.] (Veto #4)~~

26 **5. PUBLIC HEALTH**

27 001. Health Departments Infrastructure Pool

1 Bond Funds 10,000,000 -0-

2 (1) **Health Departments Infrastructure Pool:** In order to address a portion of
3 the construction and renovation needs of Local and District Health Departments, the
4 Health Departments Infrastructure Pool is established. The Department for Public Health
5 shall establish an application process to participate in this pool that shall require in-kind
6 or matching funds from the local agency of not less than 25 percent of the grant
7 requested. No individual grant from this pool shall exceed \$500,000. If the amount of
8 bond funds available from the pool is not sufficient to cover all applications, the
9 Department shall determine the distribution of pool assets.

10 I. JUSTICE AND PUBLIC SAFETY CABINET

11 Budget Units	2006-07	2007-08
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12 1. CRIMINAL JUSTICE TRAINING

13 001. Maintenance Pool		
14 Restricted Funds	300,000	300,000

15 002. Thompson Hall HVAC		
16 Restricted Funds	400,000	-0-

17 2. JUVENILE JUSTICE

18 001. Upgrade Safety and Repair Exterior NKYDC		
19 Emergency, Repair, Maintenance,		
20 and Replacement	1,700,000	-0-

21 002. Upgrade Fire Safety/Repair Morehead YDC		
22 Capital Construction Surplus	1,500,000	-0-

23 003. Maintenance Pool		
24 Investment Income	450,000	450,000

25 3. STATE POLICE

26 001. Maintenance Pool		
27 Investment Income	300,000	300,000

1 **4. ADULT CORRECTIONAL INSTITUTIONS**

2 001. Renovate Lonnie Watson Building - KCIW

3 Bond Funds 1,697,000 -0-

4 002. Maintenance Pool

5 Investment Income 1,850,000 600,000

6 **5. PUBLIC ADVOCACY**

7 001. Franklin County - Lease

8 **J. PERSONNEL CABINET**

9 **Budget Unit**

10 **1. GENERAL OPERATIONS**

11 001. Franklin County - Lease

12 **K. POSTSECONDARY EDUCATION**

13 ~~[(1) Postsecondary Education Capital Renewal and Maintenance Pool Match:~~

14 The Capital Renewal and Maintenance Pool provides funding for individual projects at
 15 Kentucky's public postsecondary institutions to upgrade and replace building systems and
 16 infrastructure in education and general facilities. The individual projects funded from this
 17 pool shall be recommended by the Council on Postsecondary Education to the Secretary
 18 of the Finance and Administration Cabinet from the project listings previously identified
 19 by the Council. The Council shall determine the allocation of the Capital Renewal and
 20 Maintenance Pool among the postsecondary education institutions and report that
 21 allocation to the Secretary of the Finance and Administration Cabinet and the Legislative
 22 Research Commission's Capital Projects and Bond Oversight Committee. The Bond
 23 Funds in this pool shall be matched with the institutions' Restricted Funds at varying
 24 levels as determined by the Council on Postsecondary Education.] (Veto #4)

25 **Budget Units** 2005-06 2006-07 2007-08

26 **1. COUNCIL ON POSTSECONDARY EDUCATION**

27 [~~001. Capital Renewal and Maintenance Pool~~

1	Bond Funds	0	13,927,000	0] (Veto #4)
2	002. Purchase KYVU/KYVL Electronic Data Bases			
3	Restricted Funds	-0-	7,000,000	-0-
4	003. Purchase KYVL Integrated Library System			
5	Restricted Funds	-0-	4,000,000	-0-
6	004. Purchase Interactive Television (ITV) System			
7	Restricted Funds	-0-	800,000	-0-
8	005. Purchase KYVU Centralized Hosting License			
9	Restricted Funds	-0-	750,000	-0-
10	006. Purchase KYVL Interlibrary Loan System			
11	Restricted Funds	-0-	700,000	-0-
12	007. Purchase KYVL Reference Desk Software			
13	Restricted Funds	-0-	600,000	-0-
14	008. KYVU/KYVL Statewide Software Licenses Pool			
15	Restricted Funds	-0-	500,000	-0-
16	009. Purchase Postsecondary Education Video Conference System			
17	Restricted Funds	-0-	500,000	-0-
18	010. Install Website ADA Compliance Restructuring			
19	Restricted Funds	-0-	500,000	-0-
20	011. Franklin County - Lease			
21	[012. Information Technology and Equipment Acquisitions			
22	Bond Funds	0	10,000,000	0
23	013. Research Support/Lab Renovation and Equipment			
24	Bond Funds	0	6,000,000	0] (Veto #4)
25	2. KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION			
26	001. Upgrade Information Technology Systems			
27	Federal Funds	-0-	671,000	-0-

1	002. Jefferson County - Lease			
2	3. EASTERN KENTUCKY UNIVERSITY			
3	[001. Construct New Student Housing			
4	Agency Bonds	0	10,520,000	0
5	002. EKV UK Dairy Research Project (Meadowbrook Farm)			
6	Bond Funds	0	5,300,000	0] (Veto #4)
7	003. Arlington Renovation and Addition			
8	Other Funds	-0-	4,000,000	-0-
9	004. Library Studio for Academic Creativity			
10	Restricted Funds	-0-	-0-	1,500,000
11	005. Expand and Renovate Presnell Building - Additional			
12	Reauthorization (\$1,000,000 Restricted Funds)			
13	Restricted Funds	-0-	1,200,000	-0-
14	006. Expand Indoor Tennis Facility - Additional			
15	Reauthorization (\$1,000,000 Restricted Funds)			
16	Restricted Funds	-0-	100,000	-0-
17	007. Construct E & G Life Safety Begley Elevator			
18	Reauthorization (\$750,000 Restricted Funds)			
19	008. Guaranteed Energy Savings Performance Contracts			
20	009. Construct Science Building			
21	Bond Funds	-0-	54,108,000	-0-
22	010. Construct Manchester Postsecondary Education Center			
23	Bond Funds	-0-	3,500,000	-0-
24	4. KENTUCKY STATE UNIVERSITY			
25	001. Construct New Young Hall - Phase II			
26	Other Funds	-0-	-0-	6,500,000
27	002. Construct Center for Training & Learning			

1	Federal Funds	-0-	2,755,000	-0-
2	003. Upgrade Online Infrastructure			
3	Restricted Funds	-0-	2,190,000	-0-
4	004. Create Center for Families and Children			
5	Federal Funds	-0-	2,022,000	-0-
6	005. Acquire Property Related to Master Plan			
7	Restricted Funds	-0-	1,000,000	-0-
8	Federal Funds	-0-	1,000,000	-0-
9	TOTAL	-0-	2,000,000	-0-
10	006. Roof Repair & Replacement Pool			
11	Restricted Funds	-0-	1,520,000	-0-
12	Federal Funds	-0-	400,000	-0-
13	TOTAL	-0-	1,920,000	-0-
14	007. Capital Renewal Pool			
15	Restricted Funds	-0-	1,899,000	-0-
16	008. Renovate Jackson Hall			
17	Restricted Funds	-0-	140,000	-0-
18	Federal Funds	-0-	1,488,000	-0-
19	TOTAL	-0-	1,628,000	-0-
20	009. Upgrade Online Security			
21	Restricted Funds	-0-	1,500,000	-0-
22	010. Expand Aquaculture Pond Facilities			
23	Federal Funds	-0-	1,430,000	-0-
24	011. Construct Aquaculture Production Tech Lab			
25	Restricted Funds	-0-	1,000,000	-0-
26	Federal Funds	-0-	200,000	-0-
27	TOTAL	-0-	1,200,000	-0-

1	012. Life Safety Upgrade Pool			
2	Restricted Funds	-0-	1,040,000	-0-
3	013. Replace Online Voice - Centrex			
4	Restricted Funds	-0-	587,000	-0-
5	014. Guaranteed Energy Savings Performance Contracts			
6	015. Expand and Renovate Betty White Nursing Building			
7	 Bond Funds	0	4,900,000	0] (Veto #4)
8	016. Construct New Residence Hall			
9	Other Funds	-0-	20,000,000	-0-
10	017. Renovate Hathaway Hall, Phase II			
11	Bond Funds	-0-	4,920,000	-0-
12	018. Construct Parking Structure			
13	 Agency Bonds	0	7,000,000	0] (Veto #4)
14	5. MOREHEAD STATE UNIVERSITY			
15	001. Construct Center for Health, Education, and Research			
16	Bond Funds	-0-	23,000,000	-0-
17	002. Renovate Jayne Stadium			
18	Restricted Funds	-0-	8,400,000	-0-
19	003. Construct East Kentucky Animal Science Center			
20	Federal Funds	-0-	8,000,000	-0-
21	004. Major Item of Equipment Pool			
22	Restricted Funds	-0-	2,752,000	3,400,000
23	005. Construct Kentucky Mountain Crafts Center			
24	Restricted Funds	-0-	5,434,000	-0-
25	006. Construct Law Enforcement Complex			
26	Federal Funds	-0-	5,215,000	-0-
27	007. Upgrade Instructional PCs/LANS/Peripherals			

1	Restricted Funds	-0-	5,000,000	-0-
2	008. Enhance Network/Infrastructure Resources			
3	Restricted Funds	-0-	4,750,000	-0-
4	009. Renovate McClure Pool Area			
5	Restricted Funds	-0-	4,715,000	-0-
6	010. Renovate John Sonny Allen Field			
7	Restricted Funds	-0-	4,166,000	-0-
8	011. Replace Power Plant Pollution Control System			
9	Restricted Funds	-0-	3,540,000	-0-
10	012. Capital Renewal Pool - E&G			
11	Restricted Funds	-0-	3,480,000	-0-
12	013. Renovate Button Auditorium			
13	Restricted Funds	-0-	3,000,000	-0-
14	014. Upgrade Administrative Office Systems			
15	Restricted Funds	-0-	2,500,000	-0-
16	015. Acquire Land Related to Master Plan			
17	Restricted Funds	-0-	2,000,000	-0-
18	016. Construct Softball Facility/Lighting Project			
19	Restricted Funds	-0-	1,700,000	-0-
20	017. Comply with ADA - E&G			
21	Restricted Funds	-0-	850,000	850,000
22	018. Capital Renewal Pool -Auxiliary			
23	Restricted Funds	-0-	1,618,000	-0-
24	019. Upgrade and Expand Distance Learning			
25	Restricted Funds	-0-	1,500,000	-0-
26	020. Expand Student Wellness Center			
27	Restricted Funds	-0-	1,200,000	-0-

1	021. Comply with ADA - Auxiliary			
2	Restricted Funds	-0-	600,000	600,000
3	022. Replace Boiler Tubes			
4	Restricted Funds	-0-	800,000	-0-
5	023. Reconstruct Central Campus			
6	Restricted Funds	-0-	780,000	-0-
7	024. Enhance Library Automation Resources			
8	Restricted Funds	-0-	670,000	-0-
9	025. Expand Life Safety Claypool-Young Building			
10	Restricted Funds	-0-	600,000	-0-
11	026. Renovate Molecular Biology Student Lab			
12	Restricted Funds	-0-	474,000	-0-
13	027. Guaranteed Energy Savings Performance Contracts			
14	028. Construct Equine Hospital			
15	Restricted		1,069,000	-0-
16	[029. Construct Student Recreation Center			
17	 Agency Bonds	0	17,000,000	0
18	030. Renovate Student Housing Facilities			
19	 Agency Bonds	0	10,000,000	0 } (Veto #4)
20	031. Space Science Center - Completion			
21	Bond Funds	-0-	3,400,000	-0-
22	[032. Construct Business Continuance Datacenter			
23	 Bond Funds	0	2,500,000	0 } (Veto #4)
24	6. MURRAY STATE UNIVERSITY			
25	001. New Residential College - Richmond Hall			
26	Agency Bonds	-0-	13,077,000	-0-
27	002. Capital Renewal E&G Pool			

1	Restricted Funds	-0-	12,457,000	-0-
2	003. Administrative Enterprise Resource Planning System			
3	Restricted Funds	-0-	8,000,000	-0-
4	004. Capital Renewal H&D Pool			
5	Restricted Funds	-0-	5,445,000	-0-
6	005. Renovate Pogue Library			
7	Restricted Funds	-0-	4,000,000	-0-
8	006. Renovate Ordway Hall			
9	Restricted Funds	-0-	3,962,000	-0-
10	007. ADA Compliance E&G Pool			
11	Restricted Funds	-0-	3,092,000	-0-
12	008. Centralized Technology Refresh Program			
13	Restricted Funds	-0-	2,600,000	-0-
14	009. Telephone Switching System - Additional			
15	Reauthorization (\$1,525,000 Restricted Funds)			
16	Restricted Funds	-0-	1,975,000	-0-
17	010. Renovate White Hall HVAC System			
18	Restricted Funds	-0-	1,000,000	-0-
19	011. Campus Backbone 10 GigE Upgrade			
20	Restricted Funds	-0-	775,000	-0-
21	012. Construct Open-Sided Stall Barn at Expo Center			
22	Restricted Funds	-0-	770,000	-0-
23	013. ADA Compliance H&D Pool			
24	Restricted Funds	-0-	615,000	-0-
25	014. Life Safety Projects E&G Pool			
26	Restricted Funds	-0-	590,000	-0-
27	015. Central Processing Computer System Upgrade			

1	Restricted Funds	-0-	522,000	-0-
2	016. Online Centralized Data Access/Warehouse			
3	Restricted Funds	-0-	520,000	-0-
4	017. Acquire Land			
5	Restricted Funds	-0-	501,000	-0-
6	018. Renovate A. Carman Pavilion - Phase II			
7	Restricted Funds	-0-	500,000	-0-
8	019. Renovate Wells Hall Interior			
9	Restricted Funds	-0-	500,000	-0-
10	020. Construct Public Safety Building- Additional			
11	Reauthorization (\$1,500,000 Restricted Funds)			
12	Restricted Funds	-0-	500,000	-0-
13	021. Life Safety Projects H&D Pool			
14	Restricted Funds	-0-	300,000	-0-
15	022. Abate Asbestos H&D Pool			
16	Restricted Funds	-0-	276,000	-0-
17	023. Guaranteed Energy Savings Performance Contracts			
18	024. Construct New Science Complex - Phase III			
19	Bond Funds	-0-	15,000,000	-0-
20	025. Replace Franklin Hall			
21	Agency Bonds	0	13,077,000	0
22	026. Renovate Curris Center T Room			
23	Agency Bonds	0	750,000	0] (Veto #4)
24	7. NORTHERN KENTUCKY UNIVERSITY			
25	001. Construct New Student Union			
26	Agency Bonds	-0-	17,360,000	-0-
27	002. Acquire New Residence Hall			

1	Restricted Funds	-0-	10,000,000	-0-
2	003. Construct Alumni Welcome Center			
3	Other Funds	-0-	7,800,000	-0-
4	004. Relocate Master Plan Infrastructure			
5	Restricted Funds	-0-	6,130,000	-0-
6	005. Acquire Land/Campus Master Plan			
7	Restricted Funds	-0-	6,000,000	-0-
8	006. Construct Track and Field Stadium			
9	Other Funds	-0-	5,500,000	-0-
10	007. Construct Soccer Stadium			
11	Restricted Funds	-0-	5,500,000	-0-
12	008. Major Item of Equipment Pool			
13	Restricted Funds	-0-	5,410,000	-0-
14	009. Construct Central Plaza Phase II			
15	Restricted Funds	-0-	4,900,000	-0-
16	010. Replace Power Distribution Infrastructure			
17	Restricted Funds	-0-	4,800,000	-0-
18	011. Repair Structural Floor Heaving/E&G Buildings			
19	Restricted Funds	-0-	4,000,000	-0-
20	012. Enhance Instructional Information Technology			
21	Restricted Funds	-0-	3,800,000	-0-
22	013. E&G Minor Projects Pool			
23	Restricted Funds	-0-	3,200,000	-0-
24	014. Enhance Information Technology Infrastructure			
25	Restricted Funds	-0-	2,900,000	-0-
26	015. Housing/Minor Projects Pool			
27	Restricted Funds	-0-	2,200,000	-0-

1	016. Replace Administrative Application System Phase II			
2	Restricted Funds	-0-	2,000,000	-0-
3	017. Construct Intramural Fields			
4	Restricted Funds	-0-	1,900,000	-0-
5	018. Replace E&G Fire Alarm Systems			
6	Restricted Funds	-0-	1,400,000	-0-
7	019. Relocate Early Childcare Center			
8	Restricted Funds	-0-	1,000,000	-0-
9	020. Replace Elevators Landrum Hall/Lucas Administrative Center			
10	Restricted Funds	-0-	990,000	-0-
11	021. Replace Air Handlers			
12	Restricted Funds	-0-	980,000	-0-
13	022. Restore Albright Health Center Roof			
14	Restricted Funds	-0-	680,000	-0-
15	023. Replace Business, Education, and Psychology Center Roof			
16	Restricted Funds	-0-	680,000	-0-
17	024. Enhance Softball Field			
18	Restricted Funds	-0-	600,000	-0-
19	025. Renovate University Center			
20	Restricted Funds	-0-	600,000	-0-
21	026. Kenton County - Lease			
22	027. Guaranteed Energy Savings Performance Contracts			
23	028. Construct Center for Informatics			
24	Bond Funds	-0-	35,500,000	-0-
25	029. Construct Parking Garage #3			
26	Agency Bonds	-0-	15,400,000	-0-
27	[030. Construct Student Housing			

1	Agency Bonds	0	23,000,000	0
2	031. Expand Norse Commons			
3	Agency Bonds	0	1,400,000	0] (Veto #4)

8. UNIVERSITY OF KENTUCKY

5	001. Construct Patient Care Facility Phase II - Hospital			
6	Restricted Funds	-0-	25,000,000	-0-
7	Agency Bonds	-0-	150,000,000	-0-
8	TOTAL	-0-	175,000,000	-0-
9	002. Construct Biological/Pharmaceutical Complex - Phase II			
10	Bond Funds	-0-	79,892,000	-0-
11	003. Major Item of Equipment Pool			
12	Restricted Funds	-0-	195,164,000	-0-
13	Federal Funds	-0-	3,100,000	-0-
14	TOTAL	-0-	198,264,000	-0-
15	004. Capital Renewal Pool Phase I			
16	Restricted Funds	-0-	31,607,000	-0-
17	005. Construct Outpatient Diagnostic/Treatment Facility II - Hospital			
18	Restricted Funds	-0-	24,271,000	-0-
19	006. Lease-Purchase ERP System - Phase II			
20	Restricted Funds	-0-	20,000,000	-0-
21	007. Expand Ambulatory Care Facilities - Hospital			
22	Restricted Funds	-0-	20,000,000	-0-
23	008. Construct Primary Care Center II - Hospital			
24	Restricted Funds	-0-	17,237,000	-0-
25	009. Replace Air Handling Unit I - Hospital			
26	Restricted Funds	-0-	16,165,000	-0-
27	010. Construct Patient Care Facility II - Hospital			

1	Restricted Funds	-0-	15,909,000	-0-
2	011. Acquire Land			
3	Restricted Funds	-0-	15,000,000	-0-
4	012. Construct Facilities Support Building - Hospital			
5	Restricted Funds	-0-	14,728,000	-0-
6	013. Medicine/Dentistry Building - Design			
7	Restricted Funds	-0-	14,000,000	-0-
8	014. Expand and Upgrade LDDC Phase II			
9	Bond Funds	0	13,500,000	0 (Veto #4)
10	015. Construct Remote Cancer Clinic - Hospital			
11	Restricted Funds	-0-	12,880,000	-0-
12	016. Construct Cancer Urgent Treatment Facility - Hospital			
13	Restricted Funds	-0-	12,728,000	-0-
14	017. Lease-Purchase Telephone Switch Convergence			
15	Restricted Funds	-0-	12,000,000	-0-
16	018. Construct Outpatient Care Facility II - Hospital			
17	Restricted Funds	-0-	11,157,000	-0-
18	019. Construct Outpatient Services III - Hospital			
19	Restricted Funds	-0-	10,775,000	-0-
20	020. Construct Cancer Infusion Suites - Hospital			
21	Restricted Funds	-0-	10,688,000	-0-
22	021. Construct Imaging Facility - Hospital			
23	Restricted Funds	-0-	10,079,000	-0-
24	022. Upgrade/Modify Coldstream Facilities			
25	Restricted Funds	-0-	10,000,000	-0-
26	023. Renovate Lab & Support Space in Medical Science			
27	Restricted Funds	-0-	9,500,000	-0-

1	024. Renovate Lab for Coatings & Surface Inspection			
2	Restricted Funds	-0-	8,000,000	-0-
3	025. Upgrade Critical Care Center HVAC - Hospital			
4	Restricted Funds	-0-	7,649,000	-0-
5	026. Install Steam Line BBSRB - Old Main Gate Pit			
6	Restricted Funds	-0-	6,865,000	-0-
7	027. Install Steam Line - Taylor to Transportation Building			
8	Restricted Funds	-0-	6,725,000	-0-
9	028. Upgrade the Vivarium in Sanders Brown Building			
10	Restricted Funds	-0-	3,360,000	-0-
11	Federal Funds	-0-	3,360,000	-0-
12	TOTAL	-0-	6,720,000	-0-
13	029. Lease-Purchase High Performance Research Computer			
14	Restricted Funds	-0-	6,500,000	-0-
15	030. Construct Library Depository Facility			
16	Restricted Funds	-0-	2,915,000	-0-
17	Federal Funds	-0-	3,500,000	-0-
18	TOTAL	-0-	6,415,000	-0-
19	031. Expand Emergency Services - Hospital			
20	Restricted Funds	-0-	6,100,000	-0-
21	032. Renovate Facade - Agriculture Building North			
22	Restricted Funds	-0-	6,100,000	-0-
23	033. Construct Radiation Medicine Facility - Hospital			
24	Restricted Funds	-0-	6,069,000	-0-
25	034. Lease-Purchase UK/UofL/Frankfort Research Network			
26	Restricted Funds	-0-	6,000,000	-0-
27	035. Renovate Dietetics - Hospital			

1	Restricted Funds	-0-	6,000,000	-0-
2	036. Upgrade Cancer Center Radiologic Facility - Hospital			
3	Restricted Funds	-0-	6,000,000	-0-
4	037. Install Chilled Water Pipe to South Campus			
5	Restricted Funds	-0-	6,000,000	-0-
6	038. Replace Cooling Plant Chillers			
7	Restricted Funds	-0-	6,000,000	-0-
8	039. Purchase Clinical System Enterprise			
9	Restricted Funds	-0-	5,800,000	-0-
10	040. Add Centralized Emergency Generator			
11	Restricted Funds	-0-	5,542,000	-0-
12	041. Replace Steam and Condensate Pipe			
13	Restricted Funds	-0-	5,500,000	-0-
14	042. Install Steam Line Blazer to Singletary Center			
15	Restricted Funds	-0-	5,275,000	-0-
16	043. Construct Cancer Hospice Facility - Hospital			
17	Restricted Funds	-0-	5,145,000	-0-
18	044. Upgrade Pharmacy Fume Hood I - Life Safety			
19	Restricted Funds	-0-	5,040,000	-0-
20	045. Data Center - Design			
21	Restricted Funds	-0-	5,000,000	-0-
22	046. Renovate Research Space in Medical Science			
23	Restricted Funds	-0-	5,000,000	-0-
24	047. University Student Center - Design			
25	Restricted Funds	-0-	5,000,000	-0-
26	048. Expand Chemistry-Physics Building - Design			
27	Restricted Funds	-0-	5,000,000	-0-

1	049. Improve Central Heating Plant			
2	Restricted Funds	-0-	4,860,000	-0-
3	050. Modify Nursing Unit XII - Hospital			
4	Restricted Funds	-0-	4,806,000	-0-
5	051. Improve Life Safety Project Pool			
6	Restricted Funds	-0-	4,650,000	-0-
7	052. Purchase Patient System Enterprise			
8	Restricted Funds	-0-	4,640,000	-0-
9	053. Purchase Diagnostic Medical Record Expansion			
10	Restricted Funds	-0-	4,640,000	-0-
11	054. Renovate Imaging Center in Kentucky Clinic			
12	Restricted Funds	-0-	4,590,000	-0-
13	055. Expand Surgical Services - Hospital			
14	Restricted Funds	-0-	4,545,000	-0-
15	056. Expand Kastle Hall Vivarium			
16	Restricted Funds	-0-	4,505,000	-0-
17	057. Upgrade Surgical Services - Hospital			
18	Restricted Funds	-0-	4,500,000	-0-
19	058. Upgrade Electrical Substation			
20	Restricted Funds	-0-	4,500,000	-0-
21	059. Replace Fine Arts HVAC			
22	Restricted Funds	-0-	4,500,000	-0-
23	060. Expand CAER Laboratories			
24	Restricted Funds	-0-	4,450,000	-0-
25	061. Expand KGS Well Sample & Core Repository			
26	Restricted Funds	-0-	4,310,000	-0-
27	062. Upgrade Information Systems Services - Hospital			

1	Restricted Funds	-0-	4,206,000	-0-
2	063. Renovate Carnahan House			
3	Restricted Funds	-0-	4,000,000	-0-
4	064. Extend Virginia Avenue			
5	Restricted Funds	-0-	4,000,000	-0-
6	065. Renovate Labs in Pharmacy Building			
7	Restricted Funds	-0-	2,000,000	-0-
8	Federal Funds	-0-	2,000,000	-0-
9	TOTAL	-0-	4,000,000	-0-
10	066. Expand Operating Room Suites - Hospital			
11	Restricted Funds	-0-	3,559,000	-0-
12	067. Upgrade Diagnostic Radiology - Hospital			
13	Restricted Funds	-0-	3,530,000	-0-
14	068. Replace McVey Hall HVAC			
15	Restricted Funds	-0-	3,520,000	-0-
16	069. Lease-Purchase Campus Infrastructure Upgrade			
17	Restricted Funds	-0-	3,500,000	-0-
18	070. Lease-Purchase Large Scale Computing			
19	Restricted Funds	-0-	3,500,000	-0-
20	071. Upgrade HVAC II - Hospital			
21	Restricted Funds	-0-	3,500,000	-0-
22	072. Expand/Renovate CPST Facility			
23	Restricted Funds	-0-	3,500,000	-0-
24	073. Replace Central Facilities Management System			
25	Restricted Funds	-0-	3,500,000	-0-
26	074. Upgrade Fume Hoods TH Morgan - Life Safety			
27	Restricted Funds	-0-	3,188,000	-0-

1	075. Expand Ophthalmology Clinic - Hospital			
2	Restricted Funds	-0-	3,100,000	-0-
3	076. Replace Steam Line Lime Tunnel - Main Gate			
4	Restricted Funds	-0-	3,100,000	-0-
5	077. Replace HVAC Kastle Hall			
6	Restricted Funds	-0-	3,100,000	-0-
7	078. Construct Building Connectors III - Hospital			
8	Restricted Funds	-0-	3,059,000	-0-
9	079. Purchase Dentistry Patient Management System - Phase II			
10	Restricted Funds	-0-	3,000,000	-0-
11	080. Upgrade Global Ventilation Controls - Hospital			
12	Restricted Funds	-0-	3,000,000	-0-
13	081. Renovate Central Vivarium			
14	Restricted Funds	-0-	1,500,000	-0-
15	Federal Funds	-0-	1,500,000	-0-
16	TOTAL	-0-	3,000,000	-0-
17	082. Renovate Sections of Funkhouser			
18	Restricted Funds	-0-	3,000,000	-0-
19	083. Renovate Research Space Medical Center I			
20	Restricted Funds	-0-	3,000,000	-0-
21	084. Construct Radiation Medicine Facility II - Hospital			
22	Restricted Funds	-0-	2,955,000	-0-
23	085. Construct University Press Facility			
24	Restricted Funds	-0-	2,950,000	-0-
25	086. Upgrade Surgical Suite - Hospital			
26	Restricted Funds	-0-	2,945,000	-0-
27	087. Renovate Outpatient Clinic in Kentucky Clinic			

1	Restricted Funds	-0-	2,930,000	-0-
2	088. Replace HVAC Slone Building			
3	Restricted Funds	-0-	2,917,000	-0-
4	089. Purchase Upgrade - HIS Computing Facility			
5	Restricted Funds	-0-	2,900,000	-0-
6	090. Renovate Central Computing Facility			
7	Restricted Funds	-0-	2,811,000	-0-
8	091. Install Cooling Secondary Pumping			
9	Restricted Funds	-0-	2,800,000	-0-
10	092. Replace Steam Line Main Gate Pit and Anderson Pit			
11	Restricted Funds	-0-	2,750,000	-0-
12	093. Renovate DLAR Quarantine Facility at Spindletop			
13	Restricted Funds	-0-	2,720,000	-0-
14	094. Renovate Koinonia House			
15	Restricted Funds	-0-	2,715,000	-0-
16	095. Construct Alumni Drive Roundabouts			
17	Restricted Funds	-0-	2,630,000	-0-
18	096. Upgrade Fume Hood in Sanders Brown - Life Safety			
19	Restricted Funds	-0-	2,600,000	-0-
20	097. Purchase Computing Infrastructure Update			
21	Restricted Funds	-0-	2,500,000	-0-
22	098. Upgrade Outpatient Surgical Suite - Hospital			
23	Restricted Funds	-0-	2,500,000	-0-
24	099. Implement Land Use Plan IV - Hospital			
25	Restricted Funds	-0-	2,500,000	-0-
26	100. Renovate Parking Structure #3			
27	Restricted Funds	-0-	2,500,000	-0-

1	101. Renovate 3rd Floor Little Library			
2	Restricted Funds	-0-	2,500,000	-0-
3	102. Renovate Research Labs in Medical Center IV			
4	Restricted Funds	-0-	2,500,000	-0-
5	103. Replace Central Fire Alarm System			
6	Restricted Funds	-0-	2,500,000	-0-
7	104. Improve Spindletop Hall Facility Capital Renewal			
8	Restricted Funds	-0-	2,450,000	-0-
9	105. Multi-Care Clinic Building - Design			
10	Restricted Funds	-0-	2,200,000	-0-
11	106. Replace Chemistry Physics Ductwork			
12	Restricted Funds	-0-	2,200,000	-0-
13	107. Expand Animal Science Research Center Phase II - Design			
14	Restricted Funds	-0-	2,200,000	-0-
15	108. Replace Steam Line MC Htg - Hospital Drive Pit 2			
16	Restricted Funds	-0-	2,114,000	-0-
17	109. Expand Plant Capacity Infrastructure - Design			
18	Restricted Funds	-0-	2,040,000	-0-
19	110. Upgrade PACS System			
20	Restricted Funds	-0-	2,000,000	-0-
21	111. Replace Radiology Information System			
22	Restricted Funds	-0-	2,000,000	-0-
23	112. Upgrade Outpatient Services - Hospital			
24	Restricted Funds	-0-	2,000,000	-0-
25	113. Upgrade Clinical Services - Hospital			
26	Restricted Funds	-0-	2,000,000	-0-
27	114. Renovate Hospital Nursing Unit			

1	Restricted Funds	-0-	2,000,000	-0-
2	115. Expand Outpatient Radiology - Hospital			
3	Restricted Funds	-0-	2,000,000	-0-
4	116. Construct Physicians Services Facilities - Hospital			
5	Restricted Funds	-0-	2,000,000	-0-
6	117. Construct Cancer Education Facility - Hospital			
7	Restricted Funds	-0-	2,000,000	-0-
8	118. Upgrade Air Handling Units - Medical Center Campus			
9	Restricted Funds	-0-	2,000,000	-0-
10	119. Renovate Research Labs in Medical Center III			
11	Restricted Funds	-0-	2,000,000	-0-
12	120. Construct New Housing			
13	Restricted Funds	-0-	2,000,000	-0-
14	121. Renovate Taylor Education Building - Design			
15	Restricted Funds	-0-	2,000,000	-0-
16	122. Expand Cancer Infusion Suites			
17	Restricted Funds	-0-	1,964,000	-0-
18	123. Replace Air Handling Units in Research #1			
19	Restricted Funds	-0-	1,935,000	-0-
20	124. Construct University Conference Center			
21	Restricted Funds	-0-	1,900,000	-0-
22	125. Expand/Renovate Art Museum Singletary Center - Design			
23	Restricted Funds	-0-	1,900,000	-0-
24	126. Install Pollution Controls			
25	Restricted Funds	-0-	1,900,000	-0-
26	127. Implement Medication Bar Coding System			
27	Restricted Funds	-0-	1,750,000	-0-

1	128. Replace Master Clock and Bell System			
2	Restricted Funds	-0-	1,750,000	-0-
3	129. Renovate King Library South - 1962 Section			
4	Restricted Funds	-0-	1,700,000	-0-
5	130. Renovate Graduate Education & Research Space in Nursing			
6	Restricted Funds	-0-	1,700,000	-0-
7	131. Replace Steam Line Lime Tunnel - POT Tunnel			
8	Restricted Funds	-0-	1,606,000	-0-
9	132. Renovate Cooper House			
10	Restricted Funds	-0-	1,600,000	-0-
11	133. Improve Oswald Building			
12	Restricted Funds	-0-	1,600,000	-0-
13	134. Construct Horticultural Research & Education Facility			
14	Restricted Funds	-0-	1,600,000	-0-
15	135. Lease-Purchase Network Security Hardware			
16	Restricted Funds	-0-	1,500,000	-0-
17	136. Upgrade Utility Systems VI - Hospital			
18	Restricted Funds	-0-	1,500,000	-0-
19	137. Upgrade Diagnostic Services XI - Hospital			
20	Restricted Funds	-0-	1,500,000	-0-
21	138. Install Chilled Water Pipe - Cooling Plant 2 to Pit			
22	Restricted Funds	-0-	1,500,000	-0-
23	139. Renovate Research Labs in Medical Center I			
24	Restricted Funds	-0-	1,500,000	-0-
25	140. Renovate Dentistry Class Lab			
26	Restricted Funds	-0-	1,475,000	-0-
27	141. Replace Mathew's Building HVAC			

1	Restricted Funds	-0-	1,438,000	-0-
2	142. Renovate King Library South - 1930 Section Design			
3	Restricted Funds	-0-	1,400,000	-0-
4	143. Environmental Institute - Design			
5	Restricted Funds	-0-	1,392,000	-0-
6	144. Modify Nursing Unit XI - Hospital			
7	Restricted Funds	-0-	1,390,000	-0-
8	145. Upgrade Nutrition Services II - Hospital			
9	Restricted Funds	-0-	1,278,000	-0-
10	146. Renovate Imaging Center II			
11	Restricted Funds	-0-	1,257,000	-0-
12	147. Fit-up Gill Building Ground Floor - Hospital			
13	Restricted Funds	-0-	1,250,000	-0-
14	148. Construct UK Paducah Engineering Research Center			
15	Restricted Funds	-0-	1,230,000	-0-
16	149. Improve Storm Sewer Funkhouser			
17	Restricted Funds	-0-	1,225,000	-0-
18	150. Renovate Clinical Teaching Space in Nursing Building			
19	Restricted Funds	-0-	1,220,000	-0-
20	151. Install Fetal Monitoring Information System			
21	Restricted Funds	-0-	1,200,000	-0-
22	152. Lease-Purchase Enterprise Storage System			
23	Restricted Funds	-0-	1,200,000	-0-
24	153. Replace Air Handling Unit II - Roach			
25	Restricted Funds	-0-	1,200,000	-0-
26	154. Replace Air Handling Unit I - Roach			
27	Restricted Funds	-0-	1,200,000	-0-

1	155. Renovate COM Administrative Offices			
2	Restricted Funds	-0-	1,200,000	-0-
3	156. Improve Exterior Lighting Phase I			
4	Restricted Funds	-0-	1,200,000	-0-
5	157. Create Universal Nursing Unit - Hospital			
6	Restricted Funds	-0-	1,180,000	-0-
7	158. Purchase Managed Care Enterprise			
8	Restricted Funds	-0-	1,160,000	-0-
9	159. Replace Three Elevators MI King South			
10	Restricted Funds	-0-	1,130,000	-0-
11	160. Upgrade Communications Services - Hospital			
12	Restricted Funds	-0-	1,126,000	-0-
13	161. Upgrade Building Entrances Safety & Security			
14	Restricted Funds	-0-	1,100,000	-0-
15	162. Install Chilled Water Additions General Campus			
16	Restricted Funds	-0-	1,100,000	-0-
17	163. Purchase Communications Infrastructure in Young Library			
18	Restricted Funds	-0-	1,014,000	-0-
19	164. Implement Automated Bed Management System			
20	Restricted Funds	-0-	1,000,000	-0-
21	165. Upgrade Support Services II - Hospital			
22	Restricted Funds	-0-	1,000,000	-0-
23	166. Upgrade Diagnostic Services XII - Hospital			
24	Restricted Funds	-0-	1,000,000	-0-
25	167. Upgrade Transport Systems - Medical Center Campus			
26	Restricted Funds	-0-	1,000,000	-0-
27	168. Replace Agr. North Primary Electrical Service			

1	Restricted Funds	-0-	1,000,000	-0-
2	169. Lease-Purchase Fire Suppression Upgrade			
3	Restricted Funds	-0-	1,000,000	-0-
4	170. Construct Parking Structure - Central Campus			
5	Restricted Funds	-0-	1,000,000	-0-
6	171. Expand West KY Research & Education Center - Design			
7	Restricted Funds	-0-	1,000,000	-0-
8	172. Renovate College of Public Health Building - Design			
9	Restricted Funds	-0-	1,000,000	-0-
10	173. Renovate Reynolds Building - Design			
11	Restricted Funds	-0-	1,000,000	-0-
12	174. Parking Structure - North Campus - Design			
13	Restricted Funds	-0-	1,000,000	-0-
14	175. Renovate Barker Hall - Design			
15	Restricted Funds	-0-	1,000,000	-0-
16	176. Renovate Slone Building - Design			
17	Restricted Funds	-0-	1,000,000	-0-
18	177. Upgrade Sound System for the Singletary Center			
19	Restricted Funds	-0-	1,000,000	-0-
20	178. Fit-up Education Space in Health Science Building			
21	Restricted Funds	-0-	1,000,000	-0-
22	179. Renovate Bowman Hall - Design			
23	Restricted Funds	-0-	1,000,000	-0-
24	180. Lease-Purchase UPS System			
25	Restricted Funds	-0-	941,000	-0-
26	181. Replace Law Building Marble Facade			
27	Restricted Funds	-0-	930,000	-0-



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

HOUSE BILL NO. 380

VOLUME 2 OF 3

AS ENACTED AND VETOED IN PART

WEDNESDAY, APRIL 12, 2006 - AS ENACTED

MONDAY, APRIL 24, 2006 - VETOED IN PART

Informational Copy

1	182. Upgrade HVAC - CAER Phase III - Life Safety			
2	Restricted Funds	-0-	910,000	-0-
3	183. Upgrade Hospital Data Network			
4	Restricted Funds	-0-	826,000	-0-
5	184. Replace Hospital Mainframe Computer			
6	Restricted Funds	-0-	800,000	-0-
7	185. Implement PACS System in Hospital O. R.			
8	Restricted Funds	-0-	800,000	-0-
9	186. Expand Kentucky Clinic Network			
10	Restricted Funds	-0-	800,000	-0-
11	187. Purchase Upgrade for Servers			
12	Restricted Funds	-0-	800,000	-0-
13	188. Upgrade Building/Site IV - Hospital			
14	Restricted Funds	-0-	800,000	-0-
15	189. Upgrade Transport Systems V - Hospital			
16	Restricted Funds	-0-	800,000	-0-
17	190. Lease-Purchase UPS Upgrade for Communications			
18	Restricted Funds	-0-	800,000	-0-
19	191. Replace Steam Line Kastle - Chem/Phys Pit 28			
20	Restricted Funds	-0-	775,000	-0-
21	192. Replace High Voltage Wiring			
22	Restricted Funds	-0-	775,000	-0-
23	193. Purchase Data Storage Facility Upgrade			
24	Restricted Funds	-0-	750,000	-0-
25	194. Renovate Public Service Commission Building			
26	Restricted Funds	-0-	750,000	-0-
27	195. Repair Concrete Phase I General Campus			

1	Restricted Funds	-0-	750,000	-0-
2	196. Repair Blacktop Phase I General Campus			
3	Restricted Funds	-0-	750,000	-0-
4	197. Renovate Faculty Office Space in Medical Center			
5	Restricted Funds	-0-	742,000	-0-
6	198. Replace Holmes Elevator			
7	Restricted Funds	-0-	740,000	-0-
8	199. Upgrade Elevator Controls in Nursing Building			
9	Restricted Funds	-0-	740,000	-0-
10	200. Renovate Imaging Center I			
11	Restricted Funds	-0-	706,000	-0-
12	201. Implement On-Site Digital Radiology Archive			
13	Restricted Funds	-0-	700,000	-0-
14	202. Purchase Upgraded Integrated Library System			
15	Restricted Funds	-0-	700,000	-0-
16	203. Renovate Medical Records Suite I - Hospital			
17	Restricted Funds	-0-	700,000	-0-
18	204. Expand Data Systems III - Hospital			
19	Restricted Funds	-0-	700,000	-0-
20	205. Install Medical Center Chilled Water Loop			
21	Restricted Funds	-0-	700,000	-0-
22	206. Renovate Hospital Cafeteria			
23	Restricted Funds	-0-	631,000	-0-
24	207. Expand Hospital Data Storage			
25	Restricted Funds	-0-	600,000	-0-
26	208. Purchase Police Communications Equipment			
27	Restricted Funds	-0-	600,000	-0-

1	209. Lease-Purchase Unix Cluster			
2	Restricted Funds	-0-	600,000	-0-
3	210. Lease-Purchase Data Warehouse			
4	Restricted Funds	-0-	600,000	-0-
5	211. Replace Air Handling Unit Central Computing Facility			
6	Restricted Funds	-0-	600,000	-0-
7	212. Upgrade Pilot-Scale Mineral Process Facility			
8	Restricted Funds	-0-	600,000	-0-
9	213. Purchase PACS Data Storage Equipment & Software			
10	Restricted Funds	-0-	500,000	-0-
11	214. Purchase Data Storage Equipment & Software I			
12	Restricted Funds	-0-	500,000	-0-
13	215. Lease-Purchase Tape Library			
14	Restricted Funds	-0-	500,000	-0-
15	216. Install Emergency Generator Computing Facility			
16	Restricted Funds	-0-	500,000	-0-
17	217. Lab Security Systems Project Pool			
18	Restricted Funds	-0-	500,000	-0-
19	218. Improve Indoor Air Quality Phase I - Life Safety			
20	Restricted Funds	-0-	500,000	-0-
21	219. Abate Asbestos LC II - Life Safety			
22	Restricted Funds	-0-	500,000	-0-
23	220. Purchase Knowledge-Based Transcription			
24	Restricted Funds	-0-	450,000	-0-
25	221. Improve Accessibility Project Pool			
26	Restricted Funds	-0-	437,000	-0-
27	222. Purchase Consumer Web Interaction System			

1	Restricted Funds	-0-	400,000	-0-
2	223. Purchase Knowledge-Based Charting System			
3	Restricted Funds	-0-	400,000	-0-
4	224. Purchase Mainframe Computer			
5	Restricted Funds	-0-	400,000	-0-
6	225. Purchase Data Center Printers I			
7	Restricted Funds	-0-	350,000	-0-
8	226. Purchase Data Center Printers II			
9	Restricted Funds	-0-	300,000	-0-
10	227. Purchase Patient Classification Equipment			
11	Restricted Funds	-0-	260,000	-0-
12	228. Purchase Data Storage Equipment & Software II			
13	Restricted Funds	-0-	250,000	-0-
14	229. Purchase Telecommunications Equipment I			
15	Restricted Funds	-0-	250,000	-0-
16	230. Purchase Shared Desktop Environment			
17	Restricted Funds	-0-	250,000	-0-
18	231. Lease-Purchase Video Switch Expansion			
19	Restricted Funds	-0-	250,000	-0-
20	232. Purchase Telecommunications Equipment II			
21	Restricted Funds	-0-	200,000	-0-
22	233. Purchase Fiber Channel Network System			
23	Restricted Funds	-0-	200,000	-0-
24	234. Purchase Digital Media Distribution System			
25	Restricted Funds	-0-	186,000	-0-
26	235. Purchase Redundant Disk Server System			
27	Restricted Funds	-0-	170,000	-0-

1	236. Purchase GIS Remote Sensing Teaching Lab			
2	Restricted Funds	-0-	160,000	-0-
3	237. Purchase Network Infrastructure Restructuring			
4	Restricted Funds	-0-	160,000	-0-
5	238. Purchase Telecommunications Equipment III			
6	Restricted Funds	-0-	150,000	-0-
7	239. Purchase Data Storage Equipment & Software III			
8	Restricted Funds	-0-	150,000	-0-
9	240. Purchase IT Security Equipment II			
10	Restricted Funds	-0-	150,000	-0-
11	241. Purchase IT Security Equipment I			
12	Restricted Funds	-0-	150,000	-0-
13	242. Purchase Compressed Video - Hazard			
14	Restricted Funds	-0-	141,000	-0-
15	243. Purchase Integrated Imaging System			
16	Restricted Funds	-0-	130,000	-0-
17	244. Law School Building – Design			
18	Other Funds	-0-	14,920,000	-0-
19	Restricted Funds	-0-	6,000,000	-0-
20	TOTAL	-0-	20,920,000	-0-
21	245. Digital Technologies Building – Design			
22	Other Funds	-0-	6,410,000	-0-
23	Restricted Funds	-0-	4,200,000	-0-
24	TOTAL	-0-	10,610,000	-0-
25	246. Expand Pence Hall			
26	Other Funds	-0-	4,300,000	-0-
27	247. Construct Track and Field Facility			

1	Other Funds	-0-	7,139,000	-0-
2	248. Construct Hagan Baseball Stadium Clubhouse			
3	Other Funds	-0-	4,000,000	-0-
4	249. Renovate/Expand Boone Faculty Center			
5	Other Funds	-0-	6,200,000	-0-
6	250. Seal/Waterproof Commonwealth Stadium Concrete			
7	Other Funds	-0-	2,500,000	-0-
8	251. Install Scoreboards Memorial Coliseum/Hagan Stadium			
9	Other Funds	-0-	1,500,000	-0-
10	252. Replace Memorial Coliseum Playing Surface			
11	Other Funds	-0-	725,000	-0-
12	253. Paint Commonwealth Stadium Steel			
13	Other Funds	-0-	750,000	-0-
14	254. Renovate Soccer/Softball Facilities			
15	Other Funds	-0-	1,400,000	-0-
16	255. Renovate Practice Instruction Space in Pharmacy			
17	Other Funds	-0-	1,000,000	-0-
18	Restricted Funds	-0-	3,310,000	-0-
19	TOTAL	-0-	4,310,000	-0-
20	256. Renovate Memorial Coliseum			
21	Other Funds	-0-	4,731,000	-0-
22	257. Construct Commonwealth Stadium Suite Addition			
23	Other Funds	-0-	2,300,000	-0-
24	258. Construct New Alumni Center			
25	Other Funds	-0-	17,344,000	-0-
26	259. Gluck Equine Research Center – Phase II – Design			
27	Other Funds	-0-	1,500,000	-0-

1	Restricted Funds	-0-	2,000,000	-0-
2	TOTAL	-0-	3,500,000	-0-
3	260. KY Transportation Center Building – Phase I – Design			
4	Other Funds	-0-	1,500,000	-0-
5	Federal Funds	-0-	2,500,000	-0-
6	TOTAL	-0-	4,000,000	-0-
7	261. Expand Arboretum Visitor Center			
8	Other Funds	-0-	2,870,000	-0-
9	262. Biomedical Research Building – Design			
10	Restricted Funds	-0-	7,600,000	-0-
11	263. Renovate Student Center Food Court			
12	Restricted Funds	-0-	1,643,000	-0-
13	264. Renovate K-Lair Building			
14	Restricted Funds	-0-	4,650,000	-0-
15	265. Renovate SECAT Building at Coldstream			
16	Restricted Funds	-0-	2,000,000	-0-
17	266. Purchase Furniture and Equipment – Patient Care Facility			
18	Restricted Funds	-0-	27,000,000	-0-
19	[267. Install HVAC Keeneland Hall			
20	Agency Bonds	0	7,013,000	0
21	268. Renovate Blazer Hall Cafeteria			
22	Agency Bonds	0	3,010,000	0] (Veto #4)
23	269. Fayette County - Administrative - Office Lease			
24	270. Fayette County - Health Affairs - Office Lease 2			
25	271. Fayette County – Health Affairs - Office Lease 3			
26	272. Fayette County - Health Affairs - Office Lease			
27	273. Fayette County - Lease - Blazer Parkway			

1	274. Fayette County - Lease - Med Center Contract			
2	275. Fayette County - Lease - Med Center Off-Campus Facility			
3	276. Fayette County - Lease - Med Center Grant Projects			
4	277. Fayette County - Lease - Pharmacy Contracted Program			
5	278. Fayette County - Lease - Med College Off - Campus Clinic			
6	279. Fayette County - Lease - Kentucky Utilities Building			
7	280. Guaranteed Energy Savings Performance Contracts			
8	9. UNIVERSITY OF LOUISVILLE			
9	001. Construct HSC Research Facility Phase III - Additional			
10	Bond Funds	-0-	69,680,000	-0-
11	002. Construct Center for Predictive Medicine			
12	Federal Funds	-0-	22,200,000	-0-
13	Agency Bonds	-0-	13,000,000	-0-
14	TOTAL	-0-	35,200,000	-0-
15	003. Renovate Ekstrom Library			
16	Restricted Funds	-0-	22,081,000	-0-
17	004. Capital Renewal Pool			
18	Restricted Funds	-0-	22,000,000	-0-
19	005. Major Item of Equipment Pool			
20	Restricted Funds	-0-	100,000	1,700,000
21	Federal Funds	-0-	7,501,000	3,290,000
22	Other Funds	-0-	6,250,000	2,470,000
23	TOTAL	-0-	13,851,000	7,460,000
24	006. Expand & Renovate - Founders Union Building			
25	Restricted Funds	-0-	12,190,000	-0-
26	007. Utility Distribution - South Belknap Campus			
27	Restricted Funds	-0-	6,821,000	-0-

1	008. Construct Student Health Facility			
2	Restricted Funds	-0-	6,650,000	-0-
3	009. Renovate Kersey Library			
4	Restricted Funds	-0-	4,630,000	-0-
5	010. Renovate Medical School Tower - 55A, Phase II			
6	Restricted Funds	-0-	4,225,000	-0-
7	011. Purchase Digital Communications System			
8	Restricted Funds	-0-	4,000,000	-0-
9	012. Purchase Real Estate Near Health Sciences Campus - Parcel II			
10	Restricted Funds	-0-	3,875,000	-0-
11	013. Renovate Code Improvement Pool			
12	Restricted Funds	-0-	3,191,000	-0-
13	014. Purchase Networking System			
14	Restricted Funds	-0-	3,000,000	-0-
15	015. Purchase Enterprise Application System			
16	Restricted Funds	-0-	2,000,000	-0-
17	016. Purchase Computer Processing System			
18	Restricted Funds	-0-	2,000,000	-0-
19	017. Expand & Renovate Oppenheimer Hall - Additional			
20	Reauthorization (\$6,276,000 Restricted Funds)			
21	Restricted Funds	-0-	1,654,000	-0-
22	018. Purchase Electronic Research Information System			
23	Restricted Funds	-0-	1,080,000	-0-
24	019. Purchase Robotic Telescope System			
25	Federal Funds	-0-	1,000,000	-0-
26	020. Purchase Storage System			
27	Restricted Funds	-0-	1,000,000	-0-

1	021. Lease Digital Output System			
2	Restricted Funds	-0-	1,000,000	-0-
3	022. Lease-Purchase Visualization System			
4	Restricted Funds	-0-	1,000,000	-0-
5	023. Purchase Artificial Turf Practice Field Facility			
6	Restricted Funds	-0-	750,000	-0-
7	024. Housing Capital Renewal Pool			
8	Restricted Funds	-0-	710,000	-0-
9	025. Purchase Health Research Data System			
10	Restricted Funds	-0-	700,000	-0-
11	026. Renovate Natural Science Building - Additional			
12	Reauthorization (\$12,840,000 Restricted Funds)			
13	Restricted Funds	-0-	540,000	-0-
14	027. Shelby Campus Dormitories Demolition			
15	Restricted Funds	-0-	436,000	-0-
16	028. Purchase New Computers for GBPA			
17	Restricted Funds	-0-	300,000	-0-
18	029. Purchase PCs, Printers, Scanners			
19	Restricted Funds	-0-	200,000	-0-
20	030. Purchase Linux Cluster Computer System			
21	Restricted Funds	-0-	125,000	-0-
22	031. Renovate Chemistry Fume Hood Redesign, Phase II - Additional			
23	Reauthorization (\$4,534,000 Restricted Funds)			
24	Restricted Funds	-0-	76,000	-0-
25	032. Construct Athletic Academic Support Facility			
26	Other Funds	-0-	5,000,000	-0-
27	033. Construct Boathouse for Women's Rowing Program			

1	Other Funds	-0-	2,947,000	-0-
2	034. Construct Cardinal Club Golf Practice Facility			
3	Other Funds	-0-	685,000	-0-
4	035. Construct Diversity Center for Excellence			
5	Other Funds	-0-	-0-	5,898,000
6	036. Construct Executive MBA/Business Program			
7	Other Funds	-0-	6,040,000	-0-
8	Restricted Funds	-0-	20,500,000	-0-
9	TOTAL	-0-	26,540,000	-0-
10	037. Construct Glass and Visual Arts Research Center			
11	Other Funds	-0-	3,015,000	-0-
12	038. Construct Eastern Parkway Improvement			
13	Restricted Funds	-0-	2,200,000	-0-
14	039. Expand Tragar Field Hockey Stadium			
15	Other Funds	-0-	3,200,000	-0-
16	040. Expand and Renovate Dental School			
17	Other Funds	-0-	2,000,000	-0-
18	Restricted Funds	-0-	35,170,000	-0-
19	TOTAL	-0-	37,170,000	-0-
20	041. Purchase Support Service Land (Northeast Quad)			
21	Restricted Funds	-0-	5,095,000	-0-
22	042. Renovate PJCS Scoreboard/Video Replacement			
23	Other Funds	-0-	1,800,000	-0-
24	043. Renovate Life Sciences Building			
25	Restricted Funds	-0-	18,240,000	-0-
26	044. Construct Basketball Practice Facility, Phase II			
27	Agency Bonds	0	16,140,000	0

1	045. Construct HSC Parking Structure II			
2	Agency Bonds	0	26,113,000	0
3	046. Renovate Miller Hall			
4	Agency Bonds	0	11,541,000	0
5	047. Renovate Medical/Dental Research Building, Phase IV			
6	Agency Bonds	0	19,800,000	0] (Veto #4)
7	048. Construct Utilities, Remove Overhead Lines			
8	Reauthorization (\$3,194,000 Restricted Funds)			
9	049. Expand Ambulatory Care Building Academic Addition			
10	Reauthorization (\$43,061,800 Restricted Funds)			
11	050. Purchase Real Estate Near HSC and Renovate Offices			
12	Reauthorization (\$20,500,000 Restricted Funds)			
13	051. Renovate Shelby Campus Infrastructure			
14	Reauthorization (\$8,740,000 Restricted Funds)			
15	052. Jefferson County - Lease			
16	053. Medical Center One - Lease			
17	054. Guaranteed Energy Savings Performance Contracts			
18	10. WESTERN KENTUCKY UNIVERSITY			
19	001. Renovate Academic/Athletic #2			
20	Restricted Funds	-0-	2,000,000	-0-
21	Agency Bonds	-0-	25,500,000	-0-
22	Other Funds	-0-	1,000,000	-0-
23	TOTAL	-0-	28,500,000	-0-
24	[002. Renovate Science Campus Phase III			
25	Bond Funds	0	9,000,000	0
26	003. Construct Materials Characterization/ICSET Phase II			
27	Bond Funds	0	4,500,000	0] (Veto #4)

1	004. Construct Agriculture Research Services Lab			
2	Federal Funds	-0-	22,825,000	-0-
3	005. Capital Projects Pool			
4	Restricted Funds	-0-	10,195,000	-0-
5	006. Replace Building Ford College Business - Grise Hall, Phase I			
6	 Bond Funds	0	5,800,000	0] (Veto #4)
7	007. Renovate Electrical Distribution - Phase V			
8	Restricted Funds	-0-	4,500,000	-0-
9	008. Renovate Downing University Center			
10	Restricted Funds	4,320,000	-0-	-0-
11	009. Renovation & Expansion of Carroll Knicely Center			
12	Restricted Funds	-0-	3,500,000	-0-
13	010. Replace Steam Line			
14	Restricted Funds	-0-	3,000,000	-0-
15	011. Purchase Property for Campus Expansion			
16	Restricted Funds	-0-	3,000,000	-0-
17	012. Upgrade IT Infrastructure			
18	Restricted Funds	-0-	2,000,000	-0-
19	013. Construct Central Reg. Postsecondary Education Center Phase II			
20	Restricted Funds	-0-	2,000,000	-0-
21	014. Renovate Environmental Science & Technology HVAC & Electrical System			
22	Restricted Funds	-0-	2,000,000	-0-
23	015. Renovate Academic Complex Phase I			
24	Restricted Funds	-0-	1,323,000	-0-
25	016. Renovate Agriculture Expo Center HVAC System			
26	Restricted Funds	-0-	930,000	-0-
27	017. Convert WKYU-NPR-and WKYU-PS to Digital			

1	Restricted Funds	-0-	500,000	-0-
2	018. Renovation of Faculty House			
3	Restricted Funds	-0-	500,000	-0-
4	019. Replace College of Education Building - Tate Page Hall			
5	Bond Funds	-0-	35,000,000	-0-
6	[020. Acquire Property and Construct Parking Lots			
7	Agency Bonds	0	4,000,000	0
8	021. Expand Preston Center			
9	Agency Bonds	0	10,000,000	0] (Veto #4)
10	022. Construct Mesonet Weather Monitoring System			
11	Federal Funds	-0-	3,000,000	-0-
12	[023. Van Meter Hall Renovation			
13	Agency Bonds	0	16,000,000	0
14	024. Ivan Wilson Fine Arts Center Expansion			
15	Agency Bonds	0	8,000,000	0] (Veto #4)
16	025. Guaranteed Energy Savings Performance Contracts			
17	11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM			
18	001. Advanced Manufacturing Technology Center - Gateway			
19	Community and Technical College - Design			
20	Bond Funds	-0-	28,000,000	-0-
21	002. Construct Emerging Technology Center - West KY CTC			
22	Bond Funds	-0-	16,518,000	-0-
23	003. Construct Allied Health/Technical Education Building - Laurel Campus			
24	Bond Funds	-0-	14,015,000	-0-
25	004. Major Item of Equipment Pool			
26	Restricted Funds	-0-	22,717,000	-0-
27	005. Capital Renewal Pool			

1	Restricted Funds	-0-	15,000,000	-0-
2	006. Complete Acquisition of System Office & Expansion			
3	Restricted Funds	-0-	10,000,000	-0-
4	007. Land Acquisition Pool			
5	Restricted Funds	-0-	5,500,000	-0-
6	008. Construct Administration Building, Phase I - Maysville CC			
7	Bond Funds	-0-	5,008,000	-0-
8	009. Construct Licking Valley Center Phase II - Maysville CTC - Additional			
9	Restricted Funds	-0-	3,459,000	-0-
10	[Bond Funds 0 1,000,000 0] (Veto #4)			
11	Other Funds	-0-	1,500,000	-0-
12	TOTAL	-0-	5,959,000	-0-
13	010. Renovate Gray Building - Madisonville CC			
14	Restricted Funds	-0-	3,600,000	-0-
15	011. Renovate KY School of Craft - Hazard CTC			
16	Restricted Funds	-0-	2,649,000	-0-
17	Federal Funds	-0-	250,000	-0-
18	TOTAL	-0-	2,899,000	-0-
19	012. Construct Child Development Center - Henderson CC			
20	Federal Funds	-0-	250,000	-0-
21	Other Funds	-0-	2,385,000	-0-
22	TOTAL	-0-	2,635,000	-0-
23	013. Renovate Anderson Building - West KY CTC			
24	Restricted Funds	-0-	1,395,000	-0-
25	014. Renovate Simulated Mine - Harlan Campus			
26	Restricted Funds	-0-	1,380,000	-0-
27	015. Greenspace Development - Big Sandy CTC Mayo Campus			

1	Restricted Funds	-0-	1,083,000	-0-
2	016. Renovate Administrative Building - Whitesburg Campus SEKYCTC			
3	Restricted Funds	-0-	898,000	-0-
4	017. Renovate Administrative Building - Elizabethtown CTC			
5	Restricted Funds	-0-	850,000	-0-
6	018. Master Plan Development & Upgrade Pool			
7	Restricted Funds	-0-	850,000	-0-
8	019. Pedestrian/Vehicular Connector - Somerset Community College - Additional			
9	Restricted Funds	-0-	649,000	-0-
10	020. Bluegrass CTC - Winchester Facility			
11	Other Funds	-0-	500,000	-0-
12	021. KCTCS Information Technology Infrastructure Upgrade			
13	Reauthorization (\$12,000,000 Restricted Funds)			
14	022. Scott County - Lease			
15	023. Woodford County -City of Versailles - Lease-Purchase			
16	024. Jefferson County - Lease			
17	025. Henderson County - Lease			
18	026. Guaranteed Energy Savings Performance Contracts			
19	027. Construct Science/Allied Health Building - Jefferson CTC			
20	Bond Funds	-0-	25,557,000	-0-
21	028. Construct Central Regional Postsecondary Education Center			
22	Phase II - Elizabethtown CTC			
23	Bond Funds	-0-	20,000,000	-0-
24	029. Madisonville Postsecondary Education Center - Design			
25	General Fund	-0-	300,000	-0-
26	030. Advance Manufacturing Center - Design - Bluegrass CTC			
27	Bond Funds	-0-	1,500,000	-0-

1	031. Franklin Technology Center - Expansion			
2	Bond Funds	-0-	2,700,000	-0-
3	{ 032. Construct Carrollton Campus - Jefferson CTC			
4	Bond Funds	0	12,000,000	0 } (Veto #4)
5	033. Construct Tech Drive Campus, Phase III - Ashland CTC			
6	Bond Funds	-0-	17,600,000	-0-
7	{ 034. Energy and Advanced Technology Center - Madisonville CTC			
8	Bond Funds	0	4,000,000	0 } (Veto #4)
9	035. Springfield Community and Technical College			
10	Bond Funds	-0-	14,500,000	-0-
11	036. McCreary Center - Somerset CC			
12	Bond Funds	-0-	6,500,000	-0-
13	037. Mercer County Technical Center			
14	Bond Funds	-0-	4,000,000	-0-
15	{ 038. Advanced Technology Center - Owensboro CTC			
16	Bond Funds	0	14,055,000	0
17	{ 039. Rowan County Campus - Maysville CTC - Design			
18	Bond Funds	0	1,500,000	0 } (Veto #4)

L. TRANSPORTATION CABINET

20	Budget Unit	2006-07	2007-08
21	1. GENERAL ADMINISTRATION AND SUPPORT		
22	001. Kentucky State Parks Road Maintenance		
23	Road Fund	1,500,000	1,500,000
24	002. Horse Park Roads		
25	Road Fund	2,300,000	-0-
26	003. Various Environmental Compliance		
27	Road Fund	1,000,000	1,000,000

1	004. Repair Loadometer & Rest Areas		
2	Road Fund	900,000	600,000
3	005. Building Renovations & Emergency Repairs		
4	Road Fund	500,000	500,000
5	006. Construct Spencer County Maintenance Facility & Salt Storage Structure		
6	Road Fund	-0-	910,000
7	007. Construct Larue County Maintenance Facility & Salt Storage Structure		
8	Road Fund	-0-	910,000
9	008. Videologging Roadway Features System		
10	Federal Funds	640,000	-0-
11	Road Fund	160,000	-0-
12	TOTAL	800,000	-0-
13	009. Replace HVAC - Flemingsburg District Office		
14	Road Fund	800,000	-0-
15	010. HVAC Maintenance & Repair		
16	Road Fund	400,000	400,000
17	011. Construct or Repair Salt Storage Structures		
18	Road Fund	225,000	225,000
19	012. Purchase Lab Equipment		
20	Road Fund	400,000	-0-
21	013. Replace Overhead Doors and Emergency Repairs		
22	Road Fund	200,000	200,000
23	014. Construct Various Maintenance Facilities - Secondary Structures		
24	Road Fund	150,000	150,000
25	015. Painting & Roof Repair or Replacement		
26	Road Fund	150,000	150,000
27	016. Conduct Paving and Landscaping		

1	Road Fund	100,000	100,000
2	017. Water and Wastewater Projects		
3	Road Fund	100,000	100,000
4	018. Building Demolition & Disposal		
5	Road Fund	100,000	-0-
6	019. Remove Hazardous Materials		
7	Road Fund	50,000	50,000

~~M. COAL SEVERANCE TAX PROJECTS~~

9 ~~(1) Projects Authorization and Appropriation:~~ Notwithstanding KRS
 10 42.4588(2) and (4), the following projects are authorized and appropriated from Local
 11 Government Economic Development Fund moneys from the respective single county
 12 fund pursuant to KRS 42.4592 for public purposes in the following coal producing
 13 counties in the manner and amounts enumerated. These projects are determined by the
 14 General Assembly to be important to the furtherance of the public policy objectives and
 15 economic development purposes for which the Local Government Economic
 16 Development Program was established. The amounts appropriated are estimates. Actual
 17 expenditures and encumbrances shall be limited to the actual receipts realized and
 18 available in the respective single county fund. These amounts are comprised of estimated
 19 receipts for fiscal year 2006-2007 and fiscal year 2007-2008 in combination with prior
 20 unobligated balances in the respective single county funds. To the extent that a county
 21 that is authorized to proceed with a project enumerated below receives more single
 22 county Local Government Economic Development Fund moneys than are appropriated in
 23 this Act, the county may direct those funds to offset a cost overrun on any of the projects
 24 enumerated below upon approval of the Commissioner of the Governor's Office for Local
 25 Development.

26 ~~(2) Water and Sewer Projects:~~ The following projects that are related to water
 27 and sewer shall be administered by the Kentucky Infrastructure Authority.

1 ~~1. GENERAL GOVERNMENT~~

2 a. ~~Budget Unit Governor's Office for Local Development 2006 07 2007 08~~

3 ~~**Bell County**~~

4 ~~001. Bell County Board of Education Bell County~~

5 ~~High School Agriculture Advancement Council~~

6 ~~for a No Till Seeder~~

7 ~~Restricted Funds 5,000 0~~

8 ~~002. Bell County Board of Education Projects~~

9 ~~Restricted Funds 5,000 10,000~~

10 ~~003. Bell County Fiscal Court Bell County Homeless~~

11 ~~and Housing Council Land and/or Supplies~~

12 ~~Restricted Funds 10,000 10,000~~

13 ~~004. Bell County Fiscal Court Bell County Industrial~~

14 ~~Foundation Completion of Infrastructure~~

15 ~~Restricted Funds 125,000 125,000~~

16 ~~005. Bell County Fiscal Court Bell County Little~~

17 ~~League Equipment and/or Field Improvements~~

18 ~~Restricted Funds 5,000 5,000~~

19 ~~006. Bell County Fiscal Court Bell County Public~~

20 ~~Library Furnishing and Equipment~~

21 ~~Restricted Funds 20,000 20,000~~

22 ~~007. Bell County Fiscal Court Bell County Rescue~~

23 ~~Squad Operations~~

24 ~~Restricted Funds 10,000 10,000~~

25 ~~008. Bell County Fiscal Court Bell County Senior~~

26 ~~Citizens Operations~~

27 ~~Restricted Funds 5,000 5,000~~

1	009. Bell County Fiscal Court	Bell County Sheriff		
2	Department	Vehicles and/or Equipment		
3	Restricted Funds		25,000	35,000
4	010. Bell County Fiscal Court	Bell County Volunteer		
5	Fire Department	Construction of New Fire		
6	Station at Arjay			
7	Restricted Funds		25,000	25,000
8	011. Bell County Fiscal Court	County Clerk	Equipment	
9	Restricted Funds		5,000	5,000
10	012. Bell County Fiscal Court	Frakes Senior		
11	Citizens	Operations		
12	Restricted Funds		2,500	2,500
13	013. Bell County Fiscal Court	Middlesboro Little		
14	League and Tee Ball	Equipment and/or Field		
15	Improvement			
16	Restricted Funds		5,000	5,000
17	014. Bell County Fiscal Court	Projects and/or Equipment		
18	Restricted Funds		325,000	390,000
19	015. Bell County Fiscal Court	Red Bird Senior		
20	Citizens	Operations		
21	Restricted Funds		2,500	2,500
22	016. Bell County Fiscal Court	The Lighthouse		
23	Mission	Operations and/or Equipment		
24	Restricted Funds		20,000	20,000
25	017. Bell County Fiscal Court	Two New Ambulances		
26	Restricted Funds		80,000	80,000
27	018. City of Middlesboro	Fire Department	Turn	

1	Out Gear		
2	Restricted Funds	25,000	0
3	019. City of Middlesboro Police Department		
4	and/or Equipment		
5	Restricted Funds	25,000	0
6	020. City of Middlesboro Project and/or Equipment		
7	Restricted Funds	25,000	25,000
8	021. City of Pineville Fire Department Equipment		
9	Restricted Funds	0	10,000
10	022. City of Pineville Projects and/or Equipment		
11	Restricted Funds	30,000	0
12	023. Middlesboro Board of Education Projects		
13	Restricted Funds	20,000	0
14	024. Pineville Board of Education Projects		
15	Restricted Funds	20,000	0
16	025. Bell County Board of Education K-6 Little		
17	League Football Equipment		
18	Restricted Funds	5,000	0
19	026. Pineville Independent School Board Pineville		
20	City Schools K-6 Little League Football Equipment		
21	Restricted Funds	5,000	0
22	027. Middlesboro Independent School Board		
23	Middlesboro City Schools K-6 Little League		
24	Football Equipment		
25	Restricted Funds	5,000	0
26	028. Bell County Fiscal Court Cemetery Fund		
27	Operations and/or Equipment		

1	Restricted Funds	0	10,000
2	029. Bell County Fiscal Court PVA Equipment		
3	Restricted Funds	5,000	5,000
4	030. Bell County Fiscal Court Dewey Guy Post		
5	Expense for Conducting Military Funerals		
6	Restricted Funds	5,000	0
7	031. Bell County Health Department Equipment		
8	and/or Supplies		
9	Restricted Funds	5,000	5,000
10	032. Bell County Fiscal Court The KY Homeplace		
11	Equipment and/or Supplies		
12	Restricted Funds	5,000	5,000
13	033. Bell County Fiscal Court Frakes Volunteer Fire		
14	Department Operations and/or Equipment		
15	Restricted Funds	5,000	5,000
16	034. Bell County Fiscal Court Airport Improvements		
17	Restricted Funds	0	10,000
18	035. Bell County Fiscal Court Bell County Veterans		
19	Park Construction of Restrooms		
20	Restricted Funds	5,000	0
21	036. City of Pineville Police Department		
22	Equipment / Vehicles		
23	Restricted Funds	0	20,000
24	Boyd County		
25	001. Ashland Independent Board of Education		
26	Facility Upgrades and Improvements		
27	Restricted Funds	40,000	40,000

1 ~~002. Boyd County Board of Education Facility~~
 2 ~~Improvements and Upgrades Boyd County~~
 3 ~~Soccer Complex Lights, Fencing and Other~~
 4 ~~Related Enhancements and Improvements~~
 5 ~~Restricted Funds 80,000 0~~

6 ~~003. Boyd County Fiscal Court Fair Building and~~
 7 ~~Ground Improvements~~
 8 ~~Restricted Funds 0 10,000~~

9 ~~004. Boyd County Fiscal Court Fannin Park Improvements~~
 10 ~~Restricted Funds 0 10,000~~

11 ~~005. Boyd County Fiscal Court Fraley Fields Improvements~~
 12 ~~Restricted Funds 0 10,000~~

13 ~~006. City of Catlettsburg Infrastructure and Other Improvements~~
 14 ~~Restricted Funds 0 26,004~~

15 ~~007. Fairview Board of Education Facility Upgrades~~
 16 ~~and Improvements~~
 17 ~~Restricted Funds 40,000 40,000~~

18 **Breathitt County**

19 ~~001. Breathitt County Board of Education Drain Tile~~
 20 ~~for Landfill Between Breathitt County High School~~
 21 ~~and Highway 15~~
 22 ~~Restricted Funds 0 200,000~~

23 ~~002. Breathitt County Board of Education Purchasing,~~
 24 ~~Remodeling and Improving Property of Montessori~~
 25 ~~School Currently Owned by Buckhorn Childrens Home~~
 26 ~~Restricted Funds 300,000 0~~

27 ~~003. Breathitt County Fiscal Court Hazard Community~~

1	College/Lees College Campus	Breathitt County		
2	Intergenerational Center			
3	Restricted Funds		0	500,000
4	004. Breathitt County Water District	Canoe Water Line		
5	Restricted Funds		241,050	0
6	005. Buckhorn Water District	Water Line Extensions		
7	on Bowlings Creek Road and Bushes Branch Road			
8	Restricted Funds		241,050	0
9	006. City of Jackson	Doughitt Park		
10	Restricted Funds		50,000	0
11	007. Breathitt County Fiscal Court	Breathitt County		
12	Court Clerk's Office	Equipment		
13	Restricted Funds		25,000	0
14	008. Jackson Independent Board of Education	Jackson		
15	City School System	Science Lab, PE Lockers, and		
16	Other School Equipment			
17	Restricted Funds		100,000	0
18	009. UK Center for Rural Health	KY Homeplace / SKYCAP		
19	Restricted Funds		15,000	0
20	010. Breathitt County Fiscal Court	Hazard Community		
21	College	Lees College Campus	Family Life Skills Center	
22	Restricted Funds		0	26,500
23	Butler County			
24	001. Butler County Fiscal Court	Audio Speaker		
25	System for Butler County Courthouse			
26	Restricted Funds		4,000	0
27	002. Butler County Fiscal Court	Boys and Girls		

1	 Youth Program		
2	 Restricted Funds	 3,500	 0
3	Carter County		
4	 001. Carter County Board of Education East Carter High		
5	 School Tennis Courts		
6	 Restricted Funds	 0	 40,000
7	 002. Carter County Board of Education West Carter		
8	 Middle School Soccer Field Lights		
9	 Restricted Funds	 15,000	 0
10	 003. Carter County Fiscal Court Carter City Fire		
11	 Department Equipment and Operations		
12	 Restricted Funds	 10,000	 10,000
13	 004. Carter County Fiscal Court Carter County		
14	 Recreation Park Development		
15	 Restricted Funds	 20,000	 10,000
16	 005. Carter County Fiscal Court First Response Unit EMS		
17	 Restricted Funds	 50,000	 0
18	 006. Carter County Fiscal Court Grahn Community		
19	 Center Operating Costs		
20	 Restricted Funds	 3,000	 3,000
21	 007. Carter County Fiscal Court Grahn Fire Department		
22	 Equipment and Operations		
23	 Restricted Funds	 10,000	 10,000
24	 008. Carter County Fiscal Court Grayson Fire Department		
25	 Equipment and Operations		
26	 Restricted Funds	 10,000	 10,000
27	 009. Carter County Fiscal Court Hitchins Fire Department		

1	Equipment and Operations		
2	Restricted Funds	10,000	10,000
3	010. Carter County Fiscal Court Olive Hill Fire Department		
4	Equipment and Operations		
5	Restricted Funds	25,000	25,000
6	011. Carter County Fiscal Court Repair Affair Grayson		
7	Equipment and Supplies		
8	Restricted Funds	3,000	3,000
9	012. Carter County Fiscal Court Search and Rescue		
10	Operations and Equipment		
11	Restricted Funds	2,500	2,500
12	013. Carter County Fiscal Court Veterans Association		
13	Main Street Park Project		
14	Restricted Funds	30,000	30,000
15	014. Carter County Fiscal Court Webbville Fire Department		
16	Operations and Equipment		
17	Restricted Funds	3,000	3,000
18	015. City of Grayson Downtown Beautification Sidewalk		
19	and Lighting Improvements		
20	Restricted Funds	15,000	15,000
21	016. City of Olive Hill Downtown Beautification		
22	Brown Park Sidewalk and Lighting Improvements		
23	Restricted Funds	25,000	25,000
24	017. City of Olive Hill Olive Hill Historical Society		
25	High School Restoration Project		
26	Restricted Funds	25,000	25,000
27	Christian County		

1	001. Christian County Fiscal Court – New Salvation		
2	Army Building		
3	Restricted Funds	151,841	0
4	Clay County		
5	001. City of Manchester – Street Scape		
6	Restricted Funds	280,000	280,000
7	002. Clay County Fiscal Court – B School –		
8	Renovations and Park		
9	Restricted Funds	40,000	0
10	003. Clay County Fiscal Court – Community Wellness		
11	Program – Laurel Creek		
12	Restricted Funds	12,000	0
13	004. Clay County Board of Education – Renovation of Pinhook School		
14	Restricted Funds	15,000	0
15	Crittenden County		
16	001. Crittenden County Fiscal Court – Clement Mineral		
17	Museum – Renovation and Repair		
18	Restricted Funds	20,000	0
19	002. Crittenden County Fiscal Court – Crittenden		
20	County Animal Shelter – Construction		
21	Restricted Funds	40,000	0
22	003. Crittenden County Fiscal Court – Crittenden		
23	County Emergency Services Building – Property		
24	Purchase and Construction		
25	Restricted Funds	375,000	0
26	004. Crittenden County Fiscal Court – Senior Citizens		
27	Center – Expansion		

1	Restricted Funds	65,000	0
2	Daviess County		
3	001. Daviess County Fiscal Court - Broadband Initiatives		
4	Restricted Funds	100,000	0
5	002. Daviess County Fiscal Court - Economic		
6	Development Incentives		
7	Restricted Funds	50,000	0
8	003. Daviess County Fiscal Court - Highway 144		
9	Road Project		
10	Restricted Funds	300,000	0
11	Elliott County		
12	001. City of Sandy Hook - Downtown Beautification,		
13	Building Purchase, Sidewalk, Street Repairs		
14	and other Upgrades and Improvements		
15	Restricted Funds	25,000	25,000
16	002. Elliott County Board of Education - Athletic		
17	Facility Improvements and Upgrades, Ground		
18	Improvements, Wellness Equipment and other		
19	Related Athletic Department Enhancements		
20	Restricted Funds	20,000	20,000
21	003. Elliott County Board of Education - Building and		
22	Ground Improvements, Program, Curriculum,		
23	Enhancements and other Upgrades		
24	Restricted Funds	20,000	25,000
25	004. Elliott County Board of Education - Elliott County		
26	Public Library - Equipment, Materials, Program		
27	Enhancements, Operations and other Library		

1	Improvements		
2	Restricted Funds	20,000	20,000
3	005. Elliott County Board of Education – Isonville		
4	Elementary Facility and Ground Improvements,		
5	Technology Upgrades, Curriculum, Program and		
6	other Enhancements, Physical Fitness and		
7	Playground Equipment Upgrades		
8	Restricted Funds	10,000	10,000
9	006. Elliott County Board of Education – Lakeside		
10	Elementary Facility and Ground Improvements,		
11	Technology Upgrades, Curriculum, Program and		
12	other Enhancements, Physical Fitness and Playground		
13	Equipment Upgrades		
14	Restricted Funds	10,000	10,000
15	007. Elliott County Board of Education – Sandy Hook		
16	Elementary Facility and Ground Improvements,		
17	Technology Upgrades, Curriculum, Program and		
18	other Enhancements, Physical Fitness and		
19	Playground Equipment Upgrades		
20	Restricted Funds	10,000	10,000
21	008. Elliott County Fiscal Court – 504 Volunteer Fire		
22	Department Equipment, Building and Ground		
23	Improvements, and Other Enhancements		
24	Restricted Funds	10,000	15,000
25	009. Elliott County Fiscal Court – Elliott County Fire		
26	and Rescue Equipment, Building and Ground		
27	Improvements, and Other Enhancements		

1	Restricted Funds	10,000	15,000
2	010. Elliott County Fiscal Court Isonville Volunteer		
3	Fire Department Equipment, Building and Ground		
4	Improvements, and other Enhancements		
5	Restricted Funds	10,000	15,000
6	011. Elliott County Fiscal Court Laurel Gorge Cultural		
7	and Heritage Center Facility and Ground		
8	Improvements, Equipment, Materials, Operations		
9	and other Upgrades		
10	Restricted Funds	20,000	20,000
11	012. Elliott County Fiscal Court New Ambulance		
12	Elliott County Ambulance Service		
13	Restricted Funds	30,000	0
14	Floyd County		
15	001. City of Allen Ball Park Improvements		
16	Restricted Funds	20,000	0
17	002. Floyd County Board of Education Allen Central		
18	High School Academic and Athletic Program/Athletic		
19	Teams Equipment and Educational Support		
20	Restricted Funds	0	50,000
21	003. Floyd County Board of Education Betsy Layne High		
22	School Academic and Athletic Program/Athletic		
23	Teams Equipment and Educational Support		
24	Restricted Funds	0	50,000
25	004. Floyd County Board of Education Prestonsburg		
26	High School Academic and Athletic Program/		
27	Athletic Teams Equipment and Educational Support		

1	Restricted Funds	0	50,000
2	005. Floyd County Board of Education South Floyd High		
3	School Academic and Athletic Program/Athletic		
4	Teams Equipment and Educational Support		
5	Restricted Funds	0	50,000
6	006. Floyd County Fiscal Court Allen Fire Department		
7	Equipment/Operations		
8	Restricted Funds	2,600	2,600
9	007. Floyd County Fiscal Court Appalachian Regional		
10	Health Care Facility Upgrades and Construction		
11	Regional, Technology and Business Center		
12	Restricted Funds	100,000	0
13	008. Floyd County Fiscal Court Auxier Fire		
14	Department Equipment/Operations		
15	Restricted Funds	2,600	2,600
16	009. Floyd County Fiscal Court Betsy Layne		
17	Fire Department Equipment/Operations		
18	Restricted Funds	2,600	2,600
19	010. Floyd County Fiscal Court Book Mobile Vehicle		
20	Restricted Funds	0	75,000
21	011. Floyd County Fiscal Court Comb's Airport		
22	Runway and Safety Improvements		
23	Restricted Funds	50,000	0
24	012. Floyd County Fiscal Court Coroner Vehicle		
25	Restricted Funds	0	30,000
26	013. Floyd County Fiscal Court Cow Creek		
27	Fire Department Equipment/Operations		

1	Restricted Funds	2,600	2,600
2	014. Floyd County Fiscal Court – David Area		
3	Fire Department – Equipment/Operations		
4	Restricted Funds	2,600	2,600
5	015. Floyd County Fiscal Court – Disabled American		
6	Veterans Post 169 – Equipment and Improvements		
7	Restricted Funds	6,666	6,666
8	016. Floyd County Fiscal Court – Disabled American		
9	Veterans Post 18 – Equipment and Improvements		
10	Restricted Funds	6,666	6,666
11	017. Floyd County Fiscal Court – Disabled American		
12	Veterans Post 5839 – Equipment and Improvements		
13	Restricted Funds	6,666	6,666
14	018. Floyd County Fiscal Court – Drift Park – Improvements		
15	Restricted Funds	30,000	70,000
16	019. Floyd County Fiscal Court – Elkhorn Park –		
17	Educational Program		
18	Restricted Funds	10,000	20,000
19	020. Floyd County Fiscal Court – Floyd County Head		
20	Start Program – Computers and Technical Support		
21	Restricted Funds	50,000	0
22	021. Floyd County Fiscal Court – Garrett Fire Department –		
23	Equipment/Operations		
24	Restricted Funds	2,600	2,600
25	022. Floyd County Fiscal Court – Jailer – Vehicle		
26	Restricted Funds	0	30,000
27	023. Floyd County Fiscal Court – Jenny Wiley Outdoor		

1	Theatre Upgrades and Improvements		
2	Restricted Funds	20,000	0
3	024. Floyd County Fiscal Court Left Beaver		
4	Fire Department Equipment/Operations		
5	Restricted Funds	2,600	2,600
6	025. Floyd County Fiscal Court LINKS Housing and		
7	Facility Construction		
8	Restricted Funds	25,000	0
9	026. Floyd County Fiscal Court Martin Fire Department		
10	Equipment/Operations		
11	Restricted Funds	2,600	2,600
12	027. Floyd County Fiscal Court Middle Creek		
13	Fire Department Equipment/Operations		
14	Restricted Funds	2,600	2,600
15	028. Floyd County Fiscal Court Mountain Arts		
16	Center Equipment Upgrades/Projects		
17	Restricted Funds	0	50,000
18	029. Floyd County Fiscal Court Mountain		
19	Comprehensive Care Lane House Alcohol		
20	and Drug Abuse Education		
21	Restricted Funds	25,000	0
22	030. Floyd County Fiscal Court Mountain Top		
23	Recreational Construction		
24	Restricted Funds	0	100,000
25	031. Floyd County Fiscal Court Mud Creek		
26	Fire Department Equipment/Operations		
27	Restricted Funds	2,600	2,600

1	032. Floyd County Fiscal Court Prestonsburg		
2	Fire Department Equipment/Operations		
3	Restricted Funds	2,600	2,600
4	033. Floyd County Fiscal Court Senior Citizens		
5	Center Operating		
6	Restricted Funds	70,000	70,000
7	034. Floyd County Fiscal Court Sheriff's		
8	Department Vehicle		
9	Restricted Funds	0	30,000
10	035. Floyd County Fiscal Court Southeast Floyd		
11	Fire Department Equipment/Operations		
12	Restricted Funds	2,600	2,600
13	036. Floyd County Fiscal Court Toler Creek		
14	Fire Department Equipment/Operations		
15	Restricted Funds	2,600	2,600
16	037. Floyd County Fiscal Court Vehicle for Drug		
17	Enforcement		
18	Restricted Funds	0	30,000
19	038. Floyd County Fiscal Court Wayland Area		
20	Fire Department Equipment/Operations		
21	Restricted Funds	2,600	2,600
22	039. Floyd County Fiscal Court Wayland Historical		
23	Society Land Purchase East Kentucky		
24	Hall of Fame		
25	Restricted Funds	100,000	0
26	040. Floyd County Fiscal Court Wheelwright		
27	Fire Department Equipment/Operations		

1	Restricted Funds	2,600	2,600
2	041. Floyd County Fiscal Court Hope in the		
3	Mountains Drug Rehabilitation		
4	Restricted Funds	25,000	10,000
5	042. Floyd County Fiscal Court Maytown		
6	Fire Department Equipment/Operations		
7	Restricted Funds	2,600	2,600
8	043. KCTCS Big Sandy Community and Technical		
9	College Scholarship Fund for Students and Textbooks		
10	Restricted Funds	0	40,000
11	044. KCTCS Prestonsburg Community College		
12	Kentucky Coal Academy Program		
13	Restricted Funds	125,000	125,000
14	045. Floyd County Fiscal Court East Kentucky		
15	Science Center		
16	Restricted Funds	0	50,000
17	046. Floyd County Fiscal Court American Legion		
18	Post 283 Martin		
19	Restricted Funds	0	3,000
20	Greenup County		
21	001. City of Bellefonte Storm/Sanitary Sewer/		
22	Runoff Remediation		
23	Restricted Funds	20,000	0
24	002. City of Flatwoods Babe Ruth League Equipment		
25	Restricted Funds	1,000	0
26	003. City of Flatwoods Espy Lane Project Upgrade		
27	Espy Lane Pump Station and Lines		

1	Restricted Funds	20,000	0
2	004. City of Flatwoods Senior/Community Center		
3	Equipment		
4	Restricted Funds	1,000	0
5	005. City of Greenup Bathrooms in Greenup Park		
6	Improvements		
7	Restricted Funds	0	15,000
8	006. City of Raceland Park Improvements, Community/		
9	Senior Center, Technology Center, Water and		
10	Sewer Improvements		
11	Restricted Funds	20,000	0
12	007. City of Russell (SX21089014) Manhole Rehab Project		
13	Restricted Funds	7,000	0
14	008. City of Russell Sidewalks on Seaton Drive		
15	(to be used for local match)		
16	Restricted Funds	13,000	0
17	009. City of South Shore Quilt Festival Promotion		
18	and Marketing Materials and Equipment		
19	Restricted Funds	1,000	0
20	010. City of South Shore Resurface Tennis Courts		
21	and Basketball Courts Renovate Park and Bathrooms		
22	Restricted Funds	20,000	0
23	011. City of Worthington (SX21089004) Sulfur Dioxide		
24	Drive Drain for Sewer Treatment Plant		
25	Restricted Funds	2,000	0
26	012. City of Worthington Parks, Sidewalk and Water/		
27	Sewer Improvements		

1	Restricted Funds	18,000	0
2	013. City of Wurtland Walking/Running Track at		
3	Wurtland Elementary and Wurtland Middle School		
4	and Chinn Street Lift Station Rehab		
5	Restricted Funds	20,000	0
6	014. Greenup County Fiscal Court U.S. 23 Fullerton/		
7	South Portsmouth Country Music Highway		
8	Restricted Funds	19,000	0
9	015. Greenup County Board of Education Argillite		
10	Elementary School Interactive White Boards, LCD		
11	Projector, and Stand		
12	Restricted Funds	3,000	0
13	016. Greenup County Board of Education Greenup		
14	County Area Technology Center Interactive White		
15	Boards and Projectors		
16	Restricted Funds	3,000	0
17	017. Greenup County Board of Education Greenup		
18	County High School Software, Printed Material and		
19	Equipment for Remediation in Reading and Math		
20	Restricted Funds	3,000	0
21	018. Greenup County Board of Education Greysbranch		
22	Elementary School Interactive White Boards for		
23	Every Grade Level		
24	Restricted Funds	3,000	0
25	019. Greenup County Board of Education McKell		
26	Elementary School Audio Equipment for Stage/		
27	Gym for Arts and Humanities		

1	Restricted Funds	3,000	0
2	020. Greenup County Board of Education McKell Middle		
3	School Calculators, Math Manipulators and Hardware		
4	Restricted Funds	3,000	0
5	021. Greenup County Board of Education Wurtland		
6	Elementary School Walking/Running Track		
7	Restricted Funds	3,000	0
8	022. Greenup County Fiscal Court Engineering Study		
9	of Poplar Highlands Sewer Upgrades		
10	Restricted Funds	0	25,000
11	023. Greenup County Fiscal Court North Fork Radio		
12	Tower Extension		
13	Restricted Funds	8,000	0
14	024. Greenup County Fiscal Court Greenup County		
15	Humane Society		
16	Restricted Funds	1,000	0
17	025. Greenup County Fiscal Court Greenup Senior Citizens		
18	Center Improvements and Operating Expenses		
19	Restricted Funds	10,000	0
20	026. Greenup County Fiscal Court Guardrail for Route 7		
21	Restricted Funds	20,000	0
22	027. Greenup County Fiscal Court Old Fashioned Days		
23	Promotion and Marketing Materials and Equipment		
24	Restricted Funds	1,000	0
25	028. Greenup County Fiscal Court South Shore		
26	Meals on Wheels		
27	Restricted Funds	1,000	0

1	029. Greenup County Fiscal Court Welcome Area		
2	US 23 Near Grant Bridge at Fullerton/South		
3	Portsmouth Construction		
4	Restricted Funds	0	35,000
5	030. Russell Independent Board of Education Russell		
6	McDowell Intermediate School Physical Fitness		
7	Equipment/Mats and Hand Holds		
8	Restricted Funds	3,000	0
9	031. Russell Independent Board of Education Russell		
10	Area Technology Center Instructor Monitoring Software		
11	Restricted Funds	3,000	0
12	032. Russell Independent Board of Education Russell High		
13	School Graphic Calculators, Digital Cameras, Data		
14	Projector and Digital Micro Pipets		
15	Restricted Funds	3,000	0
16	033. Russell Independent Board of Education Russell		
17	Middle School Audiovisual Equipment		
18	Restricted Funds	3,000	0
19	034. Russell Independent Board of Education Russell		
20	Primary School Poster Machine, Cold Laminator		
21	and Risograph		
22	Restricted Funds	3,000	0
23	035. City of Greenup Pump Station (Route 1) and		
24	Water System Improvements		
25	Restricted Funds	71,000	0;
26	036. Greenup County Fiscal Court Greenup County		
27	Park and Fairgrounds Improvements		

1	Restricted Funds	10,000	0
2	037. Greenup County Fiscal Court - Worthington		
3	Meals on Wheels		
4	Restricted Funds	1,000	0
5	038. Greenup County Fiscal Court - Russell / Raceland /		
6	Flatwoods Meals on Wheels		
7	Restricted Funds	1,000	0
8	039. Greenup County Fiscal Court - Greenup		
9	Riverfront Improvements		
10	Restricted Funds	15,000	0
11	040. City of Raceland - Lost Canyon and Caroline Road -		
12	Sewer Extension - SX 21089018		
13	Restricted Funds	48,000	0
14	Hancock County		
15	001. City of Hawesville - Fire Truck		
16	Restricted Funds	175,000	0
17	002. City of Lewisport - Lewisport Fire Department -		
18	Equipment		
19	Restricted Funds	60,000	0
20	003. Hancock County Fiscal Court - Highway 657		
21	(4th Street) - Sewer Line Extension		
22	Restricted Funds	0	75,000
23	004. Hancock County Fiscal Court - Repair Affair		
24	Restricted Funds	15,000	0
25	Harlan County		
26	001. City of Benham - Operations, Projects and Equipment		
27	Restricted Funds	20,000	20,000

1	002. City of Benham Water Tank		
2	Restricted Funds	250,000	0
3	003. City of Cumberland Projects and Equipment		
4	Restricted Funds	20,000	20,000
5	004. City of Cumberland Tri-City Heritage Development		
6	Corporation Operations		
7	Restricted Funds	0	15,000
8	005. City of Cumberland Water Line Extension		
9	Cumberland to Letcher County Line		
10	Restricted Funds	500,000	0
11	006. City of Evarts Land Acquisition and Building for		
12	Fire Department Construction		
13	Restricted Funds	25,000	0
14	007. City of Evarts Land Acquisition and Building for		
15	RV Park Construction		
16	Restricted Funds	0	50,000
17	008. City of Evarts Projects and/or Equipment		
18	Restricted Funds	20,000	20,000
19	009. City of Evarts Safety Equipment for ATV Park		
20	Restricted Funds	90,000	0
21	010. City of Harlan Harlan City Fire Department		
22	Operations and Equipment		
23	Restricted Funds	7,500	7,500
24	011. City of Harlan Harlan Revitalization		
25	Restricted Funds	50,000	25,000
26	012. City of Loyall Projects and Equipment		
27	Restricted Funds	20,000	20,000

1	013. City of Lynch Projects and Equipment		
2	 Restricted Funds	20,000	20,000
3	014. City of Lynch Sewer Line Replacement Project		
4	 Restricted Funds	0	70,000
5	015. City of Lynch Water Plant Rehabilitation		
6	 Restricted Funds	100,000	0
7	016. City of Wallins Projects and Equipment		
8	 Restricted Funds	20,000	20,000
9	017. Green Hills Water District Water System		
10	 Improvements and Extensions		
11	 Restricted Funds	200,000	125,000
12	018. Green Hills Water District Equipment and Water		
13	 Line Extension		
14	 Restricted Funds	75,000	0
15	019. Harlan County Fiscal Court Benham Fire		
16	 Department Operations and Equipment		
17	 Restricted Funds	7,500	7,500
18	020. Harlan County Fiscal Court Black Mountain		
19	 Utilities Water Line Extension		
20	 Restricted Funds	300,000	700,000
21	021. Harlan County Fiscal Court Bledsoe Volunteer		
22	 Fire Department Operations and Equipment		
23	 Restricted Funds	7,500	7,500
24	022. Harlan County Fiscal Court Camp Blanton		
25	 Renovation		
26	 Restricted Funds	84,000	0
27	023. Harlan County Fiscal Court Cawood Ledford Boys		

1	and Girls Club Operations and Equipment		
2	Restricted Funds	25,000	25,000
3	024. Harlan County Fiscal Court Cawood Water		
4	District Water Line Expansion to Smith Area		
5	Restricted Funds	400,000	600,000
6	025. Harlan County Fiscal Court Cloverfork Rescue		
7	Squad Operations and Equipment		
8	Restricted Funds	0	10,000
9	026. Harlan County Fiscal Court Cloverfork Volunteer		
10	Fire Department Operations and Equipment		
11	Restricted Funds	7,500	7,500
12	027. Harlan County Fiscal Court Coldiron Volunteer Fire		
13	Department Operations and Equipment		
14	Restricted Funds	7,500	7,500
15	028. Harlan County Fiscal Court Coxtton Park		
16	Renovation and Improvements		
17	Restricted Funds	10,000	0
18	029. Harlan County Fiscal Court Cumberland Fire		
19	Department Operations and Equipment		
20	Restricted Funds	7,500	7,500
21	030. Harlan County Fiscal Court Detention Center		
22	Bond Department Principal		
23	Restricted Funds	250,000	250,000
24	031. Harlan County Fiscal Court Evarts Depot Restoration		
25	Restricted Funds	0	57,000
26	032. Harlan County Fiscal Court Evarts Fire		
27	Department Operations and Equipment		

1	Restricted Funds	7,500	7,500
2	033. Harlan County Fiscal Court Four Wheeler Park for		
3	Promotional Costs and Ancillary		
4	Restricted Funds	0	100,000
5	034. Harlan County Fiscal Court Green Hills		
6	Community Center and Park Improvements		
7	Restricted Funds	20,000	0
8	035. Harlan County Fiscal Court Harlan Rescue		
9	Squad Operations and Equipment		
10	Restricted Funds	0	10,000
11	036. Harlan County Fiscal Court Harlan County Committee		
12	on Aging, Inc. Renovation / Equipment		
13	Restricted Funds	0	125,000
14	037. Harlan County Fiscal Court Harlan County Road		
15	Department Equipment		
16	Restricted Funds	0	50,000
17	038. Harlan County Fiscal Court Harlan Fire		
18	Department Operations and Equipment		
19	Restricted Funds	7,500	7,500
20	039. Harlan County Fiscal Court Harlan Little League		
21	Operations and Maintenance		
22	Restricted Funds	5,000	10,000
23	040. Harlan County Fiscal Court Harlan Shriners'		
24	Park Improvements		
25	Restricted Funds	0	10,000
26	041. Harlan County Fiscal Court Hope Drug		
27	Center Operations and Equipment		

1	Restricted Funds	220,000	29,000
2	042. Harlan County Fiscal Court Lower Cloverfork		
3	Volunteer Fire Department Operations and Equipment		
4	Restricted Funds	7,500	7,500
5	043. Harlan County Fiscal Court Loyall Fire		
6	Department Operations and Equipment		
7	Restricted Funds	7,500	7,500
8	044. Harlan County Fiscal Court Lynch Fire		
9	Department Operations and Equipment		
10	Restricted Funds	7,500	7,500
11	045. Harlan County Fiscal Court Martins Fork		
12	Volunteer Fire Department Operations and Equipment		
13	Restricted Funds	7,500	7,500
14	046. Harlan County Fiscal Court Mountain		
15	Comprehensive Health Corporation Improvements		
16	Restricted Funds	250,000	0
17	047. Harlan County Fiscal Court Pathfork Park Improvements		
18	Restricted Funds	10,000	0
19	048. Harlan County Fiscal Court Putney Volunteer		
20	Fire Department Operations and Equipment		
21	Restricted Funds	7,500	7,500
22	049. Harlan County Fiscal Court Sheriff's Department		
23	Cops in School		
24	Restricted Funds	25,000	25,000
25	050. Harlan County Fiscal Court Smith Park Improvements		
26	Restricted Funds	0	10,000
27	051. Harlan County Fiscal Court Southeast Education		

1	Foundation Benham Inn, Portal 31, Coal Mine		
2	Museum Pay off Debt		
3	Restricted Funds	325,000	0
4	052. Harlan County Fiscal Court Southeast Kentucky		
5	Rehabilitation Industry Building and Roof Repair		
6	Restricted Funds	250,000	0
7	053. Harlan County Fiscal Court Sunshine Volunteer		
8	Fire Department Operations and Equipment		
9	Restricted Funds	7,500	7,500
10	054. Harlan County Fiscal Court Tri City Little League		
11	Operations and Equipment		
12	Restricted Funds	0	15,000
13	055. Harlan County Fiscal Court Upper Cloverfork		
14	Volunteer Fire Department Operations and Equipment		
15	Restricted Funds	7,500	7,500
16	056. Harlan County Fiscal Court Veterans Honor Guard		
17	Restricted Funds	0	15,000
18	057. Harlan County Fiscal Court Wallins Volunteer Fire		
19	Department Operations and Equipment		
20	Restricted Funds	7,500	7,500
21	058. Harlan County Fiscal Court Yocum Creek Volunteer		
22	Fire Department Operations and Equipment		
23	Restricted Funds	7,500	7,500
24	059. KCTCS Southeast Community College		
25	Kentucky Coal Academy Program		
26	Restricted Funds	125,000	125,000
27	060. Kentucky Fish and Wildlife Two ATV Safety		

1	Vehicles and Operations for Harlan County ATV Trails		
2	Restricted Funds	75,000	75,000
3	061. City of Lynch Splash Pad Project		
4	Restricted Funds	0	60,000
5	Henderson County		
6	001. City of Corydon Demolish and Removal of		
7	Buildings Health and Safety Reasons		
8	Restricted Funds	25,000	0
9	002. City of Robards Infrastructure Needs		
10	Restricted Funds	20,000	0
11	003. Henderson County Fiscal Court Baskett Volunteer		
12	Fire Department Fire Fighting Equipment		
13	Restricted Funds	10,000	0
14	004. Henderson County Fiscal Court Cairo Volunteer		
15	Fire Department Fire Fighting Equipment		
16	Restricted Funds	10,000	0
17	005. Henderson County Fiscal Court Corydon Civil		
18	Defense Fire Department Fire Fighting Equipment		
19	Restricted Funds	10,000	0
20	006. Henderson County Fiscal Court Hebbardsville		
21	Area Volunteer Fire Department Fire Fighting Equipment		
22	Restricted Funds	10,000	0
23	007. Henderson County Fiscal Court Henderson City		
24	County Rescue Volunteer Fire Department Fire		
25	Fighting Equipment		
26	Restricted Funds	10,000	0
27	008. Henderson County Fiscal Court Henderson County		

1	_____ Fair Grounds Concrete Areas Around		
2	_____ Buildings/Bathrooms _____		
3	_____ Restricted Funds _____	20,000	0
4	_____ 009. Henderson County Fiscal Court Henderson		
5	_____ County Fair Grounds Infrastructure for Walking		
6	_____ Track and Paving _____		
7	_____ Restricted Funds _____	55,000	0
8	_____ 010. Henderson County Fiscal Court Henderson		
9	_____ County Fair Grounds Park Equipment and Improvements _____		
10	_____ Restricted Funds _____	45,000	0
11	_____ 011. Henderson County Fiscal Court Niagara Volunteer		
12	_____ Fire Department Fire Fighting Equipment _____		
13	_____ Restricted Funds _____	10,000	0
14	_____ 012. Henderson County Fiscal Court Paving of Newly		
15	_____ Constructed Connector Road at Riverport _____		
16	_____ Restricted Funds _____	40,000	0
17	_____ 013. Henderson County Fiscal Court Poole Volunteer		
18	_____ Fire Department Fire Fighting Equipment _____		
19	_____ Restricted Funds _____	10,000	0
20	_____ 014. Henderson County Fiscal Court Public Library		
21	_____ Repair and Renovation _____		
22	_____ Restricted Funds _____	250,000	0
23	_____ 015. Henderson County Fiscal Court Reed Volunteer		
24	_____ Fire Department Fire Fighting Equipment _____		
25	_____ Restricted Funds _____	10,000	0
26	_____ 016. Henderson County Fiscal Court Robards Volunteer		
27	_____ Fire Department Fire Fighting Equipment _____		

1	Restricted Funds	10,000	0
2	017. Henderson County Fiscal Court Smith Mills		
3	Volunteer Fire Department Fire Fighting Equipment		
4	Restricted Funds	10,000	0
5	018. Henderson County Fiscal Court Spottsville Volunteer		
6	Fire Department Fire Fighting Equipment		
7	Restricted Funds	10,000	0
8	019. Henderson County Fiscal Court Star Industrial		
9	Park Site Adjacent to Columbia Sportswear		
10	Grading and Site Work for Entrance		
11	Restricted Funds	45,000	0
12	020. Henderson County Fiscal Court Star Industrial Park		
13	Entrance and Site Work Clearing of Trees		
14	and Reseeding		
15	Restricted Funds	40,000	0
16	021. Henderson County Fiscal Court Zion Volunteer		
17	Fire Department Fire Fighting Equipment		
18	Restricted Funds	10,000	0
19	022. Henderson County Water District Cheatham		
20	Road/William Keene Road Extension		
21	Restricted Funds	26,000	0
22	023. Henderson County Water District Henderson		
23	and West Daviess Interconnection		
24	Restricted Funds	75,000	0
25	024. Henderson County Water District Henderson		
26	County Water Old US 60 Main Replacement		
27	Restricted Funds	125,000	0

1	025. Henderson County Water District J. Gibson Hugh		
2	Sights Rock Springs Roads Water Line Extension		
3	Restricted Funds	136,000	0
4	026. Henderson County Fiscal Court Henderson		
5	City/County Rescue Squad Fire Fighting		
6	Support Equipment		
7	Restricted Funds	10,000	0
8	Hopkins County		
9	001. City of Dawson Springs Warning Sirens Equipment		
10	Restricted Funds	14,000	0
11	002. City of Earlington Warning Sirens Equipment		
12	Restricted Funds	14,000	0
13	003. City of Hanson Warning Sirens Equipment		
14	Restricted Funds	14,000	0
15	004. City of Madisonville Hopkins County Public		
16	Library Renovation Project		
17	Restricted Funds	100,000	0
18	005. City of Madisonville Warning Sirens Equipment		
19	Restricted Funds	14,000	0
20	006. City of Madisonville Warning Sirens Equipment		
21	Restricted Funds	14,000	0
22	007. City of Madisonville Community College		
23	Technology Upgrades and Workforce		
24	Development Programs		
25	Restricted Funds	200,000	0
26	008. City of Mortons Gap Warning Sirens Equipment		
27	Restricted Funds	14,000	0

1	009. City of Nebo Warning Sirens Equipment		
2	Restricted Funds	14,000	0
3	010. City of Nortonville Warning Sirens Equipment		
4	Restricted Funds	14,000	0
5	011. City of St. Charles Warning Sirens Equipment		
6	Restricted Funds	14,000	0
7	012. City of White Plains Warning Sirens Equipment		
8	Restricted Funds	14,000	0
9	013. Hopkins County Board of Education School		
10	Resource Officer		
11	Restricted Funds	70,000	0
12	014. Hopkins County Fiscal Court Anton Volunteer		
13	Fire Department Equipment		
14	Restricted Funds	10,000	0
15	015. Hopkins County Fiscal Court Area Two Dive		
16	Search, Rescue and Recovery Team Equipment		
17	and Upgrades		
18	Restricted Funds	90,000	0
19	016. Hopkins County Fiscal Court Center for		
20	Cultural and Professional Development		
21	Construction and Maintenance		
22	Restricted Funds	40,000	0
23	017. Hopkins County Fiscal Court Charleston		
24	Volunteer Fire Department Equipment		
25	Restricted Funds	10,000	0
26	018. Hopkins County Fiscal Court Dawson Springs		
27	Volunteer Fire Department Equipment		

1	Restricted Funds	10,000	0
2	019. Hopkins County Fiscal Court – Earlington		
3	Volunteer Fire Department – Equipment		
4	Restricted Funds	10,000	0
5	020. Hopkins County Fiscal Court – Economic		
6	Development/Land Acquisition & Infrastructure		
7	Restricted Funds	394,450	0
8	021. Hopkins County Fiscal Court – Grapevine		
9	Volunteer Fire Department – Equipment		
10	Restricted Funds	10,000	0
11	022. Hopkins County Fiscal Court – Hanson		
12	Volunteer Fire Department – Equipment		
13	Restricted Funds	10,000	0
14	023. Hopkins County Fiscal Court – Hopkins County		
15	Emergency Management (EMA) – Equipment Upgrades		
16	Restricted Funds	50,000	0
17	024. Hopkins County Fiscal Court – Hopkins County		
18	Public Works Department – Equipment and		
19	Vehicle Upgrades		
20	Restricted Funds	200,000	0
21	025. Hopkins County Fiscal Court – Humane Society –		
22	Equipment and Upgrades		
23	Restricted Funds	50,000	0
24	026. Hopkins County Fiscal Court – Manitou		
25	Volunteer Fire Department – Equipment		
26	Restricted Funds	10,000	0
27	027. Hopkins County Fiscal Court – Mortons Gap		

1	Volunteer Fire Department Equipment		
2	Restricted Funds	10,000	0
3	028. Hopkins County Fiscal Court Nebo Volunteer		
4	Fire Department Equipment		
5	Restricted Funds	10,000	0
6	029. Hopkins County Fiscal Court Nortonville		
7	Volunteer Fire Department Equipment		
8	Restricted Funds	10,000	0
9	030. Hopkins County Fiscal Court Richland		
10	Volunteer Fire Department Equipment		
11	Restricted Funds	10,000	0
12	031. Hopkins County Fiscal Court Rosenwalk		
13	Smith Multicultural Center Maintenance and Repairs		
14	Restricted Funds	100,000	0
15	032. Hopkins County Fiscal Court South Hopkins		
16	Volunteer Fire Department Equipment		
17	Restricted Funds	10,000	0
18	033. Hopkins County Fiscal Court St. Charles		
19	Volunteer Fire Department Equipment		
20	Restricted Funds	10,000	0
21	034. Hopkins County Fiscal Court White Plains		
22	Volunteer Fire Department Equipment		
23	Restricted Funds	10,000	0
24	035. KCTCS Madisonville Community College		
25	Kentucky Coal Academy Program		
26	Restricted Funds	125,000	125,000
27	Jackson County		

1	001. Jackson County Fiscal Court Gray Hawk Fire		
2	Department Equipment		
3	Restricted Funds	10,000	5,000
4	002. Jackson County Fiscal Court Jackson County		
5	Library Board		
6	Restricted Funds	20,000	10,000
7	003. Jackson County Fiscal Court Maintenance		
8	Vehicles Improvements		
9	Restricted Funds	20,000	10,000
10	004. Jackson County Fiscal Court McKee Fire		
11	Department Equipment		
12	Restricted Funds	10,000	5,000
13	005. Jackson County Fiscal Court Pond Creek Fire		
14	Department Equipment		
15	Restricted Funds	10,000	5,000
16	006. Jackson County Fiscal Court Sand Gap Fire		
17	Department Equipment		
18	Restricted Funds	10,000	5,000
19	007. Jackson County Fiscal Court Sheriff Department		
20	Vehicle and Equipment		
21	Restricted Funds	20,000	25,000
22	Johnson County		
23	001. Johnson County Board of Education Public		
24	Schools Youth Activities Facility Construction		
25	Restricted Funds	50,000	50,000
26	002. Johnson County Fiscal Court Courthouse		
27	Debt Reduction		

1	Restricted Funds	250,000	250,000
2	003. Johnson County Fiscal Court Courthouse		
3	Maintenance and Repair		
4	Restricted Funds	25,000	0
5	004. Johnson County Fiscal Court Senior Citizens		
6	Center Improvements		
7	Restricted Funds	25,000	25,000
8	005. Johnson County Fiscal Court Volunteer Fire		
9	Departments Equipment and Operations		
10	Restricted Funds	35,000	35,000
11	006. Paintsville Independent Board of Education		
12	City Schools Youth Activities Facility Construction		
13	Restricted Funds	50,000	50,000
14	Knott County		
15	001. Knott County Fiscal Court Adult Wellness		
16	Complex Bond Payment		
17	Restricted Funds	1,000,000	1,000,000
18	002. Knott County Fiscal Court Amphitheater		
19	Construction		
20	Restricted Funds	50,000	200,000
21	003. Knott County Fiscal Court ATV Training		
22	Center and Trails Develop and Construct		
23	Restricted Funds	25,000	50,000
24	004. Knott County Fiscal Court Ball Creek Fire		
25	Department Equipment		
26	Restricted Funds	25,000	25,000
27	005. Knott County Fiscal Court Ball Creek		

1	Park Operation, Maintenance and Improvements		
2	Restricted Funds	5,000	5,000
3	006. Knott County Fiscal Court Ball Creek and		
4	Beaver Creek Water Project Fire Hydrants		
5	Restricted Funds	110,000	0
6	007. Knott County Fiscal Court Beaver Creek		
7	Park Operation, Maintenance and Improvements		
8	Restricted Funds	5,000	5,000
9	008. Knott County Fiscal Court Carr Creek Water		
10	Treatment Plant		
11	Restricted Funds	500,000	500,000
12	009. Knott County Fiscal Court Carr Creek Fire		
13	Department Equipment		
14	Restricted Funds	25,000	25,000
15	010. Knott County Fiscal Court Kentucky		
16	School of Craft		
17	Restricted Funds	250,000	250,000
18	011. Knott County Fiscal Court County Clerk's		
19	Office Operations, Maintenance, and Equipment		
20	Restricted Funds	35,000	35,000
21	012. Knott County Fiscal Court Dry Creek Park		
22	Operation, Maintenance and Improvements		
23	Restricted Funds	5,000	5,000
24	013. Knott County Fiscal Court Fisty Fire		
25	Department Equipment		
26	Restricted Funds	25,000	25,000
27	014. Knott County Fiscal Court Hindman Fire		

1	Department Equipment		
2	Restricted Funds	25,000	25,000
3	015. Knott County Fiscal Court Hindman Park		
4	Operation, Maintenance and Improvements		
5	Restricted Funds	5,000	5,000
6	016. Knott County Fiscal Court Hindman Sidewalk		
7	Pedestrian Bridge Project		
8	Restricted Funds	100,000	0
9	017. Knott County Fiscal Court Jamestown Village		
10	and Highway 81 Water Line WRIS Project		
11	No. WX21119225		
12	Restricted Funds	300,000	0
13	018. Knott County Fiscal Court Jones Fork Fire		
14	Department Equipment		
15	Restricted Funds	25,000	25,000
16	019. Knott County Fiscal Court Jones Fork Park		
17	Operation, Maintenance and Improvements		
18	Restricted Funds	5,000	5,000
19	020. Knott County Fiscal Court Kite Park		
20	Operation, Maintenance and Improvements		
21	Restricted Funds	5,000	5,000
22	021. Knott County Fiscal Court Kite/Topmost Fire		
23	Department Equipment		
24	Restricted Funds	25,000	25,000
25	022. Knott County Fiscal Court Knott County		
26	Courthouse Renovation		
27	Restricted Funds	200,000	200,000

1	023. Knott County Fiscal Court Knott County		
2	Emergency Rescue Squad Equipment		
3	Restricted Funds	25,000	25,000
4	024. Knott County Fiscal Court Knott County		
5	Football Field Fence Around the Field		
6	Restricted Funds	8,300	0
7	025. Knott County Fiscal Court Knott County		
8	Football Field Rubberizing Track Service		
9	Restricted Funds	45,000	0
10	026. Knott County Fiscal Court Knott County Football		
11	Field Turf Solution		
12	Restricted Funds	10,438	0
13	027. Knott County Fiscal Court Knott County Sheriff's		
14	Office Safety Equipment, Operating,		
15	Maintenance, and Vehicle		
16	Restricted Funds	100,000	0
17	028. Knott County Fiscal Court Knott County Youth		
18	Foundation Operating and Equipment		
19	Restricted Funds	20,000	75,000
20	029. Knott County Fiscal Court Lotts Creek Fire		
21	Department Equipment		
22	Restricted Funds	25,000	25,000
23	030. Knott County Fiscal Court Lotts Creek		
24	School Athletic Field lighting		
25	Restricted Funds	50,000	25,000
26	031. Knott County Fiscal Court Various Water		
27	Line Extensions		

1	Restricted Funds	250,000	250,000
2	032. Knott County Fiscal Court Martin		
3	Branch Water Project		
4	Restricted Funds	250,000	0
5	033. Knott County Fiscal Court Rt. 80 Montgomery		
6	to Soft Shell Exit Water Line Extensions		
7	Restricted Funds	0	1,000,000
8	034. Knott County Fiscal Court Mousie Community		
9	Fifteen Fire Hydrants		
10	Restricted Funds	33,000	0
11	035. Knott County Fiscal Court Pippa Passes Fire		
12	Department Equipment		
13	Restricted Funds	25,000	25,000
14	036. Knott County Fiscal Court Purchase of		
15	Beckham Combs Elementary Community Center		
16	Restricted Funds	250,000	0
17	037. Knott County Fiscal Court Purchase of Caney		
18	Elementary Community Center		
19	Restricted Funds	250,000	0
20	038. Knott County Fiscal Court Purchase of Old		
21	Knott County Food Store Community Center		
22	Restricted Funds	100,000	0
23	039. Knott County Fiscal Court Purchase Property		
24	for Economic Development Robert and Maggie		
25	Gambill Property		
26	Restricted Funds	525,000	0
27	040. Knott County Fiscal Court Red Fox Fire		

1	Department Construction		
2	Restricted Funds	100,000	0
3	041. Knott County Fiscal Court Red Fox Fire		
4	Department Purchase Property		
5	Restricted Funds	100,000	0
6	042. Knott County Fiscal Court Red Fox Park		
7	Operation, Maintenance and Improvements		
8	Restricted Funds	5,000	5,000
9	043. Knott County Fiscal Court School of		
10	Crafts Ceramic Department Construction		
11	Restricted Funds	250,000	0
12	044. Knott County Fiscal Court Senior Citizens		
13	Center Improvements		
14	Restricted Funds	75,000	75,000
15	045. Knott County Fiscal Court Tourism ATV		
16	and Horse Trail		
17	Restricted Funds	175,000	40,000
18	046. Knott County Fiscal Court Vieco/Sassafrass		
19	Fire Department Equipment		
20	Restricted Funds	25,000	25,000
21	047. Knott County Fiscal Court Fire Hydrants		
22	Restricted Funds	0	25,000
23	Knox County		
24	001. Cumberland Valley Area Development District		
25	Artemus Volunteer Fire Department Equipment		
26	Restricted Funds	0	30,000
27	002. Cumberland Valley Area Development District		

1	_____ Bailey Volunteer Fire Department Equipment _____		
2	_____ Restricted Funds _____	0	30,000
3	_____ 003. Cumberland Valley Area Development District _____		
4	_____ East Knox Volunteer Fire Department Equipment _____		
5	_____ Restricted Funds _____	0	30,000
6	_____ 004. Cumberland Valley Area Development District _____		
7	_____ Poplar Creek Volunteer Fire Department Equipment _____		
8	_____ Restricted Funds _____	0	30,000
9	_____ 005. Cumberland Valley Area Development District _____		
10	_____ Richland Volunteer Fire Department Equipment _____		
11	_____ Restricted Funds _____	0	30,000
12	_____ 006. Cumberland Valley Area Development District _____		
13	_____ Stinking Creek Volunteer Fire Department Equipment _____		
14	_____ Restricted Funds _____	0	30,000
15	_____ 007. Cumberland Valley Area Development District _____		
16	_____ West Knox Volunteer Fire Department Capital		
17	_____ Construction Substation _____		
18	_____ Restricted Funds _____	0	80,000
19	_____ 008. Cumberland Valley Area Development District _____		
20	_____ West Knox Volunteer Fire Department Equipment _____		
21	_____ Restricted Funds _____	0	30,000
22	_____ 009. Cumberland Valley Area Development District _____		
23	_____ Woodbine Subdivision Station Volunteer Fire		
24	_____ Department Equipment _____		
25	_____ Restricted Funds _____	0	30,000
26	_____ 010. Cumberland Valley Area Development District _____		
27	_____ Woodvine Volunteer Fire Department Capital _____		

1	Construction Walker Park Substation		
2	Restricted Funds	0	80,000
3	011. Knox County Board of Education Knox Central		
4	Currency Bank Equipment		
5	Restricted Funds	5,000	0
6	012. Knox County Board of Education TV 4 Equipment		
7	Restricted Funds	20,000	0
8	013. Knox County Fiscal Court Knox County		
9	Attorney's Office UNITE Equipment		
10	Restricted Funds	20,000	0
11	014. Knox County Fiscal Court Sheriff Equipment		
12	and Cars		
13	Restricted Funds	50,000	25,000
14	015. City of Barbourville Police Department Equipment		
15	Restricted Funds	0	30,000
16	016. City of Barbourville Fire Department Equipment		
17	Restricted Funds	0	30,000
18	017. Knox County Fiscal Court Girdler Volunteer Fire		
19	Department Payment of Capital		
20	Construction Debt		
21	Restricted Funds	30,000	0
22	018. Knox County Fiscal Court Artemus Volunteer		
23	Fire Department Payment of Capital		
24	Construction Debt		
25	Restricted Funds	50,000	0
26	Laurel County		
27	001. Laurel County Fiscal Court Bald Rock Fire		

1	Department Equipment		
2	Restricted Funds	12,000	5,000
3	002. Laurel County Fiscal Court Bush Fire		
4	Department Equipment		
5	Restricted Funds	12,000	5,000
6	003. Laurel County Fiscal Court Campground Fire		
7	Department Equipment		
8	Restricted Funds	12,000	5,000
9	004. Laurel County Fiscal Court Crossroads Fire		
10	Department Equipment		
11	Restricted Funds	12,000	5,000
12	005. Laurel County Fiscal Court East Bernstadt Fire		
13	Department Equipment		
14	Restricted Funds	12,000	5,000
15	006. Laurel County Fiscal Court Health Department		
16	Community Walking Track Equipment		
17	Restricted Funds	20,000	0
18	007. Laurel County Fiscal Court Keavy Fire		
19	Department Equipment		
20	Restricted Funds	12,000	5,000
21	008. Laurel County Fiscal Court Laurel County Fire		
22	Department Equipment		
23	Restricted Funds	12,000	5,000
24	009. Laurel County Fiscal Court Laurel County Rescue		
25	Squad Equipment		
26	Restricted Funds	12,000	5,000
27	010. Laurel County Fiscal Court Library Supplies		

1	Restricted Funds	5,000	5,382
2	011. Laurel County Fiscal Court Lily Fire		
3	Department Equipment		
4	Restricted Funds	12,000	5,000
5	012. Laurel County Fiscal Court London / Laurel		
6	County Optimist Club		
7	Restricted Funds	25,000	40,000
8	013. Laurel County Fiscal Court London Fire		
9	Department Equipment		
10	Restricted Funds	12,000	5,000
11	014. Laurel County Fiscal Court MeWhorter Fire		
12	Department Equipment		
13	Restricted Funds	12,000	5,000
14	015. Laurel County Fiscal Court North Laurel Little		
15	League Capital Construction		
16	Restricted Funds	20,000	25,000
17	016. Laurel County Fiscal Court OPAC		
18	Restricted Funds	15,000	15,000
19	017. Laurel County Fiscal Court Swiss Colony Fire		
20	Department Equipment		
21	Restricted Funds	12,000	5,000
22	018. Laurel County Fiscal Court Veterans		
23	Memorial Improvements		
24	Restricted Funds	30,000	0
25	Lawrence County		
26	001. City of Louisa Downtown Beautification,		
27	Building, Sidewalk and Street Improvements,		

1	Infrastructure, City Park and City Pool Upgrades		
2	and Any Other Enhancements		
3	Restricted Funds	50,000	50,000
4	002. City of Louisa Lawrence County Public Library		
5	Technology Upgrades, Construction, Library		
6	Enhancements and Improvements		
7	Restricted Funds	75,000	75,000
8	003. Lawrence County Board of Education Blaine		
9	Elementary Facility and Ground Improvements,		
10	Technology Upgrades, Curriculum, Program,		
11	Enhancements, and other Physical Fitness and		
12	Playground Equipment Upgrades		
13	Restricted Funds	25,000	0
14	004. Lawrence County Board of Education Facility		
15	Improvements and Upgrades New Floor and Lights		
16	Lawrence County High School Gymnasium		
17	Restricted Funds	150,000	0
18	005. Lawrence County Board of Education Fallsburg		
19	Elementary Facility and Ground Improvements,		
20	Technology Upgrades, Curriculum, Program and		
21	other Enhancements, Physical Fitness and		
22	Playground Equipment Upgrades		
23	Restricted Funds	25,000	0
24	006. Lawrence County Board of Education Lawrence		
25	County Career Tech Program Jr. Coal Academy		
26	Program Equipment, Materials, Curriculum and		
27	Training Enhancements Other Improvements Related		

1	to Jr. Coal Academy		
2	Restricted Funds	100,000	100,000
3	007. Lawrence County Board of Education – Louisa Upper		
4	Elementary Facility and Ground Improvements,		
5	Technology Upgrades, Curriculum, Program and		
6	other Enhancements, Physical Fitness and Playground		
7	Equipment Upgrades		
8	Restricted Funds	25,000	0
9	008. Lawrence County Fiscal Court – Blaine Fire		
10	Department – Equipment and Improvements		
11	Restricted Funds	0	10,000
12	009. Lawrence County Fiscal Court – Blaine City Park		
13	Various Construction, Equipment and Ground		
14	Improvements		
15	Restricted Funds	15,000	15,000
16	010. Lawrence County Fiscal Court – Cherryville Fire		
17	Department – Equipment and Improvements		
18	Restricted Funds	0	10,000
19	011. Lawrence County Fiscal Court – Fallsburg Fire		
20	Department – Equipment and Improvements		
21	Restricted Funds	0	10,000
22	012. Lawrence County Fiscal Court – Lawrence County		
23	Community Center Facility and Ground Improvements,		
24	Related Upgrades and Enhancements at the Community		
25	Center		
26	Restricted Funds	50,000	25,000
27	013. Lawrence County Fiscal Court – Lawrence County		

1	Industrial Park	Various Industrial Park		
2	Improvements and Upgrades			
3	Restricted Funds		50,000	75,000
4	014. Lawrence County Fiscal Court	Louisa #1 Fire		
5	Department	Equipment and Improvements		
6	Restricted Funds		0	10,000
7	015. Lawrence County Fiscal Court	Louisa #2 Fire		
8	Department	Equipment and Improvements		
9	Restricted Funds		0	10,000
10	016. Lawrence County Fiscal Court	Lowmansville		
11	Fire Department	Equipment and Improvements		
12	Restricted Funds		0	10,000
13	017. Lawrence County Fiscal Court	Pleasant		
14	Ridge Park	Various Park Improvements		
15	Restricted Funds		100,000	100,000
16	018. Lawrence County Fiscal Court	Stella Moore		
17	Recreational Complex	Facility and Ground		
18	Improvements, Equipment and other Enhancements			
19	Restricted Funds		50,000	0
20	019. Lawrence County Fiscal Court	Webbville Fire		
21	Department	Equipment and Improvements		
22	Restricted Funds		0	10,000
23	020. Lawrence County Board of Education:	Louisa Lower		
24	Elementary	Facility and Ground Improvements,		
25	Technology Upgrades, Curriculum, Program and			
26	other Enhancements, Physical Fitness and			
27	Playground Equipment Upgrades			

1	Restricted Funds	25,000	0
2	021. Lawrence County Board of Education: Louisa		
3	Middle School Facility and Ground Improvements,		
4	Technology Upgrades, Curriculum, Program and		
5	other Enhancements, Physical Fitness and		
6	Playground Equipment Upgrades		
7	Restricted Funds	25,000	0
8	Lee County		
9	001. City of Beattyville Renaissance		
10	Restricted Funds	100,000	150,000
11	002. Lee County Fiscal Court Ambulance		
12	Service Equipment		
13	Restricted Funds	100,000	0
14	003. Lee County Fiscal Court Museum, Veterans'		
15	Wing Improvements		
16	Restricted Funds	40,000	0
17	004. Lee County Fiscal Court KY Mountain Mission		
18	Inc. of Southeast Kentucky		
19	Restricted Funds	25,000	0
20	005. Lee County Fiscal Court Park Improvements		
21	Restricted Funds	50,000	0
22	006. Lee County Fiscal Court Senior Citizens Equipment		
23	Restricted Funds	0	47,000
24	007. Lee County Fiscal Court Three Forks Jail		
25	Restricted Funds	100,000	100,000
26	008. Lee County Fiscal Court Volunteer Fire		
27	Department Equipment		

1	Restricted Funds	50,000	0
2	Leslie County		
3	001. City of Hyden Pedway Project		
4	Restricted Funds	100,000	0
5	002. Hyden Leslie Water District Replace Transmission		
6	Mains in the City of Hyden and Install Fire Hydrants		
7	Restricted Funds	0	400,000
8	003. Hyden Leslie Water District Water Line Extension		
9	Water Plant Expansion		
10	Restricted Funds	250,000	200,000
11	004. Kentucky River ADD Past Dues		
12	Restricted Funds	53,000	0
13	005. Leslie County Board of Education Beechfork		
14	Community Center Property Acquisition		
15	Restricted Funds	320,000	0
16	006. Leslie County Board of Education Leslie County		
17	High School Band		
18	Restricted Funds	14,000	0
19	007. Leslie County Board of Education Student Bus		
20	Loading Canopy		
21	Restricted Funds	0	100,000
22	008. Leslie County Board of Education Technology		
23	Infrastructure and Student Lab Computers		
24	Restricted Funds	100,000	100,000
25	009. Leslie County Fiscal Court Beechfork Community		
26	Center Equipment, Operations and Property Acquisition		
27	Restricted Funds	180,000	0

1	010. Leslie County Fiscal Court – Clerks Office – Equipment		
2	 Restricted Funds	20,000	0
3	011. Leslie County Fiscal Court – Community		
4	 Development Center – Operations		
5	 Restricted Funds	74,000	80,000
6	012. Leslie County Fiscal Court – Coon Creek Volunteer		
7	 Fire Department		
8	 Restricted Funds	10,000	20,000
9	013. Leslie County Fiscal Court – C.R.E.E.K. Operations		
10	 Restricted Funds	100,000	75,000
11	014. Leslie County Fiscal Court – Cutshin Fire and		
12	 Rescue Volunteer Fire Department		
13	 Restricted Funds	10,000	20,000
14	015. Leslie County Fiscal Court – Debt Service for		
15	 Refunding Bond Series 2003		
16	 Restricted Funds	113,650	0
17	016. Leslie County Fiscal Court – Drug Awareness Program		
18	 Restricted Funds	10,000	10,000
19	017. Leslie County Fiscal Court – E911 Center		
20	 New Facility – Construction		
21	 Restricted Funds	500,000	0
22	018. Leslie County Fiscal Court – E911 – Operations		
23	 Restricted Funds	200,000	200,000
24	019. Leslie County Fiscal Court – Hyden Volunteer		
25	 Fire Department		
26	 Restricted Funds	10,000	20,000
27	020. Leslie County Fiscal Court – Jail Bond Debt (Principal)		

1	Restricted Funds	0	500,000
2	021. Leslie County Fiscal Court Leslie County Food Pantry		
3	Restricted Funds	10,000	0
4	022. Leslie County Fiscal Court Leslie County		
5	Humane Society Operations		
6	Restricted Funds	10,000	4,500
7	023. Leslie County Fiscal Court Redbird Fire Department		
8	Restricted Funds	10,000	0
9	024. Leslie County Fiscal Court RV Park Improvements		
10	Restricted Funds	75,000	0
11	025. Leslie County Fiscal Court Stinnett Fire and		
12	Rescue Volunteer Fire Department		
13	Restricted Funds	10,000	20,000
14	026. Leslie County Fiscal Court Stinnett Community		
15	Center Community Development Project		
16	Restricted Funds	150,000	0
17	027. Leslie County Fiscal Court Thousandsticks		
18	Fire and Rescue Volunteer Fire Department		
19	Restricted Funds	10,000	20,000
20	028. Leslie County Fiscal Court Transportation		
21	County Roads Equipment		
22	Restricted Funds	425,000	611,441
23	029. Leslie County Fiscal Court Wooten Fire and		
24	Rescue Volunteer Fire Department		
25	Restricted Funds	10,000	20,000
26	030. Leslie County Fiscal Court Tim Lee Carter		
27	Building, Equipment, Repairs		

1	Restricted Funds	0	12,800
2	Letcher County		
3	001. City of Jenkins Cumberland Mountain Arts		
4	and Crafts Council Project Construction		
5	Restricted Funds	100,000	0
6	002. City of Jenkins Jenkins Water Line Replacement		
7	Restricted Funds	100,000	0
8	003. City of Neon Neon/Haymond Sewer Project		
9	Restricted Funds	500,000	0
10	004. City of Whitesburg Easta Craft Conway Center		
11	Improvements Operations		
12	Restricted Funds	100,000	100,000
13	005. City of Whitesburg Whitesburg Wastewater Plant		
14	Restricted Funds	500,000	0
15	006. Letcher County Fiscal Court ATV Trail		
16	Development Fund Tourism Development		
17	Restricted Funds	100,000	0
18	007. Letcher County Fiscal Court Colson Volunteer		
19	Fire Department Equipment		
20	Restricted Funds	20,000	0
21	008. Letcher County Fiscal Court Cram Creek Water Extension		
22	Restricted Funds	400,000	0
23	009. Letcher County Fiscal Court Cumberland River		
24	Volunteer Fire Department Equipment		
25	Restricted Funds	20,000	0
26	010. Letcher County Fiscal Court Cumberland River Water Project		
27	Restricted Funds	0	600,000

1	011. Letcher County Fiscal Court Dry Fork Sewer Extension		
2	Restricted Funds	0	400,000
3	012. Letcher County Fiscal Court Gordon Community		
4	Park Improvements		
5	Restricted Funds	35,000	0
6	013. Letcher County Fiscal Court Gordon Fire		
7	Department Vehicle		
8	Restricted Funds	100,000	0
9	014. Letcher County Fiscal Court Gordon		
10	Volunteer Fire Department Equipment		
11	Restricted Funds	20,000	0
12	015. Letcher County Fiscal Court Hemphill Community		
13	Center Equipment		
14	Restricted Funds	10,000	10,000
15	016. Letcher County Fiscal Court Highway 1181/		
16	Highway 15 (Smoot Creek) Water Line Extension		
17	Restricted Funds	0	300,000
18	017. Letcher County Fiscal Court Jenkins Volunteer		
19	Fire Department Equipment		
20	Restricted Funds	20,000	0
21	018. Letcher County Fiscal Court Kingscreek		
22	Community Center Equipment		
23	Restricted Funds	10,000	10,000
24	019. Letcher County Fiscal Court Kingscreek Volunteer		
25	Fire Department Equipment		
26	Restricted Funds	20,000	0
27	020. Letcher County Fiscal Court Letcher County Clerk		

1	Office Equipment		
2	Restricted Funds	30,000	0
3	021. Letcher County Fiscal Court Letcher County		
4	Parks Improvements		
5	Restricted Funds	50,000	50,000
6	022. Letcher County Fiscal Court Letcher County PVA		
7	Office Equipment		
8	Restricted Funds	10,000	0
9	023. Letcher County Fiscal Court Letcher County		
10	Recreation Park Improvements		
11	Restricted Funds	0	125,000
12	024. Letcher County Fiscal Court Letcher County		
13	Sheriff's Department Equipment		
14	Restricted Funds	70,000	0
15	025. Letcher County Fiscal Court Letcher		
16	Volunteer Fire Department Equipment		
17	Restricted Funds	20,000	0
18	026. Letcher County Fiscal Court Mayking		
19	Volunteer Fire Department Equipment		
20	Restricted Funds	20,000	0
21	027. Letcher County Fiscal Court McRoberts		
22	Community Center Construction		
23	Restricted Funds	115,000	0
24	028. Letcher County Fiscal Court Mountain		
25	Water District Booker Branch Water Project		
26	Restricted Funds	100,000	0
27	029. Letcher County Fiscal Court Neon Library		

1	Construction		
2	Restricted Funds	150,000	0
3	030. Letcher County Fiscal Court Neon Volunteer		
4	Fire Department Equipment		
5	Restricted Funds	20,000	0
6	031. Letcher County Fiscal Court Neon Volunteer		
7	Fire Department New Regional Training Center		
8	Restricted Funds	200,000	200,000
9	032. Letcher County Fiscal Court Partridge		
10	Community Park Improvements		
11	Restricted Funds	0	25,000
12	033. Letcher County Fiscal Court Sandlick Community		
13	Park Improvements		
14	Restricted Funds	0	25,000
15	034. Letcher County Fiscal Court Sandlick Volunteer		
16	Fire Department Equipment		
17	Restricted Funds	20,000	0
18	035. Letcher County Fiscal Court Thornton Community		
19	Park Improvements		
20	Restricted Funds	0	25,000
21	036. Letcher County Fiscal Court Whitesburg		
22	Volunteer Fire Department Equipment		
23	Restricted Funds	20,000	0
24	037. Letcher County Fiscal Court Eolia Park		
25	Improvements		
26	Restricted Funds	25,000	0
27	038. Letcher County Airport Board New Airport		

1	Planning and Engineering		
2	Restricted Funds	20,000	0
3	039. Letcher County Board of Education Purchase		
4	Mayking Head Start Building for LKLP Head Start		
5	Restricted Funds	120,000	0
6	040. Southeast Kentucky Community Technical		
7	College Explore College Program		
8	Restricted Funds	150,000	0
9	041. Letcher County Board of Education Letcher		
10	County Central Vocational School		
11	Restricted Funds	750,000	0
12	042. City of Jenkins Jenkins Sewer System Upgrades		
13	Restricted Funds	125,000	0
14	Magoffin County		
15	001. Magoffin County Fiscal Court		
16	Administration Building		
17	Restricted Funds	500,000	0
18	002. Magoffin County Fiscal Court Bloomington		
19	Fire Department Equipment		
20	Restricted Funds	0	20,000
21	003. Magoffin County Fiscal Court City Hall Restoration		
22	Restricted Funds	100,000	100,000
23	004. Magoffin County Fiscal Court Horse Arena		
24	Restricted Funds	150,000	0
25	005. Magoffin County Fiscal Court Magoffin County		
26	Rescue Squad Equipment and Operations		
27	Restricted Funds	35,000	0

1	006. Magoffin County Fiscal Court	Magoffin County		
2	Sheriff's Office	Vehicle and Safety Equipment		
3	Restricted Funds		15,200	60,000
4	007. Magoffin County Fiscal Court	Middle Fork Fire		
5	Department	Equipment		
6	Restricted Funds		0	20,000
7	008. Magoffin County Fiscal Court	Northern Magoffin		
8	Fire Department	Equipment		
9	Restricted Funds		0	20,000
10	009. Magoffin County Fiscal Court	Ramey Memorial		
11	Park and Bridge Match			
12	Restricted Funds		0	135,000
13	010. Magoffin County Fiscal Court	Reach	Operations	
14	Restricted Funds		20,000	0
15	011. Magoffin County Fiscal Court	Royalton Fire		
16	Department	Equipment		
17	Restricted Funds		0	20,000
18	012. Magoffin County Fiscal Court	Salyersville		
19	Fire Department			
20	Restricted Funds		0	80,000
21	013. Magoffin County Fiscal Court	Salyersville Renaissance		
22	Restricted Funds		0	50,000
23	014. Magoffin County Fiscal Court	Salyersville Fire		
24	Department	Equipment		
25	Restricted Funds		0	20,000
26	015. Magoffin County Fiscal Court	Teen Center	Operations	
27	Restricted Funds		0	20,000

1	016. Magoffin County Fiscal Court D.A.V. Chapter 15		
2	 Restricted Funds	25,000	0
3	017. Magoffin County Fiscal Court American Legion		
4	 Roy Cain Post 150		
5	 Restricted Funds	25,000	0
6	Martin County		
7	001. Martin County Board of Education		
8	 Family Resource Centers Improvements		
9	 Restricted Funds	60,000	0
10	002. Martin County Board of Education Youth		
11	 Activities Facility Construction		
12	 Restricted Funds	250,000	0
13	003. Martin County Fiscal Court Courthouse		
14	 Renovation		
15	 Restricted Funds	150,000	0
16	004. Martin County Fiscal Court Fire Hydrants		
17	 Restricted Funds	50,000	0
18	005. Martin County Fiscal Court Inez Park Improvements		
19	 Restricted Funds	25,000	0
20	006. Martin County Fiscal Court Mountain Scenic		
21	 Overlook Construction		
22	 Restricted Funds	75,000	0
23	007. Martin County Fiscal Court New Warfield		
24	 Firehouse Construction		
25	 Restricted Funds	75,000	0
26	008. Martin County Fiscal Court Pigeon Roost		
27	 Park Improvements		

1	Restricted Funds	50,000	0
2	009. Martin County Fiscal Court Public Library		
3	Automation		
4	Restricted Funds	50,000	0
5	010. Martin County Fiscal Court Public Library		
6	Rufus Reed Improvements		
7	Restricted Funds	25,000	0
8	011. Martin County Fiscal Court Ray Fields		
9	Park Renovation of Swimming Pool		
10	Restricted Funds	100,000	0
11	012. Martin County Fiscal Court Roy F. Collier		
12	Community Center Operations Grant		
13	Restricted Funds	250,000	0
14	013. Martin County Fiscal Court Sheriff Offices		
15	Vehicles		
16	Restricted Funds	100,000	0
17	014. Martin County Fiscal Court Technology		
18	Building Construction		
19	Restricted Funds	3,500,000	0
20	015. Martin County Fiscal Court Warfield		
21	Park Improvements		
22	Restricted Funds	25,000	0
23	016. Martin County Fiscal Court Wolfe Creek		
24	Substance Abuse Center for Women Improvements		
25	Restricted Funds	200,000	0
26	017. Martin County Fiscal Court Complete		
27	Construction on Historical Building		

1	Restricted Funds	125,000	0
2	McCreary County		
3	001. McCreary County Fiscal Court Feasibility		
4	Study Cumberland Falls		
5	Restricted Funds	0	25,000
6	002. McCreary County Fiscal Court Park Site Development		
7	Restricted Funds	101,300	89,700
8	003. McCreary County Fiscal Court Senior Citizens		
9	Building Improvements		
10	Restricted Funds	50,000	0
11	004. McCreary County Industrial Development		
12	Authority Industrial Equipment and Development		
13	Restricted Funds	35,000	35,000
14	McLean County		
15	001. McLean County Fiscal Court Broad Band		
16	Restricted Funds	0	100,000
17	002. McLean County Fiscal Court Fire Hydrants		
18	Restricted Funds	0	19,362
19	003. McLean County Fiscal Court Parks Board		
20	Restricted Funds	0	50,000
21	004. McLean County Fiscal Court Southeast District		
22	Fire Station Building Expansion		
23	Restricted Funds	23,379	0
24	005. McLean County Fiscal Court Water Extension		
25	Leachman School House Road		
26	Restricted Funds	40,000	0
27	006. McLean County Fiscal Court Water Extension		

1	Beech Grove		
2	Restricted Funds	0	75,000
3	007. McLean County Fiscal Court Water Extension		
4	Leachman School House Road		
5	Restricted Funds	0	60,000
6	Menifee County		
7	001. City of Frenchburg Feasibility Study for Horse		
8	Trail Development Around Cave Run Lake and/or		
9	Trail Development at Murder Branch		
10	Restricted Funds	15,000	0
11	002. City of Frenchburg Pedestrian Walkway Front		
12	of Menifee County High School		
13	Restricted Funds	20,000	0
14	003. Menifee County Board of Education Botts		
15	Elementary Playground Equipment		
16	Restricted Funds	15,000	0
17	004. Menifee County Board of Education Botts		
18	Elementary School Facility and Ground		
19	Improvements, Technology Upgrades, Curriculum,		
20	Program and Other Enhancements, Physical Fitness		
21	and Playground Equipment Upgrades		
22	Restricted Funds	5,000	0
23	005. Menifee County Board of Education Frenchburg		
24	Elementary School Facility and Ground		
25	Improvements, Technology Upgrades, Curriculum,		
26	Program and Other Enhancements, Physical Fitness		
27	and Playground Equipment Upgrades		

1	Restricted Funds	5,000	0
2	006. Menifee County Board of Education Menifee		
3	County High School Facility and Ground		
4	Improvements, Technology Upgrades, Curriculum,		
5	Program and Other Enhancements, Physical Fitness		
6	and Equipment Upgrades		
7	Restricted Funds	5,000	0
8	007. Menifee County Board of Education Menifee County		
9	Middle School Facility and Ground Improvements,		
10	Technology Upgrades, Curriculum, Program and Other		
11	Enhancements, Physical Fitness and Equipment Upgrades		
12	Restricted Funds	5,000	0
13	008. Menifee County Board of Education Menifee		
14	County Middle School Facility and Ground		
15	Improvements, Technology Upgrades, Curriculum,		
16	Program and Other Enhancements, Physical Fitness		
17	and Playground Equipment Upgrades		
18	Restricted Funds	5,000	0
19	009. Menifee County Fiscal Court 911 Emergency		
20	Dispatch Center Upgrades		
21	Restricted Funds	0	20,000
22	010. Menifee County Fiscal Court Baseball Field Improvements		
23	Restricted Funds	0	20,000
24	011. Menifee County Fiscal Court Emergency Rescue		
25	Squad Equipment and Operations		
26	Restricted Funds	0	5,000
27	012. Menifee County Fiscal Court Public Library		

1	50/50 Match Automated Upgrade Grant		
2	Restricted Funds	0	10,000
3	013. Menifee County Fiscal Court Sheriff Transport Van		
4	Restricted Funds	0	30,000
5	014. Menifee County Fiscal Court Sheriff's Office Equipment		
6	Restricted Funds	15,000	5,000
7	Morgan County		
8	001. Morgan County Board of Education Alternative		
9	School Program		
10	Restricted Funds	50,000	50,000
11	002. Morgan County Board of Education Canel City		
12	Elementary Facility and Ground Improvements,		
13	Technology Upgrades, Curriculum, Program and		
14	Other Enhancements, Physical Fitness and Playground		
15	Equipment Upgrades		
16	Restricted Funds	5,000	0
17	003. Morgan County Board of Education East Valley		
18	Elementary Facility and Ground Improvements,		
19	Technology Upgrades, Curriculum, Program and		
20	Other Enhancements, Physical Fitness and		
21	Playground Equipment Upgrades		
22	Restricted Funds	5,000	0
23	004. Morgan County Board of Education Ezel		
24	Elementary Facility and Ground Improvements,		
25	Technology Upgrades, Curriculum, Program and		
26	Other Enhancements, Physical Fitness and		
27	Playground Equipment Upgrades		

1	Restricted Funds	5,000	0
2	005. Morgan County Board of Education – Football		
3	Field – Renovate Dressing Facilities		
4	Restricted Funds	18,000	0
5	006. Morgan County Board of Education – High		
6	School – Concession Stand – Equipment and		
7	Improvements		
8	Restricted Funds	10,000	0
9	007. Morgan County Board of Education – High		
10	School – Football Field – Improvements		
11	Restricted Funds	20,000	0
12	008. Morgan County Board of Education – High		
13	School – Track and Practice Field – Improvements		
14	Restricted Funds	60,000	0
15	009. Morgan County Board of Education – Morgan		
16	County High School – Day Treatment Drug Program		
17	Restricted Funds	10,000	25,000
18	010. Morgan County Board of Education – Morgan		
19	County High School – Facility and Ground		
20	Improvements, Technology Upgrades, Curriculum;		
21	Program and Other Enhancements, Physical Fitness		
22	and Equipment Upgrades		
23	Restricted Funds	5,000	0
24	011. Morgan County Board of Education – Morgan		
25	Middle School – Facility and Ground Improvements,		
26	Technology Upgrades, Curriculum, Program and		
27	Other Enhancements, Physical Fitness and		

1	Equipment Upgrades		
2	Restricted Funds	5,000	0
3	012. Morgan County Board of Education – West Liberty		
4	Elementary Facility and Ground Improvements,		
5	Technology Upgrades, Curriculum, Program and		
6	Other Enhancements, Physical Fitness and		
7	Playground Equipment Upgrades		
8	Restricted Funds	5,000	0
9	013. Morgan County Board of Education – Wrigley		
10	Elementary Facility and Ground Improvements,		
11	Technology Upgrades, Curriculum, Program and		
12	Other Enhancements, Physical Fitness and		
13	Playground Equipment Upgrades		
14	Restricted Funds	5,000	0
15	014. Appalachian Regional Hospital – Diabetes Program –		
16	Regional, Technology and Business Center		
17	Restricted Funds	20,000	20,000
18	015. Blackwater Fire Department – Equipment,		
19	Operating and Improvements – Regional,		
20	Technology and Business Center		
21	Restricted Funds	5,000	0
22	016. Caney Valley Fire Department – Equipment,		
23	Operating and Improvements – Regional,		
24	Technology and Business Center		
25	Restricted Funds	5,000	0
26	017. Crockett Fire Department – Equipment,		
27	Operating and Improvements – Regional,		

1	Technology and Business Center		
2	Restricted Funds	5,000	0
3	018. Disabled American Vets Operating Expenses		
4	Regional, Technology and Business Center		
5	Restricted Funds	5,000	5,000
6	019. East Kentucky ATV Association Equipment		
7	and Trail Improvements Regional, Technology		
8	and Business Center		
9	Restricted Funds	10,000	0
10	020. Feasibility Study for the Morgan County		
11	Saddle Club for Horse Trail Development		
12	Around Cave Run Lake/Trail Development		
13	Restricted Funds	15,000	0
14	021. Food Pantry Regional, Technology and		
15	Business Center Operations		
16	Restricted Funds	5,000	0
17	022. Oral Health Screening for Elderly with UK		
18	Regional, Technology and Business Center		
19	Restricted Funds	0	25,000
20	023. Peddler Gap Fire Department Equipment,		
21	Operating and Improvements Regional,		
22	Technology and Business Center		
23	Restricted Funds	5,000	0
24	024. Morgan County Public Library Maintenance, Equipment		
25	and Upgrades		
26	Restricted Funds	10,000	10,000
27	025. Senior Citizens Operations Regional,		

1	Technology and Business Center		
2	Restricted Funds	5,000	5,000
3	026. Sheriff's Department Equipment		
4	Restricted Funds	0	15,000
5	027. White Oak Fire Department Equipment,		
6	Operating and Improvements Regional,		
7	Technology and Business Center		
8	Restricted Funds	5,000	0
9	028. WPA Museum Operating and Maintenance		
10	Regional, Technology and Business Center		
11	Restricted Funds	0	10,000
12	029. Morgan County Rescue Squad Operations,		
13	Improvements and Equipment Regional,		
14	Technology and Business Center		
15	Restricted Funds	5,000	0
16	030. 519 Fire Department Equipment, Operating		
17	and Improvements Regional, Technology		
18	and Business Center		
19	Restricted Funds	5,000	0
20	031. Wrigley Fire Department Equipment, Operating		
21	and Improvements Regional, Technology and		
22	Business Center		
23	Restricted Funds	5,000	0
24	032. Morgan County Board of Education Morgan County		
25	High School Industrial Education Building Renovation		
26	Restricted Funds	25,000	0
27	033. Morgan County Tuition Grant Program Regional,		

1 ~~Technology and Business Center~~
 2 ~~Restricted Funds~~ ~~0~~ ~~60,000~~

3 **Muhlenberg County**

4 ~~001. City of Bremen Community Center Repair~~
 5 ~~Restricted Funds~~ ~~10,000~~ ~~0~~

6 ~~002. City of Drakesboro Brown Field Remediation~~
 7 ~~Project, to Locate City Building Complex on~~
 8 ~~Old Aluminum Smelter Facility~~
 9 ~~Restricted Funds~~ ~~205,000~~ ~~0~~

10 ~~003. Muhlenberg County Board of~~
 11 ~~Health Construction of Wellness Center located~~
 12 ~~at the intersection of Cleaton Rd. and US 62 North~~
 13 ~~or on the West Side of US 62 N Approx. 1/2 Mile~~
 14 ~~N of Northern City Limit of Powderly~~
 15 ~~Restricted Funds~~ ~~1,000,000~~ ~~0~~

16 ~~004. Muhlenberg County Fiscal Court for Muhlenberg~~
 17 ~~Economic Enterprises Inc. (Industrial Board)~~
 18 ~~to Operate Industrial Recruitment Program for~~
 19 ~~Economic Development of Muhlenberg County~~
 20 ~~Restricted Funds~~ ~~250,000~~ ~~0~~

21 ~~005. City of Greenville Divide Equally to all~~
 22 ~~Muhlenberg Fire Departments to Purchase~~
 23 ~~Needed Equipment~~
 24 ~~Restricted Funds~~ ~~35,212~~ ~~0~~

25 **Ohio County**

26 ~~001. Ohio County Fiscal Court 911 Equipment~~
 27 ~~(Workstation and Radios)~~

1	Restricted Funds	45,000	0
2	002. Ohio County Fiscal Court Airport Water		
3	Line with Hydrant		
4	Restricted Funds	48,000	0
5	003. Ohio County Fiscal Court Ambulance Vehiele		
6	Restricted Funds	65,000	0
7	004. Ohio County Fiscal Court Bluegrass		
8	Crossings Industrial Park Infrastructure		
9	Restricted Funds	174,000	0
10	005. Ohio County Fiscal Court Broadband Infrastructure		
11	Restricted Funds	250,000	0
12	006. Ohio County Fiscal Court Eight Welcome		
13	Ohio County Signs		
14	Restricted Funds	19,000	0
15	007. Ohio County Fiscal Court Repair 2 Bridges		
16	Hamlin Chapel Road #C 285		
17	Restricted Funds	35,000	0
18	008. Ohio County Fiscal Court Road Department		
19	Backhoe		
20	Restricted Funds	70,000	0
21	009. Ohio County Fiscal Court Road Department		
22	De-icer Equipment		
23	Restricted Funds	25,000	0
24	010. Ohio County Fiscal Court Seven Community		
25	Weather Sirens		
26	Restricted Funds	110,000	0
27	011. Ohio County Fiscal Court Sports Complex		

1	Improvements		
2	Restricted Funds	50,000	0
3	012. Ohio County Fiscal Court - Bill Monroe Museum /		
4	Art Center - Planning and Design		
5	Restricted Funds	250,000	0
6	Owsley County		
7	001. City of Booneville - Match Money for Police Cruiser		
8	Restricted Funds	8,000	0
9	002. Owsley County Board of Education - Capital		
10	Construction and Equipment - "The Owl"		
11	Restricted Funds	25,000	25,000
12	003. Owsley County Fiscal Court - Booneville City Fire		
13	Department - Equipment		
14	Restricted Funds	10,000	10,000
15	004. Owsley County Fiscal Court - Cemetery -		
16	Cleanup Costs		
17	Restricted Funds	0	15,000
18	005. Owsley County Fiscal Court - Industrial Authority -		
19	Operating Expenses		
20	Restricted Funds	0	29,365
21	006. Owsley County Fiscal Court - Industrial Loan for Spee		
22	Building in Industrial Park - Paying Interest on Building		
23	Restricted Funds	16,126	0
24	007. Owsley County Fiscal Court - Island City Fire		
25	Department - Equipment		
26	Restricted Funds	10,000	10,000
27	008. Owsley County Fiscal Court - Senior Citizens		

1	Center Repairs and Construction		
2	Restricted Funds	100,000	100,000
3	009. Owsley County Fiscal Court Sheriff's Office		
4	Restricted Funds	45,000	0
5	010. Owsley County Fiscal Court Three Forks		
6	Regional Jail Maintenance and Expenses		
7	Restricted Funds	0	200,000
8	011. Owsley County Fiscal Court Vincent Fire		
9	Department Equipment		
10	Restricted Funds	10,000	10,000
11	012. Owsley County Library Board Land Acquisition		
12	Restricted Funds	150,000	0
13	Perry County		
14	001. City of Buckhorn Buckhorn Lake Economic		
15	Development Fund		
16	Restricted Funds	150,000	0
17	002. City of Buckhorn Sewer and Water Operations		
18	and Expense		
19	Restricted Funds	200,000	0
20	003. City of Hazard Equipment Fund		
21	Restricted Funds	250,000	0
22	004. Hazard Independent School Board Expense		
23	Restricted Funds	100,000	50,000
24	005. Perry County Board of Education Perry County		
25	Schools Expense and Air Conditioning for		
26	High School Gym		
27	Restricted Funds	150,000	150,000

1	006. Perry County Fiscal Court Economic		
2	Development and Tourism Initiative Operations		
3	and Expense		
4	Restricted Funds	100,000	300,000
5	007. Perry County Fiscal Court Avawam Volunteer		
6	Fire Department Operations and Equipment		
7	Restricted Funds	5,384	5,384
8	008. Perry County Fiscal Court Buckhorn Volunteer		
9	Fire Department Operations and Equipment		
10	Restricted Funds	5,384	5,384
11	009. Perry County Fiscal Court Challenger Center		
12	Operations and Expense		
13	Restricted Funds	100,000	100,000
14	010. Perry County Fiscal Court Civil War		
15	Reenactment Tourism Fund		
16	Restricted Funds	10,000	10,000
17	011. Perry County Fiscal Court Clerk's Office		
18	Virtual Court House Modernization		
19	Restricted Funds	50,000	0
20	012. Perry County Fiscal Court Cornettsville		
21	Volunteer Fire Department Operations and Equipment		
22	Restricted Funds	5,384	5,384
23	013. Perry County Fiscal Court Fisty Volunteer Fire		
24	Department Operations and Equipment		
25	Restricted Funds	5,384	5,384
26	014. Perry County Fiscal Court Grapevine Chavies		
27	Volunteer Fire Department Operations and Equipment		

1	Restricted Funds	5,384	5,384
2	015. Perry County Fiscal Court - Jakes Branch Volunteer		
3	Fire Department - Operations and Equipment		
4	Restricted Funds	5,384	5,384
5	016. Perry County Fiscal Court - Joshua's Dream -		
6	Drug Rehabilitation		
7	Restricted Funds	150,000	0
8	017. Perry County Fiscal Court - Krypton Volunteer Fire		
9	Department - Operations and Equipment		
10	Restricted Funds	5,384	5,384
11	018. Perry County Fiscal Court - Leatherwood		
12	Volunteer Fire Department - Operations and Equipment		
13	Restricted Funds	5,384	5,384
14	019. Perry County Fiscal Court - Lost Creek		
15	Volunteer Fire Department - Operations and Equipment		
16	Restricted Funds	5,384	5,384
17	020. Perry County Fiscal Court - Lotts Creek		
18	Volunteer Fire Department - Operations and Equipment		
19	Restricted Funds	5,384	5,384
20	021. Perry County Fiscal Court - Park - Expansion		
21	and Maintenance		
22	Restricted Funds	200,000	0
23	022. Perry County Fiscal Court - Regional Jail -		
24	Operations and Expense		
25	Restricted Funds	250,000	0
26	023. Perry County Fiscal Court - Senior Citizens -		
27	Sustenance Fund and New Building Expense		

1	Restricted Funds	20,000	20,000
2	024. Perry County Fiscal Court Senior Citizens		
3	Wellness Center		
4	Restricted Funds	0	330,000
5	025. Perry County Fiscal Court Sewer Treatment		
6	Pilot Project Hiner Sewer		
7	Restricted Funds	100,000	50,000
8	026. Perry County Fiscal Court Sheriff Operating		
9	Expense to Combat Drugs		
10	Restricted Funds	250,000	0
11	027. Perry County Fiscal Court South Perry Water		
12	Line Expansion Phase II and Phase III		
13	Restricted Funds	73,000	442,000
14	028. Perry County Fiscal Court Troublesome Creek		
15	Volunteer Fire Department Operations and Equipment		
16	Restricted Funds	5,384	5,384
17	029. Perry County Fiscal Court University Center		
18	of the Mountains Operations and Expense		
19	Restricted Funds	0	500,000
20	030. Perry County Fiscal Court University of Kentucky		
21	for Rural Health Indigent Primary School		
22	Operations and Expense		
23	Restricted Funds	250,000	0
24	031. Perry County Fiscal Court Vicco Volunteer		
25	Fire Department Operations and Equipment		
26	Restricted Funds	5,384	5,384
27	032. Perry County Fiscal Court Viper Volunteer Fire		

1	Department Operations and Equipment		
2	Restricted Funds	5,384	5,384
3	033. Perry County Fiscal Court Wendell Ford Airport Expansion		
4	Restricted Funds	200,000	0
5	034. Perry County Fiscal Court Sewer Maintenance/Improvement		
6	Restricted Funds	0	200,000
7	035. Perry County Fiscal Court Lower Lost Creek Water Line Extension		
8	Restricted Funds	400,000	0
9	Pike County		
10	001. City of Pikeville Big Sandy Heritage Center		
11	Restricted Funds	25,000	25,000
12	002. City of Pikeville Bob Amos Park Sidewalks		
13	and Improvements		
14	Restricted Funds	100,000	100,000
15	003. City of Pikeville Domestic Violence Center		
16	Restricted Funds	75,000	75,000
17	004. City of Pikeville Humane Society Operating		
18	Restricted Funds	100,000	0
19	005. City of Pikeville Marion Branch Economic		
20	Development Construction		
21	Restricted Funds	500,000	500,000
22	006. City of Pikeville Pike/Floyd Sewer Project		
23	Restricted Funds	300,000	0
24	007. Mountain Water District Elkhorn Creek Water		
25	Restricted Funds	0	300,000
26	008. Mountain Water District Forest Hill Sewer Phase II		
27	Restricted Funds	1,280,000	0

1	009. Mountain Water District Justiceville / Garden		
2	Village Sewer / Shelby Phase IV		
3	Restricted Funds	0	1,000,000
4	010. Mountain Water District LMI Connections		
5	Water Project		
6	Restricted Funds	400,000	0
7	011. Mountain Water District Millard Water		
8	Main Replacement		
9	Restricted Funds	0	400,000
10	012. Mountain Water District Smith Fork Sewer Project		
11	Restricted Funds	0	1,400,000
12	013. Mountain Water District Water Plant Expansion		
13	Restricted Funds	1,000,000	0
14	014. Pike County Board of Education Belfrey		
15	YSC Operating		
16	Restricted Funds	4,296	0
17	015. Pike County Board of Education Belfry Middle		
18	School Operating		
19	Restricted Funds	3,561	0
20	016. Pike County Board of Education Bevins		
21	Elementary School Operating		
22	Restricted Funds	1,752	0
23	017. Pike County Board of Education Blackberry		
24	Elementary School Operating		
25	Restricted Funds	1,639	0
26	018. Pike County Board of Education Dorton		
27	Elementary School Operating		

1	Restricted Funds	3,957	0
2	019. Pike County Board of Education – East Ridge		
3	YSC – Operating		
4	Restricted Funds	7,688	0
5	020. Pike County Board of Education – Elkhorn City		
6	Elementary – Operating		
7	Restricted Funds	9,893	0
8	021. Pike County Board of Education – Feds		
9	Creek – Operating		
10	Restricted Funds	7,123	0
11	022. Pike County Board of Education – Johns		
12	Creek – Operating		
13	Restricted Funds	3,844	0
14	023. Pike County Board of Education – Kimper		
15	Elementary School – Operating		
16	Restricted Funds	1,865	0
17	024. Pike County Board of Education – Millard		
18	Middle School – Operating		
19	Restricted Funds	4,409	0
20	025. Pike County Board of Education –		
21	Mullins – Operating		
22	Restricted Funds	2,940	0
23	026. Pike County Board of Education – Phelps		
24	Elementary School – Operating		
25	Restricted Funds	4,918	0
26	027. Pike County Board of Education – Phelps		
27	High School – Athletic Field – Improvements		

1	Restricted Funds	100,000	0
2	028. Pike County Board of Education - Phelps		
3	YSC - Operating		
4	Restricted Funds	8,140	0
5	029. Pike County Board of Education - Pike		
6	Central - Operating		
7	Restricted Funds	5,031	0
8	030. Pike County Board of Education - Pike Central		
9	High School - Athletic Complex - Equipment,		
10	Operating and Improvements		
11	Restricted Funds	25,000	25,000
12	031. Pike County Board of Education - Robinson		
13	Creek - Operating		
14	Restricted Funds	4,522	0
15	032. Pike County Board of Education - Runyon		
16	Elementary School - Operating		
17	Restricted Funds	4,070	0
18	033. Pike County Board of Education - Shelby		
19	Valley - Operating		
20	Restricted Funds	4,296	0
21	034. Pike County Board of Education - Shelby Valley		
22	High School - Athletic Field - Improvements		
23	Restricted Funds	100,000	0
24	035. Pike County Board of Education - Southside		
25	Elementary School - Operating		
26	Restricted Funds	4,975	0
27	036. Pike County Board of Education - Virgie Middle		

1	School Operating		
2	Restricted Funds	2,261	0
3	037. Pike County Board of Education - GF Johnson		
4	Operating		
5	Restricted Funds	2,657	0
6	038. Pike County Board of Education - Majestic		
7	Elementary School Operating		
8	Restricted Funds	6,162	0
9	039. Pike County Fiscal Court - Belfry Fire		
10	Department - Equipment, Operating and		
11	Improvements		
12	Restricted Funds	50,000	0
13	040. Pike County Fiscal Court - Big Creek Fire		
14	Department - Operations		
15	Restricted Funds	50,000	0
16	041. Pike County Fiscal Court - Big Sandy Child		
17	Advocacy Center		
18	Restricted Funds	25,000	25,000
19	042. Pike County Fiscal Court - Blackberry Senior		
20	Citizens Program - Construction, Operating		
21	and Improvements		
22	Restricted Funds	50,000	0
23	043. Pike County Fiscal Court - City of Elkhorn		
24	City - Housing Development Corporation		
25	Restricted Funds	100,000	0
26	044. Pike County Fiscal Court - East Kentucky		
27	Expo Center		

1	Restricted Funds	100,000	0
2	045. Pike County Fiscal Court - Elkhorn City		
3	Art Center		
4	Restricted Funds	100,000	0
5	046. Pike County Fiscal Court - Elkhorn City		
6	Heritage Council		
7	Restricted Funds	5,000	5,000
8	047. Pike County Fiscal Court - Elkhorn City		
9	Railroad Museum - Equipment, Operating and Improvements		
10	Restricted Funds	5,000	0
11	048. Pike County Fiscal Court - Elkhorn City Renaissance		
12	Program - Equipment, Operating and Improvements		
13	Restricted Funds	20,000	0
14	049. Pike County Fiscal Court - Elkhorn City Water		
15	Lines - Repair, Replace & Restore - Equipment,		
16	Operating, and Improvements		
17	Restricted Funds	200,000	0
18	050. Pike County Fiscal Court - Feds Creek		
19	Fire Department - Equipment, Operating		
20	and Improvements		
21	Restricted Funds	50,000	0
22	051. Pike County Fiscal Court - Ferrells Creek		
23	Fire Department - Operating and Improvements		
24	Restricted Funds	50,000	0
25	052. Pike County Fiscal Court - Hatfield Fire		
26	Department - Equipment, Operating and Improvements		
27	Restricted Funds	0	50,000

1	053. Pike County Fiscal Court Hatfield McCoy		
2	Trail Development Fund Tourism Development		
3	Restricted Funds	100,000	0
4	054. Pike County Fiscal Court Hellier Veterans		
5	Center Improvements		
6	Restricted Funds	20,000	0
7	055. Pike County Fiscal Court HOPE, Inc.		
8	(3 Centers) Equipment, Operating and Improvements		
9	Restricted Funds	75,000	75,000
10	056. Pike County Fiscal Court Johns Creek Community		
11	Center Improvements		
12	Restricted Funds	15,000	0
13	057. Pike County Fiscal Court Kimper Fire		
14	Department New Trucks		
15	Restricted Funds	150,000	0
16	058. Pike County Fiscal Court KY HOPE		
17	Equipment, Operating and Improvements		
18	Restricted Funds	80,000	80,000
19	059. Pike County Fiscal Court Long Fork Community		
20	Center Construction, Equipment and Operating Costs		
21	Restricted Funds	50,000	150,000
22	060. Pike County Fiscal Court Lower Johns Creek		
23	Fire Department Equipment		
24	Restricted Funds	0	25,000
25	061. Pike County Fiscal Court Old Pond		
26	Fire Department		
27	Restricted Funds	25,000	0

1	062. Pike County Fiscal Court Open Fork Community		
2	Center Equipment, Operating and Improvements		
3	Restricted Funds	50,000	0
4	063. Pike County Fiscal Court Phelps Fire		
5	Department Building Expansion		
6	Restricted Funds	30,000	0
7	064. Pike County Fiscal Court Pike County		
8	DAV/VFW Operating and Improvements		
9	Restricted Funds	50,000	50,000
10	065. Pike County Fiscal Court Pike County Fire		
11	Departments Equipment, Operating and Improvements		
12	Restricted Funds	100,000	100,000
13	066. Pike County Fiscal Court Pike County Jail		
14	Improvements		
15	Restricted Funds	250,000	250,000
16	067. Pike County Fiscal Court Pike County		
17	Recreational Department		
18	Restricted Funds	240,000	240,000
19	068. Pike County Fiscal Court Senior Citizens		
20	Program Equipment, Operating and Improvements		
21	Restricted Funds	100,000	0
22	069. Pike County School Board Belfry Athletic		
23	Complex Equipment, Operating and Improvements		
24	Restricted Funds	25,000	25,000
25	070. Pike County School Board Phelps High School		
26	Phelps History Center Equipment, Operating		
27	and Improvements		

1	Restricted Funds	35,000	35,000
2	071. KCTCS Hazard Community College Kentucky		
3	Coal Academy Program		
4	Restricted Funds	125,000	125,000
5	072. Pike County Fiscal Court Pike County Sheriff's		
6	Office Equipment Purchases (Cruisers)		
7	Restricted Funds	150,000	0
8	073. Pike County Fiscal Court Pikeville Medical		
9	Center Juvenile Drug Treatment Program		
10	Restricted Funds	125,000	125,000
11	074. Pike County Fiscal Court Westeare Kentucky		
12	Pike County Facility Operations Support		
13	Restricted Funds	125,000	125,000
14	075. Pike County Fiscal Court Elkhorn City Heritage		
15	Council White Water Park Feasibility Study		
16	Restricted Funds	25,000	0
17	076. Pike County Board of Education East Ridge High		
18	School Athletic Programs		
19	Restricted Funds	50,000	0
20	077. Pike County Board of Education Pikeville High		
21	School for Athletic Programs		
22	Restricted Funds	50,000	0
23	Rockcastle County		
24	001. City of Mt. Vernon Reconstruct Sidewalk/		
25	Lovell Lane		
26	Restricted Funds	40,000	0
27	002. Rockcastle County Fiscal Court Brindle Ridge		

1	Fire Department Equipment		
2	Restricted Funds	10,000	7,500
3	003. Rockcastle County Fiscal Court Broadhead		
4	Fire Department Equipment		
5	Restricted Funds	10,000	7,500
6	004. Rockcastle County Fiscal Court Kentucky Music		
7	Museum and Hall of Fame Improvements		
8	Restricted Funds	150,000	93,800
9	005. Rockcastle County Fiscal Court Livingston Fire		
10	Department Equipment		
11	Restricted Funds	10,000	7,500
12	006. Rockcastle County Fiscal Court Mt. Vernon		
13	Fire Department Equipment		
14	Restricted Funds	10,000	7,500
15	007. Rockcastle County Fiscal Court Quail Fire		
16	Department Equipment		
17	Restricted Funds	10,000	7,500
18	008. Rockcastle County Fiscal Court Rockcastle Fire		
19	Department Equipment		
20	Restricted Funds	10,000	7,500
21	Union County		
22	001. City of Sturgis Rest Home Window Replacement,		
23	Tile, and Other Needed Furnishings		
24	Restricted Funds	50,000	0
25	002. Union County Fiscal Court Morganfield		
26	Renaissance Park		
27	Restricted Funds	15,000	0

1	003. Union County Fiscal Court—Elkwood Public		
2	Golf Course—Equipment to Maintain Fairways		
3	and Greens, Paving of Cart Path and Other Needs		
4	of the Golf Course Including but not Limited to		
5	the Pro Golf Shop		
6	Restricted Funds	75,000	0
7	004. Union County Fiscal Court—Public Library—		
8	To Purchase Book Cases, Tables and Chairs,		
9	Computer Desks, and Other Expenses to		
10	Complete Interior		
11	Restricted Funds	150,000	0
12	005. Union County Fiscal Court—Sturgis Airport—		
13	Dump Truck with Snow Removal Equipment		
14	and other Equipment		
15	Restricted Funds	84,000	0
16	006. Union County Fiscal Court—Sturgis		
17	Amphitheater—Sound Equipment, Roof Upgrade,		
18	and Seating Refurbishing		
19	Restricted Funds	50,000	0
20	007. Union County Fiscal Court—Union County		
21	Correctional Facility—Interest on Bond Payments		
22	Restricted Funds	450,000	450,000
23	008. Union County Fiscal Court—Union County		
24	YMCA—Upgrades of Heating, Air, Sidewalks,		
25	Emergency Lighting, Restrooms and Rehabilitation		
26	of the Interior and Exterior of the Building		
27	Restricted Funds	75,000	0

1	009. Union County Fiscal Court Uniontown Park		
2	Restricted Funds	10,000	0
3	010. Union County Fiscal Court Van for Senior Services		
4	Restricted Funds	30,000	0
5	011. Union County Fiscal Court Morganfield		
6	Recreational Park Upgrade Facilities		
7	Restricted Funds	10,000	0
8	012. Union County Fiscal Court Sturgis Horning		
9	Recreational Park Upgrade Facilities		
10	Restricted Funds	10,000	0
11	013. Union County Fiscal Court Volunteer Fire		
12	and Rescue Squads Equipment and Upgrade		
13	Facilities Divide Equally		
14	Restricted Funds	200,000	0
15	014. Union County Fiscal Court Purchase Seven		
16	Acres of Property and Develop Small		
17	Business Incubator		
18	Restricted Funds	100,000	0
19	015. Union County Fiscal Court Courthouse		
20	Exterior Improvements		
21	Restricted Funds	1,500	0
22	016. Union County Fiscal Court Moffit Lake		
23	Improvements		
24	Restricted Funds	30,000	0
25	017. Union County Fiscal Court James D. Veatch		
26	Museum Upgrades and Maintenance		
27	Restricted Funds	30,000	0

1	018. Union County Fiscal Court – Union County		
2	Economic Development Projects		
3	Restricted Funds	970,800	970,800
4	Webster County		
5	001. City of Dixon – First Response Truck		
6	Restricted Funds	75,000	0
7	002. City of Dixon – Lighting for City Park Soccer Field		
8	Restricted Funds	40,000	0
9	003. City of Providence – Debt Service to KIA –		
10	Water and Sewer Plant		
11	Restricted Funds	250,000	0
12	004. City of Providence – Fire Station Repair		
13	Restricted Funds	50,000	0
14	005. City of Sebree – Economic Development		
15	Building and Repair		
16	Restricted Funds	200,000	0
17	006. City of Providence – Purchase Fire Truck		
18	Restricted Funds	0	200,000
19	007. City of Wheateroft – City Park Improvements		
20	and Equipment		
21	Restricted Funds	0	25,000
22	008. City of Wheateroft – Fire Department Building		
23	Restricted Funds	50,000	0
24	009. Webster County Fiscal Court – Blackford Bridge		
25	Park and Building		
26	Restricted Funds	50,000	0
27	010. Webster County Fiscal Court – Debt Service to		

1	KIA Dixon Sewer		
2	Restricted Funds	250,000	250,000
3	011. Webster County Fiscal Court Providence/Webster		
4	County Airport Board Hanger Building and		
5	Repairs to Airport		
6	Restricted Funds	0	70,000
7	012. Webster County Industrial Development		
8	Authority Revolving Loan Fund		
9	Restricted Funds	250,000	400,000
10	013. Webster County Water District Equipment		
11	Restricted Funds	250,000	0
12	014. City of Clay Renaissance Program		
13	Restricted Funds	75,000	0
14	015. City of Providence Renaissance Program		
15	Restricted Funds	75,000	0
16	Whitley County		
17	001. Whitley County Fiscal Court Corbin Police		
18	Department One Police Cruiser		
19	Restricted Funds	0	35,000
20	002. Whitley County Fiscal Court Historical		
21	Society Improvements		
22	Restricted Funds	10,000	0
23	003. Whitley County Fiscal Court Jail Reopening		
24	and Startup Expense		
25	Restricted Funds	200,000	0
26	004. Whitley County Fiscal Court Library Books		
27	and Technology Upgrade		

1	Restricted Funds	0	30,000
2	005. Whitley County Fiscal Court Purchase Equipment		
3	for Vegetation Control of Sensitive Areas		
4	Restricted Funds	0	10,000
5	006. Whitley County Fiscal Court Senior		
6	Citizens Service Upgrade		
7	Restricted Funds	0	20,000
8	007. Whitley County Fiscal Court Sheriff's Department		
9	Lease and Principle for Two Police Cars		
10	Restricted Funds	0-64,000	(Veto #24)

**N. INFRASTRUCTURE FOR ECONOMIC DEVELOPMENT FUND
FOR COAL-PRODUCING COUNTIES**

(1) **Bond Authority:** Bond Funds in the amount of \$100,000,000 are authorized for projects within the Infrastructure for Economic Development Fund for Coal-Producing Counties. The Bond Pool authorization identified in Part II, A. General Government, 2. Kentucky Infrastructure Authority, Item 004., of this Act, and the Projects list as identified in this section shall be placed under the jurisdiction of the Kentucky Infrastructure Authority (KIA). There is \$9,312,000 in fiscal year 2007-2008 appropriated from the General Fund for debt service.

(2) **Appropriations Not To Be Duplicated:** Appropriations identified as Bond Funds in this section are representative of the amounts provided in Part II, A. General Government, 2. Kentucky Infrastructure Authority, Item 004., of this Act, and are not to be appropriated in duplication.

1. GENERAL GOVERNMENT

a. Budget Unit Kentucky Infrastructure Authority 2006-07 2007-08

Bell County

001. Bell County Fiscal Court - Assorted Water Projects

1	Bond Funds	250,000	-0-
2	002. Bell County Fiscal Court - Bingham Town Pump		
3	Station and Noe Town Line Rehabilitation (Sewer)		
4	Bond Funds	250,000	-0-
5	003. Bell County Fiscal Court - George Neal/Asher		
6	Sawmill Water Project		
7	Bond Funds	275,000	-0-
8	004. Bell County Fiscal Court - Steven's Branch		
9	Water Project		
10	Bond Funds	50,000	-0-
11	005. Bell County Fiscal Court - US 25 East Extension		
12	and Pump Station (Sewer)		
13	Bond Funds	300,000	-0-
14	006. Pineville Utility Commission - Rehabilitation of		
15	Pine Mountain Park No. 2 - Pump Station		
16	Bond Funds	130,000	-0-
17	Boyd County		
18	001. Boyd County Fiscal Court - Various Sewer		
19	Line Extensions		
20	Bond Funds	400,000	-0-
21	002. Boyd County Sanitation District No. 2 - Various		
22	Sewer Line Extensions		
23	Bond Funds	150,000	-0-
24	003. Boyd County Sanitation District No. 4 - Various		
25	Sewer Line Extensions		
26	Bond Funds	150,000	-0-
27	004. Cannonsburg Water District - Various Water		

1	Line Extensions		
2	Bond Funds	150,000	-0-
3	005. City of Ashland - Big Sandy Water District -		
4	Water Line Extensions and Interconnect		
5	Bond Funds	400,000	-0-
6	Breathitt County		
7	001. Breathitt County Water District - Extension on		
8	Highway 205/1812 to Wolfe County Line,		
9	Including the Vancleve Fire Department and		
10	HWY 3193 to River Bridge and Highway 15		
11	South at Watts		
12	Bond Funds	1,200,000	-0-
13	Butler County		
14	001. Butler County Fiscal Court - Community		
15	Training Center		
16	Bond Funds	538,000	-0-
17	002. Butler County Fiscal Court - Dexterville Area		
18	Connections - Water Line Replacement		
19	Bond Funds	51,000	-0-
20	003. Butler County Fiscal Court - Highway 19 Water Tank		
21	Bond Funds	300,000	-0-
22	004. Butler County Fiscal Court - Logansport Fire		
23	Protection Phase 2 - Water Line Replacement		
24	Bond Funds	375,000	-0-
25	005. Butler County Fiscal Court - Roundhill/Reedyville		
26	Fire Protect - Water Line Replacement		
27	Bond Funds	449,000	-0-

1	006. Butler County Fiscal Court - Water Plant		
2	Improvements		
3	Bond Funds	196,000	-0-
4	007. Butler County Fiscal Court - Woodbury/Cool		
5	Springs Fire Protection - Water Line Replacement		
6	Bond Funds	129,000	-0-
7	008. Butler Water Plant Board - Sludge Handling		
8	Bond Funds	425,000	-0-
9	009. Butler Water Plant Board - Various Water and Sewer		
10	Bond Funds	1,000,000	-0-
11	Carter County		
12	001. City of Grayson - Police and Fire Administration		
13	Building - Construction		
14	Bond Funds	500,000	-0-
15	002. City of Grayson - US 60 East - Damon Mayo -		
16	Sewer Extensions		
17	Bond Funds	200,000	-0-
18	003. City of Olive Hill - Biggs Hill/Grayson Interconnect		
19	Bond Funds	250,000	-0-
20	004. City of Olive Hill - Henderson Branch/College		
21	Hill - Sewer Extensions		
22	Bond Funds	250,000	-0-
23	005. City of Olive Hill - Sewer Line Repair and Extension		
24	Bond Funds	300,000	-0-
25	006. Grayson Utility Commission - Sewer Line		
26	Repair and Extension		
27	Bond Funds	300,000	-0-

1	007. Grayson Utility Commission - Water Line Extensions		
2	Bond Funds	250,000	-0-
3	008. Grayson Water District - Water Line Extension		
4	Bond Funds	500,000	-0-
5	009. Olive Hill Water District - Water Line Extension		
6	Bond Funds	500,000	-0-
7	010. Rattlesnake Ridge Water District - Phase VIII -		
8	Water Extension		
9	Bond Funds	250,000	-0-
10	011. Rattlesnake Ridge Water District - Water Line Extension		
11	Bond Funds	500,000	-0-
12	Christian County		
13	001. Christian County Water District - Water Line Extensions		
14	Bond Funds	1,200,000	-0-
15	Clay County		
16	001. City of Manchester - Amphitheater/Park/		
17	Bridge Construction and Other Parks		
18	Bond Funds	725,000	-0-
19	002. Clay County Board of Education - Health		
20	Education Building		
21	Bond Funds	750,000	-0-
22	003. Clay County Fiscal Court - Administration		
23	Building and DAV Memorial		
24	Bond Funds	400,000	-0-
25	004. Clay County Fiscal Court - Ambulance/EMS Center		
26	Bond Funds	250,000	-0-
27	005. Clay County Fiscal Court - North Manchester		

1	Water Line Extensions		
2	Bond Funds	125,000	-0-
3	006. Clay County Fiscal Court - Recreation, Economic		
4	Development, Capital Construction, and Land		
5	Acquisition		
6	Bond Funds	1,500,000	-0-
7	007. Clay County Fiscal Court - Sewer Extension to		
8	Health Department and Resurfacing		
9	Bond Funds	250,000	-0-
10	008. Clay County Fiscal Court - Water Line Extension		
11	Bond Funds	1,000,000	-0-
12	009. Clay County Fiscal Court - Wood Creek Water		
13	District - Line Extensions		
14	Bond Funds	125,000	-0-
15	010. Clay County Health Department Board -		
16	Capital Construction		
17	Bond Funds	500,000	-0-
18	011. Manchester Water District - Water Line Extensions		
19	Bond Funds	250,000	-0-
20	012. Manchester Water District - Water Plant		
21	Construction/Water Line Extensions		
22	Bond Funds	1,000,000	-0-
23	Crittenden County		
24	001. City of Marion - Wastewater Extension		
25	Bond Funds	400,000	-0-
26	002. Crittenden/Livingston Water District - Water Project		
27	Bond Funds	800,000	-0-

1	Daviess County		
2	001. City of Whitesville - Sanitary Sewer Collection		
3	System Rehabilitation, Including Pump Stations		
4	Bond Funds	215,000	-0-
5	002. East Daviess County Water Association - Water		
6	Distribution System Line Loops and Tie-Ins		
7	Bond Funds	215,000	-0-
8	003. Owensboro Municipal Utilities - Various Small		
9	Water Main Replacement Projects		
10	Bond Funds	205,000	-0-
11	004. Regional Water Resource Agency (RWRA) -		
12	Sewer Installation Projects - Broadacre		
13	Subdivision and Masonville Area		
14	Bond Funds	205,000	-0-
15	005. Southeast Daviess County Water District -		
16	750,000 Gallon Water Storage Tank Replacement		
17	Bond Funds	205,000	-0-
18	006. West Daviess County Water District - 500,000		
19	Gallon Water Storage Tank Replacement		
20	Bond Funds	205,000	-0-
21	Elliott County		
22	001. City of Sandy Hook - Sewer District - Various		
23	Sewer Line Extensions and Improvements		
24	Bond Funds	250,000	-0-
25	002. Rattlesnake Ridge Water District - Phase VIII -		
26	Various Water Line Extensions and Improvements		
27	Bond Funds	400,000	-0-

1	003. Sandy Hook Water District - Various Water		
2	Line Extensions and Improvements		
3	Bond Funds	600,000	-0-
4	Floyd County		
5	001. City of Wheelwright - Sewer - Equipment		
6	Upgrade and Sewer Extensions		
7	Bond Funds	182,000	-0-
8	002. City of Wheelwright - Water Extension at		
9	Golf Holler		
10	Bond Funds	50,000	-0-
11	003. Floyd County Fiscal Court - Eastern Sewer Project		
12	Bond Funds	350,000	-0-
13	004. Floyd County Fiscal Court - Pike/Floyd		
14	County Sewer Project		
15	Bond Funds	600,000	-0-
16	005. Floyd County Fiscal Court - Prestonsburg Water		
17	and Sewer - Water and Projects		
18	Bond Funds	200,000	-0-
19	006. Floyd County Fiscal Court - River Crossing for		
20	Sewage at Prater Creek		
21	Bond Funds	100,000	-0-
22	Greenup County		
23	001. City of Flatwoods - Espy Lane - 693 Project -		
24	Upgrade Espy Lane Pump Station and Lines		
25	SX21089009		
26	Bond Funds	200,000	-0-
27	002. City of Greenup (Oldtown) - Install Approximately		

1	One Mile of New Service Along Upper Hog Branch		
2	Road off Laurel Road Near Oldtown WX21089020		
3	Bond Funds	40,000	-0-
4	003. City of Greenup - Downtown Renovations		
5	Bond Funds	150,000	-0-
6	004. City of Greenup - Wastewater Treatment Plant		
7	Backwash Line Relocation WX21089038		
8	Bond Funds	200,000	-0-
9	005. City of Raceland - SX21089030		
10	Bond Funds	18,000	-0-
11	006. City of South Shore - Repairs and Rehab of		
12	Collection System (SX21089032) and Storm		
13	Water/Sanitary Sewer		
14	Bond Funds	680,000	-0-
15	007. City of Worthington - Edsel Avenue Storm		
16	Water Drain Bypass SX21089002		
17	Bond Funds	70,000	-0-
18	008. City of Wurtland - Isolation Values for Existing		
19	Water System Infrastructure WX21089023		
20	Bond Funds	30,000	-0-
21	009. City of Wurtland - Lloyd Sewer Project		
22	SX21089021		
23	Bond Funds	470,000	-0-
24	010. Greenbo State Park - Campground Construction		
25	and Improvements		
26	Bond Funds	1,100,000	-0-
27	011. Greenup County Board of Education - Greenup County		

1	High School Renovations		
2	Bond Funds	200,000	-0-
3	012. Greenup County Environmental Commission		
4	(Flatwoods, Raceland, Russell, Sanitary Districts		
5	1 and 2) - Upgrades to Sewer Treatment Plant and		
6	Facilities SX21089006		
7	Bond Funds	1,400,000	-0-
8	013. Greenup County Fiscal Court - Ashland Regional		
9	Airport at Worthington - Renovation and Improvements		
10	Bond Funds	250,000	-0-
11	014. Russell Independent Board of Education - Russell		
12	High School Renovations		
13	Bond Funds	200,000	-0-
14	Hancock County		
15	001. Hancock County Fiscal Court - Bates Hollow		
16	Road Water Extension		
17	Bond Funds	50,000	-0-
18	002. Hancock County Fiscal Court - East Daviess		
19	County/Lewisport Area - Water Tower		
20	Bond Funds	225,000	-0-
21	003. Hancock County Fiscal Court - Hawesville		
22	Water and Sewer Improvements		
23	Bond Funds	1,000,000	-0-
24	004. Hancock County Fiscal Court - Hawesville		
25	Water Tank		
26	Bond Funds	500,000	-0-
27	005. Hancock County Fiscal Court - Highway 60		

1	East Water Tower Expansion		
2	Bond Funds	225,000	-0-
3	006. Hancock County Fiscal Court - Lewisport Water		
4	and Sewer Improvements		
5	Bond Funds	1,000,000	-0-
6	007. Hancock County Fiscal Court - Smith Bridge		
7	Highway 261 Water Line Extensions		
8	Bond Funds	150,000	-0-
9	008. Hancock County Fiscal Court - Various		
10	Extensions, Pump Station, and Hydrants		
11	Bond Funds	295,000	-0-
12	Harlan County		
13	001. Harlan County Fiscal Court - City of Harlan -		
14	Regular Upgrades		
15	Bond Funds	300,000	-0-
16	002. Harlan County Fiscal Court - City of Loyall -		
17	Regular Upgrades		
18	Bond Funds	300,000	-0-
19	003. Harlan County Fiscal Court - Sewer Line to		
20	Detention Center		
21	Bond Funds	600,000	-0-
22	Henderson County		
23	001. City of Henderson - Improvement of Drainage		
24	and Flow of Waters in Canoe Creek in and		
25	Around City and County		
26	Bond Funds	1,250,000	-0-
27	Hopkins County		

1	001. City of Dawson Springs - Sewer System Project		
2	Bond Funds	400,000	-0-
3	002. City of Earlington - Water and Sewer Line -		
4	Extension Project		
5	Bond Funds	200,000	-0-
6	003. City of Hanson - Gravity Flow Sewer System Project		
7	Bond Funds	200,000	-0-
8	004. City of Nortonville, White Plains, and Mortons		
9	Gap - Sewer Treatment Project		
10	Bond Funds	300,000	-0-
11	005. City of White Plains/Mortons Gap -		
12	Interconnection and Water System - New Well		
13	and Water Plant Upgrades		
14	Bond Funds	120,000	-0-
15	006. Nebo Water District - Water Tank and Upgrade		
16	of Distribution System		
17	Bond Funds	300,000	-0-
18	Jackson County		
19	001. City of McKee - SX21109090		
20	Bond Funds	1,000,000	-0-
21	002. Jackson County Fiscal Court - Grey Hawk		
22	Fire and Rescue - Capital Construction		
23	Bond Funds	220,000	-0-
24	003. Jackson County Fiscal Court - Water Lines -		
25	Sand Springs		
26	Bond Funds	36,000	-0-
27	004. Jackson County Water District - Indian Creek		

1	Road Water - 9.1 Mile (23 Households)		
2	and 89 North 3.8 Miles (13 Households)		
3	Bond Funds	514,862	-0-
4	005. Jackson County Water District - McKee City		
5	Sewer Re-Design		
6	Bond Funds	539,300	-0-
7	006. Jackson County Water District - Terrill Creek		
8	Water Lines		
9	Bond Funds	55,910	-0-
10	Johnson County		
11	001. Paintsville Utility Commission - Burnt Cabin		
12	Branch Off 1559 Water Line Extension		
13	Bond Funds	60,000	-0-
14	002. Paintsville Utility Commission - Jenny's Creek		
15	Water Line Extension		
16	Bond Funds	150,000	-0-
17	003. Paintsville Utility Commission - Little Lural		
18	Water Line Extension		
19	Bond Funds	120,000	-0-
20	004. Paintsville Utility Commission - Miscellaneous		
21	Short Line Connections		
22	Bond Funds	168,000	-0-
23	005. Paintsville Utility Commission - New Paintsville		
24	Water Plant		
25	Bond Funds	500,000	-0-
26	006. Paintsville Utility Commission - Pressure Tank		
27	Flat Gap Water Line Extension		

1	Bond Funds	270,000	-0-
2	007. Paintsville Utility Commission - Preston Ridge		
3	Water Line Extension		
4	Bond Funds	30,000	-0-
5	008. Paintsville Utility Commission - Rocky Knob		
6	Water Line Extension		
7	Bond Funds	42,000	-0-
8	Knott County		
9	001. Knott County Fiscal Court - Jamestown Village and		
10	Highway 81 Water Line - WRIS Project No.		
11	WX21119225		
12	Bond Funds	1,200,000	-0-
13	Knox County		
14	001. Barbourville Utility Commission - Heidrick		
15	Wastewater		
16	Bond Funds	300,000	-0-
17	002. Barbourville Utility Commission - Sewer and		
18	Water Line Extension		
19	Bond Funds	200,000	-0-
20	003. Barbourville Utility Commission - Wastewater		
21	Plant Upgrade		
22	Bond Funds	600,000	-0-
23	004. Corbin City Utility Commission - Water Line		
24	Extension for Dowis		
25	Bond Funds	90,000	-0-
26	005. Cumberland Valley Area Development District -		
27	K.C.E.O.C. - Capital Construction		

1	Bond Funds	550,000	-0-
2	006. Knox County Board of Education - Health		
3	Education Centers for Lynn Camp and Knox		
4	Central Capital Construction		
5	Bond Funds	1,000,000	-0-
6	007. Knox County Fiscal Court - West Knox Annex		
7	Bond Funds	750,000	-0-
8	008. Knox County Utility Commission - Water Line		
9	Extension for Flat Creek and Hubbs Hollow		
10	Bond Funds	250,000	-0-
11	009. Knox County Utility Commission - Water Line		
12	Extension for Stinking Creek, Poplar Creek,		
13	and Flat Lick		
14	Bond Funds	750,000	-0-
15	010. Laurel District #2 - Knox County Lines		
16	Bond Funds	225,000	-0-
17	011. Laurel District No. 2 - Oak Ridge Road Water		
18	Line Extension		
19	Bond Funds	5,000	-0-
20	012. Knox County Fiscal Court - Wellness Center		
21	Bond Funds	1,000,000	-0-
22	Laurel County		
23	001. City of London - London City Park - Capital		
24	Construction at the College Park		
25	Bond Funds	2,000,000	-0-
26	002. East Laurel Water District - Sewer Line		
27	Extension - Conley Road to Crooked Creek		

1	Bond Funds	325,000	-0-
2	003. Laurel County Water District - Cross Key		
3	Subdivision - Sewer - Extensions		
4	Bond Funds	500,000	-0-
5	004. Laurel County Water District - Woodscreek		
6	Water - Extensions		
7	Bond Funds	700,000	-0-
8	005. Laurel Public Works - Mill Street Retention Basin		
9	Bond Funds	425,000	-0-
10	006. London/Laurel Industrial Authority - Land		
11	Acquisition and Infrastructure		
12	Bond Funds	1,250,000	-0-
13	007. London Utility Commission - Sublimity/		
14	Miller Lane/Meadow Lane		
15	Bond Funds	1,200,000	-0-
16	008. London Utility Commission - Sublimity Loop		
17	Bond Funds	800,000	-0-
18	009. London Water District #2 - Water Line		
19	Bond Funds	750,000	-0-
20	010. West Laurel Water District - Water Line		
21	Bond Funds	54,000	-0-
22	011. Woods Creek Water District - Extension		
23	Bond Funds	300,000	-0-
24	Lawrence County		
25	001. Louisa Water and Sewer Commission - Cynthia		
26	Chapel Project - Sewer Line Extensions		
27	and Improvements		

1	Bond Funds	500,000	-0-
2	002. Louisa Water and Sewer Commission - High		
3	Bottom Lift Station and Sewer Line Upgrades		
4	and Extensions		
5	Bond Funds	350,000	-0-
6	003. Rattlesnake Ridge Water District - Phase VIII -		
7	Various Water Line Extensions and Improvements		
8	Bond Funds	400,000	-0-
9	Lee County		
10	001. City of Beattyville - Water Treatment Plant		
11	Bond Funds	800,000	-0-
12	002. City of Beattyville - Water Treatment Plant for		
13	City of Beattyville and all of Lee County -		
14	Construction		
15	Bond Funds	1,200,000	-0-
16	003. Lee County Fiscal Court - County Garage Building		
17	Bond Funds	250,000	-0-
18	004. Lee County Fiscal Court - Happytop Recreation		
19	Center - Construction		
20	Bond Funds	500,000	-0-
21	Leslie County		
22	001. Hyden Leslie Water District - Hell for Certain		
23	Water Line Extensions		
24	Bond Funds	500,000	-0-
25	002. Hyden Leslie Water District - Water Treatment		
26	Plant Expansion - Water Line Extensions		
27	Bond Funds	750,000	-0-

1 **Letcher County**

2	001. Letcher County Fiscal Court - Blackey		
3	Wastewater Collection System		
4	Bond Funds	500,000	-0-

5	002. Letcher County Fiscal Court - Thornton		
6	Water Line Extension		
7	Bond Funds	250,000	-0-

8	003. Letcher County Fiscal Court - Whitesburg/		
9	Blackey Water Connector		
10	Bond Funds	500,000	-0-

11 **Magoffin County**

12	001. Magoffin County Fiscal Court - Dixie Addition		
13	of Salyersville - Replacement of Aging Water Lines		
14	Bond Funds	250,000	-0-

15	002. Magoffin County Fiscal Court - Interconnect		
16	with Paintsville Utilities - Water Security Projects		
17	Bond Funds	900,000	-0-

18	003. Magoffin County Fiscal Court - Magoffin		
19	Administration Building		
20	Bond Funds	600,000	-0-

21	004. Magoffin County Fiscal Court - Tacket		
22	Bottom - Sewer Project		
23	Bond Funds	200,000	-0-

24	005. Magoffin County Fiscal Court - Water Line Extension		
25	Bond Funds	425,000	-0-

26 **Martin County**

27	001. Martin County Water District - Replace Old		
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1	and Leaking Water Lines		
2	Bond Funds	780,000	-0-
3	002. Martin County Water District - Warfield		
4	Sewer Project		
5	Bond Funds	500,000	-0-
6	McCreary County		
7	001. McCreary County Fiscal Court - Marsh,		
8	Holloway to Whitley City Sewer Extension		
9	Bond Funds	500,000	-0-
10	002. McCreary County Fiscal Court - McCreary		
11	County Industrial Park - Infrastructure		
12	Bond Funds	615,000	-0-
13	003. McCreary County Fiscal Court - Multi-Purpose/		
14	Senior Citizens Complex		
15	Bond Funds	600,000	-0-
16	004. McCreary County Fiscal Court - Raw Water Intake		
17	Bond Funds	275,000	-0-
18	005. McCreary County Water District - Water		
19	Line #1 - Transmission Main Upgrade from		
20	Stearns to the Pine Knot Area - Extensions		
21	Bond Funds	700,000	-0-
22	006. McCreary County Water District - Water		
23	Line #2 - Water Line Extensions to New Liberty		
24	Area, Garland Road, Poff Road and Creekmore/		
25	Privett Road		
26	Bond Funds	500,000	-0-
27	McLean County		

1	001. McLean County Fiscal Court - 138 Knkobbs		
2	(Island) - Water Extension		
3	Bond Funds	175,000	-0-
4	002. McLean County Fiscal Court - Adams School		
5	House Loop (Sacramento) - Water Extension		
6	Bond Funds	50,000	-0-
7	003. McLean County Fiscal Court - Branch School		
8	House Loop (Sacramento) - Water Extension		
9	Bond Funds	50,000	-0-
10	004. McLean County Fiscal Court - Buttonsberry		
11	(Island) - Sewer Extension		
12	Bond Funds	50,000	-0-
13	005. McLean County Fiscal Court - Fox Hollow		
14	(Island) - Water Extension		
15	Bond Funds	75,000	-0-
16	006. McLean County Fiscal Court - Interconnect		
17	KY 81 - KY 250 - Water Line Extension		
18	Bond Funds	200,000	-0-
19	007. McLean County Fiscal Court - Knuckles -		
20	Water Line Extension		
21	Bond Funds	30,000	-0-
22	008. McLean County Fiscal Court - KY 81 -		
23	Sewer Extension		
24	Bond Funds	40,000	-0-
25	009. McLean County Fiscal Court - Livermore -		
26	Sewer Line Infiltration Problems		
27	Bond Funds	100,000	-0-

1	010. McLean County Fiscal Court - Sacramento -		
2	Sewer Pump - Replacement		
3	Bond Funds	100,000	-0-
4	011. McLean County Fiscal Court - Second Street -		
5	Water Line		
6	Bond Funds	50,000	-0-
7	012. McLean County Fiscal Court - Walnut Street -		
8	Water Line		
9	Bond Funds	80,000	-0-
10	013. McLean County Fiscal Court - Water and Sewer		
11	Improvements		
12	Bond Funds	250,000	-0-
13	Menifee County		
14	001. City of Frenchburg - Water Line Extension and		
15	Line Improvement		
16	Bond Funds	820,000	-0-
17	002. Frenchburg Water District - Meter		
18	Replacement Project		
19	Bond Funds	300,000	-0-
20	003. Frenchburg Water District - System Improvements		
21	to Improve the ISO Rating		
22	Bond Funds	80,000	-0-
23	004. Menifee County Fiscal Court - Library Board -		
24	Parking Structure		
25	Bond Funds	30,000	-0-
26	005. Menifee County Fiscal Court - EMS Building		
27	Bond Funds	150,000	-0-

1	Morgan County		
2	001. Morgan County Fiscal Court - Various Water		
3	Line Extensions		
4	Bond Funds	1,000,000	-0-
5	002. Morgan County Water District - Various Water		
6	and Sewer Extensions and Upgrades		
7	Bond Funds	200,000	-0-
8	003. Morgan County Water District - Water Line		
9	Extensions for Laurel Fork, River Rd., Whites		
10	Branch, Vest Br., Rt. 191 (Helechawa-Adele),		
11	Rt. 134 (Wheelrim), Rt. 7, M. Whitt Rd., Leonard		
12	Havens Rd. off 460, Hwy 3345, Dyer Br, Gevedon		
13	Br. Roads and Cabin Cr. Rd.		
14	Bond Funds	1,000,000	-0-
15	Muhlenberg County		
16	001. Muhlenberg County Water District #1 -		
17	Water Lines - Line Replacement		
18	Bond Funds	1,000,000	-0-
19	002. Muhlenberg County Water District #1 - Water		
20	Lines - Paradise Industrial Park		
21	Bond Funds	250,000	-0-
22	Ohio County		
23	001. Ohio County Fiscal Court - Water Project -		
24	Centertown Water Line Relocation Project		
25	Bond Funds	20,000	-0-
26	002. Ohio County Fiscal Court - Water Project -		
27	Centertown Water Project		

1	Bond Funds	1,080,000	-0-
2	003. Ohio County Fiscal Court - Water Project -		
3	Taffy Ralph Road Project		
4	Bond Funds	150,000	-0-
5	Owsley County		
6	001. City of Booneville - Sewer and Water		
7	Line Extensions		
8	Bond Funds	600,000	-0-
9	002. Owsley County Fiscal Court - Water and		
10	Sewer Line Extensions		
11	Bond Funds	1,200,000	-0-
12	003. Owsley County Library Board - Construction		
13	Bond Funds	1,000,000	-0-
14	Perry County		
15	001. City of Vicco - Sewer Maintenance		
16	Bond Funds	200,000	-0-
17	002. Perry County Fiscal Court - Hiner Water Line -		
18	Water Line Extension		
19	Bond Funds	200,000	-0-
20	003. Perry County Fiscal Court - Lower Lost Creek -		
21	Water Line Extension		
22	Bond Funds	400,000	-0-
23	004. Perry County Fiscal Court - South Perry		
24	County - Water Project Phase III		
25	Bond Funds	400,000	-0-
26	Pike County		
27	001. Mountain Water District - Various Water and		

1	Sewer Projects - Extensions and Upgrades		
2	Bond Funds	1,282,000	-0-
3	Rockcastle County		
4	001. Rockcastle County Fiscal Court - Lake		
5	Linville Sewer Extension		
6	Bond Funds	1,100,000	-0-
7	002. Western Rockcastle Water Association - Add		
8	Four Inch Water Line on SR 1329 for a		
9	Distance of Four Miles		
10	Bond Funds	120,000	-0-
11	Union County		
12	001. City of Sturgis and Morganfield - Various		
13	Water and Sewer Projects		
14	Bond Funds	1,250,000	-0-
15	Webster County		
16	001. City of Clay - Water/Sewer Line Improvements		
17	Bond Funds	250,000	-0-
18	002. City of Dixon - Water Line Upgrades		
19	Bond Funds	150,000	-0-
20	003. City of Providence - Sewer Line Extension		
21	Bond Funds	250,000	-0-
22	004. City of Sebree - Water/Sewer Line Replacement		
23	Bond Funds	250,000	-0-
24	005. City of Slaughters - Water Line Improvements		
25	and Fire Hydrants		
26	Bond Funds	250,000	-0-
27	006. Webster County Water District - Water		

1	Line Extension		
2	Bond Funds	250,000	-0-
3	Whitley County		
4	001. City of Williamsburg - Hal Rogers Water		
5	Park Expansion		
6	Bond Funds	400,000	-0-
7	002. Corbin Area Technology Center - Utilities		
8	Infrastructure		
9	Bond Funds	2,500,000	-0-
10	003. Corbin Utilities Company - Tattersall		
11	Bond Funds	700,000	-0-
12	004. University of the Cumberlands - Capital		
13	Construction - Pharmacy Building		
14	Bond Funds	10,000,000	-0-
15	005. Whitley County Board of Education - Oak		
16	Grove Community Center		
17	Bond Funds	500,000	-0-
18	006. Whitley County Fiscal Court - Courthouse		
19	Renovations		
20	Bond Funds	250,000	-0-
21	007. Whitley County Fiscal Court - Fire Hydrant		
22	Refill Station for Canadytown Community		
23	Bond Funds	40,000	-0-
24	008. Whitley County Fiscal Court - Rural Water		
25	Lines for unserved regions of Water Project		
26	AML, Meadow Creek/Tackett Creek Area		
27	of Whitley County		

1 Bond Funds 1,160,000 -0-

2 **O. INFRASTRUCTURE FOR ECONOMIC DEVELOPMENT FUND**
3 **FOR NON-COAL PRODUCING COUNTIES**

4 **(1) Bond Authority:** Bond Funds in the amount of \$150,000,000 are authorized
5 for projects within the Infrastructure for Economic Development Fund for Non-Coal
6 Producing Counties. The Bond Pool authorization identified in Part II, A. General
7 Government, 2. Kentucky Infrastructure Authority, Item 003., of this Act, and the
8 Projects list as identified in this section shall be placed under the jurisdiction of the
9 Kentucky Infrastructure Authority (KIA). There is \$13,968,000 in fiscal year 2007-2008
10 appropriated from the General Fund for debt service.

11 **(2) Appropriations Not To Be Duplicated:** Appropriations identified as Bond
12 Funds in this section are representative of the amounts provided in Part II, A. General
13 Government, 2. Kentucky Infrastructure Authority, Item 003., of this Act, and are not to
14 be appropriated in duplication.

15 **1. GENERAL GOVERNMENT**

16 a. Budget Unit Kentucky Infrastructure Authority 2006-07 2007-08

17 **Adair County**

18 001. Adair County Water District - WX21001011 -
19 Shepherd Water Storage Tank and
20 Transmission Line

21 Bond Funds 1,000,000 -0-

22 002. City of Columbia - Sewer Project - SX21001010

23 Bond Funds 481,000 -0-

24 003. Columbia Utilities Commission - SX21001008 -
25 Columbia Lift Station Renovation

26 Bond Funds 375,000 -0-

27 **Allen County**

1	001. Allen County Fiscal Court - Rural Water Line		
2	Improvements and Fire Hydrants		
3	Bond Funds	25,000	-0-
4	002. City of Scottsville - Camp Courageous Water		
5	Line and Tank		
6	Bond Funds	300,000	-0-
7	003. City of Scottsville - Pump Station Improvements		
8	Bond Funds	90,000	-0-
9	004. City of Scottsville - Sewer Plant Improvements		
10	Bond Funds	350,000	-0-
11	005. City of Scottsville - SX21003003 - Old		
12	Gallatin Road Sewer System Improvements		
13	Bond Funds	58,000	-0-
14	006. City of Scottsville - SX21003004 - Sewer		
15	System Rehabilitation		
16	Bond Funds	20,000	-0-
17	Anderson County		
18	001. City of Lawrenceburg - SX21005005 - Sewer		
19	Expansion to Bluegrass Parkway		
20	Bond Funds	1,000,000	-0-
21	Ballard County		
22	001. City of Barlow - Sewer Project		
23	Bond Funds	265,000	-0-
24	002. City of Kevil - WX21007015 - Kevil/West		
25	McCracken Interconnect		
26	Bond Funds	135,000	-0-
27	003. City of Kevil - WX21007016 - Water Extension		

1	and Tank Painting and Repair		
2	Bond Funds	95,000	-0-
3	004. City of Wickliffe - WX21007013 - Wickliffe		
4	Industrial Park Water Upgrade		
5	Bond Funds	150,000	-0-
6	Barren County		
7	001. Barren County Fiscal Court - Barren County		
8	Library Improvements		
9	Bond Funds	1,000,000	-0-
10	002. Caveland Environmental Authority -		
11	SX21009020 - Reconstruction of Sewer Main		
12	from Twyman Park to Gorin Park		
13	Bond Funds	380,000	-0-
14	003. Caveland Environmental Authority -		
15	SX21009019 - Reconstruction of Sewer Main		
16	from Twyman Park to Water Street		
17	Bond Funds	300,000	-0-
18	004. Caveland Environmental Authority -		
19	SX21009033 - Davis Lift Station and		
20	Sewer System Improvements		
21	Bond Funds	300,000	-0-
22	005. Caveland Environmental Authority -		
23	WX21009004 - Water Transmission Line from		
24	Water Plant Expansion to City of Glasgow		
25	Bond Funds	320,000	-0-
26	006. City of Glasgow - IX21009001 - Industrial		
27	Park Infrastructure		

1	Bond Funds	400,000	-0-
2	Bath County		
3	001. City of Owingsville - SX21011009 -		
4	US 60 East/Wyoming Rd/A6 Development		
5	Extension Project		
6	Bond Funds	600,000	-0-
7	002. City of Sharpsburg - SX21011006 - Tater Town		
8	Line Extension Project		
9	Bond Funds	400,000	-0-
10	Boone County		
11	001. Boone County Water District - WX21015203 -		
12	River Road Water Line Extension		
13	Bond Funds	500,000	-0-
14	002. Boone County Water District - WX21015204 -		
15	North Bend Road Water System Improvements		
16	Bond Funds	415,000	-0-
17	003. Boone County Water District - WX21015251 -		
18	KY 18 and Zig Zag Road Water Line Extension		
19	Bond Funds	407,000	-0-
20	004. City of Florence - SX21015501 - Ewing Sewer		
21	System Improvements		
22	Bond Funds	80,000	-0-
23	005. City of Florence - SX21015503 - Turfway Road		
24	Sewer Rehabilitation		
25	Bond Funds	90,000	-0-
26	006. City of Florence - SX21015504 - Gun Powder		
27	Road Sewer Extension		

1	Bond Funds	56,000	-0-
2	007. City of Union - SX21015100 - Sewer System		
3	and Temporary Treatment Plant		
4	Bond Funds	200,000	-0-
5	008. City of Walton - SX21015800 - Wastewater		
6	Treatment Plant Expansion		
7	Bond Funds	1,000,000	-0-
8	Bourbon County		
9	001. Bourbon County Fiscal Court - Bedford Acres -		
10	Sewer and Water Extensions		
11	Bond Funds	500,000	-0-
12	002. Bourbon County Fiscal Court - Centerville		
13	Sewer Project		
14	Bond Funds	600,000	-0-
15	003. Bourbon County Fiscal Court - Fire		
16	Hydrant Project		
17	Bond Funds	76,500	-0-
18	004. Bourbon County Fiscal Court - North		
19	Middletown Water Project - Matching Funds		
20	for Federal Grant		
21	Bond Funds	65,000	-0-
22	005. Bourbon County Fiscal Court - Sewer Lines -		
23	Parkway Drive and Horseshoe Drive		
24	Bond Funds	350,000	-0-
25	006. Bourbon County Fiscal Court - Water Lines -		
26	2 Miles Extension to Finish All of Bourbon		
27	County Water Project		

1	Bond Funds	80,000	-0-
2	Boyle County		
3	001. Boyle County Fiscal Court - Water Improvements -		
4	Middle and Lower Salt River Road - Baugh		
5	Hollow Water Line - Rankin Road Water Line		
6	Bond Funds	250,000	-0-
7	002. City of Danville Water Utility - Stanford Road		
8	Emergency Connection		
9	Bond Funds	450,000	-0-
10	003. City of Danville Water Utility - Water		
11	Distribution Improvements		
12	Bond Funds	50,000	-0-
13	004. City of Danville Water Utility - Water		
14	Plant Upgrade		
15	Bond Funds	250,000	-0-
16	Bracken County		
17	001. Bracken County Fiscal Court -		
18	Germantown Sewer		
19	Bond Funds	300,000	-0-
20	002. Bracken County Fiscal Court - RR 8 Water		
21	Line Extension		
22	Bond Funds	100,000	-0-
23	003. Bracken County Fiscal Court - SX21023005 -		
24	Regional Sewer System Design		
25	Bond Funds	100,000	-0-
26	004. Bracken County Fiscal Court - SX21023006 -		
27	Bracken Creek Pump Station		

1	Bond Funds	40,000	-0-
2	005. Bracken County Fiscal Court - SX21161001 -		
3	Germantown Sewer Improvements		
4	Bond Funds	75,000	-0-
5	006. Bracken County Water District - WX21023011 -		
6	Highway 435 Water Line Extension		
7	Bond Funds	1,000,000	-0-
8	007. Bracken County Water District - WX21023018 -		
9	Tuckers Trailer Park Water Line Extension		
10	Bond Funds	108,000	-0-
11	008. City of Augusta - WX21023023 - Route 8		
12	Water Line Extension		
13	Bond Funds	120,000	-0-
14	Breckinridge County		
15	001. Breckinridge County Fiscal Court - Ohio		
16	County Water System Line Extensions		
17	Bond Funds	221,250	-0-
18	002. City of Cloverport - Water Tank Replacement		
19	Bond Funds	221,250	-0-
20	003. City of Hardinsburg - Various Water Projects		
21	Bond Funds	221,250	-0-
22	004. City of Hardinsburg - WX21027005 - Water		
23	Storage Tank Rehabilitation		
24	Bond Funds	1,000,000	-0-
25	005. City of Irvington - Various Water and		
26	Sewer Projects		
27	Bond Funds	221,250	-0-

1 **Bullitt County**

2 001. Bullitt County Fiscal Court - Ridge Road

3 Line Extensions

4 Bond Funds 15,000 -0-

5 002. City of Lebanon Junction - Water and Sewer

6 Improvements

7 Bond Funds 100,000 -0-

8 003. City of Mount Washington - WX21029224 -

9 East Sanders and Cabin Lane Water Extension

10 Bond Funds 832,000 -0-

11 004. City of Mount Washington - WX21029224 -

12 East Sanders, Hoagland Hill, and Cabin Lane

13 Water Line Extension

14 Bond Funds 850,000 -0-

15 005. Louisville Water Company - WX21029015 -

16 Water Line Extension Bob-O-Link Road

17 Bond Funds 198,000 -0-

18 006. Louisville Water Company - WX21029194 -

19 Walls Hollow Road from Raymond Road to End

20 Bond Funds 168,000 -0-

21 007. Louisville Water Company - WX21029196 -

22 Water Storage Tank

23 Bond Funds 550,000 -0-

24 **Caldwell County**

25 001. Caldwell County Water District - WX2103307 -

26 Equipment Purchase and Storage Building

27 Bond Funds 265,000 -0-

1	002. Princeton Water District - WX2103306 -		
2	Improvements		
3	Bond Funds	400,000	-0-
4	Calloway County		
5	001. Calloway County Fiscal Court - Railroad Spur		
6	Bond Funds	250,000	-0-
7	002. City of Murray - Sherwood Forrest Extension -		
8	WX21035018		
9	Bond Funds	84,000	-0-
10	003. City of Murray - SX21035012 - Phase II		
11	Sewer Rehab.		
12	Bond Funds	363,750	-0-
13	004. City of Murray - SX21035014 - Southwest		
14	Sewer Interceptor Phase II		
15	Bond Funds	375,788	-0-
16	005. City of Murray - WX21035019 - Water		
17	Treatment Plant Improvements		
18	Bond Funds	250,000	-0-
19	006. Dexter - Almo Heights Water District -		
20	Coles Campground Extension - WX21035012		
21	Bond Funds	41,462	-0-
22	007. Murray Water District #2 - WX21035004 -		
23	Water Line Extension		
24	Bond Funds	135,000	-0-
25	008. Murray Water District #3 - WX21035023 -		
26	Water Consolidation Improvement Study		
27	Bond Funds	50,000	-0-

1	009. South 641 Water District - SX21035008 -		
2	Wastewater System Improvements		
3	Bond Funds	200,000	-0-
4	Campbell County		
5	001. City of Alexandria Sewer Project -		
6	Alexandria/Viewpoint		
7	Bond Funds	315,000	-0-
8	002. City of Newport - Various Water Projects		
9	Including Water Line Replacement to the		
10	Waterworks Road Bridge and Newport Pavilion		
11	Project Area Waterline/Storm Water Upgrades		
12	Bond Funds	600,000	-0-
13	003. City of Wilder - Three Mile Road/Gibson Lane		
14	from I-275 to Licking Pike Water Project		
15	Bond Funds	200,000	-0-
16	Carlisle County		
17	001. City of Bardwell - SX21039005 - Sewer		
18	System Rehabilitation		
19	Bond Funds	500,000	-0-
20	002. Cunningham Water District - WX21039014 -		
21	Water Tower Repair		
22	Bond Funds	45,000	-0-
23	Carroll County		
24	001. Carrollton Utilities - SX21041300 - Happy Hollow/		
25	Regional Sewer System Improvements		
26	Bond Funds	800,000	-0-
27	Casey County		

1	001. City of Liberty - WX21045004 - Water Treatment		
2	Plant and System Improvements		
3	Bond Funds	2,200,000	-0-
4	Clark County		
5	001. Clark County Fiscal Court - Colby Hills Sanitary		
6	Sewer Improvements		
7	Bond Funds	500,000	-0-
8	002. Clark County Fiscal Court - Forest Park		
9	Sanitary Sewer Improvements		
10	Bond Funds	750,000	-0-
11	003. Clark County Fiscal Court - Lynnway Drive/		
12	Stoneybrook Sanitary Sewer Improvements		
13	Bond Funds	350,000	-0-
14	004. Clark County Fiscal Court - Various Water		
15	and Sewer Projects		
16	Bond Funds	1,000,000	-0-
17	005. East Clark County Water District - Cole Road		
18	Tank and Pump and Various Water Projects		
19	Bond Funds	300,000	-0-
20	006. Winchester Municipal Utilities - Clark County		
21	Public Schools Soccer Complex - Water and		
22	Sewer Project		
23	Bond Funds	100,000	-0-
24	Clinton County		
25	001. City of Albany - Wastewater Treatment Plant		
26	Bond Funds	750,000	-0-
27	002. Clinton County Fiscal Court - Water Line		

1	Improvements		
2	Bond Funds	200,000	-0-
3	Cumberland County		
4	001. City of Burkesville - Water Treatment		
5	Plant Improvements		
6	Bond Funds	190,000	-0-
7	002. Cumberland County Water District - Interconnect		
8	and Various Water Line Extensions		
9	Bond Funds	600,000	-0-
10	Edmonson County		
11	001. Caveland Environmental Authority - SX21061005 -		
12	Phase II Sewer System Improvements		
13	Bond Funds	1,300,000	-0-
14	002. City of Brownsville - WX21061018 - Water		
15	System Improvements		
16	Bond Funds	100,000	-0-
17	003. Edmonson County Water District - WX21061023 -		
18	Improvements and Connection to Hart County		
19	Bond Funds	667,535	-0-
20	Estill County		
21	001. City of Irvine - SX21065005 - Regional		
22	Wastewater System Improvements		
23	Bond Funds	900,000	-0-
24	002. Estill County Fiscal Court - Various Water		
25	and Sewer Projects		
26	Bond Funds	500,000	-0-
27	Fayette County		

1	001. Lexington-Fayette Urban County Government -		
2	Comprehensive Sanitary Sewer Project -		
3	Remaining Areas - Phase II		
4	Bond Funds	1,400,000	-0-
5	002. Lexington-Fayette Urban County Government -		
6	Gainesway Park Development		
7	Bond Funds	750,000	-0-
8	003. Lexington-Fayette Urban County Government -		
9	Various Water Sewer and Storm Sewer		
10	Improvements Including Green Acres Subdivision		
11	Bond Funds	2,600,000	-0-

12 **Fleming County**

13	001. City of Flemingsburg - Cherry Grove		
14	Road Sewer Project		
15	Bond Funds	100,000	-0-
16	002. City of Flemingsburg - Industrial Park #2		
17	Sewer Project		
18	Bond Funds	100,000	-0-
19	003. City of Flemingsburg - Water Upgrade		
20	Bond Funds	50,000	-0-
21	004. Fleming County Water Association -		
22	Parkersburg Tank		
23	Bond Funds	100,000	-0-
24	005. Western Fleming Water District - Pump Station		
25	Bond Funds	50,000	-0-

26 **Franklin County**

27	001. City of Frankfort - SX21073002 - Holmes		
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1	Street Sewer Project		
2	Bond Funds	1,630,000	-0-
3	002. City of Frankfort - SX21073004 - Shelby		
4	Street Sewers		
5	Bond Funds	230,000	-0-
6	003. City of Frankfort - SX21073005 - Allnut Drive		
7	Sewer Replacement		
8	Bond Funds	180,000	-0-
9	004. City of Frankfort - SX21073007 - Cardinal Hills		
10	Pump Station and Force Main Replacement		
11	Bond Funds	260,000	-0-
12	005. City of Frankfort - SX21073012 - Two Creeks #2		
13	Pump Station and Force Main Replacement		
14	Bond Funds	200,000	-0-
15	006. Farmdale Water District - WX21073005 -		
16	Water Line Upgrade Project		
17	Bond Funds	700,000	-0-
18	Fulton County		
19	001. City of Fulton - WX21975007 - Water System		
20	Rehabilitation		
21	Bond Funds	150,000	-0-
22	002. City of Fulton - WX21975012 - Industrial Park		
23	Water System Improvements		
24	Bond Funds	350,000	-0-
25	003. City of Hickman - SX21075007 - Hickman		
26	Infiltration and Inflow Reduction/Sewer Rehab.		
27	Bond Funds	300,000	-0-

1	004. Fulton County Fiscal Court - Industrial Park		
2	Utilities and Spec. Building		
3	Bond Funds	360,000	-0-
4	Gallatin County		
5	001. Carrollton Utilities - SX21077101 - I-71		
6	Interchange Sewer System Improvements		
7	Bond Funds	1,250,000	-0-
8	002. City of Warsaw - Water and Wastewater Project		
9	Bond Funds	300,000	-0-
10	003. City of Warsaw - WX21077220 - Water System		
11	Improvements		
12	Bond Funds	500,000	-0-
13	Garrard County		
14	001. City of Lancaster - SX21079001 - Wastewater		
15	Treatment Plant Improvements		
16	Bond Funds	200,000	-0-
17	002. City of Lancaster - SX21079004 - Sewer		
18	System Rehabilitation		
19	Bond Funds	100,000	-0-
20	003. City of Lancaster - SX21079007 - Buckeye		
21	Street Sewer System Improvements		
22	Bond Funds	90,705	-0-
23	004. City of Lancaster - Water and Sewer		
24	Improvements		
25	Bond Funds	100,000	-0-
26	005. City of Lancaster - WX21079012 - Water		
27	System Improvements		

1	Bond Funds	71,500	-0-
2	Grant County		
3	001. City of Williamstown - SX21081304 -		
4	Wastewater Treatment Plant		
5	Bond Funds	900,000	-0-
6	002. Grant County Fiscal Court - Dry Ridge		
7	Lagoon Repair		
8	Bond Funds	250,000	-0-
9	Graves County		
10	001. City of Wingo - Relocate Water Treatment		
11	Building and Clear Well		
12	Bond Funds	375,000	-0-
13	002. Graves County Fiscal Court - SX21083017 -		
14	Mayfield Electric & Water Systems		
15	Composting Project Phase I		
16	Bond Funds	500,000	-0-
17	003. Graves County Fiscal Court - WX21083023 -		
18	Cuba Loop from School to 339-303 Including		
19	Cuba Community Phase IIA		
20	Bond Funds	870,674	-0-
21	004. Graves County Fiscal Court - WX21083034 -		
22	Hickory Interconnect Including Automated Valves		
23	and Scada to Mayfield Water System		
24	Bond Funds	95,000	-0-
25	005. Mayfield Electric and Water System -		
26	SX21083021 - Bel-Aire CIPP		
27	Bond Funds	260,000	-0-

1	006. Mayfield Electric and Water System - SX21083022 -		
2	9th and Gardner		
3	Bond Funds	212,000	-0-
4	007. Mayfield Electric and Water System - SX21083023 -		
5	Washington St. Subbasin Rehab.		
6	Bond Funds	150,000	-0-
7	008. Mayfield Electric and Water - SX21083018 -		
8	Wastewater Treatment Plant Improvements		
9	Bond Funds	200,000	-0-
10	009. Sedalia Water District - WX21083039 - Elevated		
11	Storage Tank Repairs		
12	Bond Funds	125,000	-0-
13	010. Symsonia Water District - SX21083010 - Sewer		
14	System Improvements		
15	Bond Funds	75,000	-0-
16	011. Symsonia Water District - WX21083008 -		
17	Benton Interconnect and Water System Improvements		
18	Bond Funds	70,000	-0-
19	012. Wingo Water System - WX21083001 -		
20	Interconnect with South Graves		
21	Bond Funds	91,780	-0-
22	Grayson County		
23	001. City of Caneyville - SX21085001 - Wastewater		
24	Plant Upgrade System Improvements and		
25	Line Extensions		
26	Bond Funds	650,000	-0-
27	002. City of Clarkson - SX21085004 - Wastewater Project		

1	Bond Funds	94,200	-0-
2	003. City of Leitchfield - SX21085002 - Wastewater		
3	System Improvements		
4	Bond Funds	750,000	-0-
5	004. City of Leitchfield - WX21085004 - Bypass		
6	Water Transmission Loop		
7	Bond Funds	200,000	-0-
8	005. Edmonson County Water District - WX21061021 -		
9	Water Storage Tank and System Improvements		
10	Bond Funds	543,000	-0-
11	006. Edmonson County Water District - WX21061022 -		
12	Water Line Extension		
13	Bond Funds	268,500	-0-
14	007. Grayson County Water District - WX21085016 -		
15	Water Project		
16	Bond Funds	137,300	-0-
17	Green County		
18	001. City of Greensburg - WX21087012 - Water		
19	System Improvements		
20	Bond Funds	250,000	-0-
21	002. Green County Fiscal Court - Green-Taylor		
22	Water District - WX21087009 - Water Treatment		
23	Plant and Water Main Upgrades		
24	Bond Funds	350,000	-0-
25	003. Green County Fiscal Court - SX21087002 -		
26	Summersville Wastewater System Improvements		
27	Bond Funds	300,000	-0-

1	Hardin County		
2	001. City of Vine Grove - SX21093002 - Sewer System		
3	Improvements - Highway 313 Area		
4	Bond Funds	500,000	-0-
5	002. City of West Point - SX21093001 - Sewer		
6	System Improvements		
7	Bond Funds	200,000	-0-
8	003. City of West Point - WX21093016 - Water		
9	System Improvements		
10	Bond Funds	125,000	-0-
11	004. Hardin County Fiscal Court - Project Phase IV -		
12	60 Miles of Water Mains through Unserved		
13	Areas of Hardin County		
14	Bond Funds	250,000	-0-
15	005. Hardin County Water District #1 -		
16	WX21093020 - Constantine Road Water		
17	System Improvements		
18	Bond Funds	1,000,000	-0-
19	006. Hardin County Water District #1 -		
20	WX21093024 - Pirtle Spring Water Treatment		
21	Plant Reconstruction Project		
22	Bond Funds	2,000,000	-0-
23	007. Hardin County Water District #2 -		
24	Elizabethtown Loop Project		
25	Bond Funds	750,000	-0-
26	008. Hardin County Water District #2 - SX21093004 -		
27	Wastewater Collection System Expansion		

1	Bond Funds	600,000	-0-
2	009. Hardin County Water District #2 -		
3	WX21093009 - Cecilia Water Storage Tank		
4	Bond Funds	500,000	-0-
5	010. Hardin County Water District #2 - WX21093015 -		
6	Phase IV Water System Improvements		
7	Bond Funds	500,000	-0-
8	011. Hardin County Water District #2 - WX21093017 -		
9	Phase V Water System Improvements		
10	Bond Funds	500,000	-0-
11	012. Hardin County Water District #2 - WX21093021 -		
12	Glendale Area Water System Improvements		
13	Bond Funds	1,000,000	-0-
14	Harrison County		
15	001. City of Berry - Wastewater Project Profile -		
16	Engineering Study		
17	Bond Funds	10,000	-0-
18	002. City of Cynthia - Wastewater Treatment Plant -		
19	Cost Overrun on New Plant		
20	Bond Funds	250,000	-0-
21	003. Harrison County Water Association - Eleven		
22	Homes and Large Farm Water Improvements		
23	Bond Funds	250,000	-0-
24	004. Harrison County Water Association -		
25	Davis Road - 0.6 miles		
26	Bond Funds	35,000	-0-
27	005. Harrison County Water Association - WX21097005 -		

1	Friendship and Coppage Pike		
2	Bond Funds	120,000	-0-
3	Hart County		
4	001. Caveland Environmental Authority - Wastewater		
5	System Improvements		
6	Bond Funds	200,000	-0-
7	002. City of Munfordville - WX21099018 - Old		
8	Turnpike to Union Street Water System Improvements		
9	Bond Funds	220,000	-0-
10	003. Green River Valley Water District - WX21099017 -		
11	Frenchman Knob Road Water System Improvements		
12	Bond Funds	500,000	-0-
13	Henry County		
14	001. City of Campbellsburg - SX21103002 -		
15	Campbellsburg to Carrollton Force Main		
16	Bond Funds	1,000,000	-0-
17	002. Henry County Water District #1 - WX21103029 -		
18	Cemetery Hill Road Extension		
19	Bond Funds	100,000	-0-
20	003. Henry County Water District #2 - WX21103042 -		
21	Water System Improvements		
22	Bond Funds	300,000	-0-
23	Hickman County		
24	001. City of Clinton - SX21105004 - Sewer System		
25	Rehabilitation		
26	Bond Funds	300,000	-0-
27	002. Water Service Corp. of KY - WX21105004 -		

1	Clinton Water System Improvements		
2	Bond Funds	70,000	-0-
3	Jessamine County		
4	001. City of Nicholasville - Bethany Road Extension		
5	Bond Funds	220,000	-0-
6	002. City of Nicholasville - Old Railroad Road - Union		
7	Mill Road to Loganna Road		
8	Bond Funds	500,000	-0-
9	003. City of Nicholasville - Union Mill Road		
10	Extension to the Jessamine County Fire		
11	District Building		
12	Bond Funds	330,000	-0-
13	004. City of Wilmore - Sewer System Service to		
14	Ichthus Area		
15	Bond Funds	150,000	-0-
16	005. City of Wilmore - SX21113008 - Sewer		
17	Collection System Rehab.		
18	Bond Funds	200,000	-0-
19	006. City of Wilmore Automated Water Meter Reading		
20	Bond Funds	200,000	-0-
21	007. Jessamine County Fiscal Court - Sewer Project		
22	Bond Funds	110,000	-0-
23	008. Jessamine County Fiscal Court - Sewer Service		
24	to Centennial Park		
25	Bond Funds	180,000	-0-
26	009. Jessamine County Water District #1 -		
27	WX21113012 - Water Storage Tank		

1	Bond Funds	1,900,000	-0-
2	010. Jessamine County Water District #1 -		
3	WX21113015 - Groggins Ferry Road		
4	Water Line Upgrade		
5	Bond Funds	750,000	-0-
6	Kenton County		
7	001. Kenton County Water District - Main		
8	Replacement in City of Covington		
9	Bond Funds	1,000,000	-0-
10	002. Northern Kentucky Water District -		
11	WX21117203 - Subdistrict I Water		
12	System Improvements		
13	Bond Funds	2,000,000	-0-
14	003. Northern Kentucky Water District -		
15	WX21177204 - Covington Water		
16	System Improvements		
17	Bond Funds	2,500,000	-0-
18	004. Sanitation District #1 Of NKY -		
19	SX21117201 - Ft. Wright Ridgewood Drive		
20	Wastewater Improvements		
21	Bond Funds	140,000	-0-
22	Knox County		
23	001. Knox County Fiscal Court - Infrastructure		
24	for Wellness Center		
25	Bond Funds	1,000,000	-0-
26	Larue County		
27	001. City of Hodgenville - WX21123010 - Water		

1	Storage Tank		
2	Bond Funds	100,000	-0-
3	002. Larue County Fiscal Court - Upgrade, Maintain,		
4	Repair, Construct, Replace, Extend Water and		
5	Sewer Including Fire Hydrants and Industrial Parks		
6	Bond Funds	82,465	-0-
7	003. Larue County Water District #1 - WX21123012 -		
8	Buffalo Water Storage Tank		
9	Bond Funds	230,000	-0-
10	Lewis County		
11	001. Garrison Quincy Water District - WX21135009 -		
12	Garrison Area Water System Improvements		
13	Bond Funds	783,000	-0-
14	002. Lewis County Fiscal Court - SX21135001 -		
15	Phase I Wastewater System Improvements		
16	Bond Funds	700,000	-0-
17	003. Lewis County Sanitation District #1 -		
18	SX21135008 - KY 57 Area Wastewater		
19	System Improvements		
20	Bond Funds	304,000	-0-
21	004. Vanceburg Electric Plant Board - SX21135009 -		
22	Wastewater Treatment Plant Improvements		
23	Bond Funds	500,000	-0-
24	005. Western Lewis Rectorville Water District -		
25	WX21161001 - Phase IV - Ridge Project		
26	Bond Funds	250,000	-0-
27	Lincoln County		

1	001. City of Crab Orchard - Various Water and		
2	Sewer Projects		
3	Bond Funds	250,000	-0-
4	002. City of Hustonville - Various Water and		
5	Sewer Projects		
6	Bond Funds	150,000	-0-
7	003. City of Moreland - Various Water and		
8	Sewer Projects		
9	Bond Funds	150,000	-0-
10	004. City of Stanford - Various Water and		
11	Sewer Projects		
12	Bond Funds	300,000	-0-
13	005. City of Waynesburg - Various Water and		
14	Sewer Projects		
15	Bond Funds	150,000	-0-
16	Livingston County		
17	001. City of Salem - SX21139006 - Lift		
18	Station Upgrade		
19	Bond Funds	50,000	-0-
20	002. City of Smithland - SX21139003 - Wastewater		
21	Treatment Plant Improvements		
22	Bond Funds	50,000	-0-
23	003. Crittenden/Livingston Water District -		
24	WX21139007 - Raw Water Intake		
25	Bond Funds	100,000	-0-
26	004. Grand Rivers Sewer System - SX21139001 -		
27	Improvements		

1	Bond Funds	300,000	-0-
2	005. Livingston County Fiscal Court -		
3	SX21139004 - Ledbetter Sewer Improvement		
4	Bond Funds	35,000	-0-
5	Logan County		
6	001. East Logan Water District - Expansion		
7	Bond Funds	200,000	-0-
8	002. Logan County Fiscal Court - Lewisburg		
9	Pump Station		
10	Bond Funds	20,000	-0-
11	003. Logan County Fiscal Court - Mud River		
12	Water Shed Dam Repair		
13	Bond Funds	73,000	-0-
14	004. Logan County Fiscal Court - Water Treatment		
15	Plant Debt Retirement		
16	Bond Funds	307,000	-0-
17	005. North Logan Water District - Expansion		
18	Bond Funds	200,000	-0-
19	006. South Logan Water District - Expansion		
20	Bond Funds	200,000	-0-
21	Lyon County		
22	001. Lyon County Fiscal Court - SX21143002 -		
23	Wastewater System Improvements		
24	Bond Funds	1,175,000	-0-
25	002. Lyon County Fiscal Court - Various Water and		
26	Sewer Projects		
27	Bond Funds	250,000	-0-

1	003. Lyon County Fiscal Court - Various Water and		
2	Sewer Projects for Eddyville		
3	Bond Funds	250,000	-0-
4	004. Lyon County Water District - SX21143003 -		
5	West Lyon County Wastewater System Improvements		
6	Bond Funds	200,000	-0-
7	Madison County		
8	001. City of Berea Utilities - Raw Water Intake		
9	Bond Funds	500,000	-0-
10	002. City of Richmond Utilities - Raw Water Intake		
11	Bond Funds	1,150,000	-0-
12	003. Madison County Fiscal Court - Executive Park		
13	Sanitary Sewer District 2		
14	Bond Funds	150,000	-0-
15	004. Madison County Fiscal Court - Kirksville Water		
16	Association - Water Line Replacements and		
17	Extensions - Hwy 1295, Barnes Mill Estates,		
18	Taylor Fork, and Various Other Projects		
19	Bond Funds	400,000	-0-
20	005. Madison County Fiscal Court - North Madison		
21	County Sewer Project		
22	Bond Funds	1,050,000	-0-
23	006. Madison County Utility District - Water System		
24	Improvements Phase II		
25	Bond Funds	500,000	-0-
26	007. Southern Madison Water District - Water Project		
27	Bond Funds	400,000	-0-

1	Marion County		
2	001. City of Lebanon - WX21155018 - Water		
3	Storage Tank		
4	Bond Funds	250,000	-0-
5	002. Marion County Water District - WX21155016 -		
6	Dry Fork Road, Hwy 49 North Livers Lane, Settles		
7	Road, Ferman Road, Farris Road Water System		
8	Improvements		
9	Bond Funds	210,000	-0-
10	003. Marion County Water District - WX21155019 -		
11	Hwy 527 Water System Improvements		
12	Bond Funds	200,000	-0-
13	004. Marion County Water District - WX21155020 -		
14	Water Storage Tank		
15	Bond Funds	410,000	-0-
16	Marshall County		
17	001. City of Calvert City - SX21157024 - Phase II		
18	Sewer System Rehabilitation		
19	Bond Funds	250,000	-0-
20	002. City of Calvert City - WX21157033 -		
21	Shar-Cal Road Water System Improvements		
22	Bond Funds	125,000	-0-
23	003. Marshall County Fiscal Court - Benton Water		
24	and Sewer Projects		
25	Bond Funds	750,000	-0-
26	004. Marshall County Fiscal Court - Jonathan Creek		
27	Water and Sewer Projects		

1	Bond Funds	625,000	-0-
2	005. Marshall County Fiscal Court - North Marshall		
3	Water and Sewer Projects		
4	Bond Funds	575,000	-0-
5	006. North Marshall Water District - WX21157026 -		
6	Sharpe Area Water System Improvements		
7	Bond Funds	200,000	-0-
8	007. North Marshall Water District - WX21157027 -		
9	US 68/Briensburg Water System Improvements		
10	Bond Funds	100,000	-0-
11	Mason County		
12	001. Mason County Fiscal Court - Germantown Sewer		
13	Bond Funds	300,000	-0-
14	002. Mason County Fiscal Court - Maysville Utility		
15	Well - Plugtown		
16	Bond Funds	50,000	-0-
17	003. Mason County Fiscal Court - SX21161001 -		
18	Germantown Sewer Improvements		
19	Bond Funds	75,000	-0-
20	004. Mason County Fiscal Court - WX21161019 -		
21	KY 1449 Water System Improvements		
22	Bond Funds	360,000	-0-
23	005. Western Mason Water District - Well Project		
24	Bond Funds	50,000	-0-
25	McCracken County		
26	001. City of Paducah - WX21145022 - Water Line to		
27	Airport Along Shemwell Lane		

1	Bond Funds	140,000	-0-
2	002. City of Paducah - WX21145029 - Lone Oak		
3	Water System Improvements		
4	Bond Funds	900,000	-0-
5	003. Hendron Water District - WX21145035 -		
6	Hendron Paducah Interconnect		
7	Bond Funds	175,000	-0-
8	004. Paducah McCracken Joint Sewer Agency -		
9	SX21145004 - Cook Street Pump Station		
10	Replacement Project		
11	Bond Funds	725,000	-0-
12	005. Paducah McCracken Joint Sewer Agency -		
13	SX21145028 - Paducah Wastewater Treatment		
14	Plant Grit Removal and Headwork Improvements		
15	Phase II		
16	Bond Funds	800,000	-0-
17	006. Paducah McCracken Joint Sewer Authority -		
18	SX21145079 - Wastewater Treatment		
19	Plant Expansion		
20	Bond Funds	1,433,000	-0-
21	007. West McCracken Water District - WX21145004 -		
22	West McCracken USEC Extension		
23	Bond Funds	35,000	-0-
24	008. West McCracken Water District -		
25	WX21145005 - West McCracken Southwest		
26	McCracken Extension		
27	Bond Funds	1,042,000	-0-

1	Meade County		
2	001. City of Brandenburg - WX21163010 - Water		
3	Storage Tank		
4	Bond Funds	250,000	-0-
5	002. Meade County Fiscal Court - Various Water		
6	and Sewer Projects		
7	Bond Funds	1,000,000	-0-
8	003. Meade County Water District - WX21163013 -		
9	Phase VI Water System Improvements		
10	Bond Funds	500,000	-0-
11	004. Meade County Water District - WX21163014 -		
12	Phase VII Water System Improvements		
13	Bond Funds	500,000	-0-
14	Mercer County		
15	001. City of Harrodsburg - SX21167010 - College		
16	Street Wastewater System Improvements		
17	Bond Funds	122,200	-0-
18	002. Mercer County Sanitation District - SX21167009 -		
19	Brightleaf Wastewater System Improvements		
20	Bond Funds	1,000,000	-0-
21	Metcalf County		
22	001. City of Edmonton - Edmonton Industrial		
23	Authority - EX21169001 - Electrical		
24	Transmission Line		
25	Bond Funds	200,000	-0-
26	002. City of Edmonton - Water Project		
27	Bond Funds	150,000	-0-

1	003. City of Edmonton - WX21169010 -		
2	Habison Road Water System Improvements		
3	Bond Funds	60,000	-0-
4	004. City of Edmonton - WX21169012 - Wisdom		
5	and Hwy 640 Water System Improvements		
6	Bond Funds	75,000	-0-
7	Monroe County		
8	001. City of Fountain Run - Community Building		
9	Bond Funds	100,000	-0-
10	002. City of Fountain Run - Various Water and		
11	Sewer Projects		
12	Bond Funds	25,000	-0-
13	003. City of Gamaliel - Sewer System - Sewer		
14	Modification		
15	Bond Funds	75,000	-0-
16	004. Monroe County Water District - Monroe County		
17	Water Treatment Plant		
18	Bond Funds	150,000	-0-
19	005. Tompkinsville and Monroe County Water		
20	Districts - Joint Water Treatment Plant		
21	Bond Funds	1,200,000	-0-
22	Montgomery County		
23	001. Judy Water Association - WX21173038 -		
24	Water Tank		
25	Bond Funds	400,000	-0-
26	002. Levee Road Water Association -		
27	WX21173081 - Radio Read Meter		

1	Replacement Project		
2	Bond Funds	100,000	-0-
3	003. Montgomery County Fiscal Court - Various		
4	Water and Sewer Projects		
5	Bond Funds	200,000	-0-
6	004. Montgomery County Fiscal Court -		
7	WX21173075 - Science Ridge to 599 Tank		
8	Waterline Project		
9	Bond Funds	190,000	-0-
10	005. Montgomery County Sewer District #2 -		
11	SX21173011 - Sludge Press		
12	Bond Funds	350,000	-0-
13	006. Montgomery County Water District #1 -		
14	WX21173062 - Water Lines		
15	Bond Funds	500,000	-0-
16	007. Mount Sterling Water District - WX21173071 -		
17	Storage Building		
18	Bond Funds	150,000	-0-
19	008. Mt. Sterling Water and Sewer - SX21173013 -		
20	Belt Filter Press		
21	Bond Funds	200,000	-0-
22	Multi County		
23	001. Kentucky River Authority - Bluegrass Water		
24	Supply Commission - Water Project Engineering		
25	Bond Funds	900,000	-0-
26	Nelson County		
27	001. City of Bardstown - WX21179017 - Water		

1	Storage Tank		
2	Bond Funds	550,000	-0-
3	002. City of Bloomfield - SX21179008 - Pump		
4	Station and Force Main to Bardstown		
5	Bond Funds	2,300,000	-0-
6	003. City of New Haven - SX21179009 - Pump		
7	Station and Force Main to Bardstown		
8	Bond Funds	600,000	-0-
9	004. City of New Haven - SX21179015 - Sewer		
10	System Infiltration and Inflow Rehabilitation Project		
11	Bond Funds	300,000	-0-
12	005. Nelson County Fiscal Court - Industrial Park		
13	Water Infrastructure		
14	Bond Funds	350,000	-0-
15	006. Nelson County Fiscal Court - Nelson County		
16	Industrial Park Water Infrastructure		
17	Bond Funds	200,000	-0-
18	Nicholas County		
19	001. Nicholas County Sewer District #2 - Lake		
20	Carnico and North Central 4-H Camp Sewer Project		
21	Bond Funds	400,000	-0-
22	002. Nicholas County Water District - WX1181003 -		
23	Phase IX Water Project		
24	Bond Funds	428,500	-0-
25	Oldham County		
26	001. LaGrange Utilities Commission - SX21185004 -		
27	North Pump Station		

1	Bond Funds	300,000	-0-
2	002. LaGrange Utilities Commission - SX21185006 -		
3	Wastewater Treatment Plant and Pump		
4	Station Improvements		
5	Bond Funds	1,000,000	-0-
6	003. LaGrange Utilities Commission - WX21185042 -		
7	Water Tank and Booster Pump Station		
8	Bond Funds	500,000	-0-
9	004. Oldham County Fiscal Court - SX21185019 -		
10	Ohio River Wastewater Treatment Facility		
11	Bond Funds	750,000	-0-
12	005. Oldham County Water District - WX21185044 -		
13	Water System Improvements		
14	Bond Funds	2,000,000	-0-
15	Owen County		
16	001. Owenton Water Works - WX21187207 -		
17	Water Intake		
18	Bond Funds	1,000,000	-0-
19	Pendleton County		
20	001. Pendleton County Fiscal Court - WX21191503 -		
21	Supply Wells		
22	Bond Funds	150,000	-0-
23	002. City of Butler - SX21191320 - Phase II Sewer		
24	System Improvements		
25	Bond Funds	450,000	-0-
26	003. Pendleton County Fiscal Court - SX21191310 -		
27	Additional Funding to Complete		

1	Bond Funds	210,000	-0-
2	004. Pendleton County Fiscal Court - WX21191556 -		
3	Harrison County - Pendleton - 10 Homes in Harrison		
4	County - 3 Homes in Pendleton County		
5	Bond Funds	75,000	-0-
6	Powell County		
7	001. City of Clay City - Various Water and		
8	Sewer Projects		
9	Bond Funds	225,000	-0-
10	002. City of Stanton - Various Water and		
11	Sewer Projects		
12	Bond Funds	325,000	-0-
13	003. City of Stanton - WX21197002 - Water Storage		
14	Tank and System Improvements		
15	Bond Funds	350,000	-0-
16	004. Powell County Water District - WX21197001 -		
17	Water System Improvements		
18	Bond Funds	250,000	-0-
19	Pulaski County		
20	001. City of Burnside - Burnside Municipal Water		
21	Works - Water Line Extension		
22	Bond Funds	250,000	-0-
23	002. City of Burnside - WX21199046 - Phase II		
24	Water System Improvements		
25	Bond Funds	202,000	-0-
26	003. City of Burnside - WX21199047 - Phase III		
27	Water System Improvements		

1	Bond Funds	328,000	-0-
2	004. City of Eubank - WX21137024 - Water		
3	System Study		
4	Bond Funds	50,000	-0-
5	005. City of Somerset - WX21199030 - Water		
6	Storage and Water System Improvements		
7	Bond Funds	850,000	-0-
8	006. Pulaski County Fiscal Court - Science Hill		
9	Water and Sewer Projects		
10	Bond Funds	250,000	-0-
11	007. Southeast Water Association - Water		
12	Line Extension		
13	Bond Funds	1,500,000	-0-
14	Robertson County		
15	001. Buffalo Trail Water Association - WX21201008 -		
16	US 62 to Kentown Water System Improvements		
17	Bond Funds	350,000	-0-
18	002. City of Mount Olivet - SX21201002 - Sewer		
19	System Expansion		
20	Bond Funds	400,000	-0-
21	003. City of Mount Olivet - WX21201001 - US 62		
22	Water System Improvements		
23	Bond Funds	100,000	-0-
24	Rowan County		
25	001. Morehead Utility Plant Board - Meter		
26	Replacement Project		
27	Bond Funds	103,200	-0-

1	002. Morehead Utility Plant Board - Standby		
2	Power Generator Project		
3	Bond Funds	500,000	-0-
4	003. Rowan Water, Inc. - Tank and Pump Station Project		
5	Bond Funds	396,800	-0-
6	Russell County		
7	001. Russell Springs Sewer and Water Works -		
8	SX21207006 - Russell Springs/Alligator Area		
9	Sewer Extensions		
10	Bond Funds	2,250,000	-0-
11	Scott County		
12	001. City of Sadieville - SX21209001, SX21209004,		
13	SX21209005 - Waste Systems Improvements Project		
14	Bond Funds	2,500,000	-0-
15	002. Scott County Fiscal Court - WX21209003 - Scott		
16	County Reservoir		
17	Bond Funds	500,000	-0-
18	Shelby County		
19	001. City of Shelbyville - SX21211004 - Springvalley		
20	Pump Station		
21	Bond Funds	300,000	-0-
22	002. City of Shelbyville - SX21211007 - Arlington/		
23	Ardmore/Midland Sewer System Improvements		
24	Bond Funds	350,000	-0-
25	003. City of Shelbyville - WX21211043 -		
26	Transmission Line to Louisville		
27	Bond Funds	1,500,000	-0-

1	004. Shelby County Fiscal Court - WX21211039 -		
2	Bob Rogers Spur		
3	Bond Funds	50,000	-0-
4	Simpson County		
5	001. City of Franklin - Sewer Rehab. Projects		
6	Bond Funds	686,412	-0-
7	002. Simpson County Water District - Carter Road		
8	to State Line		
9	Bond Funds	198,000	-0-
10	003. Simpson County Water District - East Industrial		
11	Park Pump Station		
12	Bond Funds	45,000	-0-
13	Spencer County		
14	001. City of Taylorsville - SX21215001 -		
15	Taylorsville Sewer System Expansion		
16	Bond Funds	705,000	-0-
17	002. City of Taylorsville - WX21215088 - Phase III		
18	Water System Improvements		
19	Bond Funds	500,000	-0-
20	003. Spencer County Fiscal Court - SX21215003 -		
21	Spencer County Wastewater Treatment		
22	Facilities Plan		
23	Bond Funds	45,000	-0-
24	Taylor County		
25	001. City of Campbellsville - Elkhorn		
26	Transmission Main		
27	Bond Funds	375,000	-0-

1	002. City of Campbellsville - WX21217012 -		
2	Replacement of Existing Raw Water Intake		
3	and New Pumps		
4	Bond Funds	1,000,000	-0-
5	003. Taylor County Fiscal Court - Industrial		
6	Park Expansion		
7	Bond Funds	358,595	-0-
8	Todd County		
9	001. Todd County Fiscal Court - Sewer Line		
10	Extension Project		
11	Bond Funds	180,000	-0-
12	002. Todd County Fiscal Court - Water Treatment		
13	Plant Debt Retirement		
14	Bond Funds	420,000	-0-
15	003. Todd County Water District - Expansion		
16	Service South of Trenton		
17	Bond Funds	400,000	-0-
18	Trigg County		
19	001. Barkley Lake Water District - WX21221003 -		
20	Water Treatment Plant and System Improvements		
21	Bond Funds	300,000	-0-
22	002. City of Cadiz - SX21221001 - Wastewater		
23	Treatment Plant Improvements		
24	Bond Funds	200,000	-0-
25	003. City of Cadiz - SX21221003 - Industrial Park		
26	Sewer System Improvements		
27	Bond Funds	100,000	-0-

1	004. City of Cadiz - WX21221006 - Cadiz Industrial		
2	Park Water Improvements		
3	Bond Funds	110,000	-0-
4	Trimble County		
5	001. City of Bedford Sewer Department -		
6	SX21223006 - Bedford Wastewater Expansion		
7	Bond Funds	200,000	-0-
8	002. City of Milton Water and Sewer Department -		
9	SX21223003 - Wastewater Treatment		
10	Plant Improvements		
11	Bond Funds	30,000	-0-
12	003. City of Milton Water and Sewer Department -		
13	SX21223004 - Riverdale Force Main		
14	Bond Funds	9,000	-0-
15	004. City of Milton Water and Sewer Department -		
16	SX21223005 - Wastewater Treatment		
17	Plant Improvements		
18	Bond Funds	75,000	-0-
19	005. City of Milton Water and Sewer Department -		
20	WX21223019 - Downtown Water		
21	System Improvements		
22	Bond Funds	200,000	-0-
23	006. Trimble County Water District #1 -		
24	WX21223020 - Water System Improvements		
25	Bond Funds	300,000	-0-
26	Warren County		
27	001. Bowling Green Municipal Utilities - WX21227046 -		

1	Water Treatment Plant Improvement/Emergency Power		
2	Bond Funds	1,600,000	-0-
3	002. Warren County Water District - SX21227013 -		
4	Sewer Interceptor		
5	Bond Funds	500,000	-0-
6	003. Warren County Water District - SX21227020 -		
7	Lovers Lane Sewer Extension		
8	Bond Funds	626,000	-0-
9	004. Warren County Water District - Water and		
10	Sewer Projects		
11	Bond Funds	530,134	-0-
12	005. Warren County Water District - WX21227038 -		
13	Cooper Dearing / Mt. Lebanon Fire Protection		
14	Bond Funds	80,000	-0-
15	Washington County		
16	001. City of Springfield - SX21229004 - Jim Town		
17	Sewer System Expansion		
18	Bond Funds	500,000	-0-
19	002. City of Springfield - WX21229003 - Phase IV		
20	Water System Improvements		
21	Bond Funds	1,000,000	-0-
22	003. North Mercer Water District - Water System		
23	Extensions in Washington County		
24	Bond Funds	200,000	-0-
25	Wayne County		
26	001. Monticello Utility Commission - Abandoned		
27	Mine Lands (AML) Water Project		

1	Bond Funds	650,000	-0-
2	002. Monticello Utility Commission - Replace Water		
3	Mains and Line Extensions		
4	Bond Funds	650,000	-0-
5	003. Monticello Utility Commission - Various Water		
6	Projects - Charlie Tucket Road, Nathan Hanes		
7	Road, Bobby Morrow Road, and George Blevins		
8	Road, and Completion of 2005 Water Projects		
9	Bond Funds	700,000	-0-
10	Wolfe County		
11	001. City of Campton - Various Water and		
12	Sewer Projects		
13	Bond Funds	360,000	-0-
14	002. City of Campton - WX2137050 - Water		
15	Treatment Plant		
16	Bond Funds	1,000,000	-0-
17	003. Wolfe County Fiscal Court - Water Line		
18	Extensions and Upgrades in Hazel Green		
19	and Lee City Area		
20	Bond Funds	500,000	-0-
21	Woodford County		
22	001. City of Midway - Sewer Extension to		
23	Remainder of Midway		
24	Bond Funds	190,000	-0-
25	002. City of Versailles - WX21239011 - Versailles -		
26	Clifton Road/McCracken Pike/Steele Road		
27	Water Line Extension		

1	Bond Funds	1,800,000	-0-
2	003. Northeast Woodford Water District -		
3	WX21239012 - Northeast Woodford/Old		
4	Frankfort Pike Reconstruction		
5	Bond Funds	60,000	-0-
6	004. Northeast Woodford Water District -		
7	WX21239013 - Northeast Woodford Phase II		
8	Connection to Frankfort		
9	Bond Funds	300,000	-0-
10	005. Woodford County Fiscal Court -		
11	WX21239014 - Clifton Road/McCracken		
12	Pike Water Line Extension		
13	Bond Funds	950,000	-0-

14 **P. COMMUNITY DEVELOPMENT FUND PROJECTS**

15 **(1) Authorization:** General Fund support in the amount of \$20,650,800 in fiscal
16 year 2006-2007 and \$8,453,000 in fiscal year 2007-2008, and Bond Funds in the amount
17 of \$75,658,0000 in fiscal year 2006-2007 are authorized within the Community
18 Development Fund Projects. The authorization is identified in Part II, Capital Projects
19 Budget, A. General Government, 4. Governor's Office for Local Development, Item
20 005., of this Act, and the Projects list as identified in this section shall be placed under the
21 jurisdiction of the Governor's Office for Local Development (GOLD). There is
22 \$7,045,000 in fiscal year 2007-2008 appropriated from the General Fund for debt service.

23 **(2) Appropriations Not To Be Duplicated:** Appropriations identified as General
24 Fund or Bond Funds in this section are representative of the amounts provided in Part II,
25 Capital Projects Budget, A. General Government, 4. Governor's Office for Local
26 Development, Item 005., of this Act, and are not to be appropriated in duplication.

27 **(3) Water and Sewer Projects:** The following projects that are related to water

1 and sewer shall be administered by the Kentucky Infrastructure Authority.

2 **1. GENERAL GOVERNMENT**

3 Budget Unit Governor's Office for Local Development 2006-07 2007-08

4 **Adair County**

5 001. City of Columbia - City Hall Addition to
6 Accommodate Police, 911 Center, and Red Cross
7 Bond Funds 475,000 -0-
8 002. City of Columbia - Park Improvement
9 General Fund 100,000 -0-

10 **Allen County**

11 001. Allen County Board of Education -
12 Allen County Intermediate Center Playground
13 Construction and Equipment
14 General Fund 150,000 -0-
15 002. Allen County Fiscal Court - Allen County Senior
16 Center Renovation
17 General Fund -0- 250,000
18 003. Allen County Fiscal Court - Allen County Youth Inc. -
19 Girls Softball
20 General Fund 20,000 -0-
21 004. Allen County Fiscal Court - Industrial Park Spec.
22 Building
23 General Fund 300,000 -0-
24 005. Allen County Fiscal Court - Park Improvements
25 General Fund 100,000 -0-

26 **Anderson County**

27 001. City of Lawrenceburg - Renovations of

1	Lawrenceburg Police Department Building		
2	General Fund	50,000	-0-
3	Ballard County		
4	001. Ballard County Fiscal Court - Ballard County		
5	Fair Board - Purchase New Grandstand		
6	General Fund	100,000	-0-
7	002. City of Blandville - Blandville Fire Station		
8	General Fund	100,000	-0-
9	Barren County		
10	001. Barren County Fiscal Court - Barren County		
11	EMS Building		
12	Bond Funds	500,000	-0-
13	002. City of Cave City - Cave City Parks		
14	Improvements		
15	General Fund	150,000	-0-
16	003. Park City - Park Improvements		
17	General Fund	100,000	-0-
18	Bath County		
19	001. Bath County Fiscal Court - Agricultural Marketing		
20	Project		
21	General Fund	25,000	-0-
22	002. Bath County Fiscal Court - Bath County Park		
23	Restrooms, Concession Stand, Ball Fields Construction		
24	General Fund	-0-	100,000
25	Bell County		
26	001. City of Pineville - Pineville Public Library		
27	Furnishings		

1	General Fund	100,000	-0-
2	Bourbon County		
3	001. Bourbon County Fiscal Court - Bourbon County		
4	Fire Department		
5	General Fund	100,000	-0-
6	002. Bourbon County Fiscal Court - Bourbon County		
7	Park		
8	General Fund	100,000	-0-
9	Boyd County		
10	001. Boyd County Board of Education - Physical		
11	Education/Multipurpose Complex and		
12	Classroom Renovations and Improvements		
13	Bond Funds	350,000	-0-
14	002. Fairview Independent Board of Education -		
15	Fairview Independent Schools Renovation -		
16	Upgrade of Old Gym		
17	Bond Funds	150,000	-0-
18	Boyle County		
19	001. Boyle County Fiscal Court - Boyle County Public		
20	Library Improvements		
21	General Fund	-0-	300,000
22	002. Boyle County Fiscal Court - Danville/Boyle		
23	County Animal Shelter Renovation		
24	General Fund	20,000	-0-
25	003. Boyle County Fiscal Court - Ephraim McDowell		
26	House Renovation		
27	General Fund	50,000	-0-

1	004. Boyle County Fiscal Court - Pioneer Playhouse		
2	Improvements		
3	General Fund	40,000	-0-
4	005. Boyle County Fiscal Court - Wilderness Trace		
5	Child Development Center		
6	General Fund	60,000	-0-
7	006. Boyle County Fiscal Court - Woodlawn Child		
8	Care Campus		
9	General Fund	50,000	-0-
10	007. City of Danville - Brass Band Festival		
11	General Fund	50,000	-0-
12	Bracken County		
13	001. Bracken County Fiscal Court - Bracken County		
14	Extension Office Renovation		
15	General Fund	100,000	-0-
16	002. Bracken County Health Department - Building		
17	Expansion		
18	General Fund	100,000	-0-
19	003. City of Augusta - Augusta Community Center		
20	Renovation Improvements		
21	General Fund	100,000	-0-
22	Breathitt County		
23	001. Breathitt County Fiscal Court - Rails to Trails -		
24	Purchase of Abandoned Railroad Track Dawkins,		
25	KY to Evanstown, KY 36.08 miles		
26	Bond Funds	500,000	-0-
27	Breckinridge County		

1	001. Breckinridge County Fiscal Court - Breckinridge		
2	Senior Citizens Center		
3	General Fund	-0-	350,000
4	002. Breckinridge County Fiscal Court - Industries		
5	Expansion Project		
6	Bond Funds	100,000	-0-
7	Bullitt County		
8	001. Bullitt County Fiscal Court - Extension of Ridge		
9	Road Project #11398		
10	General Fund	50,000	-0-
11	Caldwell County		
12	001. Caldwell County Fiscal Court - County Jail		
13	Expansion		
14	Bond Funds	250,000	-0-
15	002. City of Princeton - Phase II Streetscape Building		
16	Renovation and Sidewalk Construction		
17	General Fund	-0-	250,000
18	003. Murray State University - Renovate Butler Facility		
19	in Princeton		
20	Bond Funds	250,000	-0-
21	Calloway County		
22	001. City of Murray - Murray-Calloway Community		
23	Development Project - Purchase of Trucking Facility		
24	Including Office Area, Distribution Center, and		
25	Acreage. This Building Will Become a Spec. Building.		
26	Bond Funds	500,000	-0-
27	Campbell County		

1	001. Bellevue Independent Board of Education -		
2	Infrastructure		
3	Bond Funds	250,000	-0-
4	002. Bellevue Independent School District -		
5	Site Improvement		
6	General Fund	50,000	-0-
7	003. Central Campbell County Fire District -		
8	Infrastructure Improvement		
9	General Fund	-0-	100,000
10	004. City of Bellevue - Downtown Revitalization Project/		
11	Streetscape		
12	Bond Funds	250,000	-0-
13	005. City of Dayton - Downtown Revitalization		
14	Bond Funds	250,000	-0-
15	006. City of Newport - Downtown Revitalization/		
16	Infrastructure		
17	Bond Funds	500,000	-0-
18	007. City of Southgate - Construct City Building		
19	Bond Funds	250,000	-0-
20	008. Ft. Thomas Independent Board of Education -		
21	Ft. Thomas High School Performing Arts Center		
22	Bond Funds	1,400,000	-0-

23 **Carlisle County**

24	001. Carlisle County Board of Education Fair Board -		
25	Construction of Facility		
26	Bond Funds	100,000	-0-
27	002. City of Bardwell - Senior Citizens Center		

1	General Fund	-0-	200,000
2	Carroll County		
3	001. Carroll County Fiscal Court - Library		
4	General Fund	-0-	250,000
5	Carter County		
6	001. Carter County Fiscal Court - Hitchins Community		
7	Center/Fire Station		
8	Bond Funds	250,000	-0-
9	002. City of Olive Hill - Community Center		
10	Bond Funds	250,000	-0-
11	003. City of Olive Hill - Hop Brown Memorial Park		
12	General Fund	50,000	-0-
13	004. City of Olive Hill - Olive Hill Historical Society		
14	General Fund	100,000	-0-
15	Casey County		
16	001. Casey County Fiscal Court - County Park		
17	Improvement		
18	General Fund	100,000	-0-
19	002. Casey County Fiscal Court - Development and		
20	Construction of Southern KY Ag. Expo Center		
21	Bond Funds	1,500,000	-0-
22	003. Casey County Fiscal Court - Educational Building		
23	Bond Funds	150,000	-0-
24	004. Casey County Fiscal Court - Library Improvement		
25	General Fund	50,000	-0-
26	005. Casey County Fiscal Court - Somerset Community		
27	College Land/Building Acquisition		

1	Bond Funds	100,000	-0-
2	Christian County		
3	001. Christian County Fiscal Court - Alhambra Theatre		
4	Renovations		
5	Bond Funds	700,000	-0-
6	Clark County		
7	001. Bluegrass Community and Technical College -		
8	Winchester Campus		
9	Bond Funds	500,000	-0-
10	002. City of Winchester - Community Center		
11	Bond Funds	1,400,000	-0-
12	003. Clark County Fiscal Court - Bluegrass Heritage		
13	Museum		
14	General Fund	50,000	-0-
15	004. Clark County Fiscal Court - Handicapped		
16	Children Association - Support Operations and		
17	Expenses		
18	General Fund	50,000	50,000
19	Clay County		
20	001. Clay County Library Board - Renovations		
21	General Fund	-0-	100,000
22	Clinton County		
23	001. City of Albany - Downtown Revitalization		
24	General Fund	150,000	-0-
25	002. Clinton County Fiscal Court - Albany/Clinton		
26	County - Wellness Center Building Construction		
27	Bond Funds	1,000,000	-0-

1	003. Clinton County Fiscal Court - Clinton County		
2	Wellness Center Improvements		
3	Bond Funds	2,000,000	-0-
4	004. Clinton County Health Department - Infrastructure		
5	General Fund	200,000	-0-
6	Crittenden County		
7	001. Crittenden County Fiscal Court - Property Purchase		
8	and Site Preparation		
9	Bond Funds	225,000	-0-
10	Cumberland County		
11	001. Cumberland County Fiscal Court - Children's		
12	Development Center		
13	General Fund	324,000	-0-
14	002. Cumberland County Fiscal Court - Cumberland		
15	County Industrial Site		
16	General Fund	500,000	-0-
17	003. Cumberland County Fiscal Court - Cumberland		
18	County Library		
19	General Fund	250,000	-0-
20	004. Cumberland County Fiscal Court - Infrastructure		
21	Bond Funds	150,000	-0-
22	005. Cumberland County Fiscal Court - Infrastructure		
23	General Fund	250,000	-0-
24	006. Cumberland County Fiscal Court - Marrowbone		
25	Park Infrastructure Improvement		
26	General Fund	50,000	-0-
27	007. Cumberland County Water District - Interconnect		

1	and Various Water Line Extensions		
2	General Fund	100,000	-0-

3 **Daviess County**

4	001. Ben Hawes State Park - Playground Equipment		
5	Purchase		
6	General Fund	60,000	-0-

7	002. City of Owensboro - Owensboro River Park Center		
8	General Fund	250,000	250,000

9 **Edmonson County**

10	001. City of Brownsville - Building Improvement		
11	General Fund	200,000	-0-

12	002. City of Brownsville - Business Incubator		
13	Bond Funds	50,000	-0-

14	003. Edmonson County Fiscal Court - Brownsville		
15	Library Improvements		
16	Bond Funds	500,000	-0-

17	004. Edmonson County Fiscal Court - Edmonson County		
18	Industrial Infrastructure - Federal Match		
19	Bond Funds	1,000,000	-0-

20	005. Edmonson County Fiscal Court - Edmonson		
21	County Park Improvements		
22	General Fund	150,000	-0-

23 **Elliott County**

24	001. City of Sandy Hook - Downtown Beautification		
25	Project		
26	General Fund	-0-	100,000

27	002. Elliott County Board of Education - Recreational		
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1	Complex and Facilities and Grounds Upgrades and		
2	Improvements		
3	General Fund	250,000	150,000
4	Estill County		
5	001. Estill County Fiscal Court - Biodiesel Plant		
6	Construction		
7	Bond Funds	500,000	-0-
8	002. Estill County Fiscal Court - Renovation of Westcare		
9	Community Involvement Center		
10	General Fund	-0-	250,000
11	Fayette County		
12	001. Central Kentucky Blood Center		
13	Bond Funds	500,000	-0-
14	002. Fayette County Board of Education - Field House		
15	and Training Facility - Bryan Station High School		
16	Bond Funds	350,000	-0-
17	003. Lexington-Fayette Urban County Government -		
18	Aviation Museum of Kentucky - Design and		
19	Construction		
20	Bond Funds	606,000	-0-
21	004. Lexington-Fayette Urban County Government - Family		
22	Care Center of Lexington - Technology Upgrade		
23	General Fund	27,100	-0-
24	005. Lexington-Fayette Urban County Government -		
25	Community Ventures - Third Street Land Acquisition		
26	Bond Funds	650,000	-0-
27	006. Lexington-Fayette Urban County Government -		

1	Community Ventures for Frederick Douglass		
2	Community Learning Center		
3	General Fund	150,000	150,000
4	007. Lexington-Fayette Urban County Government -		
5	Survivors II Grant		
6	General Fund	35,000	35,000
7	008. Tubby Smith Foundation - Tubby's Clubhouse		
8	General Fund	50,000	-0-
9	009. University of Kentucky - Arboretum		
10	General Fund	50,000	50,000
11	Fleming County		
12	001. Fleming County Fiscal Court - Tilton Volunteer		
13	Fire Department		
14	Bond Funds	180,000	-0-
15	Franklin County		
16	001. City of Frankfort - Frankfort YMCA		
17	General Fund	100,000	-0-
18	002. Frankfort Independent Board of Education -		
19	Frankfort City Schools Learning and Results		
20	Services Internet 2 Project Equipment		
21	General Fund	15,000	15,000
22	003. Franklin County Board of Education - Learning		
23	and Results Services - At-Risk Program		
24	General Fund	10,000	10,000
25	004. Franklin County Fiscal Court - Save the Grand		
26	Theatre, Inc.		
27	Bond Funds	488,000	-0-

1 **Fulton County**

2 001. City of Fulton Tourism Commission - Upgrade
3 for City Park

4 General Fund 100,000 -0-

5 **Garrard County**

6 001. Eastern Kentucky University - EKV Lancaster
7 Campus

8 General Fund 450,000 450,000

9 002. Garrard County Fiscal Court - Cartersville
10 Rewritten Park Improvement

11 General Fund 20,000 -0-

12 003. Garrard County Fiscal Court - Lancaster Grand
13 Theatre - Renovation

14 General Fund 100,000 -0-

15 004. Garrard County Fiscal Court - Paint Lick Sportsman
16 Club Picnic Grounds for Water and Sanitation
17 Picnic Improvements

18 General Fund 20,000 -0-

19 005. Garrard County Fiscal Court - Purchase the Michael
20 Salter House

21 General Fund 150,000 -0-

22 **Grant County**

23 001. City of Williamstown - Lake Williamstown
24 Expansion

25 General Fund 100,000 -0-

26 002. Grant County Fiscal Court - Fire Departments
27 General Fund 50,000 -0-

1	Graves County		
2	001. City of Mayfield - Mayfield Soccer Association		
3	General Fund	50,000	50,000
4	002. Graves County Fiscal Court - Caterpillar Generator		
5	and Trailer Purchase		
6	General Fund	74,000	-0-
7	003. Graves County Fiscal Court - Picnic Sheds and		
8	Playground Equipment		
9	General Fund	90,000	-0-
10	004. Graves County Fiscal Court - Sidewalk		
11	Improvements and Soccer Park Development		
12	Bond Funds	300,000	-0-
13	005. Graves County Fiscal Court - Water Valley		
14	Fire Department Demolition Costs of Building		
15	General Fund	10,000	-0-
16	Grayson County		
17	001. City of Caneyville - Infrastructure		
18	General Fund	100,000	-0-
19	002. City of Clarkson - Infrastructure		
20	General Fund	100,000	-0-
21	003. City of Leitchfield - Leitchfield Industrial Park		
22	Expansion		
23	General Fund	500,000	-0-
24	Green County		
25	001. Green County Fiscal Court - Park Improvements		
26	General Fund	150,000	-0-
27	Greenup County		

1	001. City of Flatwoods - City Pool Bath Facility		
2	Improvements		
3	General Fund	25,000	-0-
4	002. City of Raceland - Worthington Board of Education -		
5	Raceland Worthington Arts Center		
6	Bond Funds	250,000	-0-
7	003. University of Kentucky - Pilot Project Music/Arts		
8	Extension Agent Employment		
9	General Fund	50,000	50,000

10 **Hardin County**

11	001. City of Elizabethtown - Elizabethtown State		
12	Theatre		
13	General Fund	100,000	-0-
14	002. City of Radcliffe - Radcliffe Community Building		
15	General Fund	250,000	-0-
16	003. City of Rineyville - Rineyville Community Park		
17	Improvements		
18	General Fund	100,000	-0-
19	004. City of Upton - Infrastructure		
20	Bond Funds	250,000	-0-
21	005. City of White Mills - White Mills Community		
22	Park Improvements		
23	General Fund	100,000	-0-
24	006. Hardin County Fiscal Court - Elizabethtown		
25	Farmer's Market		
26	Bond Funds	500,000	-0-
27	007. Hardin County Fiscal Court - Rineyville		

1	Community Park		
2	General Fund	100,000	100,000
3	008. Hardin County Sheriff's Office - Radio System		
4	Purchase		
5	General Fund	500,000	-0-
6	Harrison County		
7	001. Harrison County Fiscal Court - Harrison County		
8	Memorial Hospital - Building Wing Construction		
9	General Fund	25,000	25,000
10	Hart County		
11	001. Hart County Fiscal Court - Health Department		
12	Improvements		
13	Bond Funds	500,000	-0-
14	002. Hart County Fiscal Court - Industrial Spec.		
15	Building		
16	Bond Funds	500,000	-0-
17	Henry County		
18	001. Henry County Fiscal Court - Lake Jericho		
19	Community Building		
20	General Fund	250,000	-0-
21	Hickman County		
22	001. City of Clinton - Industrial Site Acquisition		
23	Bond Funds	250,000	-0-
24	002. Hickman County Fiscal Court - Civil War		
25	Reenactment at Columbus-Belmont Park		
26	General Fund	-0-	100,000
27	Hopkins County		

1	001. City of Madisonville - New City Building		
2	Construction		
3	General Fund	150,000	-0-
4	002. Hopkins County Fiscal Court - Agriculture and		
5	Expo Center Construction		
6	Bond Funds	2,000,000	-0-
7	003. Hopkins County Fiscal Court - City Building		
8	and Senior Citizens Building in White Plains -		
9	Construction		
10	Bond Funds	200,000	-0-
11	Jefferson County		
12	001. City of Anchorage - Infrastructure/Park		
13	Improvements		
14	Bond Funds	250,000	-0-
15	002. City of Fern Creek - Fern Creek Park		
16	Improvements		
17	General Fund	23,500	76,500
18	003. City of Highview Park - Infrastructure		
19	Improvements		
20	General Fund	-0-	50,000
21	004. City of Jeffersontown - Infrastructure/Park		
22	Improvements		
23	Bond Funds	250,000	-0-
24	005. City of Jeffersontown - Jeffersontown Library		
25	Branch Computers and Books		
26	General Fund	50,000	50,000
27	006. City of Lyndon - Infrastructure/Park Improvements		

1	Bond Funds	250,000	-0-
2	007. City of Middletown - Infrastructure/Park		
3	Improvements		
4	Bond Funds	250,000	-0-
5	008. City of Prairie Village - Infrastructure Improvements		
6	General Fund	-0-	50,000
7	009. City of Shively - Shively City Hall Renovation		
8	General Fund	19,500	-0-
9	010. City of Shively - Shively Park Walking Path		
10	General Fund	142,600	-0-
11	011. City of Waverly Park - Infrastructure Improvements		
12	General Fund	-0-	50,000
13	012. Commerce Cabinet - Arts Council Partnership of		
14	Creative Economies		
15	General Fund	598,200	-0-
16	013. Eastwood Fire Protection District - Mine Safety		
17	Equipment		
18	General Fund	150,000	-0-
19	014. Jefferson County Board of Education - Fairdale		
20	Community Center		
21	Bond Funds	300,000	-0-
22	015. Jefferson County Board of Education - Lane		
23	Elementary Playground Equipment		
24	General Fund	-0-	50,000
25	016. Louisville Metro Government - Actors Theatre		
26	of Louisville - Capital Improvements		
27	Bond Funds	900,000	-0-

1	017. Louisville Metro Government - Boys Haven		
2	Moms Mentoring Moms Program		
3	General Fund	110,000	110,000
4	018. Louisville Metro Government - Center for		
5	Women and Families		
6	Bond Funds	1,000,000	-0-
7	019. Louisville Metro Government - Family Place		
8	General Fund	-0-	200,000
9	020. Louisville Metro Government - Farnsley-Kaufman		
10	House		
11	General Fund	150,000	-0-
12	021. Louisville Metro Government - Jewish Hospital/		
13	St. Mary Infrastructure		
14	Bond Funds	950,000	-0-
15	022. Louisville Metro Government - Louisville Central		
16	Community Centers - Job Readiness Skills for		
17	Disadvantaged		
18	General Fund	50,000	-0-
19	023. Louisville Metro Government - Louisville Regional		
20	Airport Authority - Relocation Assistance		
21	Bond Funds	5,000,000	-0-
22	024. Louisville Metro Government - Riverside, The		
23	Farnsley-Moreman Landing Aydelotte House		
24	Renovation		
25	Bond Funds	130,000	-0-
26	025. Louisville Metro Government - Riverside, The		
27	Farnsley-Moreman Landing Chapel Restoration		

1	Bond Funds	130,000	-0-
2	026. Louisville Metro Government - Valley Women's		
3	Club - Kennedy House Project		
4	General Fund	-0-	250,000
5	027. Louisville Metro Government - Renovation of		
6	Portland Museum		
7	General Fund	150,000	-0-
8	028. Waterfront Development Corporation - Lincoln		
9	Monument - Waterfront Park		
10	Bond Funds	2,000,000	-0-
11	Jessamine County		
12	001. City of Nicholasville - Skate Park Construction		
13	Bond Funds	200,000	-0-
14	002. City of Wilmore - Park Development		
15	Bond Funds	250,000	-0-
16	003. City of Wilmore - Wesley Village Community		
17	Center Furnishings		
18	General Fund	250,000	-0-
19	004. Jessamine County Fiscal Court - Camp Nelson		
20	Civil War Park		
21	Bond Funds	400,000	-0-
22	005. Jessamine County Fiscal Court - County Park on		
23	Union Mill Road Land Acquisition and Development		
24	Bond Funds	400,000	-0-
25	006. Jessamine County Fiscal Court - Purchase Land		
26	and Building on South Main Street Nicholasville		
27	Bond Funds	100,000	-0-

1	007. Jessamine County Water District - WX21113014		
2	Baker Lane Water Service Upgrade		
3	Bond Funds	210,000	-0-
4	008. Jessamine Fiscal Court - Animal Shelter		
5	Improvements		
6	General Fund	20,000	-0-
7	009. Jessamine South Elkhorn Water District -		
8	Tankersley Lane Water Lines Extension		
9	Bond Funds	80,000	-0-
10	010. Kentucky Historical Society - Ron Spriggs		
11	Tuskegee Airmen		
12	General Fund	40,000	30,000
13	Kenton County		
14	001. City of Covington - Times Star Commons -		
15	Planning		
16	Bond Funds	750,000	-0-
17	002. City of Covington - Times Star Commons -		
18	Planning		
19	General Fund	250,000	-0-
20	003. City of Covington - West Covington Fire Station -		
21	Property Acquisition		
22	Bond Funds	300,000	-0-
23	004. City of Fort Wright - Civil War Park Improvement		
24	Bond Funds	250,000	-0-
25	005. City of Park Hills - Sidewalk Construction		
26	General Fund	250,000	-0-
27	006. City of Park Hills - Thermoimaging Camera for		



GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

HOUSE BILL NO. 380

VOLUME 3 OF 3

AS ENACTED AND VETOED IN PART

WEDNESDAY, APRIL 12, 2006 - AS ENACTED

MONDAY, APRIL 24, 2006 - VETOED IN PART

Informational Copy

1	Fire Department		
2	General Fund	12,500	-0-
3	007. Kenton County Fiscal Court - Behringer-Crawford		
4	Museum Improvements		
5	Bond Funds	1,500,000	-0-
6	008. Kenton County Fiscal Court - City of Covington		
7	Renaissance on Main Facade Project		
8	General Fund	100,000	-0-
9	009. Kenton County Fiscal Court - Covington		
10	Artisans Enterprise Center Improvements		
11	Bond Funds	450,000	-0-
12	Knott County		
13	001. Knott County Fiscal Court - Knott County Arts		
14	Center		
15	General Fund	250,000	250,000
16	Laurel County		
17	001. Laurel County Fiscal Court - Christian Shelter for		
18	the Homeless		
19	General Fund	-0-	150,000
20	002. London/Laurel County Tourism Commission -		
21	Design and Construct History Museum		
22	Bond Funds	1,000,000	-0-
23	Lewis County		
24	001. City of Vanceburg - Carter House Purchase and		
25	Renovate		
26	General Fund	200,000	-0-
27	002. Lewis County Fiscal Court - E911 Dispatch		

1	Center - Purchase Building and Renovate		
2	General Fund	250,000	-0-
3	003. Lewis County Volunteer Fire Department		
4	District - Lewis County Fiscal Court -		
5	Construction of a Building		
6	General Fund	75,000	-0-
7	Lincoln County		
8	001. Lincoln County Fiscal Court - First Southern		
9	Veterans Park Construction		
10	Bond Funds	500,000	-0-
11	Logan County		
12	001. City of Russellville - Russellville Theatre Project		
13	Bond Funds	100,000	-0-
14	Lyon County		
15	001. Lyon County Fiscal Court - Emergency Dredging -		
16	Eddyville Riverport		
17	General Fund	250,000	-0-
18	Madison County		
19	001. Artisans Center		
20	General Fund	300,000	-0-
21	002. Madison County Fiscal Court - Battle of		
22	Richmond Association		
23	Bond Funds	1,700,000	-0-
24	003. Madison County Fiscal Court - Domestic		
25	Violence Services		
26	General Fund	400,000	400,000
27	004. Madison County Fiscal Court - Hospice Care		

1	Plus, Inc. Madison County		
2	Bond Funds	400,000	-0-
3	005. Madison County Fiscal Court - Richmond		
4	Area Arts Council - Land Acquisition		
5	Bond Funds	200,000	-0-
6	006. Madison County Fiscal Court - Richmond Area		
7	Arts Council - Operating		
8	General Fund	200,000	200,000
9	Marion County		
10	001. City of Lebanon - Lebanon Community Center		
11	Improvements		
12	General Fund	-0-	500,000
13	Marshall County		
14	001. City of Benton - Park Improvements		
15	General Fund	100,000	-0-
16	002. Marshall County Fiscal Court - Marshall County -		
17	Calvert City River Port Authority - Infrastructure		
18	Bond Funds	2,000,000	-0-
19	Mason County		
20	001. City of Mayslick - Community Center		
21	Improvements		
22	General Fund	300,000	-0-
23	002. City of Maysville - Maysville Riverwalk Phase II		
24	Bond Funds	160,000	-0-
25	003. City of Maysville - Riverwalk		
26	Bond Funds	500,000	-0-
27	004. Mason County Fiscal Court - Lewisburg Fire		

1	Department - New Building		
2	Bond Funds	300,000	-0-
3	005. Mason County Fiscal Court - Russell Theatre		
4	Phase II Restoration		
5	General Fund	250,000	-0-
6	006. Mason County Fiscal Court -		
7	Underground Railroad Museum		
8	General Fund	50,000	-0-
9	007. Mason County Health Department - Infrastructure		
10	Bond Funds	500,000	-0-
11	McCracken County		
12	001. McCracken County Fiscal Court - Renovation of		
13	the Joint City-County E911 Center.		
14	General Fund	250,000	-0-
15	McCreary County		
16	001. McCreary County Fiscal Court - Drug Court		
17	Program		
18	General Fund	200,000	-0-
19	002. McCreary County Fiscal Court - Multigeneration		
20	Center		
21	Bond Funds	500,000	-0-
22	McLean County		
23	001. McLean County Fiscal Court - Planning and		
24	Design of The McLean County Public Library		
25	General Fund	-0-	100,000
26	002. McLean County Fiscal Court - Planning and Design		
27	of The Myer Creek Agricultural Complex		

1	General Fund	250,000	-0-
2	Mercer County		
3	001. City of Harrodsburg - West Lane Park - Park		
4	Renovations		
5	General Fund	50,000	-0-
6	Metcalf County		
7	001. City of Edmonton - Edmonton Industrial		
8	Authority - Industrial Park Improvements		
9	Bond Funds	300,000	-0-
10	002. City of Edmonton - Park Improvements		
11	General Fund	100,000	-0-
12	Monroe County		
13	001. City of Gamaliel - Community Building		
14	Bond Funds	100,000	-0-
15	002. City of Tompkinsville - City Park Improvements		
16	General Fund	200,000	-0-
17	003. Monroe County Fiscal Court - Wellness Center		
18	Improvements		
19	Bond Funds	3,000,000	-0-
20	Montgomery County		
21	001. Juvenile Justice - Gateway Juvenile Diversion		
22	Center Operational Support		
23	General Fund	50,000	50,000
24	002. Juvenile Justice - Gateway Juvenile Diversion		
25	Center Renovation		
26	Bond Funds	600,000	-0-
27	003. Montgomery County Fiscal Court - Gateway		

1	Regional Arts Center		
2	General Fund	50,000	50,000
3	[Muhlenberg County		
4	001. Lake Malone State Park - Park Improvements and		
5	Miniature Golf Course		
6	Bond Funds	200,000	0 (Veto #4)
7	002. Muhlenberg County Fiscal Court - Courthouse		
8	Dome Repair		
9	Bond Funds	200,000	-0-
10	003. Muhlenberg County Fiscal Court - Muhlenberg		
11	County Agricultural Center		
12	General Fund	100,000	-0-
13	Nelson County		
14	001. Nelson County Fiscal Court - Kentucky		
15	Railway Museum - Renovation/Upgrade, Road		
16	Bid and Bridge Improvements		
17	Bond Funds	1,700,000	-0-
18	Oldham County		
19	001. Oldham County Fair Board - Oldham County		
20	Fairgrounds Facility Renovation and Infrastructure		
21	Improvements		
22	General Fund	100,000	-0-
23	002. Oldham County Fiscal Court - Oldham County		
24	Parks Department - South Oldham Little League		
25	Improvement to Peggy Baker Park		
26	General Fund	15,000	-0-
27	003. Oldham County Fiscal Court - Westport Park		

1	Improvements		
2	General Fund	-0-	250,000
3	004. Oldham County Fiscal Court - Library		
4	Improvements		
5	Bond Funds	1,500,000	-0-
6	Pendleton County		
7	001. Pendleton County Fiscal Court - Athletic Park		
8	Infrastructure and Construction of Concession		
9	Stand		
10	General Fund	50,000	-0-
11	[Pike County		
12	001. Pike County Fiscal Court - Pikeville Medical Center		
13	Planning, Design, and Construction		
14	Bond Funds	1,500,000	0-] (Veto #4)
15	Pulaski County		
16	001. City of Burnside - Park Infrastructure Improvement		
17	General Fund	50,000	-0-
18	002. City of Eubank - City Infrastructure Improvement		
19	General Fund	50,000	-0-
20	003. City of Science Hill - Park Infrastructure		
21	Improvement		
22	General Fund	50,000	-0-
23	004. City of Somerset - City Park Improvement		
24	General Fund	100,000	-0-
25	005. Pulaski County Board of Education - Pulaski		
26	Secondary Vocational School Project		
27	General Fund	300,000	-0-

1	006. Pulaski County Fiscal Court - Parks and Recreation		
2	Development		
3	General Fund	200,000	200,000
4	Robertson County		
5	001. Robertson County Board of Education - Deming		
6	School Replacement/Renovations		
7	Bond Funds	500,000	-0-
8	002. Robertson County Fiscal Court - Mt. Olivet		
9	Community Center		
10	General Fund	300,000	-0-
11	Rockcastle County		
12	001. City of Mt. Vernon - Relocate Utility Lines For		
13	Hospital Expansion		
14	General Fund	100,000	-0-
15	002. Rockcastle County Industrial Authority - Jones		
16	Building Purchase		
17	Bond Funds	100,000	-0-
18	Rowan County		
19	001. Rowan County Board of Education - Rowan		
20	County High School Outdoor Athletic Complex		
21	Site Preparation, Planning, and Construction		
22	General Fund	100,000	200,000
23	002. Rowan County Fiscal Court - Rowan County		
24	Economic Development Office Design		
25	General Fund	150,000	-0-
26	Russell County		
27	001. City of Jamestown - Park Improvements		

1	General Fund	100,000	-0-
2	002. City of Russell Springs - Park Improvements		
3	General Fund	100,000	-0-
4	003. Russell County Board of Education - Wellness		
5	Center Improvements		
6	Bond Funds	1,500,000	-0-
7	004. Russell County Fiscal Court - Senior Citizens		
8	Center Improvements		
9	General Fund	-0-	200,000
10	005. Russell County Fiscal Court - Wellness Center		
11	Building Construction		
12	Bond Funds	1,000,000	-0-
13	Scott County		
14	001. Scott County Board of Education - Scott County		
15	High School Athletic Field Construction		
16	Bond Funds	200,000	-0-
17	002. Scott County Fiscal Court - Buffalo Park		
18	Improvement Infrastructure		
19	General Fund	150,000	-0-
20	003. Scott County Fiscal Court - Kentucky Japan		
21	Friendship Garden Construction of Educational		
22	Center		
23	Bond Funds	250,000	-0-
24	004. Scott County Fiscal Court - Senior Citizens Center		
25	Operational Expense		
26	General Fund	50,000	50,000
27	Shelby County		

1	001. City of Simpsonville - Simpsonville Fire Dept.		
2	Addition		
3	Bond Funds	300,000	-0-
4	002. Shelby County Fiscal Court - Chestnut Grove		
5	Firehouse		
6	Bond Funds	600,000	-0-
7	003. Shelby County Fiscal Court - Community Theatre		
8	Renovation and Expansion		
9	General Fund	-0-	150,000
10	004. Shelby County Fiscal Court - Shelby County		
11	A & M Association - Construction of Barns		
12	General Fund	-0-	250,000
13	Simpson County		
14	001. Simpson County Fiscal Court - Park Improvements		
15	General Fund	100,000	-0-
16	002. Simpson County Industrial Authority Expansion		
17	Bond Funds	500,000	-0-
18	Statewide		
19	001. City of Buckhorn - Buckhorn Children's Foundation		
20	General Fund	500,000	-0-
21	Taylor County		
22	001. Campbellsville University - Tech Center Upgrade/ Workforce Retooling		
23	General Fund	317,900	-0-
24	002. City of Campbellsville - Renaissance Funds for Downtown Development		
25	General Fund	100,000	100,000
26			
27			

1	Todd County			
2	001. Todd County Fiscal Court - Clifty Community,			
3	Clifty Park Restrooms Construction			
4	General Fund	40,000		-0-
5	Trigg County			
6	001. Trigg County Fiscal Court - Senior Citizens Center			
7	General Fund	-0-		200,000
8	Trimble County			
9	001. Trimble County Park Improvements			
10	General Fund	250,000		-0-
11	Union County			
12	001. City of Morganfield - Sewer, Water, and Storm			
13	Drains Construction			
14	Bond Funds	2,000,000		-0-
15	002. City of Sturgis - Sewer, Water, and Storm Drains			
16	Construction			
17	Bond Funds	2,000,000		-0-
18	003. City of Uniontown - Sewer, Water, and Storm			
19	Drains Construction			
20	Bond Funds	500,000		-0-
21	004. Union County Fiscal Court - Water and Sewer			
22	Projects - Construction U.S. Highway 60			
23	Bond Funds	1,500,000		-0-
24	Warren County			
25	001. City of Bowling Green - Bowling Green			
26	Chamber Orchestra			
27	General Fund	40,000		40,000

1	002. City of Bowling Green - Historic Rail Park		
2	General Fund	75,000	-0-
3	003. City of Bowling Green - Kentucky Fireman's		
4	Museum		
5	General Fund	50,000	-0-
6	004. Warren County Fiscal Court - Lost River Gateway		
7	Visitors Center		
8	General Fund	75,000	100,000
9	005. Warren County Fiscal Court - Lovers Lane Utility		
10	Infrastructure		
11	Bond Funds	200,000	-0-
12	006. Warren County Fiscal Court - Old Courthouse		
13	Renovation		
14	Bond Funds	250,000	-0-
15	007. Warren County Fiscal Court - Research and		
16	Development Center - Business Accelerator		
17	General Fund	-0-	150,000
18	008. Warren County Fiscal Court - Warren County		
19	Community Center Development		
20	General Fund	80,000	-0-
21	009. Warren County School Board - Old Alvaton School		
22	Gymnasium Renovations		
23	Bond Funds	220,000	-0-
24	010. Warren County Schools - New Alvaton School		
25	Intermediate Center Playground Construction and		
26	Equipment		
27	General Fund	75,000	-0-

1	Washington County			
2	001. Washington County Fiscal Court - Opera House			
3	Renovation			
4	General Fund	200,000		-0-
5	Wayne County			
6	001. City of Monticello - Downtown Revitalization			
7	Bond Funds	750,000		-0-
8	002. Wayne County Fiscal Court - Courthouse			
9	Renovation			
10	Bond Funds	500,000		-0-
11	003. Wayne County Fiscal Court - Foothills Academy -			
12	Otter Creek Female Facility			
13	Bond Funds	350,000		-0-
14	004. Wayne County Fiscal Court - Mill Springs			
15	Battlefield Association - West Metcalfe House			
16	Bond Funds	250,000		-0-
17	005. Wayne County Fiscal Court - Wayne County			
18	EMS Building			
19	Bond Funds	674,000		-0-
20	Webster County			
21	001. City of Providence - Sewer Line Expansion			
22	Bond Funds	950,000		-0-
23	002. City of Providence - Sewer Plant Debt Service			
24	General Fund	200,000	200,000	
25	Wolfe County			
26	001. Wolfe County Fiscal Court - Lee City Fire Station			
27	Land and Building			

1	General Fund	80,000	-0-
2	Woodford County		
3	001. City of Midway - Walter Bradley Park - Woods		
4	Cleanup		
5	General Fund	50,000	-0-
6	002. Woodford County Fiscal Court - New Senior		
7	Citizens Center Construction		
8	Bond Funds	750,000	-0-
9	003. Woodford County Fiscal Court - Economic		
10	Development Authority for Midway Station -		
11	Debt Forgiveness		
12	Bond Funds	1,250,000	-0-
13	004. Woodford County Fiscal Court - Falling		
14	Springs Recreational Center Construction		
15	General Fund	500,000	-0-
16	005. Woodford County Fiscal Court - Woodford		
17	County Heritage Committee - Jack Jouett House		
18	Land Acquisition and Renovations		
19	General Fund	250,000	-0-

PART III

GENERAL PROVISIONS

22 **1. Funds Designations:** Restricted Funds designated in the biennial budget bills
23 are classified in the state financial records and reports as the Agency Revenue Fund, State
24 Enterprise Funds (State Parks, State Fair Board, Insurance Administration, and Kentucky
25 Horse Park), Internal Services Funds (Fleet Management, Computer Services,
26 Correctional Industries, Central Printing, Risk Management, and Property Management),
27 and selected Fiduciary Funds (Other Expendable Trust Funds). Separate funds records

1 and reports shall be maintained in a manner consistent with the branch budget bills.

2 The sources of Restricted Funds appropriations in this Act shall include all fees
3 (which includes fees for room and board, athletics, and student activities) and rentals,
4 admittances, sales, bond proceeds, licenses collected by law, gifts, subventions,
5 contributions, income from investments, and other miscellaneous receipts produced or
6 received by a budget unit, except as otherwise specifically provided, for the purposes, use,
7 and benefit of the budget unit as authorized by law. Restricted Funds receipts shall be
8 credited and allotted to the respective fund or account out of which a specified
9 appropriation is made in this Act. All receipts of Restricted Funds shall be deposited in
10 the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42,
11 45, and 48.

12 The sources of Federal Funds appropriations in this Act shall include federal
13 subventions, grants, contracts, or other Federal Funds received, income from investments,
14 and other miscellaneous federal receipts received by a budget unit, the Unemployment
15 Compensation Fund, except as otherwise provided, for the purposes, use, and benefit of
16 the budget unit as authorized by law. Federal Funds receipts shall be credited and allotted
17 to the respective fund account out of which a specified appropriation is made in this Act.
18 All Federal Funds receipts shall be deposited in the State Treasury and credited to the
19 proper account as provided in KRS Chapters 12, 42, 45, and 48.

20 **2. Expenditure of Excess Restricted Funds or Federal Funds Receipts:** If
21 receipts received or credited to the Restricted Funds accounts or Federal Funds accounts
22 of a budget unit during fiscal year 2006-2007 or fiscal year 2007-2008, and any balance
23 forwarded to the credit of these same accounts from the previous fiscal year, exceed the
24 appropriation made by specific sum for these accounts of the budget unit as provided in
25 Part I, Operating Budget, of this Act, for the fiscal year in which the excess occurs, the
26 excess funds in the accounts of the budget unit shall become available for expenditure for
27 the purpose of the account during the fiscal year only upon compliance with the

1 conditions and procedures specified in KRS 48.400, 48.500, 48.600, 48.605, 48.610,
2 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810 and this Act,
3 and with the authorization of the State Budget Director and approval of the Secretary of
4 the Finance and Administration Cabinet.

5 Prior to authorizing the appropriation of any excess, unbudgeted Restricted Funds
6 pursuant to this section, the State Budget Director and the Secretary of the Finance and
7 Administration Cabinet shall review the adequacy of the General Fund Surplus Account
8 with respect to its availability to support Necessary Government Expenses. In the event
9 that General Fund Surplus Account moneys are determined by this review to be adequate
10 to meet known or anticipated Necessary Government Expenses during fiscal year 2006-
11 2007 or fiscal year 2007-2008, respectively, then the appropriation increase may be
12 approved. In the event that the review indicates that there are insufficient funds available
13 or reasonably estimated to become available to the General Fund Surplus Account to
14 meet known or projected Necessary Government Expenses for the fiscal years
15 enumerated above, the State Budget Director, with the concurrence of the Secretary of the
16 Finance and Administration Cabinet, may disapprove the request for additional Restricted
17 Funds expenditure authority and may direct the excess Restricted Funds identified to the
18 General Fund Surplus Account in order to meet Necessary Government Expense
19 obligations. The results of any review shall be reported to the Interim Joint Committee on
20 Appropriations and Revenue in accordance with KRS 48.400, 48.500, 48.600, 48.605,
21 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810.

22 Any request made by a budget unit pursuant to KRS 48.630 that relates to
23 Restricted Funds or Federal Funds shall include documentation showing a comparative
24 statement of revised estimated receipts by fund source and the proposed expenditures by
25 proposed use, with the appropriated sums specified in the Budget of the Commonwealth,
26 and statements which explain the cause, source, and use for any variances which may
27 exist.

1 Each budget unit shall submit its reports in print and electronic format consistent
2 with the Restricted Funds and Federal Funds records contained in the fiscal biennium
3 2006-2008 Branch Budget Request Manual and according to the following schedule in
4 each fiscal year: (a) On or before the beginning of each fiscal year; (b) On or before
5 October 1; (c) On or before January 1; and (d) On or before April 1.

6 **3. Interim Appropriation Increases:** No appropriation from any fund source
7 shall exceed the sum specified in this Act until the agency has documented the necessity,
8 purpose, use, and source, and the documentation has been submitted to the Interim Joint
9 Committee on Appropriations and Revenue for its review and action in accordance with
10 KRS 48.630. Proposed revisions to an appropriation contained in the enacted
11 State/Executive Budget or allotment of an unbudgeted appropriation shall conform to the
12 conditions and procedures of KRS 48.630 and this Act.

13 Notwithstanding KRS 48.630(3), (4), and (5), any proposed and recommended
14 actions to increase appropriations for funds specified in Section 2 of this Part shall be
15 scheduled consistent with the timetable contained in that section in order to provide
16 continuous and timely budget information.

17 **4. Revision of Appropriation Allotments:** Allotments within appropriated
18 sums for the activities and purposes contained in the enacted State/Executive Budget shall
19 conform to KRS 48.610 and may be revised pursuant to KRS 48.605 and this Act.

20 **5. Appropriations Expenditure Purpose and Transfer Restrictions:** Funds
21 appropriated in this Act shall not be expended for any purpose not specifically authorized
22 by the General Assembly in this Act nor shall funds appropriated in this Act be
23 transferred to or between any cabinet, department, board, commission, institution, agency,
24 or budget unit of state government unless specifically authorized by the General
25 Assembly in this Act and the provisions of KRS 48.400, 48.500, 48.600, 48.605, 48.610,
26 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810. Compliance
27 with the provisions of this section shall be reviewed and determined by the Interim Joint

1 Committee on Appropriations and Revenue.

2 **6. Permitted Appropriation Obligations:** No state agency, cabinet,
3 department, office, or program shall incur any obligation against the General Fund or
4 Road Fund appropriations contained in this Act unless the obligation may be reasonably
5 determined to have been contemplated in the enacted budget and is based upon
6 supporting documentation considered by the General Assembly, legislative and executive
7 records, and the statutory budget memorandum.

8 **7. Lapse of General Fund or Road Fund Appropriations Supplanted by**
9 **Federal Funds:** Any General Fund or Road Fund appropriation made in anticipation of a
10 lack, loss, or reduction of Federal Funds shall lapse to the General Fund or Road Fund
11 Surplus Account, respectively, to the extent the Federal Funds otherwise become
12 available.

13 **8. Federally Funded Agencies:** A state agency entitled to Federal Funds, which
14 would represent 100 percent of the cost of a program, shall conform to KRS 48.730.

15 **9. Lapse of General Fund or Road Fund Excess Debt Service**
16 **Appropriations:** Pursuant to KRS 48.720, any excess General Fund or Road Fund debt
17 service shall lapse to the respective surplus account unless otherwise directed in this Act.

18 **10. Continuing Appropriations:** All statutes and portions of statutes in conflict
19 with any of the provisions of this Act, to the extent of the conflict, are suspended unless
20 otherwise provided by this Act.

21 **11. Construction of Budget Provisions on Statutory Budget Administration**
22 **Powers and Duties:** Nothing in this Act is to be construed as amending or altering the
23 provisions of Chapters 42, 45, and 48 of the Kentucky Revised Statutes pertaining to the
24 duties and powers of the Secretary of the Finance and Administration Cabinet except as
25 otherwise provided in this Act.

26 **12. Interpretation of Appropriations:** All questions that arise in interpreting any
27 appropriation in this Act as to the purpose or manner for which the appropriation may be

1 expended shall be decided by the Secretary of the Finance and Administration Cabinet
2 pursuant to KRS 48.500, and the decision of the Secretary of the Finance and
3 Administration Cabinet shall be final and conclusive.

4 **13. Publication of the Budget of the Commonwealth:** The State Budget
5 Director shall cause the Governor's Office for Policy and Management, within 60 days of
6 adjournment of the 2006 Regular Session of the General Assembly, to publish a final
7 enacted budget document, styled the Budget of the Commonwealth, based upon the
8 Legislative Budget, State/Executive Budget and Judicial Budget as enacted by the 2006
9 Regular Session, as well as other Acts which contain appropriation provisions for the
10 2006-2008 fiscal biennium, and based upon supporting documentation and legislative
11 records as considered by the 2006 Regular Session, and the statutory budget
12 memorandum. This document shall include, for each agency and budget unit, a
13 consolidated budget summary statement of available regular and continuing appropriated
14 revenue by fund source, corresponding appropriation allocations by program or
15 subprogram as appropriate, budget expenditures by principal budget class and for the
16 State/Executive Budget, and any other fiscal data and commentary considered necessary
17 for budget execution by the Governor's Office for Policy and Management and oversight
18 by the Interim Joint Committee on Appropriations and Revenue. The enacted
19 State/Executive Budget shall be revised or adjusted only upon approval by the Governor's
20 Office for Policy and Management as provided in each Part of this Act and by KRS
21 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720,
22 48.730, 48.800, and 48.810, and upon review and action by the Interim Joint Committee
23 on Appropriations and Revenue.

24 **14. State Financial Condition:** Pursuant to KRS 48.400, the State Budget
25 Director shall monitor and report on the financial condition of the Commonwealth.

26 **15. Prorating Administrative Costs:** The Secretary of the Finance and
27 Administration Cabinet is authorized to establish a system or formula or a combination of

1 both for prorating the administrative costs of the Finance and Administration Cabinet, the
2 Department of the Treasury, and the Office of the Attorney General relative to the
3 administration of programs in which there is joint participation by the state and federal
4 governments for the purpose of receiving the maximum amount of participation permitted
5 under the appropriate federal laws and regulations governing the programs. The receipts
6 and allotments under this section shall be reported to the Interim Joint Committee on
7 Appropriations and Revenue prior to any transfer of funds.

8 **16. Construction of Budget Provisions Regarding Executive Reorganization**

9 **Orders:** Nothing in this Act shall be construed to confirm or ratify, under KRS 12.027 or
10 12.028, any executive reorganization order unless the executive order was confirmed or
11 ratified by appropriate amendment to the Kentucky Revised Statutes in another Act of the
12 2006 Regular Session of the General Assembly. If any executive reorganization order
13 issued from sine die adjournment of the 2005 Regular Session to sine die adjournment of
14 the 2006 Regular Session was not confirmed by the 2006 Regular Session of the General
15 Assembly, the Secretary of the Finance and Administration Cabinet shall, in consultation
16 with agency heads and with notification to the Legislative Research Commission, transfer
17 the balance of funds for any affected program or function for fiscal year 2005-2006 and
18 any related appropriations and funds for each of the next two fiscal years from the budget
19 unit in which the program or function was placed by the executive reorganization order to
20 the budget unit in which the program or function resided prior to the reorganization action
21 or in which it was placed by action of the 2006 Regular Session of the General Assembly.

22 **17. Budget Planning Report:** By August 15, 2007, the State Budget Director, in
23 conjunction with the Consensus Forecasting Group, shall provide to each branch of
24 government, pursuant to KRS 48.117, a budget planning report.

25 **18. Tax Expenditure Revenue Loss Estimates:** By October 15, 2007, the Office
26 of State Budget Director shall provide to each branch of government detailed estimates
27 for the General Fund and Road Fund for the current and next two fiscal years of the

1 revenue loss effected by tax expenditures. The Department of Revenue shall provide
2 assistance and furnish data which is not restricted by KRS 131.190. "Tax expenditure"
3 means an exemption, exclusion, or deduction from the base of a tax, a credit against the
4 tax, a deferral of a tax, or a preferential tax rate. The estimates shall include for each tax
5 expenditure the amount of revenue loss, a citation of the legal authority for the tax
6 expenditure, the year in which it was enacted, and the tax year in which it became
7 effective.

8 **19. Duplicate Appropriations:** Any appropriation item and sum in Parts I to X of
9 this Act and in an appropriation provision in any Act of the 2006 Regular Session which
10 constitutes a duplicate appropriation shall be governed by KRS 48.312.

11 **20. Priority of Individual Appropriations:** KRS 48.313 shall control when a
12 total or subtotal figure in this Act conflicts with the sum of the appropriations of which it
13 consists.

14 **21. Severability of Budget Provisions:** Appropriation items and sums in Parts I
15 to X of this Act shall conform to KRS 48.311. If any section, any subsection, or any
16 provision is found by a court of competent jurisdiction in a final, unappealable order to be
17 invalid or unconstitutional, the decision of the courts shall not affect or impair any of the
18 remaining sections, subsections, or provisions.

19 **22. Unclaimed Lottery Prize Money:** For fiscal year 2006-2007 and fiscal year
20 2007-2008, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited
21 to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a
22 subsidiary account within the Finance and Administration Cabinet for the purpose of
23 funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education
24 Assistance Authority certifies to the State Budget Director that the appropriations in this
25 Act for the KEES Program under the existing award schedule are insufficient to meet
26 funds required for eligible applicants, then the State Budget Director shall provide the
27 necessary allotment of funds in the balance of the KEES Reserve Account to fund the

1 KEES Program. Actions taken under this section shall be reported to the Interim Joint
2 Committee on Appropriations and Revenue on a timely basis.

3 **23. Sales and Use Tax Collection and Remittance Compensation:**

4 Notwithstanding KRS 139.570, for the periods after June 30, 2006, the total
5 reimbursement allowed per taxpayer in any month shall not exceed \$1,500.
6 Notwithstanding KRS 139.240, 139.250 or 139.700, after the effective date of this Act,
7 separate permit numbers for a taxpayer with different business locations shall not be
8 issued.

9 **24. Abandoned Property Held by Financial Institutions:** Notwithstanding
10 KRS 393.060, the dormancy period for property held or owing by a banking or financial
11 institution, other than traveler's checks, shall be three years rather than seven years.

12 **25. Sale of Abandoned Property by Finance and Administration Cabinet:**
13 Notwithstanding KRS 393.125, the department, within three years of the receipt of
14 abandoned property that are securities, shall sell the securities. Unclaimed securities
15 received by the department on or before June 30, 2004, shall be sold by June 30, 2007
16 with the receipts, net of estimated claims to be paid, available for appropriation to the
17 General Fund. Unclaimed securities received by the department after June 30, 2004 and
18 on or before June 30, 2005 shall be sold by June 30, 2008 with the receipts, net of
19 estimated claims to be paid, available for appropriation to the General Fund.

20 **26. Premium and Retaliatory Taxes:** Notwithstanding KRS 304.17B-021(4)(d),
21 premium taxes collected under KRS Chapter 136 from any insurer and retaliatory taxes
22 collected under KRS 304.3-270 from any insurer shall be credited to the General Fund.

23 **27. Undesignated General Fund and Road Fund Carry Forward:**
24 Notwithstanding KRS 48.700, and KRS 48.705 and other Parts of this Act, the Secretary
25 of the Finance and Administration Cabinet shall determine and certify, within 30 days of
26 the close of fiscal year 2006-2007, the actual amount of undesignated balance of the
27 General Fund and the Road Fund for the year just ended. The amounts from the

1 undesignated fiscal year 2006-2007 General Fund and Road Fund balances that are
2 designated and carried forward for budgeted purposes in the 2006-2008 fiscal biennium
3 shall be determined by the State Budget Director during the close of the respective fiscal
4 year and shall be reported to the Interim Joint Committee on Appropriations and Revenue
5 within 30 days of the close of the fiscal year. The General Fund undesignated balance in
6 excess of the amount designated for budgeted purposes under this section shall be made
7 available for the General Fund Surplus Expenditure Plan contained in Part VII of this Act
8 unless otherwise provided in this Act. The Road Fund undesignated balance in excess of
9 the amount designated for budgeted purposes under this section shall be made available
10 for the Road Fund Surplus Expenditure Plan contained in Part IX of this Act unless
11 otherwise provided in this Act.

12 **28. Workers' Compensation Surety Bond:** Notwithstanding KRS 342.340(1) or
13 any other provision of law, public sector self-insured employers are not required to
14 deposit funds as security, indemnity, or bond to secure the payment of compensation
15 liabilities, provided that each public sector employer has the authority to impose taxes or
16 raise tuition in an amount sufficient to recoup payments of compensation liabilities as
17 they are incurred.

18 **29. Reduction In State Utility Costs:** The Finance and Administration Cabinet is
19 hereby directed to continue to review current practices to reduce energy costs to achieve a
20 government-wide savings of total utility costs. The Cabinet is empowered to utilize
21 expertise in the Department of Natural Resources, the Public Service Commission, and
22 other agencies to accomplish this goal.

23 **30. Cellular Telephones/Electronic Devices:** By 90 days after the effective date
24 of this Act, the Secretary of the Finance and Administration Cabinet shall review the use
25 of cellular telephones and other types of electronic communication devices and issue
26 guidelines to state agencies specifying criteria to document the need for such equipment.
27 A copy of the guidelines shall be transmitted to the Interim Joint Committee on

1 Appropriations and Revenue at the time of issuance.

2 **31. Printing:** The General Assembly declares that the financial condition of the
3 Commonwealth requires that the Secretary of the Finance and Administration Cabinet
4 shall review all state printing, including publications and the associated cost of storage,
5 distribution, and advertising and direct all state agencies to use Internet and other
6 electronic technology in order to reduce costs.

7 **32. Travel Expenditures:** All state agencies shall continue to monitor all travel
8 expenditures and shall utilize state parks or other state facilities to the fullest extent
9 feasible. The Secretary of the Finance and Administration Cabinet shall review all out-of-
10 state travel requests for three or more state employees to attend the same destination or
11 event and shall approve the requests if deemed necessary.

12 **33. Horse Cave Repertory Theatre:** The Horse Cave Repertory Theatre located
13 in Hart County, Kentucky is named and designated as the official state repertory theatre.

14 **34. Fiscal Year 2007-2008 Funds Expenditure Restriction:** Except in the case
15 of a declared emergency, the Governor, all agency heads, and all other constitutional
16 officers shall not expend or encumber in the aggregate more than 55 percent of the funds
17 appropriated by this Act during the first half of fiscal year 2007-2008.

18 **35. Appropriation of Budget Reserve Trust Fund:** Pursuant to KRS 48.705,
19 \$25,000,000 from the Budget Reserve Trust Fund is available in fiscal year 2007-2008 to
20 be appropriated by the General Assembly in this Act.

21 **36. Civil War Reenactors:** Notwithstanding KRS 38.440, Civil War reenactors
22 may associate, drill, and parade with firearms and/or swords without permission from the
23 Governor before, during, and after Civil War reenactments and events.

24 **37. Voluntary Assignment of Escrow Payments:** Funds totaling \$35,000,000 in
25 fiscal year 2006-2007 and \$20,000,000 in fiscal year 2007-2008 from the voluntary
26 assignment of escrow payments by nonparticipating manufacturers shall be appropriated
27 to the Budget Reserve Trust Fund. Beginning in fiscal year 2006-2007 and for fiscal year

1 2007-2008, the first \$2,200,000 in funds deposited in the Budget Reserve Trust Fund
2 pursuant to the provisions of this section are hereby appropriated to the Cabinet for
3 Health and Family Services, Department for Public Health, to be used for smoking
4 prevention and cessation programs.

5 **38. General Fund Expenditure Reductions Through Efficiencies:** The
6 Executive Office of the Governor shall reduce General Fund expenditures appropriated in
7 this Act by \$38,500,000 in fiscal year 2006-2007 and by \$19,500,000 in fiscal year 2007-
8 2008, by continuing to reduce waste, fraud, and abuse, and by creating additional savings
9 through increased efficiencies. The biennial savings are in addition to the revenue
10 measures directed by the Executive Branch.

11 **39. Abandonment of Traveler's Checks:** Notwithstanding KRS 393.060,
12 traveler's checks held or owing by a banking or financial organization shall be presumed
13 abandoned when the period of time the traveler's checks have been outstanding exceeds
14 seven years, unless the owner has within seven years corresponded in writing with the
15 banking or financial organization concerning the traveler's checks, or otherwise indicated
16 an interest as evidenced by a memorandum on file with the banking or financial
17 organization.

18 **(40) Kentucky Wine and Vine Fest:** The Kentucky Wine and Vine Fest of
19 Nicholasville, Kentucky, is named and designated as the official state wine festival.

20 **(41) Lottery Receipt Dividend Payment:** Notwithstanding KRS 154A.130(4), the
21 additional net lottery receipt dividend payment declared in March 2006 which exceeded
22 the Consensus Forecast Group lottery funds estimate in December 2005 shall be credited
23 to the General Fund.

24 PART IV

25 STATE SALARY/COMPENSATION AND EMPLOYMENT POLICY

26 **1. Maximum Filled Permanent Positions:** Notwithstanding KRS 18A.010(2),
27 for the 2006-2008 fiscal biennium, the total number of filled permanent positions in the

1 agencies of the Executive Branch is limited to the number authorized in the enacted
2 State/Executive Budget of the Commonwealth for the 2006-2008 fiscal biennium. The
3 provisions of this section do not apply to the employees of the General Assembly, the
4 Legislative Research Commission, or the Court of Justice.

5 **2. Authorized Personnel Complement:** On July 1, 2006, the Personnel Cabinet
6 and the Office of State Budget Director shall establish a record for each budget unit of
7 authorized permanent and other positions based upon the enacted State/Executive Budget
8 of the Commonwealth and any adjustments authorized by provisions in this Act. The total
9 number of filled and vacant positions of permanent full-time, permanent part-time, and all
10 other positions shall not exceed the authorized complements pursuant to this section.
11 When an agency head certifies that an emergency employment situation exists for a
12 limited time within a fiscal year, the State Budget Director may approve, and the
13 Secretary of the Personnel Cabinet may authorize, the employment of individuals in
14 addition to the authorized complement for the duration of the limited time period so
15 authorized within the fiscal year. A copy of records, certifications, and actions authorized
16 in this section shall be provided to the Interim Joint Committee on Appropriations and
17 Revenue on a monthly basis.

18 **3. Salary Adjustments:** Notwithstanding KRS 18A.355~~{(1)}~~, (*Veto #25*) in
19 fiscal year 2006-2007 and in fiscal year 2007-2008, a salary adjustment amounting to an
20 annualized value on the base salary or wages of each eligible full-time and part-time
21 employee on their anniversary date is provided. The amount of the salary adjustment is
22 determined by each eligible employee's annual base salary or wages on their anniversary
23 date, and the following table reflects the annualized values of the salary adjustment for
24 fiscal year 2006-2007 and fiscal year 2007-2008, except as provided by this section.

25	Annual Base Salary or Wages	2006-07	2007-08
26	\$0 to \$30,000.00	\$1,350	\$1,350
27	\$30,000.01 to \$50,000.00	\$1,200	\$1,200

1	\$50,000.01 to \$60,000.00	\$1,000	\$1,000
2	\$60,000.01 to \$80,000.00	\$600	\$600
3	\$80,000.01 and above	\$400	\$400

4 Commencing with an eligible employee's anniversary date, the salary adjustment
5 shall be added to the eligible employee's base salary or wages and shall be disbursed by
6 payroll period in a one-twenty-fourth installment for the duration of the employment. The
7 Secretary of the Personnel Cabinet shall determine the pro rata amount of the salary
8 adjustment to be provided to part-time employees. The salary adjustment shall be a part
9 of the salary or wage base of the employee.

10 **4. State Salary and Compensation Fund:** The State Budget Director shall
11 determine the amount of funds from the appropriation in Part I, Operating Budget, J.
12 Personnel Cabinet, 4. State Salary and Compensation Fund, of this Act by budget unit
13 necessary to provide for the salary adjustments. The State Salary and Compensation Fund
14 shall be supplemented by Restricted Funds, Federal Funds, the Road Fund, and other
15 General Fund amounts otherwise appropriated to state agencies in order to provide for the
16 salary adjustments.

17 The State Budget Director shall notify the Secretary of the Finance and
18 Administration Cabinet of the respective amount of General Fund from the State Salary
19 and Compensation Fund to transfer to each affected budget unit and such funds shall be
20 transferred. The State Budget Director shall report to the Interim Joint Committee on
21 Appropriations and Revenue the implementation of these provisions.

22 **5. Monthly Per Employee Health Insurance Benefits Assessment:** The
23 Personnel Cabinet shall collect a benefits assessment per month per employee eligible for
24 health insurance coverage in the state group as contained in Appendix B of the budget
25 instructions promulgated by the Legislative Research Commission pursuant to KRS
26 48.040 and communicated to agencies by the Office of State Budget Director for duly
27 authorized use by the Personnel Cabinet in administering its statutory and administrative

1 responsibilities, including but not limited to administration of the Commonwealth's health
2 insurance program.

3 **6. Employee Cross-Reference:** The Personnel Cabinet shall permit married
4 couples who are both eligible to participate in the state health insurance plan to be
5 covered under one family health benefit plan. The annual percentage increase for the
6 employee contribution for family coverage for married couples who cross-reference shall
7 not exceed the annual percentage increase in the total premium for that coverage option.

8 **7. Public Employees Self-Insured Health Insurance Premiums:** Beginning
9 with the employer premium due for coverage effective July 1, 2006, under the Public
10 Employees Self-Insured Health Insurance Program, the employer rate shall be reduced by
11 12 percent for the balance of Plan Year 2006. For Plan Year 2007, the increase in
12 employer and employee premiums for coverage under the Public Employees Self-Insured
13 Health Insurance Program shall not exceed 10.4 percent for the Essential Plan and 9
14 percent for the Enhanced and Premium Plan over the Plan Year 2006 rates as adjusted by
15 this Act.

16 **8. Employer Retirement Contribution Rates:** Notwithstanding KRS 61.565,
17 the employer contribution rates for the Kentucky Employees Retirement Systems from
18 July 1, 2006, through June 30, 2007, shall be 7.75 percent, consisting of 4.83 percent for
19 pension and 2.92 percent for insurance, for nonhazardous duty employees and 22.0
20 percent, consisting of 8.75 percent for pension and 13.25 percent for insurance, for
21 hazardous duty employees; for the same period the employer contribution for employees
22 of the State Police Retirement System shall be no more than 25.5 percent, consisting of
23 12.44 percent for pension and 13.06 percent for insurance. Notwithstanding KRS 61.565,
24 the employer contribution rates for the Kentucky Employees Retirement Systems from
25 July 1, 2007, through June 30, 2008, shall be 8.5 percent, consisting of 5.47 percent for
26 pension and 3.03 percent for insurance, for nonhazardous duty employees and 24.25
27 percent, consisting of 9.79 percent for pension and 14.46 percent for insurance for

1 hazardous duty employees; for the same period the employer contribution for employees
 2 of the State Police Retirement System shall be no more than 28.0 percent, consisting of
 3 14.23 percent for pension and 13.77 percent for insurance.

4 **9. Interest Earnings:** Interest accruing to the Public Employees Self-Insured
 5 Health Insurance Fund shall be credited to the fund.

6 **PART V**

7 **FUNDS TRANSFER**

8 The General Assembly finds that the financial condition of state government
 9 requires the following action.

10 Notwithstanding the statutes or requirements of the Restricted Funds enumerated
 11 below, there is transferred to the General Fund the following amounts in fiscal year 2005-
 12 2006, fiscal year 2006-2007, and fiscal year 2007-2008:

	2005-06	2006-07	2007-08
13			
14 A. GENERAL GOVERNMENT			
15 1. Office of the Governor			
16 Agency Revenue Fund	5,600	-0-	-0-
17 2. Office of the Governor			
18 Other Special Revenue Fund	25,200	-0-	-0-
19 3. Office of State Budget Director			
20 Agency Revenue Fund	75,400	-0-	-0-
21 4. Homeland Security			
22 Agency Revenue Fund	351,400	-0-	-0-
23 (KRS 65.7631)			
24 5. Department of Veterans' Affairs			
25 Agency Revenue Fund	1,756,100	-0-	-0-
26 6. Kentucky Infrastructure Authority			
27 Solid Waste and Environmental			

1	Protection Revolving Loan			
2	Fund Program	3,600,000	-0-	-0-
3	7. Military Affairs			
4	Agency Revenue Fund	300,000	4,900,000	300,000
5	8. Commission on Women			
6	Agency Revenue Fund	1,800	-0-	-0-
7	9. Local Government Economic			
8	Development Fund			
9	Multi-County Fund	-0-	7,450,000	15,599,000
10	(KRS 42.4588)			
11	10. Secretary of State			
12	Agency Revenue Fund	350,000	900,000	900,000
13	11. Attorney General			
14	Agency Revenue Fund	521,200	-0-	-0-
15	12. Treasury			
16	Agency Revenue Fund	92,900	-0-	-0-
17	13. Agriculture			
18	Agency Revenue Fund	-0-	479,500	337,800
19	14. Emergency Medical Services			
20	Agency Revenue Fund	162,500	-0-	-0-
21	(KRS 311A.145(2))			
22	B. COMMERCE CABINET			
23	1. Secretary			
24	Agency Revenue Fund	190,700	-0-	-0-
25	2. Artisans Center			
26	Other Special Revenue Fund	307,100	-0-	-0-
27	3. Energy Policy			

1	Agency Revenue Fund	506,300	-0-	-0-
2	(KRS 132.020(5))			
3	4. Tourism			
4	Agency Revenue Fund	204,000	-0-	-0-
5	5. Horse Park Commission			
6	Kentucky Horse Park Fund	40,800	-0-	-0-
7	6. State Fair Board			
8	State Fair Board Fund	234,000	-0-	-0-
9	7. Historical Society			
10	Agency Revenue Fund	120,000	-0-	-0-
11	8. Arts Council			
12	Agency Revenue Fund	20,000	-0-	-0-
13	(KRS 153.220(8))			
14	C. ECONOMIC DEVELOPMENT CABINET			
15	1. Secretary			
16	Agency Revenue Fund	200,000	-0-	-0-
17	2. Financial Incentives			
18	Kentucky Economic Development			
19	Finance Authority	-0-	-0-	700,000
20	(KRS 154.20-010 to 154.20-150)			
21	D. DEPARTMENT OF EDUCATION			
22	1. Operations and Support Services			
23	Agency Revenue Fund	150,000	-0-	-0-
24	2. Department of Education			
25	School Districts Flexible Spending			
26	Account Expendable Trust Fund	7,000,000	12,000,000	12,000,000
27	E. EDUCATION CABINET			

1	1. General Administration and Program Support			
2	Agency Revenue Fund	53,000	75,000	89,600
3	2. Environmental Education Council			
4	Agency Revenue Fund	874,600	-0-	-0-
5	(KRS 224.43-505(2)(b))			
6	3. Career and Technical Education			
7	Agency Revenue Fund	656,800	-0-	-0-
8	F. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET			
9	1. Natural Resources			
10	Agency Revenue Fund	247,900	-0-	-0-
11	(KRS 149.280(2) and 149.670)			
12	2. Public Protection Commissioner			
13	Agency Revenue Fund	400,000	175,000	150,000
14	3. Petroleum Storage Tank Environmental			
15	Assurance Fund			
16	Insurance Administration Fund	626,500	41,997,300	17,564,100
17	(KRS 224.60-140, 224.60-145 and			
18	224.60-150)			
19	4. Alcoholic Beverage Control			
20	Agency Revenue Fund	3,011,700	836,200	457,600
21	(KRS 243.025)			
22	5. Charitable Gaming			
23	Agency Revenue Fund	1,100,000	-0-	-0-
24	(KRS 238.570(2))			
25	6. Financial Institutions			
26	Agency Revenue Fund	3,295,100	1,851,300	1,900,900
27	(KRS 287.485)			

1	7. Insurance			
2	Agency Revenue Fund	8,659,700	9,000,000	10,750,000
3	(KRS 304.2-300, 304.2-400 and			
4	304.2-440)			
5	8. Workers Compensation Funding Commission			
6	Insurance Administration Fund	-0-	3,735,500	1,618,900
7	(KRS 342.1227)			
8	9. Environmental and Public Protection			
9	Kentucky Pride Trust Fund	-0-	18,000,000	-0-
10	(KRS 224.43-505(1))			
11	10. Environmental and Public Protection			
12	Kentucky Pride Trust Fund	-0-	2,006,300	2,006,300
13	Pursuant to KRS 224.43-505(2)(a)5., these funds transfers to the General Fund			
14	support the General Fund debt service on the bonds sold as appropriated by 2003			
15	Ky. Acts ch. 156, Part II, Capital Projects Budget, A. Government Operations, 3.			
16	Kentucky Infrastructure Authority, c. Kentucky Pride Fund Projects.			
17	G. FINANCE AND ADMINISTRATION CABINET			
18	1. General Administration			
19	Agency Revenue Fund	58,800	3,779,800	3,784,800
20	2. Controller			
21	Agency Revenue Fund	1,200,000	204,300	215,800
22	3. Facilities and Support Services			
23	Agency Revenue Fund	232,500	200,800	583,400
24	4. Commonwealth Office of Technology			
25	Agency Revenue Fund	0	0-1,000,000	(Veto #26)
26	5. Revenue			
27	Agency Revenue Fund	1,000,000	-0-	-0-

1	(KRS 45.238(3), 132.320(3), 134.400,			
2	160.6154(2) and 365.390(2))			
3	6. Finance and Administration			
4	Capital Construction and Equipment Purchase			
5	Contingency Fund	-0-	2,000,000	-0-
6	(KRS 45.770)			
7	7. Finance and Administration			
8	Capital Construction			
9	Investment Income	-0-	6,200,000	5,330,000
10	(KRS 42.500)			
11	8. Finance and Administration			
12	Statewide Deferred Maintenance Fund	-0-	332,000	-0-
13	(KRS 45.782)			
14	9. Finance and Administration			
15	Capital Construction Emergency			
16	Repair and Maintenance Fund	-0-	1,000,000	-0-
17	(KRS 45.780)			
18	H. HEALTH AND FAMILY SERVICES CABINET			
19	1. General Administration and			
20	Program Support			
21	Agency Revenue Fund	5,723,000	-0-	-0-
22	(KRS 212.025(2))			
23	2. General Administration and			
24	Program Support			
25	Malt Beverage Education Fund	350,000	350,000	350,000
26	3. Children with Special Health			
27	Care Needs			

1	Agency Revenue Fund	500	-0-	-0-
2	(KRS 212.025(2))			
3	4. Public Health			
4	Agency Revenue Fund	4,657,000	542,800	483,000
5	(KRS 194A.050(4), 211.350(7),			
6	211.848(2), 212.025(2), 213.141(3),			
7	217.125(2), 219.071 and 221.020(2))			
8	5. Health Policy			
9	Agency Revenue Fund	351,700	-0-	-0-
10	(KRS 212.025(2))			
11	6. Human Support Services			
12	Agency Revenue Fund	156,500	-0-	-0-
13	(KRS 212.025(2))			
14	7. Ombudsman			
15	Agency Revenue Fund	1,600	-0-	-0-
16	(KRS 212.025(2))			
17	8. Disability Determination Services			
18	Agency Revenue Fund	2,400	-0-	-0-
19	(KRS 212.025(2))			
20	I. JUSTICE AND PUBLIC SAFETY CABINET			
21	1. Justice Administration			
22	Agency Revenue Fund	109,100	-0-	-0-
23	2. Criminal Justice Training			
24	Kentucky Law Enforcement			
25	Foundation Program Fund	-0-	-0-	2,000,000
26	(KRS 15.430)			
27	3. Juvenile Justice			

1	Agency Revenue Fund	6,520,000	-0-	-0-
2	4. Community Services and Local Facilities			
3	Agency Revenue Fund	80,100	-0-	-0-
4	5. Public Advocacy			
5	Agency Revenue Fund	162,700	-0-	-0-
6	(KRS 31.211(8) and 189A.050(3)(f))			
7	J. PERSONNEL			
8	1. General Operations			
9	Flexible Spending Account	323,000	1,000,000	1,000,000
10	(KRS 18A.225(2)(g))			
11	2. General Operations			
12	Other Special Revenue Fund	333,300	-0-	-0-
13	3. General Operations			
14	Agency Revenue Fund	922,500	-0-	-0-
15	(KRS 18A.225(2)(g))			
16	4. Workers Compensation			
17	Benefits and Reserve			
18	Risk Management Fund	4,028,500	-0-	-0-
19	(KRS 18A.375(3))			
20	K. POSTSECONDARY EDUCATION			
21	1. Council on Postsecondary Education			
22	Agency Revenue Fund	300,000	-0-	-0-
23	2. Kentucky Higher Education Assistance Authority			
24	Osteopathic Medicine			
25	Scholarship Trust Fund	390,000	-0-	-0-
26	(KRS 164.7891(11))			
27	3. Kentucky Higher Education Assistance Authority			

1	Osteopathic Medicine			
2	Repayment Fund	440,000	350,000	-0-
3	(KRS 164.7891(11))			
4	4. Kentucky Community and Technical College System			
5	Firefighters Foundation			
6	Program Fund	-0-	-0-	2,000,000
7	(KRS 95A.220)			
8	L. TRANSPORTATION CABINET			
9	1. Aviation			
10	Kentucky Aviation Economic			
11	Development Fund	-0-	468,000	468,000
12	Notwithstanding KRS 183.525(5), these funds transfers to the General Fund support			
13	the General Fund debt service on the bonds sold as appropriated by 2005 Ky. Acts			
14	ch. 173, Part II, Capital Projects Budget, C., 1., 002.			
15	2. Aviation			
16	Kentucky Aviation Economic			
17	Development Fund	-0-	4,000,000	4,000,000
18	3. Highways			
19	{Federal} Funds (<i>Veto #27</i>)	-0-	9,000,000	-0-
20	TOTAL - FUNDS TRANSFER	62,483,500	132,833,800	85,589,200

PART VI

GENERAL FUND BUDGET REDUCTION PLAN

Pursuant to KRS 48.130 and 48.600, a General Fund Budget Reduction Plan is enacted for state government in the event of an actual or projected deficit in estimated General Fund revenue receipts of \$8,514,872,500 in fiscal year 2006-2007 and \$8,879,172,400 in fiscal year 2007-2008 as modified by related Acts and actions of the General Assembly in an extraordinary or regular session. Direct services, obligations

1 essential to the minimum level of constitutional functions, and other items that may be
2 specified in this Act, are exempt from the requirements of this Plan. Each branch head
3 shall prepare a specific plan to address a proportionate share of the General Fund revenue
4 shortfall applicable to the respective branch. No budget revision action shall be taken by a
5 branch head in excess of the actual or projected deficit.

6 The Governor, the Chief Justice, and the Legislative Research Commission shall
7 direct and implement reductions in allotments and appropriations only for their respective
8 branch budget units as may be necessary as well as take other measures which shall be
9 consistent with the provisions of this Part and general branch budget bills.

10 In the event of a revenue shortfall under the provisions of KRS 48.120, General
11 Fund budget reduction actions shall be implemented in the following sequence:

12 (1) The Local Government Economic Assistance and the Local Government
13 Economic Development Funds shall be adjusted by the Secretary of the Finance and
14 Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as
15 modified by the provisions of this Act;

16 (2) Transfers of excess unappropriated Restricted Funds other than fiduciary
17 funds shall be applied as determined by the head of each branch for its respective budget
18 units;

19 (3) Excess General Fund appropriations which accrue as a result of personnel
20 vacancies and turnover, and reduced requirements for operating expenses, grants, and
21 capital outlay shall be determined and applied by the heads of the executive, judicial, and
22 legislative departments of state government for their respective branches. The branch
23 heads shall certify the available amounts which shall be applied to budget units within the
24 respective branches and shall promptly transmit the certification to the Secretary of the
25 Finance and Administration Cabinet and the Legislative Research Commission. The
26 Secretary of the Finance and Administration Cabinet shall execute the certified actions as
27 transmitted by the branch heads.

1 Branch heads shall take care, by their respective actions, to protect, preserve, and
 2 advance the fundamental health, safety, legal and social welfare, and educational well-
 3 being of the citizens of the Commonwealth;

4 (4) Funds available in the Budget Reserve Trust Fund shall be applied in an
 5 amount not to exceed 25 percent of the trust fund balance in fiscal year 2006-2007 and 50
 6 percent of the trust fund balance in fiscal year 2007-2008; and

7 (5) Notwithstanding KRS 48.130 and 48.600, if the actions contained in
 8 subsections (1) to (4) of this section are insufficient to eliminate an actual or projected
 9 revenue shortfall in the enacted General Fund revenue receipts, then the Governor is
 10 empowered and directed to take necessary actions with respect to the Executive Branch
 11 budget units to balance the budget by such actions conforming with the criteria expressed
 12 in this Part.

13 PART VII

14 GENERAL FUND SURPLUS EXPENDITURE PLAN

15 (1) Pursuant to KRS 48.700 and notwithstanding KRS 48.140, there is established
 16 a plan for the expenditure of General Fund surplus moneys pursuant to a General Fund
 17 Surplus Expenditure Plan contained in this Part for fiscal years 2006-2007 and 2007-
 18 2008. Pursuant to the enactment of the Surplus Expenditure Plan, General Fund moneys
 19 in the General Fund undesignated fund balance in excess of the amount specified in Part
 20 III, General Provisions, Section 27, of this Act are appropriated to the following:

21 (a) Necessary Government Expenses, including but not limited to Emergency
 22 Orders formally declared by the Governor in an Executive Order;

23 (b) Increased support to the Budget Reserve Trust Fund;

24 (c) The Kentucky Retirement Systems to address a portion of the actuarially
 25 unfunded liability; and

26 (d) The Kentucky Teachers' Retirement System's medical insurance fund as
 27 established in KRS 161.420 to augment the state medical insurance stabilization

1 contribution as established in KRS 161.550.

2 (2) The Secretary of the Finance and Administration Cabinet shall determine,
3 within 30 days after the close of the fiscal year 2005-2006, and the close of fiscal year
4 2006-2007, based on the official financial records of the Commonwealth, the amount of
5 actual General Fund undesignated fund balance for the General Fund Surplus Account
6 that may be available for expenditure pursuant to the Plan respectively in fiscal year
7 2005-2006 and fiscal year 2006-2007. The Secretary of the Finance and Administration
8 Cabinet shall certify the amount of actual General Fund undesignated fund balance
9 available for expenditure to the Legislative Research Commission.

10 Subsequent to June 30, 2006, funds that are certified as being available in the actual
11 General Fund undesignated fund balance for the General Fund Surplus Account are
12 appropriated for expenditure in fiscal year 2005-2006 pursuant to the Plan.

13 **PART VIII**

14 **ROAD FUND BUDGET REDUCTION PLAN**

15 There is established a Road Fund Budget Reduction Plan for fiscal year 2006-2007
16 and fiscal year 2007-2008. Pursuant to KRS 48.130, in the event of an actual or projected
17 shortfall in estimated Road Fund revenue receipts of \$1,238,685,300 in fiscal year 2006-
18 2007 and \$1,261,931,900 in fiscal year 2007-2008 as determined by KRS 48.120(3), the
19 Governor shall implement sufficient reductions as may be required to protect the highest
20 possible level of service.

21 **PART IX**

22 **ROAD FUND SURPLUS EXPENDITURE PLAN**

23 Pursuant to KRS 48.710 and notwithstanding KRS 48.140, there is established a
24 plan for the expenditure of the Road Fund surplus moneys pursuant to a Road Fund
25 Surplus Expenditure Plan contained in this Part for fiscal years 2006-2007 and 2007-
26 2008. Pursuant to the enactment of the Surplus Expenditure Plan, Road Fund moneys in
27 the Road Fund undesignated fund balance in excess of the amount specified in Part III,

1 General Provisions, Section 27, of this Act are appropriated to the State Construction
 2 Account and utilized to support projects in the fiscal biennium 2006-2008 Biennial
 3 Highway Construction Program.

4 PART X

5 PHASE I TOBACCO SETTLEMENT

6 **(1) General Purpose:** This Part prescribes the policy implementing aspects of the
 7 national settlement agreement between the tobacco industry and the collective states as
 8 described in KRS 248.701 to 248.727. In furtherance of that agreement, the General
 9 Assembly recognizes that the Commonwealth of Kentucky is a party to the Phase I
 10 Master Settlement Agreement (MSA) between the Participating Tobacco Manufacturers
 11 and 46 Settling States which provides reimbursement to states for smoking-related
 12 expenditures made over time.

13 **(2) State's MSA Share:** The Commonwealth's share of the MSA is equal to
 14 1.7611586 percent of the total settlement amount. Payments under the MSA are made to
 15 the states annually in April of each year.

16 **(3) MSA Payment Amount Variables:** The total settlement amount to be
 17 distributed each payment date is subject to change pursuant to several variables provided
 18 in the MSA, including inflation adjustments, volume adjustments, previously settled
 19 states adjustments, and the nonparticipating manufacturers adjustment.

20 **(4) Distinct Identity of MSA Payment Deposits:** The General Assembly has
 21 determined that it shall be the policy of the Commonwealth that all Phase I Tobacco
 22 Settlement payments shall be deposited to the credit of the General Fund and shall
 23 maintain a distinct identity as Phase I Tobacco Settlement payments that shall not lapse to
 24 the credit of the General Fund surplus, but shall continue forward from each fiscal year to
 25 the next fiscal year to the extent that any balance is unexpended.

26 **(5) MSA Payment Estimates and Adjustments:** Based on the current estimates
 27 as reviewed by the Consensus Revenue Forecasting Group, the amount of MSA payments

1 expected to be received in fiscal year 2005-2006 is \$91,300,000 and in fiscal year 2006-
2 2007 is \$88,800,000 and in fiscal year 2007-2008 is \$94,000,000. It is recognized that
3 payments to be received by the Commonwealth are estimated and are subject to change.
4 Any appropriations made from the estimated receipts are subject to adjustments based on
5 actual receipts as received and certified by the Secretary of the Finance and
6 Administration Cabinet.

7 **a. State Enforcement:** Notwithstanding KRS 248.654, a total of \$175,000 of
8 the MSA payments received each fiscal year of the 2006-2008 biennium is appropriated
9 to the Finance and Administration Cabinet, Department of Revenue for the state's
10 enforcement of noncompliant nonparticipating manufacturers.

11 **b. Agricultural Development Initiatives:** Fifty percent of the MSA payments,
12 less the above enforcement appropriations, received in fiscal year 2006-2007, estimated
13 to be \$44,312,500, and in fiscal year 2007-2008, estimated to be \$46,912,500, is
14 appropriated to the Kentucky Agricultural Development Fund to be used for agricultural
15 development initiatives.

16 **c. Early Childhood Development Initiatives:** Twenty-five percent of the MSA
17 payments, less the above enforcement appropriations, received in fiscal year 2006-2007,
18 estimated to be \$22,156,200, and in fiscal year 2007-2008, estimated to be \$23,456,300,
19 is appropriated for Early Childhood Development Initiatives as specified below.

20 **d. Health Care Initiatives:** Twenty-five percent of the MSA payments received,
21 less the above enforcement appropriations, in fiscal year 2006-2007, estimated to be
22 \$22,156,300, and in fiscal year 2007-2008, estimated to be \$23,456,200, is appropriated
23 to the Kentucky Health Care Improvement Fund for health care initiatives as specified
24 below.

25 **(6) MSA Appropriation Adjustment:** The Consensus Forecasting Group
26 reduced the fiscal year 2005-2006 Phase I Master Settlement Agreement revenue forecast
27 from the enacted estimate of \$108,600,000 to \$91,300,000, a reduction of \$17,300,000.

1 The revenue estimate reduction was based on the high probability of an adjustment for
 2 nonparticipating manufacturers. To accommodate this reduction in estimated revenues,
 3 the following fiscal year 2005-2006 appropriations are hereby reduced in accordance with
 4 2005 Ky. Acts ch. 173, Part X, (5):

5 **a. Agricultural Development**

- 6 1. Finance - Debt Service - \$12,097,700
- 7 2. Natural Resources - Conservation - \$630,000

8 **b. Early Childhood Development**

- 9 1. Community Based Services - Child Care - \$1,041,000
- 10 2. Public Health - HANDS - \$393,000
- 11 3. Public Health - Healthy Start - \$50,000
- 12 4. Public Health - Immunizations - \$250,000
- 13 5. Commission for Children with Special Health Care Needs - Universal
 14 Newborn Hearing Screening - \$104,000
- 15 6. Commission for Children with Special Health Care Needs - Universal
 16 Newborn Vision Screening - \$5,000

17 **c. Health Care Improvement**

- 18 1. Insurance - Kentucky Access - \$1,139,100
- 19 2. Public Health - Smoking Cessation - \$184,200
- 20 3. Justice Administration - \$151,100
- 21 4. Council on Postsecondary Education - Lung Cancer Research Fund -
 22 \$368,600

23 **d. Enforcement**

- 24 1. Revenue - \$11,900

25 **(7) MSA Appropriation Adjustments - Prior Year Receipts Received:** In the
 26 event that Phase I Master Settlement Agreement revenues due from a prior fiscal year are
 27 received in a subsequent fiscal year, those revenues are hereby appropriated as follows:

1 50 percent to the Agricultural Development Fund, 25 percent to the Early Childhood
 2 Development Fund, and 25 percent to the Health Care Improvement Fund.

3 **a. Early Childhood Development:** From the 25 percent of the Phase I Master
 4 Settlement Agreement payments appropriated to the Early Childhood Development Fund,
 5 the Early Childhood Development Authority shall recommend to the State Budget
 6 Director for approval the specific appropriations to be made to the existing initiatives.

7 **b. Health Care Improvement:** From the 25 percent of the Phase I Master
 8 Settlement Agreement payments appropriated to the Health Care Improvement Fund,
 9 appropriations shall be made pursuant to KRS 304.17B-003(5).

10 **A. STATE ENFORCEMENT**

11 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

12 **1. FINANCE AND ADMINISTRATION CABINET**

13 Budget Unit	2006-07	2007-08
14 a. Revenue	175,000	175,000

15 **B. AGRICULTURAL DEVELOPMENT APPROPRIATIONS**

16 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

17 **1. GENERAL GOVERNMENT**

18 Budget Unit	2006-07	2007-08
19 a. Governor's Office of Agricultural Policy	17,469,800	20,065,100

20 **(1) Tobacco Settlement Funds - Allocations:** Notwithstanding KRS 248.711(2),
 21 and from the allocation provided therein, counties that are allocated in excess of \$20,000
 22 annually may provide up to four percent of the individual county allocation, not to exceed
 23 \$15,000 annually, to the county council in that county for administrative costs.

24 **(2) Partial Phase II Litigation Proceeds:** Notwithstanding KRS 45.229, General
 25 Fund dollars of \$27,000,000 representing Partial Phase II Litigation proceeds that were
 26 appropriated in fiscal year 2005-2006 pursuant to 2005 House Bill 267 (2005 Ky. Acts
 27 ch. 173, Part X, Phase I Tobacco Settlement, B.3.a.(4), shall not lapse in fiscal years

1 2005-2006, 2006-2007, and 2007-2008. To the extent possible, all General Fund dollars
 2 shall be expended from the account prior to the expenditure of Tobacco Fund dollars.

3 **(3) Kentucky Tobacco Settlement Trust Corporation:** The Governor's Office
 4 of Agricultural Policy shall provide and make available the funds necessary, not to exceed
 5 \$4,000,000, for the Kentucky Tobacco Settlement Trust Corporation to carry out the
 6 provisions of the Phase II Amnesty Payment Program established in Part XX, Tobacco
 7 Amnesty Compensation, of this Act. General Fund and/or General Fund (Tobacco)
 8 continuing appropriations from the Governor's Office of Agricultural Policy shall be the
 9 source of funds provided to the Kentucky Tobacco Settlement Trust Corporation.

10 **2. ENVIRONMENTAL AND PUBLIC PROTECTION CABINET**

11 Budget Unit	2006-07	2007-08
12 a. Natural Resources - Conservation	9,000,000	9,000,000

13 **(1) Environmental Stewardship Program:** Included in the above General Fund
 14 (Tobacco) appropriation is \$9,000,000 in fiscal year 2006-2007 and \$9,000,000 in fiscal
 15 year 2007-2008 for the Environmental Stewardship Program.

16 **3. FINANCE AND ADMINISTRATION CABINET**

17 Budget Unit	2006-07	2007-08
18 a. Debt Service	17,842,700	17,847,400

19 **(1) Debt Service:** To the extent that revenues sufficient to support the required
 20 debt service appropriations are received from the Tobacco Settlement Program, those
 21 revenues shall be made available from those accounts to the appropriate account of the
 22 General Fund. All necessary debt service amounts shall be appropriated from the General
 23 Fund and shall be fully paid regardless of whether there is a sufficient amount available to
 24 be transferred from tobacco-supported funding program accounts to other accounts of the
 25 General Fund.

26 TOTAL - AGRICULTURAL APPROPRIATIONS	44,312,500	46,912,500
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27 **C. EARLY CHILDHOOD DEVELOPMENT**

1 **GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**2 **1. EDUCATION CABINET**

3	Budget Unit	2006-07	2007-08
4	a. Learning and Results Services	1,388,400	1,508,400

5 **2. CABINET FOR HEALTH AND FAMILY SERVICES**

6	Budget Units	2006-07	2007-08
7	a. Community Based Services	6,970,400	7,420,400

8 **(1) Early Childhood Development Program:** Included in the above General
9 Fund (Tobacco) appropriation is \$6,970,400 in fiscal year 2006-2007 and \$7,420,400 in
10 fiscal year 2007-2008 for the Early Childhood Development Program.

11	b. Public Health	11,785,300	12,375,500
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12 **(1) HANDS Program, Healthy Start, Universal Children's Immunizations,**
13 **Folic Acid Program, Early Childhood Mental Health, Early Childhood Oral Health,**
14 **and Kentucky Early Intervention Services First Steps:** Included in the above General
15 Fund (Tobacco) appropriation is \$7,149,800 in fiscal year 2006-2007 and \$7,599,900 in
16 fiscal year 2007-2008 for the Health Access Nurturing Development Services (HANDS)
17 Program; \$1,000,000 in fiscal year 2006-2007 and \$1,140,100 in fiscal year 2007-2008
18 for Healthy Start initiatives; \$1,750,000 in each fiscal year for Universal Children's
19 Immunizations; \$400,000 in each fiscal year for the Folic Acid Program; \$775,000 in
20 each fiscal year for Early Childhood Mental Health; \$210,500 in each fiscal year for Early
21 Childhood Oral Health; and \$500,000 in each fiscal year for the Kentucky Early
22 Intervention Services First Steps Program.

23	c. Mental Health and Mental Retardation		
24	Services	800,000	800,000

25 **(1) Substance Abuse Prevention and Treatment:** Included in the above General
26 Fund (Tobacco) appropriation is \$800,000 in each fiscal year for substance abuse
27 prevention and treatment.

1 **2. CABINET FOR HEALTH AND FAMILY SERVICES**

2	Budget Unit	2006-07	2007-08
3	a. Public Health	2,215,600	2,345,600

4 **(1) Smoking Cessation Program:** Included in the above General Fund (Tobacco)
5 appropriation is \$2,215,600 in fiscal year 2006-2007 and \$2,345,600 in fiscal year 2007-
6 2008 for the Smoking Cessation Program.

7 **3. JUSTICE AND PUBLIC SAFETY CABINET**

8	Budget Unit	2006-07	2007-08
9	a. Justice Administration	1,816,800	1,923,400

10 **(1) Office of Drug Control Policy:** Included in the above General Fund
11 (Tobacco) appropriation is \$1,816,800 in fiscal year 2006-2007 and \$1,923,400 in fiscal
12 year 2007-2008 for the Office of Drug Control Policy.

13 **4. POSTSECONDARY EDUCATION**

14	Budget Unit	2006-07	2007-08
15	a. Council on Postsecondary Education	4,431,200	4,691,200

16 **(1) Ovarian Cancer Screening:** Notwithstanding KRS 164.476, General Fund
17 (Tobacco) dollars in the amount of \$775,000 in fiscal year 2006-2007 and \$775,000 in
18 fiscal year 2007-2008 shall be allotted from the Lung Cancer Research Fund to the
19 Ovarian Cancer Screening Outreach Program at the University of Kentucky.

20	TOTAL - HEALTH CARE APPROPRIATIONS	22,156,300	23,456,200
21	TOTAL - PHASE I TOBACCO SETTLEMENT		
22	FUNDING PROGRAM	88,800,000	94,000,000

23 **PART XI**

24 **STATE/EXECUTIVE BRANCH BUDGET SUMMARY**

25 **OPERATING BUDGET**

26		2005-06	2006-07	2007-08
27	General Fund (Tobacco)	-0-	88,800,000	94,000,000

1	General Fund	86,848,200	8,377,397,500	9,013,922,400
2	Restricted Funds	7,669,300	4,848,685,800	4,725,186,100
3	Federal Funds	274,526,200	7,173,272,300	7,336,562,900
4	Road Fund	12,805,700	1,229,893,800	1,255,136,900
5	Highway Bonds	-0-	350,000,000	-0-
6	SUBTOTAL	381,849,400	22,068,049,400	22,424,808,300

CAPITAL PROJECTS BUDGET

8		2005-06	2006-07	2007-08
9	General Fund (Tobacco)	-0-	-0-	-0-
10	General Fund	-0-	22,145,800	11,103,000
11	Restricted Funds	4,320,000	1,649,349,400	60,762,200
12	Federal Funds	-0-	179,082,000	22,190,000
13	Road Fund	-0-	10,285,000	6,795,000
14	Bond Funds	-0-	1,558,923,000	-0-
15	Agency Bonds	-0-	471,901,000	-0-
16	Capital Construction Surplus	-0-	4,107,000	1,045,000
17	Investment Income	-0-	10,900,000	10,810,000
18	Other Funds	-0-	210,141,000	17,868,000
19	Deferred Maintenance	-0-	-0-	-0-
20	Emergency Repair Maintenance			
21	and Replacement	-0-	1,700,000	-0-
22	SUBTOTAL	4,320,000	4,118,534,200	130,573,200

BUDGET RESERVE TRUST FUND

24	General Fund	-0-	35,000,000	20,000,000
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TOTAL - STATE/EXECUTIVE BUDGET

26		2005-06	2006-07	2007-08
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1	General Fund (Tobacco)	-0-	88,800,000	94,000,000
2	General Fund	86,848,200	8,434,543,300	9,045,025,400
3	Restricted Funds	11,989,300	6,498,035,200	4,785,948,300
4	Federal Funds	274,526,200	7,352,354,300	7,358,752,900
5	Road Fund	12,805,700	1,240,178,800	1,261,931,900
6	Highway Bonds	-0-	350,000,000	-0-
7	Bond Funds	-0-	1,558,923,000	-0-
8	Agency Bonds	-0-	471,901,000	-0-
9	Capital Construction Surplus	-0-	4,107,000	1,045,000
10	Investment Income	-0-	10,900,000	10,810,000
11	Other Funds	-0-	210,141,000	17,868,000
12	Deferred Maintenance	-0-	-0-	-0-
13	Emergency Repair Maintenance			
14	and Replacement	-0-	1,700,000	-0-
15	TOTAL FUNDS	386,169,400	26,221,583,600	22,575,381,500

16 The above capital projects are directly funded in Part II, Capital Projects Budget, of
 17 this Act. The above Budget Reserve Trust Fund is directly funded in Part III,
 18 General Provisions, of this Act.

19 **PART XII**

20 **COMPENSATION OF GENERAL ASSEMBLY EMPLOYEES**

21 Notwithstanding KRS 48.310, the following statute is amended to read as follows
 22 and shall have permanent effect, subject to future actions by the General Assembly:

23 Section 1. KRS 6.230 is amended to read as follows:

24 Employees of the General Assembly shall receive a per diem as follows: chief clerk, one
 25 hundred twenty dollars (\$120)~~ten dollars (\$110)~~; assistant clerk, one hundred ten
 26 dollars (\$110)~~(\$100)~~; enrolling clerk, one hundred five dollars (\$105)~~ninety five~~
 27 dollars (\$95); sergeant-at-arms, eighty-five dollars (\$85)~~seventy five dollars (\$75)~~;

1 doorkeeper, eighty-five dollars (\$85)~~[seventy-five dollars (\$75)]~~; janitors, seventy-five
 2 dollars (\$75)~~[sixty-five dollars (\$65)]~~; cloakroom keeper, seventy-five dollars
 3 (\$75)~~[sixty-five dollars (\$65)]~~; pages, thirty-five dollars (\$35) each.

4 Section 2. The provisions of Section 1 of this Part relative to the compensation of
 5 employees of the House and Senate shall apply to, and be paid for, covered employees of
 6 the 2006 Regular Session of the General Assembly effective January 3, 2006, provided
 7 that there shall be deducted from the amount due to each employee the amount already
 8 paid to the employee for services during the 2006 General Assembly which were rendered
 9 prior to the effective date of this Act.

10 PART XIII

11 INCOME TAX

12 Notwithstanding KRS 48.310, the following statutes are amended to read as follows
 13 and shall have permanent effect, subject to future actions by the General Assembly:

14 Section 1. KRS 141.040 is amended to read as follows:

15 (1) Every corporation doing business in this state, except those corporations listed in
 16 paragraphs (a) to (h) of this subsection, shall pay for each taxable year a tax to be
 17 computed by the taxpayer on taxable net income or the alternative minimum
 18 calculation computed under this section at the rates specified in this section:

19 (a) Financial institutions, as defined in KRS 136.500, except bankers banks
 20 organized under KRS 287.135;

21 (b) Savings and loan associations organized under the laws of this state and under
 22 the laws of the United States and making loans to members only;

23 (c) Banks for cooperatives;

24 (d) Production credit associations;

25 (e) Insurance companies, including farmers or other mutual hail, cyclone,
 26 windstorm, or fire insurance companies, insurers, and reciprocal underwriters;

27 (f) Corporations or other entities exempt under Section 501 of the Internal

- 1 Revenue Code;
- 2 (g) Religious, educational, charitable, or like corporations not organized or
3 conducted for pecuniary profit; and
- 4 (h) Corporations whose only owned or leased property located in this state is
5 located at the premises of a printer with which it has contracted for printing,
6 provided that:
- 7 1. The property consists of the final printed product, or copy from which
8 the printed product is produced; and
- 9 2. The corporation has no individuals receiving compensation in this state
10 as provided in KRS 141.120(8)(b).
- 11 (2) For tax years ending before January 1, 1990, the following rates shall apply:
- 12 (a) Three percent (3%) of the first twenty-five thousand dollars (\$25,000) of
13 taxable net income;
- 14 (b) Four percent (4%) of the amount of taxable net income in excess of twenty-
15 five thousand dollars (\$25,000), but not in excess of fifty thousand dollars
16 (\$50,000);
- 17 (c) Five percent (5%) of the amount of taxable net income in excess of fifty
18 thousand dollars (\$50,000), but not in excess of one hundred thousand dollars
19 (\$100,000);
- 20 (d) Six percent (6%) of the amount of taxable net income in excess of one
21 hundred thousand dollars (\$100,000), but not in excess of two hundred fifty
22 thousand dollars (\$250,000); and
- 23 (e) Seven and twenty-five one hundredths percent (7.25%) of the amount of
24 taxable net income in excess of two hundred fifty thousand dollars
25 (\$250,000).
- 26 (3) For tax years beginning after December 31, 1989, and before January 1, 2005, the
27 following rates shall apply:

- 1 (a) Four percent (4%) of the first twenty-five thousand dollars (\$25,000) of
2 taxable net income;
- 3 (b) Five percent (5%) of the amount of taxable net income in excess of twenty-
4 five thousand dollars (\$25,000) but not in excess of fifty thousand dollars
5 (\$50,000);
- 6 (c) Six percent (6%) of the amount of taxable net income in excess of fifty
7 thousand dollars (\$50,000), but not in excess of one hundred thousand dollars
8 (\$100,000);
- 9 (d) Seven percent (7%) of the amount of taxable net income in excess of one
10 hundred thousand dollars (\$100,000), but not in excess of two hundred fifty
11 thousand dollars (\$250,000); and
- 12 (e) Eight and twenty-five one hundredths percent (8.25%) of the amount of
13 taxable net income in excess of two hundred fifty thousand dollars
14 (\$250,000).
- 15 (4) For tax years beginning before January 1, 1990, and ending after December 31,
16 1989, the tax shall be the sum of the amounts determined in paragraphs (a) and (b)
17 as follows:
- 18 (a) Apply the tax rates in subsection (2) of this section to the taxable net income
19 for the year and multiply the result by a fraction, the numerator of which is the
20 number of days from the first day of the taxable year through December 31,
21 1989, and the denominator of which is the total number of days of the taxable
22 year; and
- 23 (b) Apply the tax rates in subsection (3) of this section to the taxable net income
24 for the year and multiply the result by a fraction, the numerator of which is the
25 number of days from January 1, 1990, through the last day of the taxable year
26 and the denominator of which is the total number of days of the taxable year.
- 27 (5) For taxable years beginning ~~on or~~ after December 31, 2004, and before January 1,

1 ~~2007~~[2005], corporations subject to the tax imposed by this section shall pay the
 2 greater of the tax computed under paragraph (a) of this subsection, the tax computed
 3 under paragraph (b)1. or 2. of this subsection, or the minimum tax imposed by
 4 subsection ~~(7)~~[(6)] of this section. The tax computed under this subsection is as
 5 follows:

- 6 (a) 1. Four percent (4%) of the first fifty thousand dollars (\$50,000) of taxable
 7 net income;
- 8 2. Five percent (5%) of taxable net income over fifty thousand dollars
 9 (\$50,000) up to one hundred thousand dollars (\$100,000); and
- 10 3. Seven percent (7%) of taxable net income over one hundred thousand
 11 dollars (\$100,000)~~[for taxable years beginning on or after January 1,~~
 12 ~~2005, and prior to January 1, 2007; and~~
- 13 4. ~~For taxable years beginning on or after January 1, 2007, six percent (6%)~~
 14 ~~of taxable net income over one hundred thousand dollars (\$100,000)]; or~~
- 15 (b) An alternative minimum calculation of an amount equal to the lesser of the
 16 amount computed under subparagraph 1. or 2. of this paragraph:
- 17 1. Nine and one-half cents (\$0.095) per one hundred dollars (\$100) of the
 18 corporation's gross receipts. For purposes of this paragraph, "gross
 19 receipts" means the numerator of the sales factor under the provisions of
 20 KRS 141.120(8)(c); or
- 21 2. Seventy-five cents (\$0.75) per one hundred dollars (\$100) of the
 22 corporation's Kentucky gross profits.

23 (6) *For taxable years beginning on or after January 1, 2007, corporations subject to*
 24 *the tax imposed by this section shall pay the greater of the tax computed under*
 25 *paragraph (a) of this subsection, the tax computed under paragraph (b)1. or 2. of*
 26 *this subsection, or the minimum tax imposed by subsection (7) of this section.*
 27 *The tax computed under this subsection is as follows:*

1 (a) 1. Four percent (4%) of the first fifty thousand dollars (\$50,000) of
 2 taxable net income;

3 2. Five percent (5%) of taxable net income over fifty thousand dollars
 4 (\$50,000) up to one hundred thousand dollars (\$100,000); and

5 3. Six percent (6%) of taxable net income over one hundred thousand
 6 dollars (\$100,000); or

7 (b) An alternative minimum calculation of an amount equal to the lesser of the
 8 amount computed under subparagraph 1. or 2. of this paragraph:

9 1. a. If the corporation's gross receipts from all sources within and
 10 without this state are two million dollars (\$2,000,000) or less, the
 11 alternative minimum calculation shall be zero;

12 b. If the corporation's gross receipts from all sources within and
 13 without this state are greater than two million dollars
 14 (\$2,000,000) but less than ten million dollars (\$10,000,000), the
 15 alternative minimum calculation shall be nine and one-half
 16 cents (\$0.095) per one hundred dollars (\$100) of the
 17 corporation's gross receipts from doing business in this state,
 18 reduced by an amount equal to one thousand nine hundred
 19 dollars (\$1,900) multiplied by a fraction, the numerator of which
 20 is ten million dollars (\$10,000,000) less the amount of the
 21 corporation's gross receipts from doing business in this state for
 22 the taxable year, and the denominator of which is eight million
 23 dollars (\$8,000,000), but in no case shall the result be less than
 24 zero;

25 c. If the corporation's gross receipts from all sources within and
 26 without this state are equal to or greater than ten million dollars
 27 (\$10,000,000), the alternative minimum calculation shall be nine

1 and one-half cents (\$0.095) per one hundred dollars (\$100) of
 2 the corporation's gross receipts from doing business in this state;

3 or

4 2. Seventy-five cents (\$0.75) per one hundred dollars (\$100) of the
 5 corporation's Kentucky gross profits. The entire amount of the
 6 corporation's gross receipts shall be considered when making the
 7 gross profits calculation.

8 3. For purposes of this paragraph, "gross receipts" means the
 9 numerator of the sales factor under the provisions of KRS
 10 141.120(8)(c).

11 (7) A minimum of one hundred seventy-five dollars (\$175) shall be due for the taxable
 12 year from each corporation subject to the tax imposed by this section, regardless of
 13 the application of any tax credits provided under this chapter or any other provision
 14 of the Kentucky Revised Statutes for which the business entity may qualify.

15 (8) [(7)] The alternative minimum calculation portion of the tax computation provided
 16 in subsections~~[subsection]~~ (5) and (6) of this section shall not apply to:

17 (a) Public service corporations subject to tax under KRS 136.120;

18 (b) Open-end registered investment companies organized under the laws of this
 19 state and registered under the Investment Company Act of 1940;

20 (c) Any property or facility which has been certified as a fluidized bed energy
 21 production facility as defined in KRS 211.390; and

22 (d) An alcohol production facility as defined in KRS 247.910.

23 (9) [(8)] (a) As used in this subsection, "qualified exempt organization" means an
 24 entity listed in subsection (1)(a) to (h) of this section and shall not include any
 25 entity whose exempt status has been disallowed by the Internal Revenue
 26 Service.

27 (b) Notwithstanding any other provisions of this section or KRS 141.010, any

1 corporation of the type listed in KRS 141.010(24)(b) to (h) that is owned in
 2 whole or in part by a qualified exempt organization shall, in calculating its
 3 taxable net income, gross receipts, or Kentucky gross profits, exclude the
 4 proportionate share of its taxable net income, gross receipts, or Kentucky
 5 gross profits attributable to the ownership interest of the qualified exempt
 6 organization.

7 (c) Any corporation that reduces taxable net income, gross receipts, or Kentucky
 8 gross profits in accordance with paragraph (b) of this subsection shall
 9 disregard the ownership interest of the qualified exempt organization in
 10 determining the amount of credit available under KRS 141.420.

11 (d) The Department of Revenue may promulgate an administrative regulation to
 12 further define "qualified exempt organization" to include an entity for which
 13 exemption is constitutionally or legally required, or to exclude any entity
 14 created primarily for tax avoidance purposes with no legitimate business
 15 purpose.

16 ~~(10)~~(9) (a) To the extent that a corporation identified in KRS 141.010(24)(b) to (h)
 17 is doing business in this state, any member, shareholder or partner of the
 18 corporation may elect to pay, on behalf of the corporation, his, her or its
 19 proportionate share of the tax imposed by this section against the corporation.
 20 If an election is made, the electing member, shareholder or partner shall be
 21 treated in the same manner as the corporation regarding the proportionate part
 22 of the tax paid by the member, shareholder or partner. An election made
 23 pursuant to this subsection shall not:

- 24 1. Be used by the Department of Revenue or the taxpayer to assert that the
 25 party making the election is doing business in Kentucky;
- 26 2. Result in an increase of the amount of credit allowable under KRS
 27 141.420; or

1 3. Apply to any corporation that is required to be included in a
2 consolidated return under KRS 141.200(2) to (5) and (9) to (12).

3 (b) The Department of Revenue shall prescribe forms and promulgate regulations
4 to execute and administer the provisions of this subsection.

5 Section 2. KRS 141.011 is amended to read as follows:

- 6 (1) Notwithstanding any other provision of this chapter, the net operating loss
7 carryback-carryforward deduction, including casualty loss, allowed under Section
8 172 of the Internal Revenue Code shall apply only to such losses incurred in taxable
9 years beginning after December 31, 1979, and no such loss shall be carried back to
10 taxable years beginning before January 1, 1980. Any casualty loss carryforward
11 authorized by this section as it existed before January 1, 1980, may be carried
12 forward as an itemized deduction until it has been fully deducted.
- 13 (2) The net operating loss carryback deduction shall not be allowed for losses incurred
14 for taxable years beginning on or after January 1, 2005.
- 15 (3) For taxable years when the tax due under KRS 141.040 is based on the alternative
16 minimum calculation provided in KRS 141.040~~[(5)(b)]~~, any net operating loss
17 carryforward deduction that is utilized for the taxable year shall be the amount of
18 taxable net income that exceeds the taxable net income equivalent of the alternative
19 minimum calculation. For purposes of this subsection, "taxable net income
20 equivalent" means the taxable net income that would generate an income tax equal
21 to the alternative minimum calculation liability computed under KRS
22 141.040~~[(5)(b)]~~.
- 23 (4) For taxable years beginning on or after January 1, 2005, the net operating loss
24 carryforward deduction of a corporation shall be reduced by the amount of
25 distributive share income, loss, and deduction distributed to an individual or general
26 partnership as defined in KRS 141.206.
- 27 (5) The portion of a net operating loss that is not used to offset the income of an

1 affiliate according to the limits in KRS 141.200(11) shall be available for
2 carryforward, subject to the limitations contained in this section.

3 Section 3. KRS 141.200 is amended to read as follows:

4 (1) Subsections (2) to (7) of this section shall apply for taxable periods ending before
5 January 1, 2005, and election periods beginning prior to January 1, 2005.

6 (2) As used in subsections (2) to (7) of this section, unless the context requires
7 otherwise:

8 (a) "Affiliated group" means affiliated group as defined in Section 1504(a) of the
9 Internal Revenue Code and related regulations;

10 (b) "Consolidated return" means a Kentucky corporation income tax return filed
11 by members of an affiliated group in accordance with this section. The
12 determinations and computations required by this chapter shall be made in
13 accordance with the provisions of Section 1502 of the Internal Revenue Code
14 and related regulations, except as required by differences between this chapter
15 and the Internal Revenue Code. Corporations exempt from taxation under
16 KRS 141.040 shall not be included in the return;

17 (c) "Separate return" means a Kentucky corporation income tax return in which
18 only the transactions and activities of a single corporation are considered in
19 making all determinations and computations necessary to calculate taxable net
20 income, tax due, and credits allowed in accordance with the provisions of this
21 chapter;

22 (d) "Corporation" means "corporation" as defined in Section 7701(a)(3) of the
23 Internal Revenue Code; and

24 (e) "Election period" means the ninety-six (96) month period provided for in
25 subsection (4)(d) of this section.

26 (3) Every corporation doing business in this state, except those exempt from taxation
27 under KRS 141.040, shall, for each taxable year, file a separate return unless the

1 corporation was, for any part of the taxable year, a member of an affiliated group
2 electing to file a consolidated return in accordance with subsection (4) of this
3 section.

4 (4) (a) An affiliated group, whether or not filing a federal consolidated return, may
5 elect to file a consolidated return which includes all members of the affiliated
6 group.

7 (b) An affiliated group electing to file a consolidated return under paragraph (a) of
8 this subsection shall be treated for all purposes as a single corporation under
9 the provisions of this chapter. All transactions between corporations included
10 in the consolidated return shall be eliminated in computing net income in
11 accordance with KRS 141.010(13), and in determining the property, payroll,
12 and sales factors in accordance with KRS 141.120. The gross receipts received
13 by a public service company that is a member of an affiliated group shall be
14 excluded from the calculation of the alternative minimum calculation under
15 the provisions of KRS 141.040~~[(5)(b)]~~. For purposes of this paragraph,
16 "public service company" has the same meaning as provided in KRS 136.120.

17 (c) Any election made in accordance with paragraph (a) of this subsection shall be
18 made on a form prescribed by the department and shall be submitted to the
19 department on or before the due date of the return including extensions for the
20 first taxable year for which the election is made.

21 (d) Notwithstanding subsections (9) to (15) of this section, any election to file a
22 consolidated return pursuant to paragraph (a) of this subsection shall be
23 binding on both the department and the affiliated group for a period beginning
24 with the first month of the first taxable year for which the election is made and
25 ending with the conclusion of the taxable year in which the ninety-sixth
26 consecutive calendar month expires.

27 (e) For each taxable year for which an affiliated group has made an election in

- 1 accordance with paragraph (a) of this subsection, the consolidated return shall
2 include all corporations which are members of the affiliated group.
- 3 (5) Each corporation included as part of an affiliated group filing a consolidated return
4 shall be jointly and severally liable for the income tax liability computed on the
5 consolidated return, except that any corporation which was not a member of the
6 affiliated group for the entire taxable year shall be jointly and severally liable only
7 for that portion of the Kentucky consolidated income tax liability attributable to that
8 portion of the year that the corporation was a member of the affiliated group.
- 9 (6) Every corporation return or report required by this chapter shall be executed by one
10 (1) of the following officers of the corporation: the president, vice president,
11 secretary, treasurer, assistant secretary, assistant treasurer, or chief accounting
12 officer. The Department of Revenue may require a further or supplemental report of
13 further information and data necessary for computation of the tax.
- 14 (7) In the case of a corporation doing business in this state that carries on transactions
15 with stockholders or with other corporations related by stock ownership, by
16 interlocking directorates, or by some other method, the department shall require
17 information necessary to make possible accurate assessment of the income derived
18 by the corporation from sources within this state. To make possible such
19 assessment, the department may require the corporation to file supplementary
20 returns showing information respecting the business of any or all individuals and
21 corporations related by one (1) or more of these methods to the corporation. The
22 department may require the return to show in detail the record of transactions
23 between the corporation and any or all other related corporations or individuals.
- 24 (8) Subsections (9) to (14) of this section shall apply for taxable years beginning on or
25 after January 1, 2005.
- 26 (9) As used in subsections (9) to (14) of this section:
- 27 (a) 1. "Affiliated group" means one (1) or more chains of includible

- 1 corporations connected through stock ownership, membership interest,
 2 or partnership interest with a common parent corporation if:
- 3 a. The common parent owns directly an ownership interest meeting
 4 the requirements of subparagraph 2. of this paragraph in at least
 5 one (1) other includible corporation; and
 - 6 b. An ownership interest meeting the requirements of subparagraph
 7 2. of this paragraph in each of the includible corporations,
 8 excluding the common parent, is owned directly by one (1) or
 9 more of the other corporations.
- 10 2. The ownership interest of any corporation meets the requirements of this
 11 paragraph if the ownership interest encompasses at least eighty percent
 12 (80%) of the voting power of all classes of ownership interests and has a
 13 value equal to at least eighty percent (80%) of the total value of all
 14 ownership interests;
- 15 (b) "Common parent corporation" means the member of an affiliated group that
 16 meets the ownership requirement of paragraph (a)1. of this subsection;
 - 17 (c) "Foreign corporation" means a corporation that is organized under the laws of
 18 a country other than the United States and is related to a member of an
 19 affiliated group through stock ownership;
 - 20 (d) "Includible corporation" means any corporation that is doing business in this
 21 state except:
 - 22 1. Corporations exempt from corporation income tax under KRS
 23 141.040(1)(a) to (h);
 - 24 2. Foreign corporations;
 - 25 3. Corporations with respect to which an election under Section 936 of the
 26 Internal Revenue Code is in effect for the taxable year;
 - 27 4. Real estate investment trusts as defined in Section 856 of the Internal

- 1 Revenue Code;
- 2 5. Regulated investment companies as defined in Section 851 of the
- 3 Internal Revenue Code;
- 4 6. A domestic international sales company as defined in Section 992(a)(1)
- 5 of the Internal Revenue Code;
- 6 7. An S corporation as defined in Section 1361(a) of the Internal Revenue
- 7 Code;
- 8 8. Any corporation that realizes a net operating loss whose Kentucky
- 9 property, payroll, and sales factors pursuant to KRS 141.120(8) are de
- 10 minimis; and
- 11 9. Any corporation for which the sum of the property, payroll and sales
- 12 factors described in KRS 141.120(8) is zero;
- 13 (e) "Ownership interest" means stock, a membership interest in a limited liability
- 14 company, or a partnership interest in a limited partnership or limited liability
- 15 partnership;
- 16 (f) "Consolidated return" means a Kentucky corporation income tax return filed
- 17 by members of an affiliated group in accordance with this section. The
- 18 determinations and computations required by this chapter shall be made in
- 19 accordance with the provisions of the Internal Revenue Code and related
- 20 regulations, except as required by differences between this chapter and the
- 21 Internal Revenue Code; and
- 22 (g) "Separate return" means a Kentucky corporation income tax return in which
- 23 only the transactions and activities of a single corporation are considered in
- 24 making all determinations and computations necessary to calculate taxable net
- 25 income, tax due, and credits allowed in accordance with the provisions of this
- 26 chapter.
- 27 (10) Every corporation doing business in this state except those exempt from taxation

1 under KRS 141.040(1)(a) to (h) shall, for each taxable year, file a separate return
2 unless the corporation was, for any part of the taxable year:

- 3 (a) An includible corporation in an affiliated group;
4 (b) A common parent corporation doing business in this state;
5 (c) A qualified subchapter S Subsidiary that is included in the return filed by the
6 Subchapter S parent corporation; or
7 (d) A qualified real estate investment trust subsidiary that is included in the return
8 filed by the real estate investment trust parent.

9 (11) (a) An affiliated group, whether or not filing a federal consolidated return, shall
10 file a consolidated return which includes all includible corporations.

11 (b) An affiliated group required to file a consolidated return under this subsection
12 shall be treated for all purposes as a single corporation under the provisions of
13 this chapter. All transactions between corporations included in the
14 consolidated return shall be eliminated in computing net income in accordance
15 with KRS 141.010(13), and in determining the property, payroll, and sales
16 factors in accordance with KRS 141.120. Includible corporations that have
17 incurred a net operating loss shall not deduct an amount that exceeds, in the
18 aggregate, fifty percent (50%) of the income realized by the remaining
19 includible corporations that did not realize a net operating loss. The portion of
20 any net operating loss limited by the application of this subsection shall be
21 available for carryforward in accordance with KRS 141.011. The Department
22 of Revenue shall promulgate administrative regulations to establish the
23 manner and extent to which net operating losses attributable to tax periods
24 ending prior to January 1, 2005, may offset income of affiliated groups. The
25 gross receipts received by a public service company that is a member of an
26 affiliated group shall be excluded from the calculation of the alternative
27 minimum calculation under KRS 141.040~~{(5)(b)}~~. For purposes of this

1 paragraph, "public service company" has the same meaning as provided in
2 KRS 136.120.

- 3 (12) Each includible corporation included as part of an affiliated group filing a
4 consolidated return shall be jointly and severally liable for the income tax liability
5 computed on the consolidated return, except that any includible corporation which
6 was not a member of the affiliated group for the entire taxable year shall be jointly
7 and severally liable only for that portion of the Kentucky consolidated income tax
8 liability attributable to that portion of the year that the corporation was a member of
9 the affiliated group.
- 10 (13) Every corporation return or report required by this chapter shall be executed by one
11 (1) of the following officers or management of the corporation: the president, vice
12 president, secretary, treasurer, assistant secretary, assistant treasurer, chief
13 accounting officer, manager, member, or partner. The Department of Revenue may
14 require a further or supplemental report of further information and data necessary
15 for computation of the tax.
- 16 (14) In the case of a corporation doing business in this state that carries on transactions
17 with stockholders, members or partners, or with other corporations related by
18 ownership, by interlocking directorates, or by some other method, the department
19 shall require that information necessary to make possible an accurate assessment of
20 the income derived by the corporation from sources within this state be provided.
21 To make possible this assessment, the department may require the corporation to
22 file supplementary returns showing information respecting the business of any or all
23 individuals and corporations related by one (1) or more of these methods to the
24 corporation. The department may require the return to show in detail the record of
25 transactions between the corporation and any or all other related corporations or
26 individuals.
- 27 (15) For any taxable year ending on or after December 31, 1995, except as provided

1 under this section and KRS 141.205, nothing in this chapter shall be construed as
2 allowing or requiring the filing of:

3 (a) A combined return under the unitary business concept; or

4 (b) A consolidated return.

5 (16) No assessment of additional tax due for any taxable year ending on or before
6 December 31, 1995, made after December 22, 1994, and based on requiring a
7 change from any initially filed separate return or returns to a combined return under
8 the unitary business concept or to a consolidated return, shall be effective or
9 recognized for any purpose.

10 (17) No claim for refund or credit of a tax overpayment for any taxable year ending on or
11 before December 31, 1995, made by an amended return or any other method after
12 December 22, 1994, and based on a change from any initially filed separate return
13 or returns to a combined return under the unitary business concept or to a
14 consolidated return, shall be effective or recognized for any purpose.

15 (18) No corporation or group of corporations shall be allowed to file a combined return
16 under the unitary business concept or a consolidated return for any taxable year
17 ending before December 31, 1995, unless on or before December 22, 1994, the
18 corporation or group of corporations filed an initial or amended return under the
19 unitary business concept or consolidated return for a taxable year ending before
20 December 22, 1994.

21 (19) This section shall not be construed to limit or otherwise impair the department's
22 authority under KRS 141.205.

23 Section 4. KRS 141.347 is amended to read as follows:

24 (1) As used in this section, unless the context requires otherwise:

25 (a) "Approved company" shall have the same meaning as set forth in KRS
26 154.22-010;

27 (b) "Economic development project" shall have the same meaning as set forth in

- 1 KRS 154.22-010;
- 2 (c) "Tax credit" means the "tax credit" allowed in KRS 154.22-010 to 154.22-
- 3 070; and
- 4 (d) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) and
- 5 (6)(b).
- 6 (2) An approved company shall determine the income tax credit as provided in this
- 7 section.
- 8 (3) An approved company which is an individual sole proprietorship subject to tax
- 9 under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:
- 10 (a) Compute the ~~income~~ tax due at the applicable tax rates as provided by KRS
- 11 141.020 or ~~whichever of KRS~~ 141.040~~(5)(a) or (b) applies~~ on net income
- 12 as defined by KRS 141.010(11), taxable net income as defined by KRS
- 13 141.010(14), gross receipts, or Kentucky gross profits,~~as the case may be,~~
- 14 including income, gross receipts, or Kentucky gross profits from an economic
- 15 development project; and
- 16 (b) Compute the ~~income~~ tax due at the applicable tax rates as provided by KRS
- 17 141.020 or ~~whichever of KRS~~ 141.040~~(5)(a) or (b) applies~~ on net income
- 18 as defined by KRS 141.010(11), taxable net income as defined by KRS
- 19 141.010(14), gross receipts, or Kentucky gross profits,~~as the case may be,~~
- 20 excluding net income, gross receipts, or Kentucky gross profits attributable to
- 21 an economic development project.
- 22 (c) The tax credit shall be the amount by which the tax computed under paragraph
- 23 (a) of this subsection exceeds the tax computed under paragraph (b) of this
- 24 subsection; however, the credit shall not exceed the limits set forth in KRS
- 25 154.22-050.
- 26 (4) (a) Notwithstanding any other provisions of this chapter, an approved company
- 27 which is a general partnership not subject to tax under KRS 141.040 or a trust

- 1 not subject to tax under KRS 141.040 shall be subject to income tax on the net
2 income attributable to an economic development project at the rates provided
3 in KRS 141.020(2).
- 4 (b) The amount of the tax credit shall be the same as the amount of the tax
5 computed in this subsection or, upon the annual election of the approved
6 company, in lieu of the tax credit, an amount shall be applied as an estimated
7 tax payment equal to the tax computed in this section. Any estimated tax
8 payment made pursuant to this paragraph shall be in satisfaction of the tax
9 liability of the partners or beneficiaries of the general partnership or trust, and
10 shall be paid on behalf of the partners or beneficiaries.
- 11 (c) The tax credit or estimated payment shall not exceed the limits set forth in
12 KRS 154.22-050.
- 13 (d) If the tax computed in this section exceeds the credit, the excess shall be paid
14 by the general partnership or trust at the times provided by KRS 141.160 for
15 filing the returns.
- 16 (e) Any estimated tax payment made by the general partnership or trust in
17 satisfaction of the tax liability of partners or beneficiaries shall not be treated
18 as taxable income subject to Kentucky income tax by the partner or
19 beneficiary.
- 20 (5) Notwithstanding any other provisions of this chapter, the net income subject to tax,
21 the tax credit, and the estimated tax payment determined under subsection (4) of
22 this section shall be excluded in determining each partner's or beneficiary's
23 distributive share of net income or credit of a general partnership or trust.
- 24 (6) If the economic development project is a totally separate facility:
- 25 (a) Net income attributable to the project for the purposes of subsections (3), (4),
26 and (5) of this section shall be determined under the separate accounting
27 method reflecting only the gross income, deductions, expenses, gains, and

- 1 losses allowed under this chapter directly attributable to the facility and
2 overhead expenses apportioned to the facility; and
- 3 (b) Gross receipts or Kentucky gross profits attributable to the project for the
4 purposes of subsection (3) of this section shall be determined under the
5 separate accounting method reflecting only the gross receipts or Kentucky
6 gross profits directly attributable to the facility.
- 7 (7) If the economic development project is an expansion to a previously existing
8 facility:
- 9 (a) Net income attributable to the entire facility shall be determined under the
10 separate accounting method reflecting only the gross income, deductions,
11 expenses, gains, and losses allowed under this chapter directly attributable to
12 the facility, and the net income attributable to the economic development
13 project for the purposes of subsections (3), (4), and (5) of this section shall be
14 determined by apportioning the separate accounting net income of the entire
15 facility to the economic development project by a formula approved by the
16 Department of Revenue; and
- 17 (b) Gross receipts or Kentucky gross profits attributable to the entire facility shall
18 be determined under the separate accounting method reflecting only the gross
19 receipts or Kentucky gross profits directly attributable to the facility, and gross
20 receipts or Kentucky gross profits attributable to the economic development
21 project for the purposes of subsection (3) of this section shall be determined
22 by apportioning the separate accounting gross receipts or Kentucky gross
23 profits of the entire facility to the economic development project by a formula
24 approved by the Department of Revenue.
- 25 (8) If an approved company can show to the satisfaction of the Department of Revenue
26 that the nature of the operations and activities of the approved company are such
27 that it is not practical to use the separate accounting method to determine the net

1 income, gross receipts, or Kentucky gross profits from the facility at which the
 2 economic development project is located, the approved company shall determine
 3 net income, gross receipts, or Kentucky gross profits from the economic
 4 development project using an alternative method approved by the Department of
 5 Revenue.

- 6 (9) The Department of Revenue may issue administrative regulations and require the
 7 filing of forms designed by the Department of Revenue to reflect the intent of KRS
 8 154.22-020 to 154.22-070 and the allowable income tax credit which an approved
 9 company may retain under KRS 154.22-020 to 154.22-070.

10 Section 5. KRS 141.390 is amended to read as follows:

- 11 (1) As used in this section:

12 (a) "Postconsumer waste" means any product generated by a business or
 13 consumer which has served its intended end use, and which has been
 14 separated from solid waste for the purposes of collection, recycling,
 15 composting, and disposition and which does not include secondary waste
 16 material or demolition waste;

17 (b) "Recycling equipment" means any machinery or apparatus used exclusively to
 18 process postconsumer waste material and manufacturing machinery used
 19 exclusively to produce finished products composed of substantial
 20 postconsumer waste materials;

21 (c) "Composting equipment" means equipment used in a process by which
 22 biological decomposition of organic solid waste is carried out under controlled
 23 aerobic conditions, and which stabilizes the organic fraction into a material
 24 which can easily and safely be stored, handled, and used in a environmentally
 25 acceptable manner;

26 (d) "Recapture period" means:

- 27 1. For qualified equipment with a useful life of five (5) or more years, the

- 1 period from the date the equipment is purchased to five (5) full years
 2 from that date; or
- 3 2. For qualified equipment with a useful life of less than five (5) years, the
 4 period from the date the equipment is purchased to three (3) full years
 5 from that date;
- 6 (e) "Useful life" means the period determined under Section 168 of the Internal
 7 Revenue Code;
- 8 (f) "Baseline tax liability" means the tax liability of the taxpayer for the most
 9 recent tax year ending prior to January 1, 2005; and
- 10 (g) "Major recycling project" means a project where the taxpayer:
- 11 1. Invests more than ten million dollars (\$10,000,000) in recycling or
 12 composting equipment to be used exclusively in this state;
- 13 2. Has more than seven hundred fifty (750) full-time employees with an
 14 average hourly wage of more than three hundred percent (300%) of the
 15 federal minimum wage; and
- 16 3. Has plant and equipment with a total cost of more than five hundred
 17 million dollars (\$500,000,000).
- 18 (2) (a) A taxpayer that purchases recycling or composting equipment to be used
 19 exclusively within this state for recycling or composting postconsumer waste
 20 materials shall be entitled to a credit against the income taxes imposed
 21 pursuant to this chapter, including any tax due under the provisions of KRS
 22 141.040~~[(5)(b)]~~, in an amount equal to fifty percent (50%) of the installed cost
 23 of the recycling or composting equipment. The amount of credit claimed in
 24 the tax year during which the recycling equipment is purchased shall not
 25 exceed ten percent (10%) of the amount of the total credit allowable and shall
 26 not exceed twenty-five percent (25%) of the total of each tax liability which
 27 would be otherwise due.

- 1 (b) For taxable years beginning after December 31, 2004, a taxpayer that has a
2 major recycling project containing recycling or composting equipment to be
3 used exclusively within this state for recycling or composting postconsumer
4 waste material shall be entitled to a credit against the income taxes imposed
5 pursuant to this chapter, including any tax due under the provisions of KRS
6 141.040~~[(5)(b)]~~, in an amount equal to fifty percent (50%) of the installed cost
7 of the recycling or composting equipment. The credit described in this
8 paragraph shall be limited to a period of ten (10) years commencing with the
9 approval of the recycling credit application. In each taxable year, the amount
10 of credits claimed for all major recycling projects shall be limited to:
- 11 1. Fifty percent (50%) of the excess of the total of each tax liability over
12 the baseline tax liability of the taxpayer; or
 - 13 2. Two million five hundred thousand dollars (\$2,500,000), whichever is
14 less.
- 15 (c) A taxpayer with one (1) or more major recycling projects shall be entitled to a
16 total credit including the amount computed in paragraph (a) of this subsection
17 plus the amount of credit computed in paragraph (b) of this subsection.
- 18 (d) A taxpayer shall not be permitted to utilize a credit computed under paragraph
19 (a) of this subsection and a credit computed under paragraph (b) of this
20 subsection on the same recycling or composting equipment.
- 21 (3) Application for a tax credit shall be made to the Department of Revenue on or
22 before the first day of the seventh month following the close of the taxable year in
23 which the recycling or composting equipment is purchased. The application shall
24 include a description of each item of recycling equipment purchased, the date of
25 purchase and the installed cost of the recycling equipment, a statement of where the
26 recycling equipment is to be used, and any other information as the Department of
27 Revenue may require. The Department of Revenue shall review all applications

1 received to determine whether expenditures for which credits are required meet the
2 requirements of this section and shall advise the taxpayer of the amount of credit for
3 which the taxpayer is eligible under this section. Any corporation as defined in KRS
4 141.010(24)(b) to (h) may elect to claim the balance of a recycling credit approved
5 prior to March 18, 2005, against its tax liability imposed under KRS 141.040. The
6 election shall be binding on the taxpayer and the Department of Revenue until the
7 balance of the recycling credit is used.

8 (4) Except as provided in subsection (6) of this section, if a taxpayer that receives a tax
9 credit under this section sells, transfers, or otherwise disposes of the qualifying
10 recycling or composting equipment before the end of the recapture period, the tax
11 credit shall be redetermined under subsection (5) of this section. If the total credit
12 taken in prior taxable years exceeds the redetermined credit, the difference shall be
13 added to the taxpayer's tax liability under this chapter for the taxable year in which
14 the sale, transfer, or disposition occurs. If the redetermined credit exceeds the total
15 credit already taken in prior taxable years, the taxpayer shall be entitled to use the
16 difference to reduce the taxpayer's tax liability under this chapter for the taxable
17 year in which the sale, transfer, or disposition occurs.

18 (5) The total tax credit allowable under subsection (2) of this section for equipment that
19 is sold, transferred, or otherwise disposed of before the end of the recapture period
20 shall be adjusted as follows:

21 (a) For equipment with a useful life of five (5) or more years that is sold,
22 transferred, or otherwise disposed of:

23 1. One (1) year or less after the purchase, no credit shall be allowed.

24 2. Between one (1) year and two (2) years after the purchase, twenty
25 percent (20%) of the total allowable credit shall be allowed.

26 3. Between two (2) and three (3) years after the purchase, forty percent
27 (40%) of the total allowable credit shall be allowed.

1 section.

2 (3) An approved company which is an individual sole proprietorship subject to tax
3 under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:

4 (a) Compute the ~~income~~ tax due at the applicable tax rates as provided by KRS
5 141.020 or ~~whichever of KRS~~ 141.040 ~~(5)(a) or (b) applies~~ on net income
6 as defined by KRS 141.010(11), taxable net income as defined by KRS
7 141.010(14), gross receipts, or Kentucky gross profits, ~~as the case may be,~~
8 including income, gross receipts, or Kentucky gross profits from an economic
9 development project;

10 (b) Compute the ~~income~~ tax due at the applicable tax rates as provided by KRS
11 141.020 or ~~whichever of KRS~~ 141.040 ~~(5)(a) or (b) applies~~ on net income
12 as defined by KRS 141.010(11), taxable net income as defined by KRS
13 141.010(14), gross receipts, or Kentucky gross profits, ~~as the case may be,~~
14 excluding net income, gross receipts, or Kentucky gross profits attributable to
15 an economic development project; and

16 (c) The tax credit shall be the amount by which the tax computed under paragraph
17 (a) of this subsection exceeds the tax computed under paragraph (b) of this
18 subsection; however, the credit shall not exceed the limits set forth in KRS
19 154.28-090.

20 (4) (a) Notwithstanding any other provisions of this chapter, an approved company
21 which is a general partnership not subject to tax under KRS 141.040, or a trust
22 not subject to tax under KRS 141.040 shall be subject to income tax on the net
23 income attributable to an economic development project at the rates provided
24 in KRS 141.020(2).

25 (b) The amount of the tax credit shall be the same as the amount of the tax
26 computed in this subsection or, upon the annual election of the approved
27 company, in lieu of the tax credit, an amount shall be applied as an estimated

1 tax payment equal to the tax computed in this section. Any estimated tax
2 payment made pursuant to this paragraph shall be in satisfaction of the tax
3 liability of the partners or beneficiaries of the general partnership or trust, and
4 shall be paid on behalf of the partners or beneficiaries.

5 (c) The tax credit or estimated payment shall not exceed the limits set forth in
6 KRS 154.28-090.

7 (d) If the tax computed in this section exceeds the credit, the excess shall be paid
8 by the general partnership or trust at the times provided by KRS 141.160 for
9 filing the returns.

10 (e) Any estimated tax payment made by the general partnership or trust in
11 satisfaction of the tax liability of partners or beneficiaries shall not be treated
12 as taxable income subject to Kentucky income tax by the partner or
13 beneficiary.

14 (5) Notwithstanding any other provisions of this chapter, the net income subject to tax,
15 the tax credit, and the estimated tax payment determined under subsection (4) of
16 this section shall be excluded in determining each partner's or beneficiary's
17 distributive share of net income or credit of a partnership or trust.

18 (6) If the economic development project is a totally separate facility:

19 (a) Net income attributable to the project for the purposes of subsections (3), (4),
20 and (5) of this section shall be determined under the separate accounting
21 method reflecting only the gross income, deductions, expenses, gains, and
22 losses allowed under this chapter directly attributable to the facility and
23 overhead expenses apportioned to the facility; and

24 (b) Gross receipts or Kentucky gross profits attributable to the project for
25 purposes of subsection (3) of this section shall be determined under the
26 separate accounting method reflecting only the gross receipts or Kentucky
27 gross profits directly attributable to the facility.

- 1 (7) If the economic development project is an expansion to a previously existing
2 facility:
- 3 (a) Net income attributable to the entire facility shall be determined under the
4 separate accounting method reflecting only the gross income, deductions,
5 expenses, gains, and losses allowed under this chapter directly attributable to
6 the facility and overhead expenses apportioned to the facility, and the net
7 income attributable to the economic development project for the purposes of
8 subsections (3), (4), and (5) of this section shall be determined by
9 apportioning the separate accounting net income of the entire facility to the
10 economic development project by a formula approved by the Department of
11 Revenue; and
- 12 (b) Gross receipts or Kentucky gross profits attributable to the entire facility shall
13 be determined under the separate accounting method reflecting only the gross
14 receipts or Kentucky gross profits directly attributable to the facility, and gross
15 receipts or Kentucky gross profits attributable to the economic development
16 project for the purposes of subsection (3) of this section shall be determined
17 by apportioning the separate accounting gross receipts or Kentucky gross
18 profits of the entire facility to the economic development project by a formula
19 approved by the Department of Revenue.
- 20 (8) If an approved company can show to the satisfaction of the Department of Revenue
21 that the nature of the operations and activities of the approved company are such
22 that it is not practical to use the separate accounting method to determine the net
23 income, gross receipts, or Kentucky gross profits from the facility at which the
24 economic development project is located, the approved company shall determine
25 net income, gross receipts, or Kentucky gross profits from the economic
26 development project using an alternative method approved by the Department of
27 Revenue.

1 (9) The Department of Revenue may issue administrative regulations and require the
 2 filing of forms designed by the Department of Revenue to reflect the intent of KRS
 3 154.22-020 to 154.22-070 and KRS 154.28-010 to 154.28-090 and this section and
 4 the allowable tax credit which an approved company may retain under KRS 154.22-
 5 020 to 154.22-070 and KRS 154.28-010 to 154.28-090 and this section.

6 Section 7. KRS 141.401 is amended to read as follows:

7 (1) As used in this section, unless the context requires otherwise:

8 (a) "Approved company" shall have the same meaning as set forth in KRS
 9 154.23-010;

10 (b) "Economic development project" shall have the same meaning as set forth in
 11 KRS 154.23-010;

12 (c) "Tax credit" means the "tax credit" allowed under KRS 154.23-005 to 154.23-
 13 079; and

14 (d) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) **and**
 15 **(6)(b)**.

16 (2) An approved company shall determine the income tax credit as provided in this
 17 section.

18 (3) An approved company that is an individual sole proprietorship subject to tax under
 19 KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:

20 (a) Compute the ~~income~~ tax due at the applicable tax rates as provided by KRS
 21 141.020 or ~~whichever of KRS~~ 141.040~~[(5)(a) or (b) applies]~~ on net income
 22 as defined by KRS 141.010(11), taxable net income as defined by KRS
 23 141.010(14), gross receipts, or Kentucky gross profits,~~as the case may be,~~
 24 including income, gross receipts, or Kentucky gross profits from an economic
 25 development project; and

26 (b) Compute the ~~income~~ tax due at the applicable tax rates as provided by KRS
 27 141.020 or ~~whichever of KRS~~ 141.040~~[(5)(a) or (b) applies]~~ on net income

1 as defined by KRS 141.010(11), taxable net income as defined by KRS
 2 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~
 3 excluding net income, gross receipts, or Kentucky gross profits attributable to
 4 an economic development project.

5 (c) The tax credit shall be the amount by which the tax computed under paragraph
 6 (a) of this subsection exceeds the tax computed under paragraph (b) of this
 7 subsection; however, the credit shall not exceed the limits set forth in KRS
 8 154.23-005 to 154.23-079.

9 (4) Notwithstanding any other provisions of this chapter, an approved company that is a
 10 general partnership not subject to the tax imposed by KRS 141.040 or trust not
 11 subject to the tax imposed by KRS 141.040 shall be subject to income tax on the net
 12 income attributable to an economic development project at the rates provided in
 13 KRS 141.020(2), as follows:

14 (a) The amount of the tax credit shall be the same as the amount of the tax
 15 computed in this subsection or, upon the annual election of the approved
 16 company, in lieu of the tax credit, an amount shall be applied as an estimated
 17 tax payment equal to the tax computed in this section. Any estimated tax
 18 payment made in this paragraph shall be in satisfaction of the tax liability of
 19 the partners or beneficiaries of the general partnership or trust, and shall be
 20 paid on behalf of the partners or beneficiaries.

21 (b) The tax credit or estimated payment shall not exceed the limits set forth in
 22 KRS 154.23-005 to 154.23-079.

23 (c) If the tax computed in this section exceeds the credit, the excess shall be paid
 24 by the general partnership or trust at the times provided by KRS 141.160 for
 25 filing the returns.

26 (d) Any estimated tax payment made by the general partnership or trust in
 27 satisfaction of the tax liability of partners or beneficiaries shall not be treated

1 as taxable income subject to Kentucky income tax by the partner or
2 beneficiary.

3 (5) Notwithstanding any other provisions of this chapter, the net income subject to tax,
4 the tax credit, and the estimated tax payment determined under subsection (4) of
5 this section shall be excluded in determining each partner's or beneficiary's
6 distributive share of net income or credit of a general partnership or trust.

7 (6) If the economic development project is a totally separate facility:

8 (a) Net income attributable to the project for the purposes of subsections (3), (4),
9 and (5) of this section shall be determined under the separate accounting
10 method reflecting only the gross income, deductions, expenses, gains, and
11 losses allowed under this chapter directly attributable to the facility and
12 overhead expenses apportioned to the facility; and

13 (b) Gross receipts or Kentucky gross profits attributable to the project for the
14 purposes of subsection (3) of this section shall be determined under the
15 separate accounting method reflecting only the gross receipts or Kentucky
16 gross profits directly attributable to the facility.

17 (7) If the economic development project is an expansion to a previously existing
18 facility:

19 (a) Net income attributable to the entire facility shall be determined under the
20 separate accounting method reflecting only the gross income, deductions,
21 expenses, gains, and losses allowed under this chapter directly attributable to
22 the facility, and the net income attributable to the economic development
23 project for the purposes of subsections (3), (4), and (5) of this section shall be
24 determined by apportioning the separate accounting net income of the entire
25 facility to the economic development project by a formula approved by the
26 Department of Revenue; and

27 (b) Gross receipts or Kentucky gross profits attributable to the entire facility shall

1 be determined under the separate accounting method reflecting only the gross
 2 receipts or Kentucky gross profits directly attributable to the facility, and gross
 3 receipts or Kentucky gross profits attributable to the economic development
 4 project for the purposes of subsection (3) of this section shall be determined
 5 by apportioning the separate accounting gross receipts or Kentucky gross
 6 profits of the entire facility to the economic development project by a formula
 7 approved by the Department of Revenue.

8 (8) If an approved company can show to the satisfaction of the Department of Revenue
 9 that the nature of the operations and activities of the approved company are such
 10 that it is not practical to use the separate accounting method to determine the net
 11 income, gross receipts, or Kentucky gross profits from the facility at which the
 12 economic development project is located, the approved company shall determine
 13 net income, gross receipts, or Kentucky gross profits from the economic
 14 development project using an alternative method approved by the Department of
 15 Revenue.

16 (9) The Department of Revenue may issue administrative regulations and require the
 17 filing of forms designed by the Department of Revenue to reflect the intent of KRS
 18 154.23-005 to 154.23-079 and the allowable income tax credit that an approved
 19 company may retain under KRS 154.23-005 to 154.23-079.

20 Section 8. KRS 141.403 is amended to read as follows:

21 (1) As used in this section, unless the context requires otherwise:

22 (a) "Approved company" shall have the same meaning as set forth in KRS
 23 154.26-010;

24 (b) "Economic revitalization project" shall have the same meaning as set forth in
 25 KRS 154.26-010;

26 (c) "Tax credit" means the tax credit allowed in KRS 154.26-090; and

27 (d) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) ***and***

1 (6)(b).

2 (2) An approved company shall determine the income tax credit as provided in this
3 section.

4 (3) An approved company which is an individual sole proprietorship subject to tax
5 under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:

6 (a) Compute the ~~income~~ tax due at the applicable tax rates as provided by KRS
7 141.020 or ~~whichever of KRS~~ 141.040~~[(5)(a) or (b) applies]~~ on net income
8 as defined by KRS 141.010(11) or taxable net income as defined by KRS
9 141.010(14), gross receipts, or Kentucky gross profits, ~~as the case may be,~~
10 including income, gross receipts, or Kentucky gross profits from an economic
11 revitalization project;

12 (b) Compute the ~~income~~ tax due at the applicable tax rates as provided by KRS
13 141.020 or ~~whichever of KRS~~ 141.040~~[(5)(a) or (b) applies]~~ on net income
14 as defined by KRS 141.010(11), taxable net income as defined by KRS
15 141.010(14), gross receipts, or Kentucky gross profits, ~~as the case may be,~~
16 excluding net income, gross receipts, or Kentucky gross profits attributable to
17 an economic revitalization project; and

18 (c) The tax credit shall be the amount by which the tax computed under paragraph
19 (a) of this subsection exceeds the tax computed under paragraph (b) of this
20 subsection; however, the credit shall not exceed the limits set forth in KRS
21 154.26-090.

22 (4) (a) Notwithstanding any other provisions of this chapter, an approved company
23 which is a general partnership not subject to the tax imposed by KRS 141.040
24 or trust not subject to the tax imposed KRS 141.040 shall be subject to income
25 tax on the net income attributable to an economic revitalization project at the
26 rates provided in KRS 141.020(2).

27 (b) The amount of the tax credit shall be the same as the amount of the tax

- 1 computed in this subsection or, upon the annual election of the approved
2 company, in lieu of the tax credit, an amount shall be applied as an estimated
3 tax payment equal to the tax computed in this section. Any estimated tax
4 payment made pursuant to this paragraph shall be in satisfaction of the tax
5 liability of the partners or beneficiaries of the general partnership or trust, and
6 shall be paid on behalf of the partners or beneficiaries.
- 7 (c) The tax credit or estimated payment shall not exceed the limits set forth in
8 KRS 154.26-090.
- 9 (d) If the tax computed in this section exceeds the tax credit, the difference shall
10 be paid by the general partnership or trust at the times provided by KRS
11 141.160 for filing the returns.
- 12 (e) Any estimated tax payment made by the general partnership or trust in
13 satisfaction of the tax liability of partners or beneficiaries shall not be treated
14 as taxable income subject to Kentucky income tax by the partner or
15 beneficiary.
- 16 (5) Notwithstanding any other provisions of this chapter, the net income subject to tax,
17 the tax credit, and the estimated tax payment determined under subsection (4) of
18 this section shall be excluded in determining each partner's or beneficiary's
19 distributive share of net income or credit of a general partnership or trust.
- 20 (6) If the economic revitalization project is a totally separate facility:
- 21 (a) Net income attributable to the project for the purposes of subsections (3), (4),
22 and (5) of this section shall be determined under the separate accounting
23 method reflecting only the gross income, deductions, expenses, gains, and
24 losses allowed under KRS Chapter 141 directly attributable to the facility and
25 overhead expenses apportioned to the facility; and
- 26 (b) Gross receipts or Kentucky gross profits attributable to the project for
27 purposes of subsection (3) of this section shall be determined under the

1 separate accounting method reflecting only the gross receipts or Kentucky
2 gross profits directly attributable to the facility.

3 (7) If the economic revitalization project is an expansion to a previously existing
4 facility:

5 (a) Net income attributable to the entire facility shall be determined under the
6 separate accounting method reflecting only the gross income, deductions,
7 expenses, gains, and losses allowed under KRS Chapter 141 directly
8 attributable to the facility and overhead expenses apportioned to the facility,
9 and the net income attributable to the economic revitalization project for the
10 purposes of subsections (3), (4), and (5) of this section shall be determined by
11 apportioning the separate accounting net income of the entire facility to the
12 economic revitalization project by a formula approved by the Department of
13 Revenue; and

14 (b) Gross receipts or Kentucky gross profits attributable to the entire facility shall
15 be determined under the separate accounting method reflecting only the gross
16 receipts or Kentucky gross profits directly attributable to the facility. Gross
17 receipts or Kentucky gross profits attributable to the economic revitalization
18 project for purposes of subsection (3) of this section shall be determined by
19 apportioning the separate accounting gross receipts or Kentucky gross profits
20 of the entire facility to the economic revitalization project pursuant to a
21 formula approved by the Department of Revenue.

22 (8) If an approved company can show to the satisfaction of the Department of Revenue
23 that the nature of the operations and activities of the approved company are such
24 that it is not practical to use the separate accounting method to determine the net
25 income, gross receipts, or Kentucky gross profits from the facility at which the
26 economic revitalization project is located, the approved company shall determine
27 net income, gross receipts, or Kentucky gross profits from the economic

1 revitalization project using an alternative method approved by the Department of
2 Revenue.

3 (9) The Department of Revenue may issue administrative regulations and require the
4 filing of forms designed by the Department of Revenue to reflect the intent of KRS
5 154.26-010 to 154.26-100 and the allowable income tax credit which an approved
6 company may retain under KRS 154.26-010 to 154.26-100.

7 Section 9. KRS 141.405 is amended to read as follows:

8 (1) As used in this section, unless the context requires otherwise:

9 (a) "Approved company" has the same meaning as set forth in KRS 154.12-2084;

10 (b) "Skills training investment credit" has the same meaning as set forth in KRS
11 154.12-2084; and

12 (c) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) ***and***
13 ***(6)(b)***.

14 (2) An approved company shall determine the income tax credit as provided in this
15 section.

16 (3) (a) An approved company which is an individual sole proprietorship subject to
17 tax under KRS 141.020 or a corporation subject to tax under KRS 141.040(1)
18 shall compute the ~~income~~ tax due at the applicable tax rates as provided by
19 KRS 141.020 or ~~whichever of KRS~~ 141.040~~[(5)(a) or (b) applies]~~ on net
20 income as defined by KRS 141.010(11), taxable net income as defined by
21 KRS 141.010(14), gross receipts, or Kentucky gross profits~~[, as the case may~~
22 ~~be]~~;

23 (b) The amount of the skills training investment credit that the Bluegrass State
24 Skills Corporation has given final approval for under KRS 154.12-2088(6)
25 shall be applied against the amount of the tax computed under paragraph (a)
26 of this subsection; and

27 (c) The skills training investment credit payment shall not exceed the amount of

1 the final approval awarded by the Bluegrass State Skills Corporation under
2 KRS 154.12-2088(6).

3 (4) (a) In the case of an approved company which is a general partnership not subject
4 to the tax imposed by KRS 141.040, the amount of the tax credit awarded by
5 the Bluegrass State Skills Corporation in KRS 154.12-2088(6) shall be
6 apportioned among the partners thereof at the same ratio as the partners'
7 distributive shares of income are determined for the tax year during which the
8 final authorization resolution is adopted by the Bluegrass State Skills
9 Corporation in KRS 154.12-2088(6).

10 (b) The amount of the tax credit apportioned to each partner that may be claimed
11 in any tax year of the partner shall be determined in accordance with KRS
12 154.12-2086.

13 (5) (a) In the case of an approved company that is a trust not subject to the tax
14 imposed by KRS 141.040, the amount of the tax credit awarded by the
15 Bluegrass State Skills Corporation in KRS 154.12-2088(6) shall be
16 apportioned to the trust and the beneficiaries on the basis of the income of the
17 trust allocable to each for the tax year during which the final authorizing
18 resolution is adopted by the Bluegrass State Skills Corporation in KRS
19 154.12-2088(6).

20 (b) The amount of tax credit apportioned to each trust or beneficiary that may be
21 claimed in any tax year of the trust or beneficiary shall be determined in
22 accordance with KRS 154.12-2086.

23 (6) The Department of Revenue may promulgate administrative regulations in
24 accordance with KRS Chapter 13A adopting forms and procedures for the reporting
25 of the credit allowed in KRS 154.12-2084 to 154.12-2089.

26 Section 10. KRS 141.407 is amended to read as follows:

27 (1) As used in this section, unless the context requires otherwise:

- 1 (a) "Approved company" shall have the same meaning as set forth in KRS
2 154.24-010;
- 3 (b) "Economic development project" shall have the same meaning as economic
4 development project as set forth in KRS 154.24-010;
- 5 (c) "Tax credit" means the tax credit allowed in KRS 154.24-020 to 154.24-150;
6 and
- 7 (d) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) **and**
8 **(6)(b)**.
- 9 (2) An approved company shall determine the tax credit as provided in this section.
- 10 (3) An approved company which is an individual sole proprietorship subject to tax
11 under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:
- 12 (a) Compute the ~~income~~ tax due at the applicable tax rates as provided by KRS
13 141.020 or ~~whichever of KRS~~ 141.040~~(5)(a) or (b) applies~~ on net income
14 as defined by KRS 141.010(11), taxable net income as defined by KRS
15 141.010(14), gross receipts, or Kentucky gross profits, ~~as the case may be,~~
16 including income, gross receipts, or Kentucky gross profits from an economic
17 development project;
- 18 (b) Compute the ~~income~~ tax due at the applicable tax rates as provided by KRS
19 141.020 or ~~whichever of KRS~~ 141.040~~(5)(a) or (b) applies~~ on net income
20 as defined by KRS 141.010(11), taxable net income as defined by KRS
21 141.010(14), gross receipts, or Kentucky gross profits, ~~as the case may be,~~
22 excluding net income, gross receipts, or Kentucky gross profits attributable to
23 an economic development project; and
- 24 (c) The tax credit shall be the amount by which the tax computed under paragraph
25 (a) of this subsection exceeds the tax computed under paragraph (b) of this
26 subsection; however, the credit shall not exceed the limits set forth in KRS
27 154.24-020 to 154.24-150.

- 1 (4) (a) Notwithstanding any other provisions of this chapter, an approved company
2 which is a general partnership not subject to the tax imposed by KRS 141.040
3 or a trust not subject to the tax imposed by KRS 141.040 shall be subject to
4 income tax on the net income attributable to an economic development project
5 at the rates provided in KRS 141.020(2).
- 6 (b) The amount of the tax credit shall be the same as the amount of the tax
7 computed in this subsection or, upon the annual election of the approved
8 company, in lieu of the tax credit, an amount shall be applied as an estimated
9 tax payment equal to the tax computed in this section. Any estimated tax
10 payment made pursuant to this paragraph shall be in satisfaction of the tax
11 liability of the partners or beneficiaries of the general partnership or trust, and
12 shall be paid on behalf of the partners or beneficiaries.
- 13 (c) The tax credit or estimated payment shall not exceed the limits set forth in
14 KRS 154.24-020 to 154.24-150.
- 15 (d) If the tax computed herein exceeds the credit, the excess shall be paid by the
16 general partnership or trust at the times provided by KRS 141.160 for filing
17 the returns.
- 18 (e) Any estimated tax payment made by the general partnership or trust in
19 satisfaction of the tax liability of partners or beneficiaries shall not be treated
20 as taxable income subject to Kentucky income tax by the partner or
21 beneficiary.
- 22 (5) Notwithstanding any other provisions of this chapter, the net income subject to tax,
23 the tax credit, and the estimated tax payment determined under subsection (4) of
24 this section shall be excluded in determining each partner's or beneficiary's
25 distributive share of net income or credit of a general partnership or trust.
- 26 (6) If the economic development project is a totally separate facility:
- 27 (a) Net income attributable to the project for the purposes of subsections (3), (4),

- 1 and (5) of this section shall be determined under the separate accounting
2 method reflecting only the gross income, deductions, expenses, gains, and
3 losses allowed under KRS Chapter 141 directly attributable to the facility and
4 overhead expenses apportioned to the facility; and
- 5 (b) Gross receipts or Kentucky gross profits attributable to the project for the
6 purposes of subsection (3) of this section shall be determined under the
7 separate accounting method reflecting only the gross receipts or Kentucky
8 gross profits directly attributable to the facility.
- 9 (7) If the economic development project is an expansion to a previously existing
10 facility:
- 11 (a) Net income attributable to the entire facility shall be determined under the
12 separate accounting method reflecting only the gross income, deductions,
13 expenses, gains, and losses allowed under KRS Chapter 141 directly
14 attributable to the facility and overhead expenses apportioned to the facility,
15 and the net income attributable to the economic development project for the
16 purposes of subsections (3), (4), and (5) of this section shall be determined by
17 apportioning the separate accounting net income of the entire facility to the
18 economic development project by a formula approved by the Department of
19 Revenue; and
- 20 (b) Gross receipts or Kentucky gross profits attributable to the entire facility shall
21 be determined under the separate accounting method reflecting only the gross
22 receipts or Kentucky gross profits directly attributable to the facility, and gross
23 receipts or Kentucky gross profits attributable to the economic development
24 project for the purposes of subsection (3) of this section shall be determined
25 by apportioning the separate accounting gross receipts or Kentucky gross
26 profits of the entire facility to the economic development project by a formula
27 approved by the Department of Revenue.

1 (8) If an approved company can show to the satisfaction of the Department of Revenue
2 that the nature of the operations and activities of the approved company are such
3 that it is not practical to use the separate accounting method to determine the net
4 income, gross receipts, or Kentucky gross profits from the facility at which the
5 economic development project is located, the approved company shall determine
6 net income, gross receipts, or Kentucky gross profits from the economic
7 development project using an alternative method approved by the Department of
8 Revenue.

9 (9) The Department of Revenue may promulgate administrative regulations and require
10 the filing of forms designed by the Department of Revenue to reflect the intent of
11 KRS 154.24-010 to 154.24-150 and the allowable income tax credit which an
12 approved company may retain under KRS 154.24-010 to 154.24-150.

13 Section 11. KRS 141.410 is amended to read as follows:

14 As used in KRS 141.410 to 141.414, unless the context requires otherwise:

15 (1) "Approved costs" means the costs incurred during the taxable year by a qualified
16 farming operation for training and improving the skills of managers and employees
17 involved in a networking project.

18 (2) "Business network" means a formalized, collaborative mechanism organized by and
19 operating among three (3) or more qualified farming operations, industrial entities,
20 business enterprises, or private sector firms for the purposes of, but not limited to:
21 pooling expertise; improving responses to changing technology or markets;
22 lowering the risks to individual entities of accelerated modernization; encouraging
23 new technology investments, new market development, and employee skills
24 improvement; and developing a system of collective intelligence among
25 participating entities.

26 (3) "Food producing facilities" means establishments that manufacture or process foods
27 and beverages for human consumption, and which are included under the three (3)

1 digit NAICS code three hundred eleven (311).

2 (4) "Networking project" means a project by which farmers and other entities involved
3 in the production of food join together to form a network approved by the Cabinet
4 for Economic Development for the purpose of producing or expanding the
5 production of crops or livestock necessary for the establishment or expansion of
6 secondary food-producing facilities in Kentucky.

7 (5) "Qualified farming operation" means an individual, sole proprietorship, partnership,
8 joint venture, trust, unincorporated organization, association, corporation, or
9 institution, engaged in farming in Kentucky that provides raw materials for food-
10 producing facilities in Kentucky, and that purchases new buildings or equipment, or
11 that incurs training expenses, to support its participation in a networking project.

12 (6) "NAICS code" means the classification system grouping business operations or
13 enterprises as published in the North American Industry Classification System
14 United States Manual published by Convergence Working Group and the United
15 States Office of Management and Budget, 2002 edition.

16 (7) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) or (6)(b).

17 Section 12. KRS 141.414 is amended to read as follows:

18 (1) A qualified farming operation which is an individual sole proprietorship subject to
19 tax under KRS 141.020 or a corporation subject to tax under KRS 141.040~~{(1)}~~
20 shall:

21 (a) Compute the~~{income}~~ tax due at the applicable tax rates as provided by KRS
22 141.020 or~~{whichever of KRS}~~ 141.040~~{(5)(a) or (b) applies}~~ on net income
23 as defined by KRS 141.010(11), taxable net income as defined by KRS
24 141.010(14), gross receipts, or Kentucky gross profits,~~{as the case may be,}~~
25 including income, gross receipts, or Kentucky gross profits from the qualified
26 farming operation's participation in a networking project.

27 (b) Compute the~~{income}~~ tax due at the applicable tax rates as provided by KRS

1 141.020 or ~~[whichever of KRS]~~ 141.040~~[(5)(a) or (b) applies]~~ on net income
 2 as defined by KRS 141.010(11), taxable net income as defined by KRS
 3 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~
 4 excluding net income, gross receipts, or Kentucky gross profits attributable to
 5 the qualified farming operation's participation in a networking project; and

6 (c) Be entitled to a tax credit in the amount by which the tax computed under
 7 paragraph (a) of this subsection exceeds the tax computed under paragraph (b)
 8 of this subsection. The credit shall not exceed the farming operation's
 9 approved costs, as defined in KRS 141.410.

10 (2) Notwithstanding any other provisions of this chapter, a qualified farming operation
 11 which is a general partnership not subject to the tax imposed by KRS 141.040 or
 12 trust not subject to the tax imposed by KRS 141.040 shall be subject to income tax
 13 on the net income attributable to its participation in a networking project at the rates
 14 provided in KRS 141.020(2), and the amount of the tax credit shall be the same as
 15 the amount of the tax computed in this subsection. The credit shall not exceed the
 16 farming operation's approved costs, as defined in KRS 141.410. If the tax computed
 17 in this subsection exceeds the tax credit, the difference shall be paid by the general
 18 partnership or trust at the times provided by KRS 141.160 for filing the returns.

19 (3) Notwithstanding any other provisions of this chapter, the net income subject to tax
 20 and the tax credit determined under subsection (2) of this section shall be excluded
 21 in determining each partner's or beneficiary's distributive share of net income or
 22 credit of a partnership or trust.

23 (4) If the networking entity is a separate facility:

24 (a) Net income attributable to the project for the purposes of subsections (1), (2),
 25 and (3) of this section shall be determined under the separate accounting
 26 method reflecting only the gross income, deductions, expenses, gains, and
 27 losses allowed under KRS Chapter 141 directly attributable to the project and

- 1 overhead expenses apportioned to the facility; and
- 2 (b) Gross receipts or Kentucky gross profits attributable to the project for the
3 purposes of subsection (1) of this section shall be determined under the
4 separate accounting method reflecting only the gross receipts or Kentucky
5 gross profits directly attributable to the facility.
- 6 (5) If the networking project is an expansion to a previously existing farming operation:
- 7 (a) Net income attributable to the entire operation shall be determined under the
8 separate accounting method reflecting only the gross income, deductions,
9 expenses, gains, and losses allowed under this chapter directly attributable to
10 the farming operation's participation in the networking project and overhead
11 expenses apportioned to the networking project, and the net income
12 attributable to the networking project for the purposes of subsections (1), (2),
13 and (3) of this section shall be determined by apportioning the separate
14 accounting net income of the entire networking project to the networking
15 project by a formula approved by the Department of Revenue; and
- 16 (b) Gross receipts or Kentucky gross profits attributable to the entire facility shall
17 be determined under the separate accounting method reflecting only the gross
18 receipts or Kentucky gross profits directly attributable to the facility, and gross
19 receipts or Kentucky gross profits attributable to the economic development
20 project for the purposes of subsection (1) of this section shall be determined
21 by apportioning the separate accounting gross receipts or Kentucky gross
22 profits of the entire facility to the economic development project by a formula
23 approved by the Department of Revenue.
- 24 (6) If an approved company can show to the satisfaction of the Department of Revenue
25 that the nature of the operations and activities of the approved farming operation are
26 such that it is not practical to use the separate accounting method to determine the
27 net income, gross receipts, or Kentucky gross profits from the networking project,

1 the approved farming operation shall determine net income, gross receipts, or
 2 Kentucky gross profits from its participation in the networking project using an
 3 alternative method approved by the Department of Revenue.

4 (7) The Department of Revenue may promulgate administrative regulations pursuant to
 5 KRS Chapter 13A and require the filing of forms designed by the Department of
 6 Revenue necessary to effectuate KRS 141.0101 and KRS 141.410 to 141.414 and
 7 the allowable income tax credit which an approved farming operation may retain
 8 under the provisions of KRS 141.412 and this section.

9 Section 13. KRS 141.415 is amended to read as follows:

10 (1) As used in this section, unless the context requires otherwise:

11 (a) "Approved company" has the same meaning as set forth in KRS 154.34-010;

12 (b) "Reinvestment project" has the same meaning as set forth in KRS 154.34-010;

13 (c) "Tax credit" means the tax credit allowed in KRS 154.34-080; and

14 (d) "Gross receipts" means gross receipts as defined in KRS 141.040(5)(b) **and**
 15 **(6)(b)**.

16 (2) An approved company shall determine the income tax credit as provided in this
 17 section.

18 (3) An approved company which is an individual sole proprietorship subject to tax
 19 under KRS 141.020 or a corporation subject to tax under KRS 141.040(1) shall:

20 (a) Compute the ~~the~~ tax due at the applicable tax rates as provided by KRS
 21 141.020 or ~~whichever of KRS~~ 141.040 ~~(5)(a) or (b) applies~~ on net income
 22 as defined by KRS 141.010(11), taxable net income as defined by KRS
 23 141.010(14), gross receipts, or Kentucky gross profits, ~~as the case may be,~~
 24 including income, gross receipts, or Kentucky gross profits from a
 25 reinvestment project;

26 (b) Compute the ~~the~~ tax due at the applicable tax rates as provided by KRS
 27 141.020 or ~~whichever of KRS~~ 141.040 ~~(5)(a) or (b) applies~~ on net income

- 1 as defined by KRS 141.010(11), taxable net income as defined by KRS
2 141.010(14), gross receipts, or Kentucky gross profits,~~[as the case may be,]~~
3 excluding net income, gross receipts, or Kentucky gross profits attributable to
4 a reinvestment project; and
- 5 (c) The tax credit shall be the amount by which the tax computed under paragraph
6 (a) of this subsection exceeds the tax computed under paragraph (b) of this
7 subsection; however, the credit shall not exceed the limits set forth in KRS
8 154.34-080.
- 9 (4) (a) Notwithstanding any other provisions of this chapter, an approved company
10 which is a general partnership not subject to the tax imposed by KRS 141.040
11 or trust not subject to the tax imposed by KRS 141.040 shall be subject to
12 income tax on the net income attributable to a reinvestment project at the rates
13 provided in KRS 141.020(2).
- 14 (b) The amount of the tax credit shall be the same as the amount of the tax
15 computed in this subsection or, upon the annual election of the approved
16 company, in lieu of the tax credit, an amount shall be applied as an estimated
17 tax payment equal to the tax computed in this section. Any estimated tax
18 payment made pursuant to this paragraph shall be in satisfaction of the tax
19 liability of the partners or beneficiaries of the general partnership or trust, and
20 shall be paid on behalf of the partners or beneficiaries.
- 21 (c) The tax credit or estimated payment shall not exceed the limits set forth in
22 KRS 154.34-080.
- 23 (d) If the tax computed in this section exceeds the tax credit, the difference shall
24 be paid by the general partnership or trust at the times provided by KRS
25 141.160 for filing the returns.
- 26 (e) Any estimated tax payment made by the general partnership or trust in
27 satisfaction of the tax liability of partners or beneficiaries shall not be treated

- 1 as taxable income subject to Kentucky income tax by the partner or
2 beneficiary.
- 3 (5) Notwithstanding any other provisions of this chapter, the net income subject to tax,
4 the tax credit, and the estimated tax payment determined under subsection (4) of
5 this section shall be excluded in determining each partner's or beneficiary's
6 distributive share of net income or credit of a general partnership or trust.
- 7 (6) If the reinvestment project is a totally separate facility:
- 8 (a) Net income attributable to the project for the purposes of subsections (3), (4),
9 and (5) of this section shall be determined under the separate accounting
10 method reflecting only the gross income, deductions, expenses, gains, and
11 losses allowed under KRS Chapter 141 directly attributable to the facility and
12 overhead expenses apportioned to the facility; and
- 13 (b) Gross receipts or Kentucky gross profits attributable to the project for the
14 purposes of subsection (3) of this section shall be determined under the
15 separate accounting method reflecting only the gross receipts or Kentucky
16 gross profits directly attributable to the facility.
- 17 (7) If the reinvestment project is an expansion to a previously existing facility:
- 18 (a) Net income attributable to the entire facility shall be determined under the
19 separate accounting method reflecting only the gross income, deductions,
20 expenses, gains, and losses allowed under KRS Chapter 141 directly
21 attributable to the facility and overhead expenses apportioned to the facility,
22 and the net income attributable to the reinvestment project for the purposes of
23 subsections (3), (4), and (5) of this section shall be determined by
24 apportioning the separate accounting net income of the entire facility to the
25 reinvestment project by a formula approved by the Department of Revenue;
26 and
- 27 (b) Gross receipts or Kentucky gross profits attributable to the entire facility shall

1 be determined under the separate accounting method reflecting only the gross
2 receipts or Kentucky gross profits directly attributable to the facility, and gross
3 receipts or Kentucky gross profits attributable to the economic development
4 project for the purposes of subsection (3) of this section shall be determined
5 by apportioning the separate accounting gross receipts or Kentucky gross
6 profits of the entire facility to the economic development project by a formula
7 approved by the Department of Revenue.

8 (8) If an approved company can show to the satisfaction of the Department of Revenue
9 that the nature of the operations and activities of the approved company are such
10 that it is not practical to use the separate accounting method to determine the net
11 income or gross receipts from the facility at which the reinvestment project is
12 located, the approved company shall determine net income or gross receipts from
13 the reinvestment project using an alternative method approved by the Department of
14 Revenue.

15 (9) The Department of Revenue may issue administrative regulations and require the
16 filing of forms designed by the Department of Revenue to reflect the intent of KRS
17 154.34-010 to 154.34-100 and the allowable income tax credit which an approved
18 company may retain under KRS 154.34-010 to 154.34-100.

19 Section 14. KRS 141.420 is amended to read as follows:

20 (1) (a) Every corporation identified in KRS 141.010(24)(b) to (h) that is doing
21 business in this state shall, on or before the fifteenth day of the fourth month
22 following the close of its annual accounting period, file a copy of its
23 applicable federal return with the form prescribed and furnished by the
24 department.

25 (b) For a corporation filing a return under paragraph (a) of this subsection, the
26 individual partner's, member's, or shareholder's distributive share of net
27 income, gain, loss, or deduction shall be computed as nearly as practicable in

1 a manner identical to that required for federal income tax purposes except to
 2 the extent required by differences between this chapter and the federal income
 3 tax law and regulations.

4 (2) (a) Resident individuals who are members, partners, or shareholders of a
 5 corporation required to file a return under subsection (1)(a) of this section
 6 shall report and pay tax on the distributive share of net income, gain, loss, or
 7 deduction as determined in subsection (1)(b) of this section.

8 (b) Nonresident individuals who are members, partners, or shareholders of a
 9 corporation required to file a return under subsection (1)(a) of this section
 10 shall report and pay tax on the distributive share of net income, gain, loss, or
 11 deduction as determined in subsection (1)(b) of this section multiplied by the
 12 apportionment fraction in KRS 141.120(8).

13 (3) (a) Resident and nonresident individuals who are members, shareholders, or
 14 partners of a corporation required to file a return under paragraph (a) of
 15 subsection (1) of this section shall be entitled to a nonrefundable credit against
 16 the tax imposed under KRS 141.020.

17 (b) The credit determined under this subsection shall be the member's,
 18 shareholder's, or partner's proportionate share of the tax due from the
 19 corporation as determined under KRS 141.040, before the application of any
 20 credits identified in KRS 141.0205(4) and reduced by the required minimum
 21 imposed by KRS 141.040~~(7)~~~~(6)~~.

22 (c) Notwithstanding the provisions of paragraph (a) of this subsection, for taxable
 23 years beginning after December 31, 2004, and before January 1, 2007, the
 24 portion of the credit computed under paragraph (b) of this subsection that
 25 exceeds the credit that would have been utilized if the corporation's income
 26 were taxed at the rates in KRS 141.020 shall be refundable. The refundable
 27 portion of the credit shall be the individual member's, shareholder's, or

1 partner's proportionate share of the amount computed by multiplying the
 2 amount the corporation's income exceeds two hundred sixteen thousand six
 3 hundred dollars (\$216,600) by one percent (1%).

4 (d) The credit determined under paragraphs (a) and (b) of this subsection shall not
 5 operate to reduce the member's, shareholder's, or partner's tax due to an
 6 amount that is less than what would have been payable were the income
 7 attributable to doing business in this state by the corporation ignored.

8 (4) For purposes of computing the basis of an ownership interest or stock in a
 9 corporation identified in KRS 141.010(24)(b) to (h), the basis attributable to a
 10 member, partner, or shareholder shall be adjusted by the distributive share of the
 11 items of net income, gain, loss and deduction as though the items had been passed
 12 through to the member, partner, or shareholder.

13 (5) Except as otherwise provided in this chapter, distributions by or from a corporation
 14 shall be treated in the same manner as they are treated for federal tax purposes.

15 PART XIV

16 SALES AND USE TAX

17 Notwithstanding KRS 48.310, the following statutes are created or amended to read
 18 as follows and shall have permanent effect, subject to future actions by the General
 19 Assembly:

20 SECTION 1. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO
 21 READ AS FOLLOWS:

22 **(1) The county clerk shall collect any applicable sales and use tax for the following**
 23 **tangible personal property purchased out of state at the time the property is**
 24 **offered for titling or first registration:**

25 **(a) Recreational vehicles as defined in KRS 186.650;**

26 **(b) Manufactured homes as defined in KRS 186.650;**

27 **(c) Motorboats as defined in KRS 235.010;**

- 1 (d) Vessels as defined in KRS 235.010; and
 2 (e) Any other tangible personal property offered for titling or first registration
 3 in Kentucky.
- 4 (2) The tax shall be collected unless the owner:
- 5 (a) Presents a tax receipt from the seller verifying that the tax has been
 6 previously paid;
- 7 (b) Demonstrates that the transfer of the property is exempt under KRS
 8 139.470(4); or
- 9 (c) Provides a properly executed resale certificate or certificate of exemption in
 10 accordance with KRS 139.270.
- 11 (3) The tax collected by the county clerk shall be reported and remitted to the
 12 department on forms provided by the department.
- 13 (4) For services provided in collecting the tax, the county clerk shall deduct a fee of
 14 three percent (3%) of the tax collected and remit the balance to the department as
 15 provided in Section 2 of this Part.

16 Section 2. KRS 138.464 is amended to read as follows:

17 The county clerk shall report each Monday to the Department of Revenue all moneys
 18 collected during the previous week, together with a duplicate of all receipts issued by him
 19 during the same period. The clerk shall deposit motor vehicle usage tax and sales and
 20 use tax collections not later than the next business day following receipt in a
 21 Commonwealth of Kentucky, Department of Revenue account in a bank designated as a
 22 depository for state funds. The clerk may be required to then cause the funds to be
 23 transferred from the local depository bank to the State Treasury in whatever manner and
 24 at times prescribed by the commissioner of the Department of Revenue or his designee.
 25 Failure to forward duplicates of all receipts issued during the reporting period or failure to
 26 file the weekly report of moneys collected shall subject the clerk to a penalty of two and
 27 one-half percent (2.5%) of the amount of moneys collected during the reporting period for

1 each month or fraction thereof until the documents are filed. Failure to deposit or, if
 2 required, transfer collections as required above shall subject the clerk to a penalty of two
 3 and one-half percent (2.5%) of the amount not deposited or, if required, not transferred
 4 for each day until the collections are deposited or transferred as required above. The
 5 penalty for failure to deposit or transfer money collected shall not be less than fifty dollars
 6 (\$50) nor more than five hundred dollars (\$500) per day. The penalties provided in this
 7 section shall not apply if the failure of the clerk is due to reasonable cause. The
 8 department may in its discretion grant a county clerk a reasonable extension of time to
 9 file his report or make any transfer of deposits as required above. The extension,
 10 however, must be requested prior to the end of the seven (7) day period and shall begin to
 11 run at the end of said period. All penalties collected under this provision shall be paid into
 12 the State Treasury as a part of the revenue collected under KRS 138.450 to 138.729 and
 13 Section 1 of this Part.

14 Section 3. KRS 186.655 is amended to read as follows:

- 15 (1) Before any owner or operator of a trailer, semitrailer, or recreational vehicle may
 16 operate upon the highways, the owner shall apply for registration to the county clerk
 17 of the county in which he resides or in which the vehicles are principally operated.
 18 The application shall be retained by the clerk and shall be accompanied by:
- 19 (a) A manufacturer's certificate of origin, if the application is for the registration
 20 of a new trailer, semitrailer, or recreational vehicle;
- 21 (b) The owner's registration receipt, if the trailer, semitrailer, or recreational
 22 vehicle was last registered in this state;
- 23 (c) A bill of sale and the previous registration receipt, if last registered in another
 24 state that does not require the owner of a trailer, semitrailer, or recreational
 25 vehicle to obtain a certificate of title or ownership;
- 26 (d) A certificate of title, if last registered in another state that requires the owner
 27 of a trailer, semitrailer, or recreational vehicle to obtain a certificate of title or

- 1 ownership;
- 2 (e) An affidavit from the owner of a trailer, semitrailer, or recreational vehicle
- 3 assembled or constructed for his personal use on the highways; or
- 4 (f) An affidavit from the owner of a trailer, semitrailer, or recreational vehicle
- 5 where the bill of sale for the vehicle has been lost, destroyed, or stolen.
- 6 (2) The affidavit required in paragraph (e) of subsection (1) of this section shall contain
- 7 the owner's name, address, date, brief description, and a statement that the trailer
- 8 was constructed by the owner for use on the highways and additional information
- 9 the cabinet may require by administrative regulation promulgated pursuant to KRS
- 10 Chapter 13A.
- 11 (3) The affidavit required in paragraph (f) of subsection (1) of this section shall contain
- 12 the owner's name, address, date, make, year made, serial or identification number,
- 13 name of the person from whom purchased, date of purchase, a statement that the
- 14 person making the affidavit is the sole owner, the circumstances under which the
- 15 bill of sale was lost, destroyed, or stolen, and additional information the cabinet
- 16 may require by administrative regulation promulgated pursuant to KRS Chapter
- 17 13A.
- 18 (4) After initial registration of his vehicles in this state, the owner shall register his
- 19 trailer, semitrailer, or recreational vehicle on or before April 1 of each year.
- 20 Registration with the clerk shall be deemed to be registration with the cabinet.
- 21 ~~[(5) A county clerk or other officer shall not issue license tags to the owner of a~~
- 22 ~~recreational vehicle when it is offered for registration in this state, unless the owner~~
- 23 ~~presents a tax receipt from the seller verifying that the Kentucky sales tax has been~~
- 24 ~~paid. If the owner is unable to present evidence of payment of tax, he shall furnish~~
- 25 ~~to the clerk a bill of sale indicating the purchase price of the recreational vehicle on~~
- 26 ~~which price the sales tax shall be assessed. If he cannot furnish a bill of sale~~
- 27 ~~indicating the purchase price, the clerk shall assess the value in accordance with~~

1 ~~information prescribed by the Department of Revenue. The clerk shall collect the~~
 2 ~~tax, deduct a fee of five percent (5%) of the amount collected and remit the balance~~
 3 ~~to the Department of Revenue.]~~

4 Section 4. The provisions of this Part shall be effective January 1, 2007.

5 PART XV

6 APPORTIONED VEHICLES

7 Notwithstanding KRS 48.310, the following statutes are created or amended to read
 8 as follows and shall have permanent effect, subject to future actions by the General
 9 Assembly:

10 SECTION 1. A NEW SECTION OF KRS CHAPTER 132 IS CREATED TO
 11 READ AS FOLLOWS:

12 **(1) There shall be exempt from ad valorem tax for state and local purposes trucks,**
 13 **tractors, and buses used on routes or in systems that are partly within and partly**
 14 **outside Kentucky, and that are subject to the fee imposed by Section 2 of this**
 15 **Part.**

16 **(2) There shall be exempt from ad valorem tax for state and local purposes**
 17 **semitrailers as defined in KRS 189.010(12) and trailers as defined in KRS**
 18 **189.010(17) that are used on a route or in a system that is partly within and partly**
 19 **outside Kentucky. Semitrailers or trailers required to be registered under KRS**
 20 **186.655 that are used only in Kentucky shall be subject to the ad valorem tax**
 21 **imposed by KRS 132.487.**

22 SECTION 2. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO
 23 READ AS FOLLOWS:

24 **(1) Notwithstanding KRS 132.487, any truck, tractor, or bus which is operated on a**
 25 **route or as part of a system that is partly within and partly outside Kentucky shall**
 26 **be subject to an annual fee at the time the vehicle is registered with and the**
 27 **registration fee is paid to the Transportation Cabinet pursuant to KRS 186.020**

1 and KRS 186.050(3) and (13). The fee shall be imposed on the vehicle's owner or
2 the owner's legal designee as of January 1 of each year. Such payment shall be
3 made to the Transportation Cabinet either directly, in the case of a vehicle based
4 in Kentucky, or indirectly, through the International Registration Plan, in the
5 case of a vehicle based outside of Kentucky.

6 (2) The fee imposed by subsection (1) of this section replaces the state and local ad
7 valorem property tax the Department of Revenue previously imposed and
8 centrally collected against trucks, tractors, and buses operated on a route or as
9 part of a system that is partly within and partly outside Kentucky. The fee
10 imposed by subsection (1) of this section shall not be construed as a fee imposed
11 upon the registration, operation, or use of the vehicles on public highways. The
12 Department of Revenue shall use the following method for determining the rate
13 for fixing the assessed value of the property and for determining the annual fee
14 amount:

15 (a) The Department of Revenue shall determine the assessed value on an
16 annual basis by multiplying the purchase price of the truck, tractor, or bus
17 by a depreciation value expressed as a percentage of the original cost from
18 an authoritative source that the Department of Revenue prescribes by
19 promulgation of an administrative regulation;

20 (b) The Department of Revenue shall determine an aggregate state and local
21 rate on an annual basis. The state rate shall be the weighted average
22 commercial and industrial tangible personal property tax rate, and the local
23 rate shall be determined using the method set forth in KRS 136.180(3) and
24 (4);

25 (c) The Department of Revenue shall determine the amount subject to the
26 annual fee by multiplying the total assessed value of all vehicles by an
27 apportionment factor. The apportionment factor shall be determined as

- 1 provided in KRS 186.050(13)(a); and
- 2 (d) The annual fee shall be determined by multiplying the amount subject to
- 3 the annual fee by the rate determined in paragraph (b) of this subsection.
- 4 The Department of Revenue shall provide the Transportation Cabinet with the
- 5 information needed to collect the fee.
- 6 (3) The Transportation Cabinet shall forward the money it collects from the fee
- 7 imposed by subsection (1) of this section to the Department of Revenue on a
- 8 monthly basis. The Department of Revenue shall divide and distribute the money
- 9 among the state, counties, cities, urban-counties, charter counties, consolidated
- 10 local governments, school districts, and special taxing districts in the same
- 11 manner as the Department of Revenue divided and distributed the state and local
- 12 ad valorem property tax previously imposed and centrally collected.
- 13 (4) Pick-up and delivery vehicles operating from a terminal within this state and
- 14 vehicles that do not leave the state in the normal course of business shall not be
- 15 required to pay the fee imposed by subsection (1) of this section, but shall instead
- 16 be subject to the ad valorem tax under KRS 132.487.
- 17 (5) Any person paying the fee imposed by subsection (1) of this section shall have
- 18 forty-five (45) days from the date the person is notified of the fee amount to
- 19 protest. The protest shall be filed with the Commonwealth of Kentucky,
- 20 Department of Revenue, in accordance with the provisions of KRS 131.110.
- 21 Notification by any state's or Canadian province's or territory's registration
- 22 authority of the amount due shall satisfy the notification requirement of KRS
- 23 131.110(1).
- 24 (6) No protest or appeal shall delay the collection or payment of the fee imposed by
- 25 subsection (1) of this section. The fee amount due as determined in subsection (2)
- 26 of this section shall be paid at the time of registration. If the fee is not paid, the
- 27 Commonwealth of Kentucky, Transportation Cabinet shall not register the

1 vehicle for which registration is sought. Persons registering vehicles in other
 2 states or Canada shall be subject to requirements of those registration
 3 authorities.

4 Section 3. KRS 136.1873 is amended to read as follows:

5 The provisions of this section shall apply to assessments made prior to January 1,
 6 2007.

7 (1) Notwithstanding the provisions of KRS 132.487, trucks, trailers, tractors,
 8 semitrailers, and buses of any person, corporation, partnership, or any other
 9 business association whose route or system is partly within this state and partly
 10 within another state or states, shall be assessed by the Department of Revenue for
 11 purposes of taxation as of January 1 each year.

12 (2) The proportion of miles operated in this state compared to the total miles operated
 13 everywhere shall be considered in fixing the value of the property for taxation.
 14 Other reasonable evidence shall be considered in fixing the value. However, pick-up
 15 and delivery vehicles operating from a terminal within this state or vehicles which
 16 do not leave this state in the normal course of business shall not be valued on an
 17 apportioned basis.

18 Section 4. KRS 136.1875 is amended to read as follows:

19 On or before April 15, 1991, and prior to January 1, 2007~~[each year thereafter]~~, each
 20 person, corporation, partnership, or other business association owning or operating trucks,
 21 tractors, trailers, semitrailers, and buses whose route or system is partly within this state
 22 and partly within another state or states, shall on forms provided by the Department of
 23 Revenue provide the department with a detailed description of all its vehicles operating
 24 within this state along with the necessary mileage data to be used in apportioning the
 25 value on an annual basis.

26 Section 5. KRS 136.1877 is amended to read as follows:

27 The provisions of this section shall apply to assessments made prior to January 1,

1 2007.

- 2 (1) The Department of Revenue shall immediately, after fixing the assessed value of the
3 trucks, tractors, trailers, semitrailers, and buses, notify the taxpayer of the valuation
4 determined. Any taxpayer who has been assessed by the department in the manner
5 outlined in KRS 136.1873 shall have forty-five (45) days from the date of the
6 department's notice of the tentative assessment to protest as provided by KRS
7 131.110.
- 8 (2) No appeal shall delay the collection or payment of taxes based upon the assessment
9 in controversy. The taxpayer shall pay all state, county, and district taxes due on the
10 valuation which the taxpayer claims as the true value as stated in the protest filed
11 under KRS 131.110. When the valuation is finally determined upon appeal, the
12 taxpayer shall be billed for any additional tax and interest at the tax interest rate as
13 defined in KRS 131.010(6), from the date the tax would have become due if no
14 appeal had been taken. The provisions of KRS 134.390 shall apply to the tax bill.
- 15 (3) The state and local taxes on the property are due forty-five (45) days from the date
16 of notice and shall be collected directly by the Department of Revenue.
- 17 (4) The Department of Revenue shall annually calculate an aggregate local rate to be
18 used in determining the local taxes to be collected. The rate shall be the statewide
19 average motor vehicle tax rate for each type of local taxing district multiplied by a
20 fraction, the numerator of which is the commercial and industrial tangible personal
21 property assessment subject to full local rates and the denominator of which is the
22 total commercial and industrial tangible personal property assessment.
- 23 (5) The local taxes collected by the Department of Revenue shall be distributed to each
24 local taxing district levying a tax on motor vehicles based on the statewide average
25 rate for each type of local taxing district. However, prior to distribution any fees
26 owed to the Department of Revenue by any local taxing district under the provisions
27 of KRS 136.180(6) shall be deducted.

1 Section 6. The provisions of this Part take effect on January 1, 2007.

2 **PART XVI**

3 **ADMINISTRATIVE OFFSETS FOR DELINQUENT TAXES**

4 **AND LIQUIDATED DEBTS**

5 Notwithstanding KRS 48.310, the following statutes are created or amended to read
6 as follows and shall have permanent effect, subject to future actions by the General
7 Assembly:

8 Section 1. KRS 44.030 is amended to read as follows:

- 9 (1) No money shall be paid to any person on a claim against the state in his own right,
10 or as an assignee of another, when the person[he] or the person's[his] assignor is
11 indebted to the state or any county, city, urban-county government, consolidated
12 local government, or charter county government duly organized in this state. The
13 claim, to the extent it is allowed, shall first be credited to the account of the person
14 so indebted to the state, and if there is any balance due the person[him] after
15 settling the whole demand of the state, any certified liquidated debts of any county,
16 city, urban-county government, consolidated local government, or charter county
17 government of this state shall be paid. If there is any balance due the person after
18 settling the whole demand of the state, counties, cities, urban-county
19 governments, consolidated local governments, or charter county governments,
20 and if there are not liquidated debts certified against the claim pursuant to
21 Section 2 of this Part, that balance shall be paid to the person[him].
- 22 (2) In case of multiple claims by state agencies the claims shall be paid as follows:
- 23 (a) First, to any claim made by the Cabinet for Health and Family Services for
24 past due child support obligations;
- 25 (b) Second, to any claim filed by the Finance and Administration Cabinet,
26 Department of Revenue for taxes owed the Commonwealth; and
- 27 (c) Third, to all other state agencies in the order that the claims were filed with

1 the Treasury.

2 (3) In the case of multiple claims filed by any county, city, urban-county government,
 3 consolidated local government, or charter county government duly organized in
 4 this state, the claims shall be paid in the order that the claims were filed with the
 5 Treasury.

6 (4) The Finance and Administration Cabinet shall provide the Cabinet for Health and
 7 Family Services with a quarterly report of all tort claims made against the state by
 8 individuals that the Cabinet for Health and Family Services shall compare with the
 9 child support database to match individuals who have a child support arrearage and
 10 may receive a settlement from the state.

11 ~~(5)~~(3) Each organizational unit and administrative body in the executive branch of
 12 state government, as defined in KRS 12.010, and the Court of Justice in the judicial
 13 branch of state government shall provide information to the State Treasurer
 14 concerning any debt it has referred to the Department of Revenue for collection
 15 under KRS 45.241.

16 ~~(6)~~(4) Each agency and the Court of Justice shall provide information to the State
 17 Treasurer concerning any debt referred to the Department of Revenue for collection
 18 under KRS 45.237.

19 SECTION 2. A NEW SECTION OF KRS CHAPTER 44 IS CREATED TO
 20 READ AS FOLLOWS:

21 (1) Notwithstanding any other provision of the Kentucky Revised Statutes, and
 22 pursuant to the provisions of 31 U.S.C. sec. 3716(b) and (h)(1), the Finance and
 23 Administration Cabinet, at the request of any executive, judicial, or legislative
 24 agency of the Commonwealth, may enter into a reciprocal agreement with the
 25 United States government to offset the claim of any person against the
 26 Commonwealth to any debt of that person owed to the United States government
 27 which has been certified by the United States government as final, due, and

1 owing, with all appeals and legal actions having been waived or exhausted, and
 2 to offset any nontax claim of any person against the United States government to
 3 any liquidated debt of that person owed to the Commonwealth.

4 (2) Notwithstanding any other provision of the Kentucky Revised Statutes, the
 5 Finance and Administration Cabinet, at the request of any executive, judicial, or
 6 legislative agency of the Commonwealth, may enter into a reciprocal agreement
 7 with any state, as defined in KRS 446.010(30), to offset the claim of any person
 8 against the Commonwealth to any debt of that person owed to any state which
 9 has certified the debt as final, due, and owing, with all appeals and legal actions
 10 having been waived or exhausted, and to offset any claim of any person against
 11 any state to any liquidated debt of that person owed to the Commonwealth.

12 (3) In the case of multiple creditors who have certified liquidated debt against the
 13 same person on a claim against the Commonwealth, pursuant to this section and
 14 Section 1 of this Part, the debts of the Commonwealth, counties, cities, urban-
 15 county governments, consolidated local governments, and charter county
 16 governments shall be credited first in the priority established in Section 1 of this
 17 Part, and if there is any balance due the claimant after settling the whole
 18 demands of the Commonwealth, counties, cities, urban-county governments,
 19 consolidated local governments, and charter county governments, the balance
 20 shall be credited to the liquidated debts certified by the United States government
 21 and any other state, as defined in KRS 446.010(30), in the order that the claims
 22 were filed with the Treasury. If there is a balance due the claimant after
 23 satisfaction of all liquidated debts as itemized in this section or any court-ordered
 24 payments, the balance shall be paid to the claimant.

25 Section 3. KRS 131.560 is amended to read as follows:

26 Notwithstanding the provisions of KRS 44.030 or 131.190, the Department of Revenue
 27 shall withhold the Kentucky individual income tax refund otherwise due a taxpayer under

1 KRS Chapter 141 who owes overdue child support or is indebted to any state agency,
 2 officer, board, commission, corporation, institution, cabinet, department or other state
 3 organization, or any county, city, urban-county government, consolidated local
 4 government, or charter county government duly organized in this state, which has
 5 complied with the requirements of KRS 131.565. After satisfaction of any undisputed
 6 delinquent tax liability due the Department of Revenue from such taxpayer, the tax refund
 7 balance so withheld shall, except as provided in KRS 131.565, be transmitted as soon as
 8 practicable to the state agency, or the county, city, urban-county government,
 9 consolidated local government, or charter county government duly organized in this
 10 state, having established a claim therefor. In the case of multiple state agency or any
 11 county, city, urban-county government, consolidated local government, or charter
 12 county government duly organized in this state, claims against the same tax refund, the
 13 state agency having the larger pending claim shall have priority after satisfaction of any
 14 undisputed delinquent tax liabilities due the Department of Revenue, followed by other
 15 state agency claims. After all state agency claims have been satisfied, the claims of any
 16 county, city, urban-county government, consolidated local government, or charter
 17 county government duly organized in this state shall be satisfied with the larger
 18 pending claims satisfied first, and other claims satisfied in descending order.

19 PART XVII

20 ELECTRONIC LEVIES FOR DELINQUENT TAX COLLECTIONS

21 Notwithstanding KRS 48.310, the following statutes are created to read as follows
 22 and shall have permanent effect, subject to future actions by the General Assembly:

23 SECTION 1. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO
 24 READ AS FOLLOWS:

25 As used in Sections 1 to 4 of this Part:

26 (1) "Debt" means a liquidated debt as defined in KRS 45.241(1)(b);

27 (2) "Debtor" means any person liable for a debt;

1 (3) "Department" means the Department of Revenue;

2 (4) "Delinquent taxpayer" means a person who has been assessed for a tax, the
 3 collection of which is administered by the Department of Revenue, and who has
 4 not sought administrative or judicial review of the assessment as provided in KRS
 5 131.110, or who has sought but exhausted all administrative and judicial review
 6 so that the assessment is final, due, and owing. For a person to be considered a
 7 "delinquent taxpayer," the following conditions must also be met:

8 (a) The tax remains unpaid after thirty (30) days from demand for payment by
 9 the department; and

10 (b) The person is not making current timely installment payments on the tax
 11 liability under agreement with the department; and

12 (5) "Financial institution" means:

13 (a) A depository institution and an institution-affiliated party as defined in 12
 14 U.S.C. sec. 1813(c) and (u);

15 (b) Any federal or state credit union, including an institution-affiliated party as
 16 defined in 12 U.S.C. secs. 1752 and 1786(r); or

17 (c) Any benefit association, insurance company, safe deposit company, money
 18 market mutual fund, brokerage firm, trust company, or similar entity
 19 authorized to do business in the Commonwealth.

20 SECTION 2. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO
 21 READ AS FOLLOWS:

22 (1) To assist the department in the collection of delinquent taxes and debts owed to
 23 the Commonwealth, the department shall design, develop, implement, and
 24 operate a financial institution match system for the purpose of identifying and
 25 seizing the financial assets of delinquent taxpayers and debtors as identified by
 26 the department. The provisions of Sections 1 to 4 of this Part shall be applied
 27 uniformly to all financial institutions within the Commonwealth as feasible.

1 (2) Each financial institution in the Commonwealth shall, in conjunction with the
 2 department, develop and operate a data match system to facilitate the
 3 identification and seizure of financial assets of delinquent taxpayers and debtors
 4 identified by the department. If a financial institution has a data match system
 5 developed pursuant to KRS 205.774(2) for the purpose of administering the child
 6 support enforcement programs of the Commonwealth, and if the system is
 7 compatible with the requirements of Sections 1 to 4 of this Part, the financial
 8 institution may utilize that system to comply with the provisions of this
 9 subsection.

10 (3) (a) When the department determines that the name, record address, and either
 11 Social Security number or taxpayer identification number of an account
 12 with a financial institution matches the name, record address, and either
 13 the Social Security number or taxpayer identification number of a
 14 delinquent taxpayer or debtor, a lien or levy shall, subject to the provisions
 15 of subsection (4) of this section, arise against the assets in the account at
 16 the time of receipt of the notice by the financial institution at which the
 17 account is maintained.

18 (b) The department shall provide notice of the following to the debtor or
 19 delinquent taxpayer and the financial institution:

20 1. The match;

21 2. The lien or levy arising therefrom; and

22 3. The action to be taken to surrender or encumber the account with the
 23 lien or levy for delinquent taxes.

24 Notice shall be provided to the debtor or delinquent taxpayer within two (2)
 25 business days of the date the notice is sent to the financial institution.

26 (4) A financial institution ordered to surrender or encumber an account shall be
 27 entitled to collect its normally scheduled account activity fees to maintain the

- 1 account during the period of time the account is seized or encumbered.
- 2 (5) A financial institution may charge an account levied on by the department a fee
 3 of not more than twenty dollars (\$20) which may be deducted from the account
 4 prior to remitting any funds to the department.
- 5 (6) The department shall bear the cost or, if paid by the delinquent taxpayer or
 6 debtor, reimburse the delinquent taxpayer or debtor for any bank charges
 7 incurred as a result of any erroneous lien or levy by the department, provided the
 8 erroneous lien or levy was caused by department error and, prior to the issuance
 9 of the erroneous lien or levy, the delinquent taxpayer or debtor timely responded
 10 to all contacts by the department and provided information or documentation
 11 sufficient to establish his or her position.
- 12 (7) The department may promulgate administrative regulations to implement
 13 Sections 1 to 4 of this Part.

14 SECTION 3. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO
 15 READ AS FOLLOWS:

- 16 (1) Financial institutions doing business in the Commonwealth shall provide
 17 identifying information each calendar quarter to the department for each
 18 delinquent taxpayer or debtor identified by the department that is indebted to the
 19 Commonwealth for delinquent taxes or debts and who maintains an account at
 20 the institution.
- 21 (2) The financial institution shall be paid a fee for conducting data matches from the
 22 delinquent taxpayer's account, not to exceed the actual cost.
- 23 (3) Except for the exchange of information between the department and financial
 24 institutions necessary for the enforcement of Sections 1 to 4 of this Part, any
 25 information obtained by the department from financial institutions shall be
 26 subject to confidentiality restrictions imposed on the department by KRS 131.190.
- 27 (4) A financial institution shall not be liable for encumbering or surrendering any

1 assets held by the financial institution in response to a lien or notice of levy
 2 issued by the department, or any other action taken in good faith to comply with
 3 the requirements of Sections 1 to 4 of this Part.

4 SECTION 4. A NEW SECTION OF KRS CHAPTER 131 IS CREATED TO
 5 READ AS FOLLOWS:

6 (1) A financial institution furnishing a report or providing asset information about a
 7 delinquent taxpayer or debtor to the department shall not disclose to the
 8 delinquent taxpayer or debtor that the name of that person has been received
 9 from or furnished to the department. A financial institution may disclose to its
 10 depositors or account holders that under the financial institution match system
 11 the department has the authority to request certain identifying information on
 12 certain depositors or account holders.

13 (2) If a financial institution willfully violates the provisions of this section, the
 14 institution shall pay to the department the lesser of one thousand dollars (\$1,000)
 15 or the amount on deposit or in the account of the person to whom the disclosure
 16 was made.

17 (3) A financial institution shall incur no obligation or liability to a depositor or
 18 account holder or any other person arising from the furnishing of a report or
 19 information to the department pursuant to Sections 1 to 4 of this Part, or from
 20 the failure to disclose to a depositor or account holder that the name of the
 21 person was included in a list or report furnished by the financial institution to the
 22 department.

23 (4) A financial institution shall not give notice to an account holder or customer of
 24 the financial institution that the financial institution has provided information or
 25 taken any action pursuant to Sections 1 to 4 of this Part and shall not be liable
 26 for failure to provide that notice; provided, however, that a financial institution
 27 may disclose to its depositors or account holders that, under the data match

1 system, the department has the authority to request certain identifying
 2 information on certain depositors or account holders. The department shall
 3 notify, not less than annually, affected depositors or account holders who have
 4 not otherwise received notification.

5 PART XVIII

6 MOTOR FUELS TAX

7 Notwithstanding KRS 48.310, the following statutes are amended to read as follows
 8 and shall have permanent effect, subject to future actions by the General Assembly:

9 Section 1. KRS 138.210 is amended to read as follows:

10 As used in KRS 138.220 to 138.446, unless the context requires otherwise:

- 11 (1) "Accountable loss" means loss or destruction of "received" gasoline or special fuel
 12 through wrecking of transportation conveyance, explosion, fire, flood or other
 13 casualty loss, or contaminated and returned to storage. The loss shall be reported
 14 within thirty (30) days after discovery of the loss to the department in a manner and
 15 form prescribed by the department, supported by proper evidence which in the sole
 16 judgment of the department substantiates the alleged loss or contamination and
 17 which is confirmed in writing to the reporting dealer by the department. The
 18 department may make any investigation deemed necessary to establish the bona fide
 19 claim of the loss;
- 20 (2) "Gasoline dealer" or "special fuels dealer" means any person who is:
- 21 (a) Regularly engaged in the business of refining, producing, distilling,
 22 manufacturing, blending, or compounding gasoline or special fuels in this
 23 state;
- 24 (b) Regularly importing gasoline or special fuel, upon which no tax has been paid,
 25 into this state for distribution in bulk to others;
- 26 (c) Distributing gasoline from bulk storage in this state;
- 27 (d) Regularly engaged in the business of distributing gasoline or special fuels

- 1 from bulk storage facilities primarily to others in arm's-length transactions;
- 2 (e) In the case of gasoline, receiving or accepting delivery within this state of
3 gasoline for resale within this state in amounts of not less than an average of
4 one hundred thousand (100,000) gallons per month during any prior
5 consecutive twelve (12) months' period, when in the opinion of the
6 department, the person has sufficient financial rating and reputation to justify
7 the conclusion that he will pay all taxes and comply with all other obligations
8 imposed upon a dealer; or
- 9 (f) Regularly exporting gasoline or special fuels;
- 10 (3) "Department" means the Department of Revenue;
- 11 (4) (a) "Gasoline" means all liquid fuels, including liquids ordinarily, practically, and
12 commercially usable in internal combustion engines for the generation of
13 power, and all distillates of and condensates from petroleum, natural gas, coal,
14 coal tar, vegetable ferments, and all other products so usable which are
15 produced, blended, or compounded for the purpose of operating motor
16 vehicles, showing a flash point of 110 degrees Fahrenheit or below, using the
17 Elliott Closed Cup Test, or when tested in a manner approved by the United
18 States Bureau of Mines, are prima facie commercially usable in internal
19 combustion engines. The term "gasoline" as used herein shall include casing
20 head, absorption, natural gasoline, and condensates when used without
21 blending as a motor fuel, sold for use in motors direct, or sold to those who
22 blend for their own use, but shall not include: propane, butane, or other
23 liquefied petroleum gases, kerosene, cleaner solvent, fuel oil, diesel fuel,
24 crude oil or casing head, absorption, natural gasoline and condensates when
25 sold to be blended or compounded with other less volatile liquids in the
26 manufacture of commercial gasoline for motor fuel, industrial naphthas,
27 rubber solvents, Stoddard solvent, mineral spirits, VM and P & naphthas,

1 turpentine substitutes, pentane, hexane, heptane, octane, benzene, benzine,
 2 xylol, toluol, aromatic petroleum solvents, alcohol, and liquefied gases which
 3 would not exist as liquids at a temperature of sixty (60) degrees Fahrenheit
 4 and a pressure of 14.7 pounds per square inch absolute, unless the products
 5 are used wholly or in combination with gasoline as a motor fuel;

6 (b) "Special fuels" means and includes all combustible gases and liquids capable
 7 of being used for the generation of power in an internal combustion engine to
 8 propel vehicles of any kind upon the public highways, including diesel fuel,
 9 and dyed diesel fuel used exclusively for nonhighway purposes in off-highway
 10 equipment and in nonlicensed motor vehicles, except that it does not include
 11 gasoline, aviation jet fuel, kerosene unless used wholly or in combination with
 12 special fuel as a motor fuel, or liquefied petroleum gas as defined in KRS
 13 234.100;

14 (c) "Diesel fuel" means any liquid other than gasoline that, without further
 15 processing or blending, is suitable for use as a fuel in a diesel powered
 16 highway vehicle. Diesel fuel does not include unblended kerosene, No. 5, and
 17 No. 6 fuel oil as described in ASTM specification D 396 or F-76 Fuel Naval
 18 Distillate MILL-F-166884;

19 (d) "Dyed diesel fuel" means diesel fuel that is required to be dyed under United
 20 States Environmental Protection Agency rules for high sulfur diesel fuel, or is
 21 dyed under the Internal Revenue Service rules for low sulfur fuel, or pursuant
 22 to any other requirements subsequently set by the United States
 23 Environmental Protection Agency or the Internal Revenue Service;

24 (5) "Received" or "received gasoline" or "received special fuels" shall have the
 25 following meanings:

26 (a) Gasoline and special fuels produced, manufactured, or compounded at any
 27 refinery in this state or acquired by any dealer and delivered into or stored in

1 refinery, marine, or pipeline terminal storage facilities in this state shall be
 2 deemed to be received when it has been loaded for bulk delivery into tank cars
 3 or tank trucks consigned to destinations within this state. For the purpose of
 4 the proper administration of this chapter and to prevent the evasion of the tax
 5 and to enforce the duty of the dealer to collect the tax, it shall be presumed
 6 that all gasoline and special fuel loaded by any licensed dealer within this state
 7 into tank cars or tank trucks is consigned to destinations within this state,
 8 unless the contrary is established by the dealer, pursuant to rules and
 9 regulations prescribed by the department; and

10 (b) Gasoline and special fuel acquired by any dealer in this state, and not
 11 delivered into refinery, marine, or pipeline terminal storage facilities, shall be
 12 deemed to be received when it has been placed into storage tanks or other
 13 containers for use or subject to withdrawal for use, delivery, sale, or other
 14 distribution. Dealers may sell gasoline or special fuel to licensed bonded
 15 dealers in this state in transport truckload, carload, or cargo lots, withdrawing
 16 it from refinery, marine, pipeline terminal, or bulk storage tanks, without
 17 paying the tax. In such instances, the licensed bonded dealer purchasing the
 18 gasoline or special fuel shall be deemed to have received such fuel at the time
 19 of withdrawal from the seller's storage facility and shall be responsible to the
 20 state for the payment of the tax thereon;

21 (6) "Refinery" means any place where gasoline or special fuel is refined, manufactured,
 22 compounded, or otherwise prepared for use;

23 (7) "Storage" means all gasoline and special fuel produced, refined, distilled,
 24 manufactured, blended, or compounded and stored at a refinery storage or delivered
 25 by boat at a marine terminal for storage, or delivered by pipeline at a pipeline
 26 terminal, delivery station, or tank farm for storage;

27 (8) "Transporter" means any person who transports gasoline or special fuel on which

- 1 the tax has not been paid or assumed;
- 2 (9) "Bulk storage facility" means gasoline or special fuel storage facilities of not less
3 than twenty thousand (20,000) gallons owned or operated at one (1) location by a
4 single owner or operator for the purpose of storing gasoline or special fuel for resale
5 or delivery to retail outlets or consumers;
- 6 (10) "Average wholesale price" shall mean:
- 7 (a) The weighted average per gallon wholesale tank wagon price of gasoline,
8 exclusive of the nine cents (\$0.09) per gallon federal tax in effect on January
9 1, 1984, any increase in the federal gasoline tax after July 1, 1984, and any fee
10 on imported oil imposed by the Congress of the United States after July 1,
11 1986, as determined by the Department of Revenue from information
12 furnished by licensed gasoline dealers or from information available through
13 independent statistical surveys of gasoline prices. Dealers shall furnish within
14 twenty (20) days following the end of the first month of each calendar quarter,
15 the information regarding wholesale selling prices for the previous month
16 required by the department;
- 17 (b) Notwithstanding the provisions of paragraph (a) of this subsection, for
18 purposes of the taxes levied in KRS 138.220, 138.660, and 234.320, in no
19 case shall "average wholesale price" be deemed to be less than one dollar and
20 thirty-four and two-tenths cents (\$1.342)~~{twenty two cents (\$1.22)}~~ per
21 gallon, and in no case shall "average wholesale price" be deemed to be more
22 than one dollar and fifty cents (\$1.50) per gallon on or before June 30, 1982.
23 In fiscal year 1982-83, the "average wholesale price" shall not be deemed to
24 increase more than ten percent (10%) over the "average wholesale price" at
25 the close of fiscal year 1981-82; in each subsequent fiscal year the "average
26 wholesale price" shall not be deemed to increase more than ten percent (10%)
27 over the "average wholesale price" at the close of the previous fiscal year;

1 (11) "Motor vehicle" means any vehicle, machine, or mechanical contrivance propelled
2 by an internal combustion engine and licensed for operation and operated upon the
3 public highways and any trailer or semitrailer attached to or having its front end
4 supported by the motor vehicles;

5 (12) "Public highways" means every way or place generally open to the use of the public
6 as a matter of right for the purpose of vehicular travel, notwithstanding that they
7 may be temporarily closed or travel thereon restricted for the purpose of
8 construction, maintenance, repair, or reconstruction;

9 (13) "Agricultural purposes" means purposes directly related to the production of
10 agricultural commodities and the conducting of ordinary activities on the farm;

11 (14) "Retail filling station" means any place accessible to general public vehicular traffic
12 where gasoline or special fuel is or may be placed into the fuel supply tank of a
13 licensed motor vehicle; and

14 (15) "Financial instrument" means a bond issued by a corporation authorized to do
15 business in Kentucky, a line of credit, or an account with a financial institution
16 maintaining a compensating balance.

17 Section 2. KRS 138.220 is amended to read as follows:

18 (1) An excise tax at the rate of nine percent (9%) of the average wholesale price
19 rounded to the third decimal when computed on a per gallon basis shall be paid on
20 all gasoline and special fuel received in this state. For the purposes of the
21 allocations in KRS 177.320(1) and (2) and 177.365, the amount calculated under
22 this subsection shall be reduced by the amount calculated in subsection (3) of this
23 section. Except as provided by KRS Chapter 138, no other excise or license tax
24 shall be levied or assessed on gasoline or special fuel by the state or any political
25 subdivision of the state. The tax herein imposed shall be paid by the dealer
26 receiving the gasoline or special fuel to the State Treasurer in the manner and within
27 the time specified in KRS 138.230 to 138.340 and all such tax may be added to the

1 selling price charged by the dealer or other person paying the tax on gasoline or
2 special fuel sold in this state. Nothing herein contained shall authorize or require the
3 collection of the tax upon any gasoline or special fuel after it has been once taxed
4 under the provisions of this section, unless such tax was refunded or credited.

5 (2) In addition to the excise tax provided in subsection (1) of this section, there is
6 hereby levied a supplemental highway user motor fuel tax to be paid in the same
7 manner and at the same time as the tax provided in subsection (1) of this section.
8 Such tax shall be calculated, starting with the quarter beginning July 1, 1986, by
9 taking the excise tax resulting from the calculation provided for in subsection (1) of
10 this section and adjusting such tax calculated, for each quarter, to reflect decreases
11 in the average wholesale price, as defined in KRS 138.210(10)(a). The adjustment
12 shall be made by calculating the difference between the average wholesale price
13 computed for the quarter beginning October 1, 1985, as provided for in subsection
14 (4) of this section, and the average wholesale price computed for the quarter
15 beginning July 1, 1986 and each succeeding quarter, as provided for in subsection
16 (4) of this section. In the event of a decrease in the average wholesale price
17 computed for the quarter beginning October 1, 1985, and ending December 31,
18 1985, and the average wholesale price computed for the quarter beginning July 1,
19 1986, and each succeeding quarter, the excise tax shall be adjusted upward for that
20 quarter. The upward adjustment shall equal one-half (1/2) of the decrease between
21 the two (2) quarterly periods, rounded to the third decimal. In no case shall the
22 adjustment provided by this subsection result in a supplemental highway user motor
23 fuel tax greater than five cents (\$0.05) on gasoline or two cents (\$0.02) on special
24 fuel and, notwithstanding any adjustment which may be calculated as provided by
25 this subsection, in no case shall the supplemental highway user motor fuel tax for
26 any quarter be less than the previous quarter. The supplemental highway user motor
27 fuel tax provided by this subsection and the provisions of subsections (1) and (3) of

1 this section shall constitute the tax on motor fuels imposed by KRS 138.220.

2 (3) Effective July 1, 2005, one cent (\$0.01), and effective July 1, 2006, two and one-
 3 tenth cents (\$0.021), of the tax collected under subsection (1) of this section shall
 4 be excluded from the calculations in KRS 177.320(1) and (2) and 177.365. The
 5 funds identified in this subsection shall be deposited into the state road fund.

6 (4) Effective with the calendar quarter beginning July 1, 1980, the department shall
 7 determine on a consistent basis the average wholesale price for each calendar
 8 quarter, on the basis of sales data accumulated for the first month of the preceding
 9 quarter. Notification of the average wholesale price shall be given to all licensed
 10 dealers at least twenty (20) days in advance of the first day of each calendar quarter.

11 (5) Dealers with a tax-paid gasoline or special fuel inventory at the time an average
 12 wholesale price becomes effective, shall be subject to additional tax or appropriate
 13 tax credit to reflect the increase or decrease in the average wholesale price for the
 14 new quarter. The department shall promulgate such rules and regulations to properly
 15 administer this provision.

16 PART XIX

17 VOLUNTARY ASSIGNMENT OF MSA TOBACCO ESCROW PAYMENTS

18 Notwithstanding KRS 48.310, the following statute is amended to read as follows
 19 and shall have permanent effect, subject to future actions by the General Assembly:

20 Section 1. KRS 131.602 is amended to read as follows:

21 (1) Any tobacco product manufacturer selling cigarettes to consumers within this state,
 22 whether directly or through a distributor, retailer, or similar intermediary or
 23 intermediaries, after June 30, 2000, shall do one (1) of the following:

24 (a) Become a participating manufacturer, as that term is defined in section II(jj) of
 25 the master settlement agreement, and generally perform its financial
 26 obligations under the master settlement agreement; or

27 (b) Place into a qualified escrow fund by April 15 of the year following the year

1 in question the following amounts, as such amounts are adjusted for inflation:

- 2 1. For 2000: \$0.0104712 per unit sold after June 30, 2000;
- 3 2. For each of 2001 and 2002: \$0.0136125 per unit sold;
- 4 3. For each of 2003 through 2006: \$0.0167539 per unit sold; and
- 5 4. For 2007 and each year thereafter: \$0.0188482 per unit sold.

6 (2) A tobacco product manufacturer that places funds into escrow pursuant to
7 subsection (1)(b) of this section shall receive the interest or other appreciation on
8 such funds as earned. Such funds themselves shall be released from escrow only
9 under the following circumstances:

10 (a) To pay a judgment or settlement on any released claim brought against such
11 tobacco product manufacturer by Kentucky or any releasing party located or
12 residing in Kentucky. Funds shall be released from escrow under this
13 paragraph in the order in which they were placed into escrow and only to the
14 extent and at the time necessary to make payments required under such
15 judgment or settlement;

16 (b) To the extent that a tobacco product manufacturer establishes that the amount
17 it was required to place into escrow on account of units sold in the state in a
18 particular year was greater than the master settlement agreement payments, as
19 determined pursuant to section IX(i) of that agreement, including after final
20 determination of all adjustments, that such manufacturer would have been
21 required to make on account of such units sold had it been a participating
22 manufacturer, the excess shall be released from escrow and revert back to
23 such tobacco product manufacturer; or

24 (c) To the extent not released from escrow under paragraph (a) or (b) of this
25 subsection, funds shall be released from escrow and revert back to such
26 tobacco product manufacturer twenty-five (25) years after the date on which
27 they were placed into escrow.

- 1 (3) Each tobacco product manufacturer that elects to place funds into escrow pursuant
2 to subsection (1)(b) of this section shall annually certify to the Attorney General that
3 it is in compliance with subsections (1)(b) and (2) of this section. The Attorney
4 General may bring a civil action on behalf of Kentucky against any tobacco product
5 manufacturer that fails to place into escrow the funds required under this section.
6 Any tobacco product manufacturer that fails in any year to place into escrow the
7 funds required under this section shall:
- 8 (a) Be required within fifteen (15) days to place such funds into escrow as shall
9 bring it into compliance with this section. The court, upon a finding of a
10 violation of subsection (1)(b) or (2) of this section, may impose a civil
11 penalty, to be paid to the general fund of Kentucky, in an amount not to
12 exceed five percent (5%) of the amount improperly withheld from escrow per
13 day of the violation and in a total amount not to exceed one hundred percent
14 (100%) of the original amount improperly withheld from escrow;
- 15 (b) In the case of a knowing violation, be required within fifteen (15) days to
16 place such funds into escrow as shall bring it into compliance with this
17 section. The court, upon a finding of a knowing violation of subsection (1)(b)
18 or (2) of this section, may impose a civil penalty, to be paid to the general
19 fund of Kentucky, in an amount not to exceed fifteen percent (15%) of the
20 amount improperly withheld from escrow per day of the violation and in a
21 total amount not to exceed three hundred percent (300%) of the original
22 amount improperly withheld from escrow; and
- 23 (c) In the case of a second knowing violation, be prohibited from selling
24 cigarettes to consumers within Kentucky, whether directly or through a
25 distributor, retailer, or similar intermediary, for a period not to exceed two (2)
26 years.
- 27 Each failure to make an annual deposit required under this section shall constitute a

1 separate violation.

2 (4) Notwithstanding the provisions of subsection (2) of this section, a tobacco
3 product manufacturer that elects to place funds into escrow pursuant to
4 subsection (1)(b) of this section may make an irrevocable assignment of its
5 interest in the funds to the benefit of the Commonwealth of Kentucky. Such
6 assignment shall be permanent and apply to all funds in the subject escrow
7 account or that may subsequently come into such account, including those
8 deposited into the escrow account prior to the assignment being executed, those
9 deposited into the escrow account after the assignment is executed, and interest
10 or other appreciation on such funds. The tobacco product manufacturer, the
11 Attorney General, and the financial institution where the escrow account is
12 maintained may make such amendments to the qualified escrow account
13 agreement as may be necessary to effectuate an assignment of rights executed
14 pursuant to this subsection or a withdrawal of funds from the escrow account
15 pursuant to subsection (5) of this section. An assignment of rights executed
16 pursuant to this subsection shall be in writing, signed by a duly authorized
17 representative of the tobacco product manufacturer making the assignment, and
18 shall become effective upon delivery of the assignment to the Attorney General
19 and the financial institution where the escrow account is maintained.

20 (5) Notwithstanding the provisions of subsection (2) of this section, any escrow funds
21 assigned to the Commonwealth pursuant to subsection (4) of this section shall be
22 withdrawn by the Commonwealth upon request by the Treasurer of the
23 Commonwealth and approval of the Attorney General. Any funds withdrawn
24 pursuant to this subsection shall be deposited in the general fund and shall be
25 calculated on a dollar-for-dollar basis as a credit against any judgment or
26 settlement described in subsection (2)(a) of this section which may be obtained
27 against the tobacco product manufacturer who has assigned the funds in the

1 subject escrow account. Nothing in this subsection or in subsection (4) of this
 2 section shall be construed to relieve a tobacco product manufacturer from any
 3 past, current, or future obligations the manufacturer may have pursuant to this
 4 chapter.

5 (6) Notwithstanding subsections (4) and (5) of this section, no assignment of escrows
 6 created pursuant to subsection (1)(b) of this section shall be made by a tobacco
 7 product manufacturer, or shall be accepted by the Treasurer of the
 8 Commonwealth, unless and until the Attorney General has provided an opinion
 9 to the Treasurer, with a copy of the opinion provided to the Governor and the
 10 Legislative Research Commission, that amendments to KRS 131.600 and
 11 subsections (4) and (5) of this section will not jeopardize the Commonwealth's
 12 payments under the master settlement agreement in the form of a
 13 nonparticipating manufacturer adjustment.

14 PART XX

15 TOBACCO AMNESTY COMPENSATION

16 Notwithstanding KRS 48.310, the following statute is amended to read as follows
 17 and shall have permanent effect, subject to future actions by the General Assembly:

18 Section 1. KRS 248.480 is amended to read as follows:

19 (1) As used in this section:

20 (a) "Settlement trust" means the national tobacco grower settlement trust
 21 established between tobacco companies and states with tobacco growers and
 22 tobacco quota owners in accordance with the master settlement agreement
 23 between certain tobacco companies and states' attorneys general dated
 24 November 23, 1998;

25 (b) "Settlement trust agreement" means the agreement to provide economic
 26 assistance from the national tobacco grower settlement trust directly to
 27 tobacco growers and tobacco quota holders in the Commonwealth;

- 1 (c) "Trustee of the settlement trust" means the entity legally responsible for
2 management of the national tobacco grower settlement trust; and
- 3 (d) "Corporation" means the Kentucky Tobacco Settlement Trust Corporation
4 created by this section.
- 5 (2) The Kentucky Tobacco Settlement Trust Corporation is created and established as a
6 de jure municipal corporation and political subdivision of the Commonwealth to
7 perform essential governmental and public functions by assisting in the
8 implementation of the national tobacco grower settlement trust agreement. The
9 corporation shall be attached to the Finance and Administration Cabinet for
10 administrative purposes. The corporation shall be a public agency within the
11 meaning of KRS 61.805, KRS 61.870, and other applicable statutes.
- 12 (3) The corporation shall be directed by a board of directors, which shall include:
- 13 (a) The Governor, who shall serve as chair of the corporation;
- 14 (b) The Commissioner of Agriculture, who shall serve as vice chair of the
15 corporation;
- 16 (c) The Attorney General, who shall serve as secretary of the corporation;
- 17 (d) One (1) member of the Senate appointed by the President of the Senate to
18 serve as an ex officio, nonvoting member of the board;
- 19 (e) One (1) member of the House of Representatives appointed by the Speaker of
20 the House of Representatives to serve as an ex officio, nonvoting member of
21 the board;
- 22 (f) Six (6) citizen members who are tobacco growers or tobacco quota owners
23 appointed by the Governor for a term of four (4) years;
- 24 (g) One (1) citizen member with a distinguished record of public service
25 appointed by the Governor for a term of four (4) years; and
- 26 (h) Two (2) members appointed by the Governor for a term of four (4) years from
27 a list of six (6) nominees selected and submitted to the Governor by the state's

1 congressional delegation.

2 (4) Members of the board shall not receive compensation for their services but be
3 reimbursed for necessary travel and lodging expenses incurred in the performance
4 of their duties.

5 (5) A quorum of the board shall consist of six (6) voting members. A majority of the
6 voting members present may act upon any matter legally before the corporation.
7 The board shall keep minutes and records of all meetings of the corporation and
8 shall record all official actions.

9 (6) The corporation shall be a body corporate with full corporate powers. The board
10 may develop articles of incorporation and other appropriate documentation to
11 establish the corporation's existence as a corporation authorized by law. The
12 corporation shall not in any form hold, receive, or manage any proceeds from the
13 National Tobacco Growers Settlement Trust.

14 (7) The corporation's duties shall include, but not be limited to:

15 (a) Performing all duties and responsibilities of a state certification body as
16 defined and directed under the terms of the settlement trust agreement;

17 (b) Preparing and submitting a plan to the trustee of the settlement trust for its
18 approval. The plan shall identify those tobacco growers and tobacco quota
19 owners who are to receive direct payment from the settlement trust and shall
20 determine the respective amount each of the tobacco growers or tobacco quota
21 owners is to receive;

22 (c) Determining the amount of any administrative expenses to be paid to the
23 corporation under the terms of the settlement trust agreement;

24 (d) Appointing an officer to conduct executive functions for the corporation. The
25 officer may be a state officer or employee who shall serve as a borrowed
26 servant at no cost to the corporation;

27 (e) Requesting the trustee of the settlement trust to set aside reserve amounts in

- 1 anticipation of a decrease in annual payments;
- 2 (f) Submitting information required by the trustee of the settlement trust;
- 3 (g) Establishing policies and procedures and contracting with other persons or
- 4 entities if necessary to effectuate its purposes and functions;
- 5 (h) Discharging additional powers, duties, and functions as necessary or
- 6 convenient to carry out the purposes of this section;
- 7 (i) Enacting bylaws concerning the conduct of its business and other
- 8 administrative procedures as it deems necessary; ~~{and}~~
- 9 (j) Provide for the distribution of state funds appropriated in 2005 Ky. Acts
- 10 ch. 173, Parts I and II to the beneficiaries of the National Tobacco Growers
- 11 Settlement Trust in a manner consistent with this section; and
- 12 (k) Provide for the distribution of one-time payments under the amnesty
- 13 compensation program described in subsection (8) of this section.
- 14 (8) (a) The corporation shall establish an amnesty compensation program for
- 15 tobacco quota owners who did not receive payments under the plan adopted
- 16 by the corporation on March 22, 2004. The program shall grant one-time
- 17 payments to eligible tobacco quota owners, defined in the March 22, 2004,
- 18 plan, who did not attain certification status with the corporation in 2004.
- 19 Tobacco quota owners who attained certification with the corporation in
- 20 2004 shall not be eligible for the amnesty compensation payments for any
- 21 2003 basic quota pounds that were certified previously by the corporation.
- 22 The program developed by the corporation shall:
- 23 1. Determine those quota owners not certified previously under the
- 24 March 22, 2004, plan and institute an application process for those
- 25 noncertified quota owners;
- 26 2. Make a one-time payment to newly certified quota owners under the
- 27 amnesty compensation program at the same rate per pound as those

1 quota owners who were certified previously under the March 22, 2004,
 2 plan provisions; and

3 3. Limit the application process to ninety (90) days, with an ending date
 4 no later than October 31, 2006, and make payments to certified
 5 beneficiaries within ninety (90) days after the application process has
 6 ended.

7 (b) Funds required under the amnesty compensation program, including
 8 administrative costs of the plan, shall be provided by the Governor's Office
 9 of Agricultural Policy under Part X, Section B.1.a.(3) of this Act. In the
 10 event funds provided under Part X of this Act are insufficient to fully carry
 11 out the provisions of paragraph (a)2. of this subsection, then the one-time
 12 payments to newly certified quota owners shall be made in accordance with
 13 paragraph (a)2. of this subsection, on a proportionate basis, until all
 14 available funds provided in Part X of this Act are expended.

15 (c) The provisions of this subsection shall expire on June 30, 2007.

16 (9) There shall be no liability on the part of, and no cause of action for damages shall
 17 arise against, the corporation or any member, officer, administrator, agent, or
 18 employee of the corporation, either as a part of the corporation's operations or as an
 19 individual as a result of any act, omission, proceeding, conduct, or decision relating
 20 to the official duties, functions, and responsibilities of the corporation.

21 PART XXI

22 LEGAL NOTICES

23 Notwithstanding KRS 48.310, the following statute is amended to read as follows
 24 and shall have permanent effect, subject to future actions by the General Assembly:

25 Section 1. KRS 424.180 is amended to read as follows:

26 Any advertisement which a state officer, department or agency is required by law to have
 27 published shall, if intended to give statewide notice, be published in such newspaper or

1 newspapers, to be designated by the Finance and Administration Cabinet, as will provide
 2 reasonable statewide coverage, unless the Finance and Administration Cabinet
 3 approves an alternative and cost-effective method of delivery. If the advertisement
 4 particularly affects a local area it shall be published, for each county in the area, in a
 5 newspaper qualified under KRS 424.120 to publish advertisements for such county,
 6 unless the Finance and Administration Cabinet approves an alternative and cost-
 7 effective method of delivery. The latter publication shall be in addition to the former, if
 8 the advertisement affects the state at large as well as the local area.

9 PART XXII

10 HOME INCARCERATION

11 Notwithstanding KRS 48.310, the following statute is amended to read as follows
 12 and shall have permanent effect, subject to future actions by the General Assembly:

13 Section 1. KRS 532.260 is amended to read as follows:

14 (1) Any Class C or Class D felon who is serving a sentence in a state-operated prison,
 15 contract facility, or county jail shall, at the discretion of the commissioner, be
 16 eligible to serve the remainder of his or her sentence outside the walls of the
 17 detention facility under terms of home incarceration using an approved monitoring
 18 device as defined in KRS 532.200, if the felon:

19 (a) 1. Has not been convicted of, pled guilty to, or entered an Alford plea to a
 20 violent felony as defined by the Department of Corrections classification
 21 system; or

22 2. Has not been convicted of, pled guilty to, or entered an Alford plea to a
 23 sex crime as defined in KRS 17.500;

24 (b) Has ninety (90)~~sixty (60)~~ days or less to serve on his or her sentence;

25 (c) Has voluntarily participated in a discharge planning process with the
 26 department to address his or her:

27 1. Education;

- 1 2. Employment, technical, and vocational skills; and
- 2 3. Housing, medical, and mental health needs; and
- 3 (d) Has needs that may be adequately met in the community where he or she will
- 4 reside upon release.
- 5 (2) A person who is placed under terms of home incarceration pursuant to subsection
- 6 (1) of this section shall remain in the custody of the Department of Corrections. Any
- 7 unauthorized departure from the terms of home incarceration may be prosecuted as
- 8 an escape pursuant to KRS Chapter 520 and shall result in the person being returned
- 9 to prison.
- 10 (3) The Department of Corrections shall promulgate administrative regulations to
- 11 implement the provisions of this section.

PART XXIII

**INSURANCE COVERAGE, AFFORDABILITY AND RELIEF TO SMALL
EMPLOYERS (ICARE) PROGRAM**

15 **Section 1.** As used in Sections 1 to 8 of this Part, unless the context requires
16 otherwise:

17 (1) "Consumer-driven health plan" means a health benefit plan, including a high
18 deductible health plan as defined in 26 U.S.C. sec. 223(c)(2)(A), or a health
19 reimbursement arrangement that meets the requirements of Internal Revenue Code,
20 Notice 2002-45, 2002-2 C.B. 93;

21 (2) "Eligible employer" or "employer" means an individual that employs two to
22 25 employees, a corporation, including a foreign corporation, other than a governmental
23 entity, that employs one or more residents of the Commonwealth, or a corporation or an
24 unincorporated entity that is exempt from taxation under the provisions of 26 U.S.C. sec.
25 501(c), as amended and in effect for the taxable year. An eligible employer must employ
26 no more than 25 employees and meet the eligibility requirements set forth in
27 administrative regulations promulgated by the office. The method of determining the

1 number of employees an employer has and the amount and types of subsidies shall be
2 determined by the office or a third-party administrator selected in accordance with
3 Section 5 of this Part;

4 (3) "Eligible employee" or "employee" means an employee of an eligible
5 employer whose business is located in the Commonwealth, who has not attained age 65
6 or is Medicare eligible, and who meets the financial and other eligibility standards set
7 forth in administrative regulations promulgated by the office;

8 (4) "Health risk assessment" means an assessment to prevent or minimize risk
9 factors for disease and maintain wellness;

10 (5) "High-cost condition" means a diagnosed specific list of conditions
11 representing the top 20 high-cost conditions in the small group market;

12 (6) "ICARE Program participating insurer" means any insurer who offers a health
13 benefit plan in the small group market;

14 (7) "Office" means the Office of Insurance; and

15 (8) "Qualified health benefit plan" means a health benefit plan as described in
16 Section 3(2) of this Part.

17 **Section 2.** (1) There is hereby created and established, under the supervision of
18 the Office of Insurance, the Insurance Coverage, Affordability and Relief to Small
19 Employers (ICARE) Program, which is designed to make health insurance more
20 affordable for small employer groups. The program shall be piloted for a four year period
21 in the small group market and shall be limited to those employer groups with two to 25
22 employees, including small groups with two to 25 employees who are members of an
23 employer-organized association.

24 (2) All insurers that issue health benefit plans to employers with two to 25
25 employees, including employers participating in an employer-organized association, as a
26 condition of doing business in Kentucky, shall be deemed an ICARE Program
27 participating insurer.

1 (3) The Office of Insurance may, subject to the provisions of this section,
2 establish an employer health care incentive program for certain employers for the purpose
3 of reducing the amount of contributions or payments made by those employers and
4 employees toward the cost of qualified medical insurance and which shall consist of the
5 following two programs:

6 (a) An employer health care incentive program for the purpose of reducing the
7 cost to employers and employees for providing qualified health benefit plan coverage
8 under Section 3(2)(a) or (b) of this Part for an eligible employer with low-income
9 employees if the eligible employer pays 50 percent or more of the premium cost of that
10 qualified health benefit plan coverage and meets the insurers participation requirements
11 as allowed under KRS 304.17A-200(3). The office may limit premium payments or
12 enrollment under this program, to the extent funding is available. The ICARE Program
13 shall be available to employer groups that have not provided employer-sponsored health
14 benefit plan coverage to their employees within the previous 12 months; and

15 (b) An employer health care incentive program for the purpose of reducing the
16 cost to employers and employees for the purpose of obtaining or maintaining qualified
17 health benefit plan coverage under Section 3(2)(a), (b), or (c) of this Part for an eligible
18 employer and employees if the eligible employer pays 50 percent or more of the premium
19 cost of that health benefit plan coverage and meets the insurers participation requirements
20 as allowed under KRS 304.17A-200(3). The office may limit premium payments or
21 enrollment under this program, to the extent funding is available. The ICARE Program
22 shall be available to employer groups that have at least one employee with a high-cost
23 condition. The office shall promulgate administrative regulations to establish a list of
24 high-cost conditions for the ICARE Program.

25 (4) In order for an eligible employer to qualify for the ICARE Program, the
26 average annual salary of the employer group shall not exceed 300 percent of the federal
27 poverty level. This shall not include the annual salary of any person with an ownership

1 interest in the employer group.

2 (5) The office shall promulgate administrative regulations to establish guidelines
3 for determination of preference for employer groups based upon federal poverty level,
4 eligibility criteria, health care incentive payment procedures, program participating
5 insurer and employer reporting requirements, and administrative guidelines for the
6 ICARE Program.

7 **Section 3.** (1) Sections 1 to 8 of this Part shall not apply to an insurer that
8 provides coverage solely to Medicaid recipients, Medicare beneficiaries, CHAMPUS
9 insureds, or self-insured groups.

10 (2) Each ICARE Program participating insurer shall offer at least three qualified
11 health benefit plans to employers. A qualified health benefit plan shall be:

12 (a) A consumer-driven health benefit plan, including a health reimbursement
13 arrangement or health savings account;

14 (b) A basic health benefit plan, as described in KRS 304.17A-096 and 304.17A-
15 097; or

16 (c) An enriched health benefit plan.

17 (3) Each ICARE Program participating insurer shall offer at least one of each of
18 the plans listed in subsection (2)(a), (b), or (c) of this section. These plans shall be subject
19 to the provisions of KRS 304.17A-220.

20 (4) An ICARE Program participating insurer shall conduct a health risk
21 assessment for each employee enrolled in the ICARE Program and offer a wellness
22 program, case management services, and disease management services.

23 (5) On and after July 1, 2007, an insurer shall be required to offer a premium rate
24 that includes a healthy lifestyle discount for employers participating in the ICARE
25 Program.

26 (6) A separate class of business may be established for health benefit plan rate
27 filings offered under the ICARE Program in accordance with KRS 304.17A-0952(8)(b).

1 **Section 4. (1)** The amount of health care incentive paid shall be as follows:

2 (a) Forty dollars per employee per month for eligible employers as defined in
3 Section 2(3)(a) of this Part. The amount shall be reduced annually, at the time of renewal,
4 in incremental rates of ten dollars; and

5 (b) Sixty dollars per employee per month for eligible employers as defined in
6 Section 2(3)(b) of this Part. The amount shall be reduced annually, at the time of renewal,
7 in incremental rates of \$15.

8 (2) The office may, in lieu of cash payments, issue to individuals vouchers or
9 other documents certifying that the office will pay a specified amount for health benefit
10 plan coverage under specified circumstances.

11 (3) Any allocated surplus remaining in the ICARE Program shall be carried
12 forward to the next fiscal year and be used for the ICARE Program in subsequent years
13 through the end of the pilot period as provided for under Section 2(1) of this Part.

14 (4) The office may limit enrollment for the ICARE Program so not to exceed
15 annual program funding.

16 (5) A group shall be determined ineligible if the most recent coverage under any
17 health benefit plan terminated or nonrenewed because of any of the following:

18 (a) The group failed to pay premiums or contributions in accordance with the
19 terms of the plan or the insurer had not received timely premium payments;

20 (b) The group or any individual in the group performed an act or practice that
21 constitutes fraud or made an intentional misrepresentation of material fact under the terms
22 of the coverage; or

23 (c) The group or any individual engaged in intentional and abusive
24 noncompliance with health benefit plan provisions.

25 **Section 5. (1)** The office may select a third-party administrator to administer the
26 ICARE Program. The third-party administrator shall be an administrator licensed under
27 this chapter by the office. The office shall consider criteria in selecting a third-party

1 administrator that shall include but not be limited to the following:

2 (a) A third-party administrator's proven ability to demonstrate performance of the
3 following: eligibility determinations, enrollment, payment issuance, reconciliation
4 processes, and data collection and reporting;

5 (b) The total cost to administer the ICARE Program;

6 (c) A third-party administrator's proven ability to demonstrate that the ICARE
7 Program be administered in a cost-efficient manner; and

8 (d) A third-party administrator's financial condition and stability.

9 (2) In addition to any duties and obligations set forth in the contract with the
10 third-party administrator, the third-party administrator shall:

11 (a) Develop and establish policies and procedures for eligibility determinations,
12 enrollment, payment issuance, reconciliation processes, data collection and reporting, and
13 other responsibilities determined by the office;

14 (b) Submit reports to the office regarding the operation and financial condition of
15 the ICARE Program. The frequency, content, and form of the reports shall be determined
16 by the office; and

17 (c) Submit a monthly and annual report to the office. Both reports shall include:

18 1. Number of applicants;

19 2. Enrolled employer groups by insurance company;

20 3. Number of groups previously uninsured for a period of 12 months by
21 insurance company;

22 4. Average premium per group by insurance company;

23 5. Number of groups eligible due to an individual with a high-cost condition by
24 insurance company;

25 6. Total amount of health care incentive paid listed by insurance company; and

26 7. Any other information requested by the office.

27 (3) The third-party administrator shall be paid for necessary and reasonable

1 expenses as provided in the contract between the office and the third-party administrator.

2 **Section 6.** (1) The office shall establish and maintain the ICARE Program fund.
3 All funds shall be held at interest, in a single depository designated in accordance with
4 KRS 304.8-090(1) under a written trust agreement in accordance with KRS 304.8-095.
5 All expense and revenue transactions of the fund shall be posted to the Management
6 Administrative Reporting System (MARS) and its successors; and

7 (2) The office shall work with the Office of Health Policy within the Cabinet for
8 Health and Family Services to review the availability of federal funds for the ICARE
9 Program.

10 **Section 7.** (1) The office may implement Sections 1 to 8 of this Part through
11 arrangements with other agencies of the Commonwealth.

12 (2) The provisions of this section shall not give rise to, nor be construed as giving
13 rise to, enforceable legal rights for any party or an enforceable entitlement to benefits
14 other than to the extent that such rights or entitlements exist pursuant to the
15 administrative regulations of the executive director of insurance.

16 **Section 8.** (1) Each insurer authorized to offer health benefit plans in the
17 Commonwealth shall disclose the availability of the health insurance purchasing program
18 as authorized in 42 U.S.C. sec. 1396e to eligible employer groups. In connection with the
19 initial offering and renewal of any health benefit plan, an insurer shall make a disclosure
20 as part of its solicitation, sales material, and renewal information of the availability of the
21 ICARE Program;

22 (2) The manner and content of the disclosure as described in subsection (1) of this
23 section shall be established through promulgation of administrative regulations by the
24 Office of Insurance in coordination with the Cabinet for Health and Family Services.

25 **Section 9.** (1) All insurers as defined in KRS 304.17A-005(24) shall provide
26 upon request to the Cabinet for Health and Family Services, by electronic means and in
27 the format prescribed by the cabinet, information in accordance with KRS 205.623.

1 (2) All information obtained by the cabinet pursuant to this section shall be
2 confidential and shall not be open to public inspection.

3 **Section 10.** Pursuant to terms and conditions of Subtitle 17A of KRS Chapter
4 304, the Commonwealth of Kentucky seeks to explore the feasibility of an Interstate
5 Reciprocal Health Benefit Plan Compact (IRHBPC) with contiguous states to allow the
6 residents of the Commonwealth of Kentucky and the residents of contiguous states to
7 purchase health benefit plan coverage among the states participating with the compact.
8 The purposes of this compact are, through means of joint and cooperative action among
9 the compacting states:

10 (1) To promote and protect the interest of consumers purchasing health benefit
11 plan coverage;

12 (2) To develop uniform minimum standards for health benefit plan products
13 covered under the compact, while ensuring that the standards established in Kentucky law
14 and regulation are maintained and protected;

15 (3) To improve coordination of regulatory resources and expertise between state
16 insurance departments regarding the setting of uniform minimum standards; and

17 (4) To perform these and such other related functions as may be consistent with
18 the state regulation of the business of insurance.

19 **Section 11.** (1) The Office of Insurance shall conduct a study to determine
20 the impact on the insured of being billed by health care providers for the amount between
21 the health care provider's regular charges and the amount that the health care provider has
22 agreed to through a contractual relationship with an insurer. The report based on the study
23 shall include:

24 (a) Statistical information related to the prevalence of inappropriate billing to
25 insured, by region; and

26 (b) Recommendations to prevent inappropriate billing by health care providers.

27 (2) The Office of Insurance shall submit the report on the study no later than

1 December 31, 2006, to the Interim Joint Committee on Banking and Insurance, the
2 Interim Joint Committee on Health and Welfare, the Interim Joint Committee on
3 Licensing and Occupations, and the Governor.

4 **Section 12.** Any insurer violating Section 9 of this Part shall be fined not less
5 than one hundred dollars (\$100) for each offense. Failure to respond to each request made
6 by the Cabinet for Health and Family Services, as required under Section 9 of this Part,
7 shall constitute a separate offense.

8 **Section 13.** Notwithstanding KRS 304.17A.0952(8)(b), an insurer may
9 establish a separate class of business to reflect substantial differences in expected claims
10 experience or administrative cost because the insurer is offering a qualified health benefit
11 plan under the ICARE Program pursuant to Section 3(3) of this Part.

12 **Section 14.** Notwithstanding KRS 216.2921(1), the Cabinet for Health and
13 Family Services shall make every effort to make health data findings that can serve as a
14 basis to educate consumers on the cost and quality of health care and providers for the
15 purpose of improving patient morbidity and mortality outcomes available to the public,
16 and state and local leaders in health policy, through the cost-effective and timely use of
17 the media and the Internet and through distribution of the findings to health facilities and
18 health-care providers for further dissemination to their patients.

19 **Section 15.** Notwithstanding KRS 216.2923(2)(a), for the purposes of carrying
20 out the provisions of KRS 216.2920 to 216.2929, the Secretary of the Cabinet for Health
21 and Family Services shall publish and make publicly available, pursuant to Section 18 of
22 this Part, information on charges, quality, and outcomes of health care services provided,
23 and information that relates to the health care financing and delivery system and health
24 insurance premiums and benefits that is in the public interest.

25 Notwithstanding KRS 216.2923(2)(f), the cabinet advisory committee shall utilize
26 the Health Services Data Advisory Committee as a subcommittee, which shall include a
27 member of the Division of Women's Physical and Mental Health, to define quality

1 outcome measurements and to advise the cabinet on technical matters including review of
2 administrative regulations promulgated pursuant to KRS Chapter 13A, proper
3 interpretation of the data, and the most cost-effective manner in which it should be
4 published and disseminated to the public. The Health Services Data Advisory Committee
5 shall review and make recommendations to the secretary's advisory committee regarding
6 exploration of technical matters related to data from other health care providers. The
7 committee shall make recommendations on methods for risk adjusting any data prepared
8 and published by the cabinet.

9 **Section 16.** Notwithstanding KRS 216.2925(1), every hospital and ambulatory
10 facility shall be required to report, on a quarterly basis, information regarding the charge
11 for, quality, and outcomes of the procedures and health-care services performed therein,
12 and as stipulated by administrative regulations promulgated pursuant to KRS Chapter
13 13A. The cabinet shall accept data which, at the option of the provider is submitted
14 through a third party, including but not limited to organizations involved in the
15 processing of claims for payment, so long as the data elements conform to the
16 requirements established by the cabinet. On at least a biennial basis, the cabinet shall
17 conduct a statistical survey that addresses the status of women's health, specifically
18 including data on patient age, ethnicity, geographic region, and payor sources. The
19 cabinet shall rely on data from readily available reports and statistics whenever possible.

20 Notwithstanding KRS 216.2925(2), the cabinet shall require for quarterly
21 submission to the cabinet by any group of providers, except for physicians providing
22 services or dispensaries, first aid stations, or clinics located within business or industrial
23 establishments maintained solely for the use of their employees, including those
24 categories within the definition of provider contained in KRS 216.2920 and any further
25 categories determined by the cabinet, as provided by cabinet promulgation of
26 administrative regulations pursuant to KRS Chapter 13A, the following:

27 (a) A list of medical conditions, health services, and procedures for which data on

1 charge, quality, and outcomes shall be collected and published;

2 (b) A timetable for filing the information provided for under paragraph (a) above
3 on a quarterly basis;

4 (c) A list of data elements that are necessary to enable the cabinet to analyze and
5 disseminate risk-adjusted charge, quality, and outcome information, including mortality
6 and morbidity data;

7 (d) An acceptable format for data submission which shall include use of the
8 uniform:

9 1. Health claim form pursuant to KRS 304.14-135 or any other universal health
10 claim form to be determined by the cabinet, if in the form of hard copy; or

11 2. Electronic submission formats as required under the federal Health Insurance
12 Portability and Accountability Act of 1996, 42 U.S.C. Chapter 6A, sec. 300gg et seq., in
13 the form of magnetic computer tape, computer diskettes, or other electronic media
14 through an electronic network;

15 (e) Procedures to allow health-care providers at least thirty (30) days to review
16 information generated from any data required to be submitted by them, with any reports
17 generated by the cabinet to reflect valid corrections by the provider before the information
18 is released to the public; and

19 (f) Procedures pertaining to the confidentiality of data collected.

20 Notwithstanding KRS 216.2925(3), the data-gathering activities of the cabinet shall
21 be coordinated with and not duplicative of other data-collection activities conducted by
22 the Office of Insurance, as well as other state and national agencies and organizations that
23 collect the same or substantially similar health-related service, utilization, quality,
24 outcome, financial, or health-care personnel data, and shall review all administrative
25 regulations promulgated pursuant to KRS 216.2920 to 216.2929 to prevent duplicate
26 filing requirements. The cabinet shall periodically review the use of all data collected
27 under KRS 216.2920 to 216.2929 to assure its use is consistent with legislative intent.

1 Notwithstanding KRS 216.2925(4), the cabinet shall conduct outcome analyses and
 2 effectiveness studies and prepare other reports pertaining to issues involving health-care
 3 charges and quality.

4 Notwithstanding KRS 216.2925(7), the Cabinet for Health and Family Services
 5 shall collect all data elements under this section using only the uniform health insurance
 6 claim form pursuant to KRS 304.14-135, the Professional 837 (ASC X12N 837) format
 7 or its successor as adopted by the Centers for Medicare and Medicaid Services, or the
 8 Institutional 837 (ASC X12N 837) format or its successor as adopted by the Centers for
 9 Medicare and Medicaid Services.

10 **Section 17.** Notwithstanding KRS 216.2927(3), no less than 60 days after
 11 reports are published and except as otherwise provided, the Cabinet for Health and
 12 Family Services shall make all aggregate data which does not allow disclosure of the
 13 identity of any individual patient, and which was obtained for the annual period covered
 14 by the reports, available to the public. The Health Services Data Advisory Committee
 15 shall review at least annually current protocols related to the release of data referenced in
 16 this section and shall make recommendations to the cabinet advisory committee
 17 referenced in KRS 216.2923. Persons or organizations requesting use of these data shall
 18 agree to abide by a public use data agreement and by HIPAA privacy rules referenced in
 19 45 C.F.R. 164. The public use data agreement shall include at a minimum:

- 20 (a) A prohibition against the sale or further release of data; and
- 21 (b) Guidelines for the use and analysis of the data released to the public related to
 22 provider quality, outcomes, or charges.

23 Notwithstanding KRS 216.2925(3), the cabinet may impose a fee for providing
 24 electronic or multiple printed copies of the data.

25 **Section 18.** Notwithstanding KRS 216.2929(1), the Cabinet for Health and
 26 Family Services shall make available on its Web site information on charges for health
 27 care services, which is updated at least annually, in understandable language with

1 sufficient explanation to allow consumers to draw meaningful comparisons between
2 every hospital and ambulatory facility in the Commonwealth, and other provider groups
3 as relevant data become available. Any charge information compiled and reported by the
4 cabinet shall include the median charge and other percentiles to describe the typical
5 charges for all of the patients treated by a provider and the total number of patients
6 represented by the charges, and shall be risk adjusted according to the recommendations
7 of the Health Data Advisory Committee. The report shall clearly identify the sources of
8 data used in the report and explain limitations of the data and why differences between
9 provider charges may be misleading. Every provider that is specifically identified in any
10 report shall be given 30 days to verify the accuracy of its data prior to public release and
11 shall be afforded the opportunity to submit comments on its data that shall be included on
12 the Web site and as part of any printed report of the data. The cabinet shall only provide
13 linkages to organizations that publicly report comparative charge data for Kentucky
14 providers using data for all patients treated regardless of payor source, which may be
15 adjusted for outliers, is risk adjusted, and permits identified providers the opportunity to
16 comment on their data and includes such comments on the Web site and as part of any
17 printed report of the data.

18 The Cabinet for Health and Family Services shall make information available on its
19 Web site, describing quality and outcome measures, in understandable language with
20 sufficient explanation to allow consumers to draw meaningful comparison between every
21 hospital and ambulatory facility in the Commonwealth, and other provider groups as
22 relevant data become available.

23 (a) The cabinet shall utilize only national quality indicators that have been
24 endorsed and adopted by the Agency for Healthcare Research and Quality, the National
25 Quality Forum, or the United States Centers for Medicare and Medicaid Services, or shall
26 provide linkages only to the following organizations that publicly report quality and
27 outcome measures on Kentucky providers:

- 1 1. The United States Centers for Medicare and Medicaid Services;
- 2 2. The Agency for Healthcare Research and Quality;
- 3 3. The Joint Commission on the Accreditation of Health Care Organizations; and
- 4 4. Other organizations that publicly report relevant outcome data for Kentucky
- 5 health care providers, as determined by the Health Services Data Advisory Committee.

6 (b) The cabinet shall utilize or refer the general public to only those nationally
7 endorsed quality indicators that:

- 8 1. Are based upon current scientific evidence or relevant national professional
9 consensus; and
- 10 2. Have definitions and calculation methods openly available to the general
11 public at no charge.

12 Any report the cabinet disseminates or refers the public to shall:

13 (a) Not include data for a provider whose caseload of patients is insufficient to
14 make the data a reliable indicator of the provider's performance;

15 (b) Afford providers specifically identified in the report 30 days to verify the
16 accuracy of their data prior to the data's public release and the opportunity to submit
17 comments on their data, which shall be included on the Web site and as part of any
18 printed report of the data;

19 (c) Clearly identify the sources of data used in the report and explain the
20 analytical methods used in preparing the data included in the report; and

21 (d) Explain any limitations of the data and how the data should be used by
22 consumers.

23 **Section 19.** Notwithstanding KRS 304.17A-700, as used in KRS 304.17A-700
24 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123, "health care provider" or
25 "provider" means a provider licensed in Kentucky as defined in KRS 304.17A-005 and,
26 for the purposes of KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135,
27 and 304.99-123 only, shall include physical therapists licensed under KRS Chapter 327,

1 psychologists licensed under KRS Chapter 319, social workers licensed under KRS
 2 Chapter 335, and durable medical equipment dealers holding an active Medicare DME
 3 provider number. Nothing contained in KRS 304.17A-700 to 304.17A-730 and KRS
 4 205.593, 304.14-135, and 304.99-123 shall be construed to include physical therapists,
 5 psychologists, social workers, and durable medical equipment dealers holding an active
 6 Medicare DME provider number as a health care provider or provider under KRS
 7 304.17A-005.

8 **Section 20.** Notwithstanding KRS 304.17A-704, within five business days
 9 from the time of acknowledgment under KRS 304.17A.704(1)(a), an insurer, its agent, or
 10 designee shall notify the provider, its billing agent, or designee that submitted the claim
 11 electronically, of all information that is missing from the billing instrument, of any errors
 12 in the billing instrument, or of any other circumstances which preclude it from being a
 13 clean claim.

14 Notwithstanding KRS 304.17A-704(2), at the time of acknowledgment under
 15 paragraph (b) of KRS 304.17A-704(1), an insurer, its agent, or designee, shall notify the
 16 provider, its billing agent, or designee that submitted the claim, in writing, of all
 17 information that is missing from the billing instrument, any errors in the billing
 18 instrument, or of any other circumstances which preclude it from being a clean claim.

19 **Section 21.** Notwithstanding KRS 304.17A-730(1), an insurer that fails to pay,
 20 deny, or settle a clean claim in accordance with KRS 304.17A-700 to 304.17A-730 and
 21 KRS 205.593, 304.14-135, and 304.99-123 shall pay interest according to the following
 22 schedule on the amount of the claim that remains unpaid:

23 (a) For claims that are paid between one and 30 days from the date that payment
 24 was due under KRS 304.17A-702, interest at a rate of 12 percent per annum shall accrue
 25 from the date payment was due under KRS 304.17A-702; and

26 (b) For claims that are paid more than 31 days from the date that payment was
 27 due under KRS 304.17A-702, interest at a rate of 14 percent per annum shall accrue from

1 the date payment was due under KRS 304.17A-702.

2 **Section 22.** Sections 1 to 8 of this Part take effect January 1, 2007.

3 **PART XXIV**

4 **PHARMACY SCHOLARSHIP PROGRAM**

5 Notwithstanding KRS 48.310, the following statute is created to read as follows and
6 shall have permanent effect, subject to future actions by the General Assembly:

7 SECTION 1. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO
8 READ AS FOLLOWS:

9 (1) It is the intent of the General Assembly to establish a scholarship program to
10 provide eligible Kentucky students the opportunity to attend an accredited school
11 of pharmacy at a private four (4) year institution of higher education with a main
12 campus located in an Appalachian Regional Commission county in the
13 Commonwealth and become certified pharmacists in the Commonwealth.

14 (2) The Kentucky Higher Education Assistance Authority may award scholarships,
15 to the extent funds are available for that purpose, to persons who declare an
16 intent to enroll in a Pharm.D. program at an institution in the Commonwealth
17 and practice in the Commonwealth and who are eligible under subsection (3) of
18 this section.

19 (3) The authority may award scholarships to students who meet the following
20 criteria:

21 (a) Kentucky residents who are United States citizens as determined by the
22 institution in accordance with criteria established by the Council on
23 Postsecondary Education for the purposes of admission and tuition
24 assessment;

25 (b) Students who are enrolled or accepted for enrollment in an eligible program
26 of study, on a full-time basis, or eligible students who have a disability
27 defined by Title II of the Americans with Disabilities Act, 42 U.S.C. secs.

1 12131 et seq., certified by a licensed physician to be unable to attend the
 2 eligible program of study full-time because of the disability;

3 (c) Students who agree to render one (1) year of qualified service in the
 4 Commonwealth for each year the scholarship was awarded. "Qualified
 5 service" means a full-time practice in the Commonwealth of Kentucky as a
 6 licensed pharmacist for a majority of the calendar year, except that an
 7 individual having a disability defined by Title II of the Americans with
 8 Disabilities Act, 42 U.S.C. secs. 12131 et seq., whose disability, certified by
 9 another licensed physician, prevents him or her from practicing full-time,
 10 shall be deemed to perform qualified service by practicing the maximum
 11 time permitted by the attending physician; and

12 (d) Students who sign a promissory note as evidence of the scholarship
 13 awarded and the obligation to repay the scholarship amount or render
 14 medical service as agreed in lieu of payment.

15 (4) The amount of the scholarship awarded to an eligible student by the authority
 16 shall be equal to the difference between:

17 (a) The amount charged for in-state tuition at the University of Kentucky
 18 College of Pharmacy; and

19 (b) The prevailing amount charged for tuition at the institution in which the
 20 student is enrolled.

21 (5) The authority shall require a promissory note to be executed by the student as
 22 evidence of the obligation. The recipient shall render one (1) year of qualified
 23 service for each year the scholarship was awarded. Upon completion of each year
 24 of qualified service, the authority shall cancel the appropriate number of
 25 promissory notes. Promissory notes shall be canceled by qualified service in the
 26 order in which the promissory notes were executed. Service credit shall not
 27 include residency service. In the event a recipient fails to complete an eligible

- 1 program of study, or fails to render service as a pharmacist as agreed in
2 subsection (3) of this section, the recipient shall be liable for the total repayment
3 of the sum of all outstanding promissory notes and accrued interest.
- 4 (6) A scholarship shall not be awarded or a promissory note cancellation shall not be
5 granted to any person who is in default on any obligation to the authority under
6 any program administered by the authority under KRS 164.740 to 164.785 until
7 financial obligations to the authority are satisfied, except that ineligibility for this
8 reason may be waived by the authority for cause.
- 9 (7) A repayment obligation imposed by this section shall not be voidable by reason of
10 the age of the recipient at the time of executing the promissory note.
- 11 (8) Failure to meet repayment obligations imposed by this section shall be cause for
12 the revocation of the scholarship recipient's license to practice pharmacy, subject
13 to the procedures set forth in KRS Chapter 311.
- 14 (9) Notwithstanding KRS 164.753(3), the authority shall establish by administrative
15 regulation procedures or the terms of promissory notes from the administration
16 of this program, including the execution of appropriate contracts and promissory
17 notes, cancellation of the obligation, the rate of repayment and deferment of
18 repayment of outstanding debt, and the priority of awarding scholarships if funds
19 are insufficient to honor all requests.
- 20 (10) Notwithstanding any other statute to the contrary, the maximum interest rate
21 applicable to repayment of a promissory note under this section shall be twelve
22 percent (12%) per annum, except that if a judgment is rendered to recover
23 payment, the judgment shall bear interest at the rate of five percent (5%) greater
24 than the rate actually charged on the promissory note.
- 25 (11) (a) The Pharmacy Scholarship Program is hereby created as a special trust
26 fund in the State Treasury administered by the Kentucky Higher Education
27 Assistance Authority for the purpose of providing funds for scholarships to

1 eligible students studying pharmacy in schools in the Commonwealth.

2 (b) Funding shall be transferred to the special trust fund from the coal
3 severance tax revenue levied under KRS 143.020 in an amount that permits
4 each Kentucky resident eligible under subsection (3) of this section to be
5 awarded a scholarship in the amount established under subsection (4) of
6 this section. No more than four percent (4%) of the coal severance tax
7 revenues levied under KRS 143.020 and collected annually shall be
8 transferred to the trust fund. To the extent this appropriation and other
9 funds are available, the authority shall award scholarships to all renewal
10 applicants and eligible students in accordance with the formula for
11 determining the amount of the scholarship award established in this
12 section.

13 (c) The trust fund may also receive state appropriations, gifts, and grants from
14 public and private sources, and federal funds. Any unallotted or
15 unencumbered balances in the trust fund shall be invested as provided in
16 KRS 42.500(9). Income earned from the investments shall be credited to the
17 trust fund. Any fund balance at the close of the fiscal year shall not lapse
18 but shall be carried forward to the next fiscal year and continuously
19 appropriated only for the purposes specified in this section. A general
20 statement that all continuing appropriations are repealed, discontinued, or
21 suspended shall not operate to repeal, discontinue, or suspend this fund or
22 to repeal this action.

23 (d) All moneys repaid to the authority under this section shall be added to the
24 appropriations made for purposes of this section, and the funds and
25 unobligated appropriations shall not lapse.

26 (12) On or before August 1 of each year, sixty-five percent (65%) of the amount of
27 funding provided in subsection (11)(b) of this section shall be transferred to the

- 1 special trust fund, and the remaining thirty-five percent (35%) shall be
 2 transferred on or before December 1 of each year. The revenue transfers shall be
 3 based upon the revenue estimates prevailing at the time each transfer is due.
- 4 (13) The calculation and transfer of funds under subsection (11) of this section shall
 5 be made only after the quarterly installment of the annual nineteen million
 6 dollars (\$19,000,000) allocation of coal severance tax revenues has been credited
 7 to the benefit reserve fund within the Workers' Compensation Funding
 8 Commission as required by KRS 342.122.

9 **PART XXV**

10 **BLOCK GRANTS**

11 Notwithstanding KRS 48.310, the following statute is amended to read as follows
 12 and shall have permanent effect, subject to future actions by the General Assembly:

13 Section 1. KRS 45.3511 is amended to read as follows:

- 14 (1) State administering agencies shall not have continuation block grant application
 15 requests. Each application for a block grant shall be deemed a new application.
- 16 (2) No state administering agency shall receive or expend any block grant or other
 17 funds included in a block grant application to a federal administering agency, which
 18 has not previously been specifically approved as a block grant by the General
 19 Assembly in the biennial budget process as having complied with the criteria
 20 specified in KRS 45.353, unless the application is found to be in compliance with
 21 the standards and criteria as prescribed in KRS 45.353, as well as the applicable
 22 federal and state laws.
- 23 (3) If a county contains no incorporated area, that county shall be permitted to
 24 submit two (2) applications per year, one (1) as a county and one (1) as a city, for
 25 any block grant program or any category of a block grant program that provides
 26 funding on a competitive basis.

27 **PART XXVI**

1 (4) "Commissioner" means the Commissioner of Kentucky Department of Agriculture
2 or his authorized representative.

3 Section 2. KRS 247.234 is amended to read as follows:

4 (1) No amusement ride or attraction shall be operated in this state without a permit of
5 operation issued by the Commissioner to the owner of the equipment. The permit
6 shall be kept on site and viewable upon request.

7 (2) (a) The permit of operation required by this section shall be valid for a period of
8 one (1) year and shall be issued in accordance with administrative regulations
9 promulgated by the Commissioner;

10 (b) A permit shall be issued to each owner to operate any amusement ride or
11 attraction in this state. An inspection fee, which shall be determined by
12 administrative regulations promulgated by the Commissioner,~~[A fee of fifty~~
13 ~~dollars (\$50)]~~ shall be levied for each amusement ride or attraction. The fee
14 shall be based on the complexity of the ride or attraction and shall not be
15 less than ten dollars (\$10) nor more than five hundred dollars (\$500). The
16 cost of all inspections shall be paid by the owner of the amusement ride or
17 attraction and may be prepaid, but shall be paid no later than the day of the
18 inspection;

19 (c) The applicant shall furnish proof of liability insurance in effect on the
20 operation of each amusement ride or attraction providing coverage, with an
21 insurer authorized to issue a policy in this state, in the amount of not less than
22 five hundred thousand dollars (\$500,000)~~[three hundred thousand dollars~~
23 ~~(\$300,000)]~~ due to all bodily injuries or deaths per occurrence, or in lieu
24 thereof, if the applicant's amusement ride or amusement attraction is one that
25 is permanently located or erected on a site in this state, the applicant shall be
26 required only to provide proof of ~~liability insurance in the sum of one~~
27 ~~hundred thousand dollars (\$100,000) or proof of]~~ financial responsibility in

1 the sum of five hundred thousand dollars (\$500,000)~~one hundred thousand~~
 2 ~~dollars (\$100,000)~~. Every insurance carrier of these policies shall notify the
 3 Commissioner at least thirty (30) days prior to cancellation of a policy for
 4 mobile amusement rides or attractions and at least ten (10) days prior to
 5 cancellation of a policy for permanent amusement rides or attractions. In
 6 addition to proof of adequate insurance coverage, the applicant shall furnish
 7 any other information the Commissioner may require, including, but not
 8 limited to, written notice of each intended operating site to be received by the
 9 Commissioner at least fourteen (14) days prior to operation at that site. In
 10 cases of emergency, notice of a change in future plans may be given to the
 11 Commissioner by telephone. Insurance requirements for amusement rides and
 12 attractions operated at the Kentucky State Fair may be adjusted by the
 13 Commissioner to any amount reasonably necessary to ensure adequate
 14 coverage;

15 (d) The Commissioner shall provide for an inspection of each amusement ride or
 16 attraction before it may be operated in this state. The Commissioner shall
 17 designate persons qualified by education or experience, who are capable of
 18 determining amusement safety in accordance with administrative regulations
 19 promulgated in accordance with KRS 247.232 to 247.236, as amusement
 20 safety inspectors; and

21 (e) A Kentucky inspection seal shall be affixed to every individual amusement
 22 ride or attraction, or other location as determined by the Commissioner, before
 23 it may be operated in this state.

24 (3) (a) In addition to a mandatory initial inspection, required in subsection (2)(d) of
 25 this section, the Commissioner may inspect amusement rides and attractions
 26 without notice at any time while operating in this state. There will be no
 27 charge for additional inspections in which safety violations are not found. In

1 regard to situations in which safety violations are found, the Commissioner
 2 may charge an inspection fee not to exceed five hundred dollars (\$500) for any
 3 future inspection necessary. The corrections of these safety violations shall
 4 comply with accepted standards of safety, and shall be accomplished prior to
 5 operating the equipment in this state;

6 (b) In regard to situations in which safety violations are found that cannot be
 7 corrected immediately, the amusement ride or attraction shall cease to operate
 8 in this state by order of the amusement safety inspector. In addition, the
 9 amusement safety inspector shall conspicuously post a public notice on or
 10 near the amusement ride or attraction. The notice shall adequately inform the
 11 public of the safety violation present. Only an amusement safety inspector
 12 employed by the department may remove the public notice;

13 (c) Any owner who continues to operate an amusement ride or attraction after an
 14 order to cease operation has been issued shall have his permit of operation
 15 revoked and may be subject to further penalties provided in KRS 247.990 and
 16 this section. In addition, the county attorney of each county and the
 17 Commissioner of Agriculture or his agents are hereby authorized to seek an
 18 injunction against the owner or operator of any amusement ride or attraction
 19 being operated in violation of KRS 247.232 to 247.236; and

20 (d) Revenue generated by this section shall be used for the implementation and
 21 administration of KRS 247.232 to 247.236; the balance, if any, shall *not lapse*
 22 *but shall be carried forward to the next fiscal year* ~~be paid into the general~~
 23 ~~fund of this state~~].

24 Section 3. Sections 1 and 2 of this Part take effect January 1, 2007.

25 PART XXVII

26 JUDICIAL BRANCH CAPITAL PROJECTS BUDGET

27 1. Local Facilities Projects

1 **a. Authorized Local Facilities Projects and Deferred Use Allowance**

2	Maximum				
3	Annualized				
4	Rank	Project	Project Scope	Use Allowance	Total Funds
5	001.	Campbell	29,284,000	2,621,000	4,886,000
6	002.	Wolfe	11,395,000	1,020,000	1,772,000
7	003.	Todd	9,537,000	854,000	1,469,000
8	004.	Garrard	11,598,000	1,038,000	1,793,000
9	005.	Franklin	29,114,000	2,606,000	4,701,000
10	006.	Hancock	11,715,000	1,049,000	1,793,000
11	007.	Mercer	11,963,000	1,071,000	1,929,000
12	008.	Russell	11,720,000	1,049,000	1,813,000
13	009.	Hopkins	20,492,000	1,834,000	3,305,000
14	010.	Owen	11,471,000	1,027,000	1,791,000
15	011.	Breckinridge	11,481,000	1,027,600	1,756,000
16	012.	Fleming	11,536,000	1,033,000	1,778,000
17	013.	Whitley	18,901,000	1,692,000	2,953,000
18	014.	Monroe	11,207,000	1,003,000	1,710,000
19	015.	Rowan	13,044,000	1,168,000	2,024,000
20	016.	Pike	28,413,000	2,545,000	4,606,000
21	017.	Marion	11,781,000	1,055,000	1,821,000

22 **(1) Deferred Funding:** General Fund support to provide operating support
 23 totaling \$4,927,300, annualized use allowance payments totaling \$23,692,600, and non-
 24 recurring furniture and equipment costs totaling \$15,560,000, less offsetting payments
 25 made for existing facilities totaling \$2,279,600, for the above local facilities projects is
 26 deferred to the 2008-2010 fiscal biennium pending action of the 2008 General Assembly.

27 **2. Local Facility Project – Additional Scope**

1 a. Pendleton – Additional Scope 8,010,100 -0-

2 **3. Bond Refinancings**

3 Any savings realized from bonds refinanced after November 1, 2005, associated
4 with a court facility constructed or renovated after July 1, 1994, shall be shared by the
5 local unit of government and the Court of Justice based on the proportional share of the
6 original project costs borne by the local unit of government and the Court of Justice. The
7 length of the term of the refinancing shall not extend beyond the original maturity date of
8 the prior bonds.

9 The local unit of government may use the savings to make needed improvements to
10 the court facility, if the annual lease payment of the state is not increased as a result of the
11 refinancing. Improvements may consist of but are not limited to holding cells, additional
12 parking, removing physical barriers in order to comply with the American Disabilities
13 Act requirements, space additions for the holding of family court, and other needed
14 improvements as determined by the local unit of government after consulting with the
15 Administrative Office of the Courts.

16 ~~[Any debt obligations issued by or on behalf of a unit of government to finance a~~
17 ~~court facility leased to the Administrative Office of the Courts shall be publicly bid by the~~
18 ~~owner of the court facility in accordance with KRS 66.141.] (Veto #28)~~

19 **PART XXVIII**

20 **OMNIBUS ASSISTANCE TO VETERANS AND MILITARY FAMILIES**

21 Notwithstanding KRS 48.310, the following statutes are created or amended to read
22 as follows and shall have permanent effect, subject to future actions by the General
23 Assembly:

24 SECTION 1. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO
25 READ AS FOLLOWS:

- 26 **(1) The military family assistance trust fund is created as a separate revolving fund.**
27 **The trust fund shall consist of grants, contributions, appropriations, or other**

1 moneys made available for the purpose of the trust fund.

2 (2) Trust fund amounts not expended at the close of a fiscal year shall not lapse but
3 shall be carried forward to the next fiscal year.

4 (3) Any interest earnings of the trust fund shall become a part of the trust fund and
5 shall not lapse.

6 SECTION 2. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO
7 READ AS FOLLOWS:

8 (1) (a) The Military Family Assistance Trust Fund Board is hereby created for the
9 purpose of administering the trust fund created under Section 1 of this Part.
10 The board shall be attached to the Department of Military Affairs for
11 administrative purposes. The board shall be composed of six (6) members as
12 follows:

13 1. Three (3) members, expert in military family matters, appointed by the
14 Governor;

15 2. One (1) member, expert in military family matters, appointed by the
16 President of the Senate;

17 3. One (1) member, expert in military family matters, appointed by the
18 Speaker of the House of Representatives; and

19 4. The adjutant general who shall serve as a nonvoting member.

20 (b) Appointments referred to in paragraph (a) of this subsection shall be made
21 within sixty (60) days of the effective date of this Act.

22 (2) The adjutant general, or a majority of the board members, shall arrange for the
23 first board meeting as soon as possible after all board members are appointed, but
24 no later than June 15, 2006.

25 (3) Appointed board members shall serve without compensation but may receive
26 reimbursement for their actual and necessary expenses incurred in the
27 performance of their duties.

- 1 (4) The term of each appointed member shall be four (4) years.
- 2 (5) An appointed member whose term has expired may continue to serve until a
 3 successor is appointed and qualifies. A member who is appointed to an unexpired
 4 term shall serve the rest of the term and until a successor is appointed and
 5 qualifies. A member may serve two (2) consecutive four (4) year terms and shall
 6 not be reappointed for four (4) years after the completion of those terms.
- 7 (6) A majority of the full membership of the board shall constitute a quorum.
- 8 (7) (a) Except as provided in paragraph (b) of this subsection, at the first meeting,
 9 the board shall elect, by majority vote, a president who shall preside at all
 10 meetings and coordinate the functions and activities of the board. The
 11 president shall be elected or reelected each calendar year thereafter.
- 12 (b) The adjutant general shall not serve as the president of the board.
- 13 (8) The board shall meet at least two (2) times annually but may meet more
 14 frequently, as deemed necessary, subject to call by the president or by request of a
 15 majority of the board members.
- 16 SECTION 3. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO
 17 READ AS FOLLOWS:
- 18 (1) During active duty of a regular member of the United States Armed Forces
 19 deployed outside the United States who names Kentucky as Home of Record for
 20 military purposes, or any federal active duty of a member of a state National
 21 Guard or a Reserve component, who names Kentucky as Home of Record for
 22 military purposes, and for ninety (90) days following the end of deployment
 23 outside the United States or deactivation, as appropriate, trust fund moneys shall
 24 be used to support:
- 25 (a) The person who names Kentucky Home of Record for military purposes;
 26 (b) The person's Kentucky resident spouse; and
 27 (c) The person's dependent or dependents.

1 (2) An application for a trust fund grant may be filed by the member who names
 2 Kentucky as Home of Record for military purposes or his or her Kentucky
 3 resident spouse. The application shall be accompanied by an appropriate
 4 authorization to access personnel information contained in the military database
 5 Defense Enrollment Reporting System (DEERS) for verification purposes.

6 (3) Subject to the availability of trust fund moneys, the adjutant general shall award
 7 a grant to an applicant if that person's application is need-based, and the amount
 8 of the grant does not exceed the dollar cap established by the board through the
 9 promulgation of administrative regulations. An application shall be need-based
 10 if:

11 (a) Funds are requested for necessary expenses incurred, or to be incurred.

12 Necessary expenses shall include but not be limited to:

13 1. Housing;

14 2. Utilities;

15 3. Groceries;

16 4. Health insurance copay; and

17 5. Child care;

18 (b) The necessary expenses created, or will create, an undue hardship on a
 19 person referred to in subsection (1) of this section;

20 (c) The undue hardship is directly related to the member's deployment outside
 21 the United States or federal active duty, as appropriate;

22 (d) The applicant does not have reasonable access to any other funding source,
 23 whether public or private; and

24 (e) The military family assistance trust fund is the last resort.

25 (4) (a) The adjutant general shall award or decline to award a grant within sixty
 26 (60) days of receiving an application.

27 (b) If the adjutant general awards or declines to award a grant, he or she shall

1 state in writing the reason for the decision and keep the writing on file.

2 (c) If the adjutant general declines to award a grant, he or she shall provide the
 3 applicant with a copy of the writing referred to in paragraph (b) of this
 4 subsection. In addition, if the adjutant general declines to award a grant
 5 due to the availability of public or private funds, the adjutant general shall
 6 identify the source of available funds for the applicant and provide
 7 assistance with regard to seeking funds from that source.

8 (5) No later than August 15, 2006, the Military Family Assistance Trust Fund Board
 9 shall promulgate emergency administrative regulations to carry out the
 10 provisions of this section. These emergency regulations shall, at a minimum,
 11 enhance administrative efficiency and limit the dollar amount that a person may
 12 receive in grants per twelve (12) month period.

13 SECTION 4. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO
 14 READ AS FOLLOWS:

15 Each year between August 15 and September 1, the Military Family Assistance Trust
 16 Fund Board shall provide a written report to the Governor, the Legislative Research
 17 Commission, and the Interim Joint Committee on Seniors, Veterans, Military Affairs,
 18 and Public Protection. The written report shall provide:

19 (1) The board's activities during the previous fiscal year;

20 (2) What moneys were spent out of the military family assistance trust fund for what
 21 purposes;

22 (3) The amount of money left in the fund; and

23 (4) Any recommendations for future initiatives with regard to the trust fund and its
 24 administration.

25 SECTION 5. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO
 26 READ AS FOLLOWS:

27 (1) The Department of Military Affairs shall establish a Mission: Welcome Home

1 Program to ensure that a supportive community shall meet every member of a
 2 state National Guard, who names Kentucky as Home of Record for military
 3 purposes, returning from federal active duty.

4 (2) The department shall employ any appropriate means to carry out Mission:
 5 Welcome Home, including but not limited to:

6 (a) Providing every returning member of a state National Guard, who names
 7 Kentucky as Home of Record for military purposes, with a Mission:
 8 Welcome Home packet that states what will be done to help the member as
 9 he or she rejoins his or her Kentucky life;

10 (b) Identifying a veteran who will serve as the contact for the returning member
 11 and his or her family with regard to Mission: Welcome Home and other
 12 benefits and services; and

13 (c) Identifying National Guard members, veterans, civilians, businesses, and
 14 community organizations willing to provide hands-on assistance to the
 15 returning member and his or her family with regard to establishing or
 16 reestablishing a career and reentering civilian life.

17 SECTION 6. A NEW SECTION OF KRS CHAPTER 36 IS CREATED TO
 18 READ AS FOLLOWS:

19 (1) The Kentucky Department of Military Affairs shall establish procedures to assist
 20 the spouses of military personnel acquiring and obtaining professional and
 21 occupational licenses, certificates, registrations, permits, or other credentials. A
 22 person shall be eligible for assistance under this section if he or she is the spouse
 23 of a member of the United States Armed Forces, including a member of a state's
 24 National Guard or Reserve on federal active duty who moves into Kentucky when
 25 the member of the United States Armed Forces is reassigned by the military. The
 26 department shall:

27 (a) Establish a process by which the department shall verify whether or not the

1 military spouse has relocated because of the reassignment of his or her
2 spouse by the military;

3 (b) Work directly with other states, testing providers, and organizations issuing
4 credentials to accelerate the application process for obtaining state licenses,
5 certifications, registrations, or permits. To fulfill this directive, the
6 department shall seek input from and disseminate information to state
7 agencies and credentialing boards on ways to accelerate the process by
8 which eligible military spouses moving into the Commonwealth may obtain
9 the credentials required for occupational and professional credentialing as
10 expeditiously as possible; and

11 (c) Coordinate the activities of other state agencies and credentialing boards to
12 establish a clearinghouse by which information on obtaining licenses,
13 certificates, registration, and permits may be accessed. In coordinating the
14 information, the department shall compile information from other state
15 agencies and credentialing boards on the occupations and professions
16 requiring a state permit, registration, certification, license, or other
17 qualifying document and the name, telephone number, and address of a
18 contact person for each such occupation or profession.

19 (2) Any state agency or credentialing board issuing permits, registrations,
20 certificates, or licenses that are a prerequisite to a person engaging in an
21 occupation or profession shall assist the Kentucky Department of Military Affairs
22 in expediting the application process for such permits, registrations, certificates,
23 or licenses for military spouses who come into Kentucky because their spouses
24 are reassigned by the military.

25 (3) The department shall prepare and issue an annual report on its activities in
26 meeting the directives of this section by June 1 of each year. A copy of the report
27 shall be submitted to the Interim Joint Committee on Licensing and Occupations

1 **and the Interim Joint Committee on Seniors, Veterans, Military Affairs, and**
2 **Public Protection.**

3 Section 7. KRS 198A.040 is amended to read as follows:

4 The corporation shall have all of the powers necessary or convenient to carry out and
5 effectuate the purposes and provisions of this chapter including, but without limiting the
6 generality of the foregoing, the power:

7 (1) To make or participate in the making of insured construction loans to sponsors of
8 land development or residential housing; provided, however, that such loans shall
9 be made only upon the determination by the corporation that construction loans
10 have been refused in writing, wholly or in part, from private lenders in the
11 Commonwealth of Kentucky upon reasonably equivalent terms and conditions;

12 (2) To make or participate in the making of insured mortgage loans to sponsors of
13 residential housing; provided, however, that such loans shall be made only upon the
14 determination by the corporation that mortgage loans have been refused in writing,
15 wholly or in part, from private lenders in the Commonwealth of Kentucky upon
16 reasonably equivalent terms and conditions;

17 (3) To purchase or participate in the purchase of insured mortgage loans made to
18 sponsors of residential housing or to persons of lower and moderate income for
19 residential housing; provided, however, that any such purchase shall be made only
20 upon the determination by the corporation that mortgage loans have been refused in
21 writing, wholly or in part, from private lenders in the Commonwealth of Kentucky
22 upon reasonably equivalent terms and conditions;

23 (4) To make temporary loans from the housing development fund;

24 (5) To collect and pay reasonable fees and charges in connection with making,
25 purchasing and servicing its loans, notes, bonds, commitments, and other evidences
26 of indebtedness;

27 (6) To acquire real property, or any interest therein, by purchase, foreclosure, lease,

- 1 sublease, or otherwise; to own, manage, operate, hold, clear, improve, and
2 rehabilitate such real property; and to sell, assign, exchange, transfer, convey, lease,
3 mortgage, or otherwise dispose of or encumber such real property where such use of
4 real property is necessary or appropriate to the purpose of the Kentucky Housing
5 Corporation;
- 6 (7) To sell, at public or private sale, all or any part of any mortgage or other instrument
7 or document securing a construction, land development, mortgage, or temporary
8 loan of any type permitted by this chapter;
- 9 (8) To procure insurance against any loss in connection with its operations in such
10 amounts, and from such insurers, as it may deem necessary or desirable;
- 11 (9) To consent, whenever it deems it necessary or desirable in the fulfillment of its
12 corporate purposes, to the modification of the rate of interest, time of payment of
13 any installment of principal or interest, or any other terms of any mortgage loan,
14 mortgage loan commitment, construction loan, temporary loan, contract, or
15 agreement of any kind to which the corporation is a party;
- 16 (10) To acquire, establish, operate, lease, and sublease residential housing for persons
17 and families of lower and moderate income and to enter into agreements or other
18 transactions with any federal, state, or local governmental agency for the purpose of
19 providing adequate living quarters for such persons and families in cities and
20 counties where a need has been found for such housing and where no local housing
21 authorities or other organizations exist to fill such need;
- 22 (11) To include in any borrowing such amounts as may be deemed necessary by the
23 corporation to pay financing charges, interest on the obligations for a period not
24 exceeding two (2) years from their date, consultant, advisory, and legal fees and
25 such other expenses as are necessary or incident to such borrowing;
- 26 (12) To make and publish rules and regulations respecting its lending programs and such
27 other rules and regulations as are necessary to effectuate its corporate purposes;

- 1 (13) To provide technical and advisory services to sponsors of residential housing and to
2 residents and potential residents thereof, including but not limited to, housing
3 selection and purchase procedures, family budgeting, property use and maintenance,
4 household management, and utilization of community resources;
- 5 (14) To promote research and development in scientific methods of constructing low
6 cost residential housing of high durability;
- 7 (15) To encourage community organizations to participate in residential housing
8 development;
- 9 (16) To make, execute, and effectuate any and all agreements or other documents with
10 any governmental agency or any person, corporation, association, partnership, or
11 other organization or entity, necessary to accomplish the purposes of this chapter;
- 12 (17) To accept gifts, devises, bequests, grants, loans, appropriations, revenue sharing,
13 other financing and assistance, and any other aid from any source whatsoever and to
14 agree to, and to comply with, conditions attached thereto;
- 15 (18) To sue and be sued in its own name, plead and be impleaded;
- 16 (19) To maintain an office in the city of Frankfort and at such other place or places as it
17 may determine;
- 18 (20) To adopt an official seal and alter the same at pleasure;
- 19 (21) To adopt bylaws for the regulation of its affairs and the conduct of its business and
20 to prescribe rules, regulations, and policies in connection with the performance of
21 its functions and duties;
- 22 (22) To employ fiscal consultants, engineers, attorneys, real estate counselors,
23 appraisers, and such other consultants and employees as may be required in the
24 judgment of the corporation and to fix and pay their compensation from funds
25 available to the corporation therefor, provided that any personal service contracts
26 entered into shall be subject to review by the Government Contract Review
27 Committee of the Legislative Research Commission;

- 1 (23) To invest any funds held in reserve or in sinking fund accounts or any moneys not
2 required for immediate disbursement in obligations guaranteed by the
3 Commonwealth, the United States, or their agencies or instrumentalities; provided,
4 however, that the return on such investments shall not violate any rulings of the
5 Internal Revenue Service regarding the investment of the proceeds of any federally
6 tax exempt bond issue;
- 7 (24) To make or participate in the making of rehabilitation loans to the sponsors or
8 owners of residential housing; provided, however, that any such rehabilitation loan
9 shall be made only upon the determination by the corporation that the rehabilitation
10 loan was not otherwise available wholly or in part from private lenders upon
11 reasonably equivalent terms and conditions;
- 12 (25) To insure or reinsure construction, mortgage, and rehabilitation loans on residential
13 housing; provided, however, that any such insurance, reinsurance, or waiver shall be
14 made only upon the determination by the corporation:
- 15 (a) That such insurance or reinsurance is not otherwise available wholly or in part
16 from private insurers upon reasonably equivalent terms and conditions; and
- 17 (b) That such loan is a reasonably sound business investment; and provided
18 further that insurance may be waived only where the corporation finds that the
19 amount of the loan does not exceed eighty-five percent (85%) of the
20 development costs, or eighty-five percent (85%) of the value of the property
21 secured by the mortgage as determined by at least two (2) appraisers who are
22 independent of the sponsors, builders, and developers;
- 23 (26) To make grants from appropriated funds, agency and trust funds, and any other
24 funds from any source available to the corporation, to sponsors, municipalities,
25 local housing authorities, and to owners of residential housing for the development,
26 construction, rehabilitation, or maintenance of residential housing and such
27 facilities related thereto as corporation shall deem important for a proper living

1 environment, all on such terms and conditions as may be deemed appropriate by the
2 corporation;

3 (27) To make periodic grants to reduce principal and interest payments on mortgages or
4 rentals payable by persons and families of lower and moderate income; and

5 (28) (a) To make a grant to reduce principal and interest payments on a mortgage
6 or a rental payable by a member of a state National Guard or a Reserve
7 component, who names Kentucky as Home of Record for military purposes,
8 during that member's federal active duty. To qualify for a grant, a member
9 of a state National Guard or a Reserve component shall meet reasonable
10 standards established by the corporation, including having family income
11 equal to or less than two hundred percent (200%) of the state or area
12 median income; and

13 (b) To provide a member of a state National Guard or a Reserve component,
14 who names Kentucky as Home of Record for military purposes, and that
15 member's Kentucky resident spouse with the educational, technical, and
16 ombudsman services that are necessary to maintain a mortgage during that
17 member's federal active duty.

18 The Kentucky Housing Corporation shall be exempt from the regulations of the Office of
19 Insurance and the laws of the Commonwealth relating thereto.

20 Section 8. KRS 18A.190 is amended to read as follows:

21 (1) State offices shall be closed and state employees shall be given a holiday on the
22 following days:

23 (a) The first day of January plus one (1) extra day;

24 (b) The third Monday in January;

25 (c) Good Friday, one-half (1/2) day;

26 (d) The last Monday in May;

27 (e) The fourth day of July;

- 1 (f) The first Monday in September;
- 2 (g) The eleventh day of November;
- 3 (h) Presidential election day as required under KRS 2.190;
- 4 (i) The fourth Thursday in November plus one (1) extra day; and
- 5 (j) The twenty-fifth day of December plus one (1) extra day.
- 6 (2) When any of the days enumerated in subsection (1) falls on a Saturday, the
- 7 preceding Friday shall be observed as the holiday, and when any of the days
- 8 enumerated in subsection (1) falls on a Sunday, the following Monday shall be
- 9 observed as the holiday. When one (1) extra day is mentioned in paragraphs (a), (i)
- 10 and (j) of subsection (1), the Governor shall designate the extra day.
- 11 (3) *Any state employee who is the spouse of a member of the United States Armed*
- 12 *Forces, including a member of a state National Guard or a Reserve component*
- 13 *on federal active duty, shall receive, at the discretion of the state employee, one*
- 14 *(1) day off, with pay, from work when the member is deployed and one (1) day*
- 15 *off, with pay, from work when the member returns from deployment.*
- 16 (4) The holidays set out in this section are in addition to vacation leave and other
- 17 benefits of state employees.

18 Section 9. KRS 159.035 is amended to read as follows:

- 19 (1) Notwithstanding the provisions of any other statute, any student in a public school
- 20 who is enrolled in a properly organized 4-H club shall be considered present at
- 21 school for all purposes when participating in regularly scheduled 4-H club
- 22 educational activities, provided, the student is accompanied by or under the
- 23 supervision of a county extension agent or the designated 4-H club leader for the 4-
- 24 H club educational activity participated in.
- 25 (2) Except as provided in paragraph (e) of this subsection, a public school principal
- 26 shall give a student an excused absence of up to ten (10) school days to pursue an
- 27 educational enhancement opportunity determined by the principal to be of

1 significant educational value, including but not limited to participation in an
2 educational foreign exchange program or an intensive instructional, experiential, or
3 performance program in one (1) of the core curriculum subjects of English, science,
4 mathematics, social studies, foreign language, and the arts.

5 (a) A student receiving an excused absence under this subsection shall have the
6 opportunity to make up school work missed and shall not have his or her class
7 grades adversely affected for lack of class attendance or class participation due
8 to the excused absence.

9 (b) Educational enhancement opportunities under this subsection shall not include
10 nonacademic extracurricular activities, but may include programs not
11 sponsored by the school district.

12 (c) If a request for an excused absence to pursue an educational enhancement
13 opportunity is denied by a school principal, a student may appeal the decision
14 to the district superintendent, who shall make a determination whether to
15 uphold or alter the decision of the principal. If a superintendent upholds a
16 principal's denial, a student may appeal the decision to the local board of
17 education, which shall make a final determination. A principal,
18 superintendent, and local board of education shall make their determinations
19 based on the provisions of this subsection and the district's school attendance
20 policies adopted in accordance with KRS 158.070 and KRS 159.150.

21 (d) A student receiving an excused absence under the provisions of this
22 subsection shall be considered present in school during the excused absence
23 for the purposes of calculating average daily attendance as defined by KRS
24 157.320 under the Support Education Excellence in Kentucky program.

25 (e) A student shall not be eligible to receive an excused absence under the
26 provisions of this subsection for an absence during a school's testing window
27 established for assessments of the Commonwealth Accountability Testing

1 System under KRS 158.6453 or during a testing period established for the
 2 administration of additional district-wide assessments at the school, except if
 3 a principal determines that extenuating circumstances make an excused
 4 absence to pursue an educational enhancement opportunity appropriate.

5 **(3) (a) If a student's parent, de facto custodian, or other person with legal custody**
 6 **or control of the student is a member of the United States Armed Forces,**
 7 **including a member of a state National Guard or a Reserve component**
 8 **called to federal active duty, a public school principal shall give the student:**
 9 **1. An excused absence for one (1) day when the member is deployed; and**
 10 **2. An additional excused absence for one (1) day when the service**
 11 **member returns from deployment.**

12 **(b) A student receiving an excused absence under this subsection shall have the**
 13 **opportunity to make up school work missed and shall not have his or her**
 14 **class grades adversely affected for lack of class attendance or class**
 15 **participation due to the excused absence.**

16 **(c) A student receiving an excused absence under this subsection shall be**
 17 **considered present in school during the excused absence for the purposes of**
 18 **calculating average daily attendance as defined by KRS 157.320 under the**
 19 **Support Education Excellence in Kentucky program.**

20 Section 10. KRS 403.340 is amended to read as follows:

- 21 (1) As used in this section, "custody" means sole or joint custody, whether ordered by a
 22 court or agreed to by the parties.
- 23 (2) No motion to modify a custody decree shall be made earlier than two (2) years after
 24 its date, unless the court permits it to be made on the basis of affidavits that there is
 25 reason to believe that:
- 26 (a) The child's present environment may endanger seriously his physical, mental,
 27 moral, or emotional health; or

- 1 (b) The custodian appointed under the prior decree has placed the child with a de
2 facto custodian.
- 3 (3) If a court of this state has jurisdiction pursuant to the Uniform Child Custody
4 Jurisdiction Act, the court shall not modify a prior custody decree unless after
5 hearing it finds, upon the basis of facts that have arisen since the prior decree or that
6 were unknown to the court at the time of entry of the prior decree, that a change has
7 occurred in the circumstances of the child or his custodian, and that the
8 modification is necessary to serve the best interests of the child. When determining
9 if a change has occurred and whether a modification of custody is in the best
10 interests of the child, the court shall consider the following:
- 11 (a) Whether the custodian agrees to the modification;
- 12 (b) Whether the child has been integrated into the family of the petitioner with
13 consent of the custodian;
- 14 (c) The factors set forth in KRS 403.270(2) to determine the best interests of the
15 child;
- 16 (d) Whether the child's present environment endangers seriously his physical,
17 mental, moral, or emotional health;
- 18 (e) Whether the harm likely to be caused by a change of environment is
19 outweighed by its advantages to him; and
- 20 (f) Whether the custodian has placed the child with a de facto custodian.
- 21 (4) In determining whether a child's present environment may endanger seriously his
22 physical, mental, moral, or emotional health, the court shall consider all relevant
23 factors, including, but not limited to:
- 24 (a) The interaction and interrelationship of the child with his parent or parents, his
25 de facto custodian, his siblings, and any other person who may significantly
26 affect the child's best interests;
- 27 (b) The mental and physical health of all individuals involved;

1 (c) Repeated or substantial failure, without good cause as specified in KRS
 2 403.240, of either parent to observe visitation, child support, or other
 3 provisions of the decree which affect the child, except that modification of
 4 custody orders shall not be made solely on the basis of failure to comply with
 5 visitation or child support provisions, or on the basis of which parent is more
 6 likely to allow visitation or pay child support;

7 (d) If domestic violence and abuse, as defined in KRS 403.720, is found by the
 8 court to exist, the extent to which the domestic violence and abuse has
 9 affected the child and the child's relationship to both parents.

10 (5) (a) Except as provided in paragraph (b) of this subsection, any court-ordered
 11 modification of a child custody decree, based in whole or in part on:

12 1. The active duty of a parent or a de facto custodian as a regular
 13 member of the United States Armed Forces deployed outside the
 14 United States; or

15 2. Any federal active duty of a parent or a de facto custodian as a
 16 member of a state National Guard or a Reserve component;
 17 shall be temporary and shall revert back to the previous child custody
 18 decree at the end of the deployment outside the United States or the federal
 19 active duty, as appropriate.

20 (b) A parent or de facto custodian identified in paragraph (a) of this subsection
 21 may consent to a modification of a child custody decree that continues past
 22 the end of the deployment outside the United States or the federal active
 23 duty, as appropriate.

24 **(6)** Attorney fees and costs shall be assessed against a party seeking modification if the
 25 court finds that the modification action is vexatious and constitutes harassment.

26 Section 11. KRS 341.370 is amended to read as follows:

27 (1) A worker shall be disqualified from receiving benefits for the duration of any period

1 of unemployment with respect to which:

2 (a) He has failed without good cause either to apply for available, suitable work
3 when so directed by the employment office or the secretary or to accept
4 suitable work when offered him, or to return to his customary self-
5 employment when so directed by the secretary; or

6 (b) He has been discharged for misconduct or dishonesty connected with his most
7 recent work, or from any work which occurred after the first day of the
8 worker's base period and which last preceded his most recent work, but
9 legitimate activity in connection with labor organizations or failure to join a
10 company union shall not be construed as misconduct; or

11 (c) He has left his most recent suitable work or any other suitable work which
12 occurred after the first day of the worker's base period and which last preceded
13 his most recent work voluntarily without good cause attributable to the
14 employment. No otherwise eligible worker shall be disqualified from
15 receiving benefits for:

16 1. Leaving his next most recent suitable work which was concurrent with
17 his most recent work; ~~or for~~

18 2. Leaving work which is one hundred (100) road miles or more, as
19 measured on a one (1) way basis, from his home to accept work which is
20 less than one hundred (100) road miles from his home; ~~or for~~
21 otherwise]

22 3. Accepting work which is a bona fide job offer with a reasonable
23 expectation of continued employment; or

24 4. a. Leaving work to accompany the worker's spouse to a different
25 state when the spouse is reassigned by the military.

26 b. Subdivision a. of this subparagraph shall apply only if the state
27 of relocation has adopted a statute substantially similar to that

1

subdivision.

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(2) A worker shall be disqualified from receiving benefits for any week with respect to which he knowingly made a false statement to establish his right to or the amount of his benefits, and, within the succeeding twenty-four (24) months, for the additional weeks immediately following the date of discovery, not to exceed a total of fifty-two (52), as may be determined by the secretary.

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(3) No worker shall be disqualified under paragraph (b) or (c) of subsection (1) of this section unless the employer, within a reasonable time as prescribed by regulations promulgated by the secretary, notifies the Cabinet for Workforce Development and the worker in writing of the alleged voluntary quitting or the discharge for misconduct. Nothing in this subsection shall restrict the right of the secretary to disqualify a worker whose employer has refused or failed to notify the Cabinet for Workforce Development of the alleged voluntary quitting or discharge for misconduct, if the alleged voluntary quitting or discharge for misconduct is known to the secretary prior to the time benefits are paid to the worker. The exercise of the right by the secretary, in the absence of timely notice from the employer, shall not relieve the employer's reserve account or reimbursing employer's account of benefit charges under the provisions of subsection (3) of KRS 341.530.

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(4) As used in this section and in subsection (3) of KRS 341.530, "most recent" work shall be construed as that work which occurred after the first day of the worker's base period and which last preceded the week of unemployment with respect to which benefits are claimed; except that, if the work last preceding the week of unemployment was seasonal, intermittent, or temporary in nature, most recent work may be construed as that work last preceding the seasonal, intermittent, or temporary work.

26

(5) No worker shall be disqualified or held ineligible under the provisions of this section or KRS 341.350, who is separated from employment pursuant to a labor

1 management contract or agreement, or pursuant to an established employer plan,
 2 program, or policy, which permits the employer to close the plant or facility for
 3 purposes of vacation or maintenance.

4 (6) "Discharge for misconduct" as used in this section shall include but not be limited
 5 to, separation initiated by an employer for falsification of an employment
 6 application to obtain employment through subterfuge; knowing violation of a
 7 reasonable and uniformly enforced rule of an employer; unsatisfactory attendance if
 8 the worker cannot show good cause for absences or tardiness; damaging the
 9 employer's property through gross negligence; refusing to obey reasonable
 10 instructions; reporting to work under the influence of alcohol or drugs or consuming
 11 alcohol or drugs on employer's premises during working hours; conduct
 12 endangering safety of self or co-workers; and incarceration in jail following
 13 conviction of a misdemeanor or felony by a court of competent jurisdiction, which
 14 results in missing at least five (5) days work.

15 (7) "Duration of any period of unemployment," as that term is used in this section, shall
 16 be the period of time beginning with the worker's discharge, voluntary quitting, or
 17 failure to apply for or accept suitable work and running until the worker has worked
 18 in each of ten (10) weeks, whether or not consecutive, and has earned ten (10) times
 19 his weekly benefit rate in employment covered under the provisions of this chapter
 20 or a similar law of another state or of the United States.

21 Section 12. KRS 61.315 is amended to read as follows:

22 (1) As used in this section, "police officer" means every paid police officer, sheriff, or
 23 deputy sheriff, corrections employee with the power of a peace officer pursuant to
 24 KRS 196.037, any auxiliary police officer appointed pursuant to KRS 95.445, or
 25 any citation or safety officer appointed pursuant to KRS 83A.087 and 83A.088,
 26 elected to office, or employed by any county, airport board created pursuant to KRS
 27 Chapter 183, city, or by the state; "firefighter" means every paid firefighter or

1 volunteer firefighter who is employed by or volunteers his services to the state,
 2 airport board created pursuant to KRS Chapter 183, any county, city, fire district, or
 3 any other organized fire department recognized, pursuant to KRS 95A.262, as a fire
 4 department operated and maintained on a nonprofit basis in the interest of the health
 5 and safety of the inhabitants of the Commonwealth and shall include qualified
 6 civilian firefighters employed at Kentucky-based military installations.

- 7 (2) The spouse of any police officer, sheriff, deputy sheriff, corrections employee with
 8 the power of a peace officer pursuant to KRS 196.037, any auxiliary police officer
 9 appointed pursuant to KRS 95.445, or any citation or safety officer appointed
 10 pursuant to KRS 83A.087 and 83A.088, firefighter, or member of the Kentucky
 11 National Guard on state active duty pursuant to KRS 38.030, or a member of a
 12 state National Guard or a Reserve component on federal active duty who names
 13 Kentucky as Home of Record for military purposes, whose death occurs on or after
 14 July 1, 2002, as a direct result of an act in the line of duty shall receive a lump-sum
 15 payment of eighty thousand dollars (\$80,000)~~seventy-five thousand dollars~~
 16 ~~(\$75,000)~~ if there are no surviving children, which sum shall be paid by the State
 17 Treasurer from the general expenditure fund of the State Treasury. If there are
 18 surviving children and a surviving spouse, the payment shall be apportioned equally
 19 among the surviving children and the spouse. If there is no surviving spouse, the
 20 payment shall be made to the surviving children, eighteen (18) or more years of age.
 21 For surviving children less than eighteen (18) years of age, the State Treasurer shall:
- 22 (a) Pay thirty-five~~thirty~~ thousand dollars (\$35,000)~~(\$30,000)~~ to the surviving
 23 children; and
- 24 (b) Hold forty-five thousand dollars (\$45,000) in trust divided into equal accounts
 25 at appropriate interest rates for each surviving child until the child reaches the
 26 age of eighteen (18) years.

27 If a child dies before reaching the age of eighteen (18) years, his account shall be

- 1 paid to his estate. If there are no surviving children, the payment shall be made to
2 any parents of the deceased.
- 3 (3) The Commission on Fire Protection Personnel Standards and Education shall be
4 authorized to promulgate administrative regulations establishing criteria and
5 procedures applicable to the administration of this section as it pertains to both paid
6 and volunteer firefighters, including, but not limited to, defining when a firefighter
7 has died in line of duty. Administrative hearings promulgated by administrative
8 regulation under authority of this subsection shall be conducted in accordance with
9 KRS Chapter 13B.
- 10 (4) The Justice Cabinet may promulgate administrative regulations establishing criteria
11 and procedures applicable to the administration of this section as it pertains to
12 police officers, including, but not limited to, defining when a police officer has died
13 in line of duty. Administrative hearings promulgated by administrative regulation
14 under authority of this subsection shall be conducted in accordance with KRS
15 Chapter 13B.
- 16 (5) The Department of Corrections shall promulgate administrative regulations
17 establishing the criteria and procedures applicable to the administration of this
18 section as it pertains to correctional employees, including, but not limited to,
19 defining which employees qualify for coverage and which circumstances constitute
20 death in the line of duty.
- 21 (6) The benefits payable under this section shall be in addition to any benefits now or
22 hereafter prescribed under any police, sheriff, firefighter's, volunteer firefighter's, or
23 National Guard or Reserve retirement or benefit fund established by the federal
24 government or by any state, county, or any municipality.
- 25 (7) Any funds appropriated for the purpose of paying the death benefits described in
26 subsection (2) of this section shall be allotted to a self-insuring account. These
27 funds shall not be used for the purpose of purchasing insurance.

1 SECTION 13. A NEW SECTION OF KRS CHAPTER 40 IS CREATED TO
2 READ AS FOLLOWS:

3 *No later than June 30, 2008, the Kentucky Department of Veterans' Affairs shall*
4 *employ no fewer than five (5) veterans' benefits regional administrators and no fewer*
5 *than twenty (20) veterans' benefits field representatives.*

6 *(1) The duties of a veterans' benefits regional administrator shall include but not be*
7 *limited to supervision of veterans' benefits field representatives in an assigned*
8 *region and representation of veterans in administrative hearings and before the*
9 *Board of Veterans' Appeals.*

10 *(2) The duties of a veterans' benefits field representative shall include but not be*
11 *limited to providing assistance to veterans and their dependents with initiation,*
12 *preparation, documentation, and adjudication of claims to benefits under federal,*
13 *state, or local laws.*

14 Section 14. KRS 186.020 is amended to read as follows:

15 (1) Before the owner of a motor vehicle, other than a motor vehicle engaged in the
16 transportation of passengers for hire operating under a certificate of convenience
17 and necessity, may operate it or permit its operation upon a highway, the owner
18 shall apply for registration in accordance with administrative regulations
19 promulgated by the cabinet, except that a person who purchases a motor vehicle, or
20 brings a motor vehicle into the Commonwealth from another state shall make
21 application for registration within fifteen (15) days. The bill of sale or assigned title
22 must be in the motor vehicle during this fifteen (15) day period. If the owner of a
23 motor vehicle is an individual and resides in the Commonwealth, the motor vehicle
24 shall be registered with the county clerk of the county in which he resides. If the
25 owner of a motor vehicle does not reside in the Commonwealth, the motor vehicle
26 shall be registered with the county clerk of the county in which the motor vehicle is
27 principally operated. If the owner of a motor vehicle is other than an individual and

1 resides in the Commonwealth, the motor vehicle shall be registered with the county
 2 clerk of either county. The application when presented to the county clerk for
 3 registration shall be accompanied by:

- 4 (a) A bill of sale and a manufacturer's certificate of origin if the application is for
 5 the registration of a new motor vehicle;
- 6 (b) The owner's registration receipt, if the motor vehicle was last registered in this
 7 state;
- 8 (c) A bill of sale and the previous registration receipt, if last registered in another
 9 state where the law of that state does not require the owner of a motor vehicle
 10 to obtain a certificate of title or ownership;
- 11 (d) A certificate of title, if last registered in another state where the law of that
 12 state requires the owner of a motor vehicle to obtain a certificate of title or
 13 ownership;
- 14 (e) An affidavit from an officer of a local government saying that the motor
 15 vehicle has been abandoned and that the provisions of KRS 82.630 have been
 16 complied with, for local governments which elect to use the provisions of
 17 KRS 82.600 to 82.640; and
- 18 (f) The application from a person who has brought a motor vehicle into the
 19 Commonwealth from another state shall be accompanied by proof that the
 20 motor vehicle is insured in compliance with KRS 304.39-080.

21 (2) After that, **except as provided in subsection (6) of this section**, the owner of any
 22 motor vehicle registered under KRS 186.050(1) or (2) shall register his motor
 23 vehicle on or before the date on which his certificate of registration expires. If,
 24 before operating the motor vehicle in this state, the owner registers it at some later
 25 date and pays the fee for the full year, he will be deemed to have complied with the
 26 law. Insofar as the owner is concerned, registration with the clerk shall be deemed
 27 to be registration with the cabinet.

- 1 (3) After that, the owner of any commercial vehicle registered under KRS 186.050(3) to
 2 (14) shall register his commercial vehicle on or before April 1 of each year. If,
 3 before operating a commercial vehicle in this state, the owner registers it at some
 4 later date and pays the required fee, he will be deemed to have complied with the
 5 law. Insofar as the owner is concerned, registration with the clerk shall be deemed
 6 to be registration with the cabinet, except the owner of any commercial motor
 7 vehicle to be registered pursuant to the International Registration Plan under KRS
 8 186.050(13) shall register his commercial motor vehicles on or before the last day
 9 of the month of registration established pursuant to KRS 186.051(3).
- 10 (4) The application and documents presented therewith, including the sheriff's
 11 certificate of inspection, shall be affixed to the Transportation Cabinet copy of the
 12 certificate of title or registration and sent to the Transportation Cabinet by the clerk.
- 13 (5) At least forty-five (45) days prior to the expiration of registration of any motor
 14 vehicle previously registered in the Commonwealth as provided by KRS 186A.035,
 15 the owner of the vehicle shall be notified by mail on the same notice required by
 16 KRS 134.805(5) of the date of expiration. In addition, the department shall provide
 17 appropriate forms and information to permit renewal of motor vehicle registration
 18 to be completed by mail. Any registration renewal by mail shall require payment of
 19 an additional two dollar (\$2) fee which shall be received by the county clerk.
 20 Nonreceipt of the notice herein shall not constitute a defense to any registration
 21 related offense.
- 22 **(6) (a) If an individual has been serving in the United States military stationed or**
 23 **assigned to a base or other location outside the boundaries of the United**
 24 **States, he or she shall renew the registration on the vehicle within thirty**
 25 **(30) days of his or her return, if:**
- 26 **1. The motor vehicle has been stored on a military base during the time**
 27 **of deployment and has not been operated on the public highways**

- 1 during that time; and
- 2 2. The vehicle's registration expired during the individual's absence.
- 3 (b) An individual who meets the criteria in paragraph (a) of this subsection
4 shall not be convicted or cited for driving a vehicle with expired registration
5 within thirty (30) days after the individual's return to the Commonwealth if
6 the individual can provide proof of meeting the eligibility criteria under
7 paragraph (a) of this subsection.
- 8 (c) When an individual presents evidence of meeting the criteria under
9 paragraph (a) of this subsection when applying to renew the registration on
10 the motor vehicle, the county clerk:
- 11 1. Shall not charge the individual any penalties or interest or lien filing
12 fees for delinquent ad valorem taxes that have accrued under Section
13 15 of this Part;
- 14 2. Shall remove, without charge, any lien for delinquent taxes filed
15 under the provisions of Section 15 of this Part; and
- 16 3. Shall, when applicable, treat the registration as a prorated renewal
17 under KRS 186.051, and charge the individual a registration fee only
18 for the number of months of the registration year the vehicle will be
19 used on the public highways.

20 Section 15. KRS 134.148 is amended to read as follows:

- 21 (1) The sheriff may, at the time he settles his accounts with the fiscal court, pursuant to
22 KRS 134.310 provide the county clerk with a list of taxpayers whose tax bills on
23 motor vehicles or trailers are delinquent.
- 24 (2) Except as provided for in subsection (6) of Section 14 of this Part, the county
25 clerk may file a lien on such vehicle or trailer on behalf of the state, county, city,
26 special district and school district and record such lien on the face of the certificate
27 of title and registration and in the manner in which lis pendens are recorded.

- 1 Delinquent tax bills shall be subject to interest at the rate of one percent (1%) per
2 month or fraction thereof from the date the lien is filed until paid.
- 3 (3) (a) No licensed automobile dealer shall be responsible for any tax lien not
4 recorded on the certificate of title and registration presented to the dealer by
5 the seller at the time of the dealer's purchase of the motor vehicle or trailer.
- 6 (b) In the event that a tax lien was recorded on the clerk's copy of the certificate of
7 title and registration, but not on the copy of the certificate of title and
8 registration presented to the dealer by the seller at the time of the dealer's
9 purchase of the motor vehicle or trailer, prior to the purchase of the motor
10 vehicle or trailer by the dealer, upon presentation of proof to the county clerk
11 that such was the case, the county clerk shall file such proof with his copy of
12 the certificate of title and registration and shall remove the lien.
- 13 (4) In the event that a bona fide purchaser for value without notice purchases a motor
14 vehicle or a trailer on which no lien has been filed on the certificate of title of such
15 motor vehicle or trailer as provided for in subsection (2) of this section, such person
16 shall not be held responsible for paying delinquent ad valorem taxes or lien fees on
17 the certificate of title of such motor vehicle or trailer if such lien was placed on the
18 certificate of title after same person's purchase of the motor vehicle or trailer.
- 19 (5) Upon proof being presented to the county clerk that the motor vehicle or trailer was
20 transferred to a bona fide purchaser for value without notice prior to the placing of a
21 lien on a certificate of title and registration, the clerk shall file such proof with the
22 certificate of title and registration and shall then remove the lien.
- 23 (6) **Except as provided for in subsection (6) of Section 14 of this Part,** the lien filing
24 fee, as provided for in KRS 64.012, shall be added to the tax bill and be payable
25 with the lien releasing fee by the registrant at the time of payment of the delinquent
26 tax to the county clerk.
- 27 (7) The county clerk shall give a receipt to the registrant and make a report to the

1 Department of Revenue, the county treasurer and the other proper officials of all
 2 taxing districts that are due proceeds from the payment on the last working day of
 3 each month. He shall pay to the Department of Revenue for deposit with the State
 4 Treasurer all moneys collected by him due to the state, to the county treasurer, all
 5 moneys due to the county and to the proper officials of all other taxing districts, the
 6 amount due each district. He shall pay the amount of fees, costs, commissions, and
 7 penalties to the persons, agencies or parties entitled thereto.

8 Section 16. KRS 141.010 is amended to read as follows:

9 As used in this chapter, unless the context requires otherwise:

- 10 (1) "Commissioner" means the commissioner of the Department of Revenue;
- 11 (2) "Department" means the Department of Revenue;
- 12 (3) "Internal Revenue Code" means the Internal Revenue Code in effect on December
 13 31, 2004, exclusive of any amendments made subsequent to that date, other than
 14 amendments that extend provisions in effect on December 31, 2004, that would
 15 otherwise terminate, and as modified by KRS 141.0101, except that for property
 16 placed in service after September 10, 2001, only the depreciation and expense
 17 deductions allowed under Sections 168 and 179 of the Internal Revenue Code in
 18 effect on December 31, 2001, exclusive of any amendments made subsequent to
 19 that date, shall be allowed, and including the provisions of the Military Family Tax
 20 Relief Act of 2003, Pub. L. No. 108-121, effective on the dates specified in that
 21 Act;
- 22 (4) "Dependent" means those persons defined as dependents in the Internal Revenue
 23 Code;
- 24 (5) "Fiduciary" means "fiduciary" as defined in Section 7701(a)(6) of the Internal
 25 Revenue Code;
- 26 (6) "Fiscal year" means "fiscal year" as defined in Section 7701(a)(24) of the Internal
 27 Revenue Code;

- 1 (7) "Individual" means a natural person;
- 2 (8) "Modified gross income" means adjusted gross income as defined in Section 62 of
3 the Internal Revenue Code of 1986, including any subsequent amendments in effect
4 on December 31 of the taxable year, and adjusted as follows:
- 5 (a) Include interest income derived from obligations of sister states and political
6 subdivisions thereof; and
- 7 (b) Include lump-sum pension distributions taxed under the special transition
8 rules of Pub. L. No. 104-188, sec. 1401(c)(2);
- 9 (9) "Gross income" in the case of taxpayers other than corporations means "gross
10 income" as defined in Section 61 of the Internal Revenue Code;
- 11 (10) "Adjusted gross income" in the case of taxpayers other than corporations means
12 gross income as defined in subsection (9) of this section minus the deductions
13 allowed individuals by Section 62 of the Internal Revenue Code and as modified by
14 KRS 141.0101 and adjusted as follows, except that deductions shall be limited to
15 amounts allocable to income subject to taxation under the provisions of this chapter,
16 and except that nothing in this chapter shall be construed to permit the same item to
17 be deducted more than once:
- 18 (a) Exclude income that is exempt from state taxation by the Kentucky
19 Constitution and the Constitution and statutory laws of the United States and
20 Kentucky;
- 21 (b) Exclude income from supplemental annuities provided by the Railroad
22 Retirement Act of 1937 as amended and which are subject to federal income
23 tax by Public Law 89-699;
- 24 (c) Include interest income derived from obligations of sister states and political
25 subdivisions thereof;
- 26 (d) Exclude employee pension contributions picked up as provided for in KRS
27 6.505, 16.545, 21.360, 61.560, 65.155, 67A.320, 67A.510, 78.610, and

- 1 161.540 upon a ruling by the Internal Revenue Service or the federal courts
 2 that these contributions shall not be included as gross income until such time
 3 as the contributions are distributed or made available to the employee;
- 4 (e) Exclude Social Security and railroad retirement benefits subject to federal
 5 income tax;
- 6 (f) Include, for taxable years ending before January 1, 1991, all overpayments of
 7 federal income tax refunded or credited for taxable years;
- 8 (g) Deduct, for taxable years ending before January 1, 1991, federal income tax
 9 paid for taxable years ending before January 1, 1990;
- 10 (h) Exclude any money received because of a settlement or judgment in a lawsuit
 11 brought against a manufacturer or distributor of "Agent Orange" for damages
 12 resulting from exposure to Agent Orange by a member or veteran of the
 13 Armed Forces of the United States or any dependent of such person who
 14 served in Vietnam;
- 15 (i) 1. For taxable years ending prior to December 31, 2005, exclude the
 16 applicable amount of total distributions from pension plans, annuity
 17 contracts, profit-sharing plans, retirement plans, or employee savings
 18 plans.
- 19 The "applicable amount" shall be:
- 20 a. Twenty-five percent (25%), but not more than six thousand two
 21 hundred fifty dollars (\$6,250), for taxable years beginning after
 22 December 31, 1994, and before January 1, 1996;
- 23 b. Fifty percent (50%), but not more than twelve thousand five
 24 hundred dollars (\$12,500), for taxable years beginning after
 25 December 31, 1995, and before January 1, 1997;
- 26 c. Seventy-five percent (75%), but not more than eighteen thousand
 27 seven hundred fifty dollars (\$18,750), for taxable years beginning

1 after December 31, 1996, and before January 1, 1998; and

2 d. One hundred percent (100%), but not more than thirty-five
3 thousand dollars (\$35,000), for taxable years beginning after
4 December 31, 1997.

5 2. For taxable years beginning after December 31, 2005, exclude up to
6 forty-one thousand one hundred ten dollars (\$41,110) of total
7 distributions from pension plans, annuity contracts, profit-sharing plans,
8 retirement plans, or employee savings plans.

9 3. As used in this paragraph:

10 a. "Distributions" includes, but is not limited to, any lump-sum
11 distribution from pension or profit-sharing plans qualifying for the
12 income tax averaging provisions of Section 402 of the Internal
13 Revenue Code; any distribution from an individual retirement
14 account as defined in Section 408 of the Internal Revenue Code;
15 and any disability pension distribution;

16 b. "Annuity contract" has the same meaning as set forth in Section
17 1035 of the Internal Revenue Code; and

18 c. "Pension plans, profit-sharing plans, retirement plans, or employee
19 savings plans" means any trust or other entity created or organized
20 under a written retirement plan and forming part of a stock bonus,
21 pension, or profit-sharing plan of a public or private employer for
22 the exclusive benefit of employees or their beneficiaries and
23 includes plans qualified or unqualified under Section 401 of the
24 Internal Revenue Code and individual retirement accounts as
25 defined in Section 408 of the Internal Revenue Code;

26 (j) 1. a. Exclude the portion of the distributive share of a shareholder's net
27 income from an S corporation subject to the franchise tax imposed

- 1 under KRS 136.505 or the capital stock tax imposed under KRS
2 136.300; and
- 3 b. Exclude the portion of the distributive share of a shareholder's net
4 income from an S corporation related to a qualified subchapter S
5 subsidiary subject to the franchise tax imposed under KRS
6 136.505 or the capital stock tax imposed under KRS 136.300.
- 7 2. The shareholder's basis of stock held in a S corporation where the S
8 corporation or its qualified subchapter S subsidiary is subject to the
9 franchise tax imposed under KRS 136.505 or the capital stock tax
10 imposed under KRS 136.300 shall be the same as the basis for federal
11 income tax purposes;
- 12 (k) Exclude for taxable years beginning after December 31, 1998, to the extent
13 not already excluded from gross income, any amounts paid for health
14 insurance, or the value of any voucher or similar instrument used to provide
15 health insurance, which constitutes medical care coverage for the taxpayer, the
16 taxpayer's spouse, and dependents during the taxable year. Any amounts paid
17 by the taxpayer for health insurance that are excluded pursuant to this
18 paragraph shall not be allowed as a deduction in computing the taxpayer's net
19 income under subsection (11) of this section;
- 20 (l) Exclude income received for services performed as a precinct worker for
21 election training or for working at election booths in state, county, and local
22 primary, regular, or special elections;
- 23 (m) Exclude any amount paid during the taxable year for insurance for long-term
24 care as defined in KRS 304.14-600;
- 25 (n) Exclude any capital gains income attributable to property taken by eminent
26 domain;
- 27 (o) Exclude any amount received by a producer of tobacco or a tobacco quota

- 1 owner from the multistate settlement with the tobacco industry, known as the
2 Master Settlement Agreement, signed on November 22, 1998;
- 3 (p) Exclude any amount received from the secondary settlement fund, referred to
4 as "Phase II," established by tobacco companies to compensate tobacco
5 farmers and quota owners for anticipated financial losses caused by the
6 national tobacco settlement;
- 7 (q) Exclude any amount received from funds of the Commodity Credit
8 Corporation for the Tobacco Loss Assistance Program as a result of a
9 reduction in the quantity of tobacco quota allotted;
- 10 (r) Exclude any amount received as a result of a tobacco quota buydown program
11 that all quota owners and growers are eligible to participate in; ~~and~~
- 12 (s) Exclude state Phase II payments received by a producer of tobacco or a
13 tobacco quota owner; and
- 14 (t) Exclude all income from all sources for active duty and reserve members
15 and officers of the Armed Forces of the United States or National Guard
16 who are killed in the line of duty, for the year during which the death
17 occurred and the year prior to the year during which the death occurred.
18 For the purposes of this paragraph, "all income from all sources" shall
19 include all federal and state death benefits payable to the estate or any
20 beneficiaries;
- 21 (11) "Net income" in the case of taxpayers other than corporations means adjusted gross
22 income as defined in subsection (10) of this section, minus the standard deduction
23 allowed by KRS 141.081, or, at the option of the taxpayer, minus the deduction
24 allowed by KRS 141.0202, minus any amount paid for vouchers or similar
25 instruments that provide health insurance coverage to employees or their families,
26 and minus all the deductions allowed individuals by Chapter 1 of the Internal
27 Revenue Code as modified by KRS 141.0101 except those listed below, except that

1 deductions shall be limited to amounts allocable to income subject to taxation under
2 the provisions of this chapter and that nothing in this chapter shall be construed to
3 permit the same item to be deducted more than once:

4 (a) Any deduction allowed by the Internal Revenue Code for state or foreign taxes
5 measured by gross or net income, including state and local general sales taxes
6 allowed in lieu of state and local income taxes under the provisions of Section
7 164(b)(5) of the Internal Revenue Code;

8 (b) Any deduction allowed by the Internal Revenue Code for amounts allowable
9 under KRS 140.090(1)(h) in calculating the value of the distributive shares of
10 the estate of a decedent, unless there is filed with the income return a
11 statement that such deduction has not been claimed under KRS 140.090(1)(h);

12 (c) The deduction for personal exemptions allowed under Section 151 of the
13 Internal Revenue Code and any other deductions in lieu thereof; and

14 (d) Any deduction for amounts paid to any club, organization, or establishment
15 which has been determined by the courts or an agency established by the
16 General Assembly and charged with enforcing the civil rights laws of the
17 Commonwealth, not to afford full and equal membership and full and equal
18 enjoyment of its goods, services, facilities, privileges, advantages, or
19 accommodations to any person because of race, color, religion, national
20 origin, or sex, except nothing shall be construed to deny a deduction for
21 amounts paid to any religious or denominational club, group, or establishment
22 or any organization operated solely for charitable or educational purposes
23 which restricts membership to persons of the same religion or denomination in
24 order to promote the religious principles for which it is established and
25 maintained;

26 (12) "Gross income," in the case of corporations, means "gross income" as defined in
27 Section 61 of the Internal Revenue Code and as modified by KRS 141.0101 and

1 adjusted as follows:

- 2 (a) Exclude income that is exempt from state taxation by the Kentucky
3 Constitution and the Constitution and statutory laws of the United States;
- 4 (b) Exclude all dividend income received after December 31, 1969;
- 5 (c) Include interest income derived from obligations of sister states and political
6 subdivisions thereof;
- 7 (d) Exclude fifty percent (50%) of gross income derived from any disposal of coal
8 covered by Section 631(c) of the Internal Revenue Code if the corporation
9 does not claim any deduction for percentage depletion, or for expenditures
10 attributable to the making and administering of the contract under which such
11 disposition occurs or to the preservation of the economic interests retained
12 under such contract;
- 13 (e) Include in the gross income of lessors income tax payments made by lessees
14 to lessors, under the provisions of Section 110 of the Internal Revenue Code,
15 and exclude such payments from the gross income of lessees;
- 16 (f) Include the amount calculated under KRS 141.205;
- 17 (g) Ignore the provisions of Section 281 of the Internal Revenue Code in
18 computing gross income;
- 19 (h) Exclude income from "safe harbor leases" (Section 168(f)(8) of the Internal
20 Revenue Code);
- 21 (i) Exclude any amount received by a producer of tobacco or a tobacco quota
22 owner from the multistate settlement with the tobacco industry, known as the
23 Master Settlement Agreement, signed on November 22, 1998;
- 24 (j) Exclude any amount received from the secondary settlement fund, referred to
25 as "Phase II," established by tobacco companies to compensate tobacco
26 farmers and quota owners for anticipated financial losses caused by the
27 national tobacco settlement;

- 1 (k) Exclude any amount received from funds of the Commodity Credit
2 Corporation for the Tobacco Loss Assistance Program as a result of a
3 reduction in the quantity of tobacco quota allotted;
- 4 (l) Exclude any amount received as a result of a tobacco quota buydown program
5 that all quota owners and growers are eligible to participate in;
- 6 (m) Exclude the distributive share income or loss received from a corporation
7 subject to the tax imposed by KRS 141.040 ; and
- 8 (n) Exclude state Phase II payments received by a producer of tobacco or a
9 tobacco quota owner;
- 10 (13) "Net income," in the case of corporations, means "gross income" as defined in
11 subsection (12) of this section minus the deduction allowed by KRS 141.0202,
12 minus any amount paid for vouchers or similar instruments that provide health
13 insurance coverage to employees or their families, and minus all the deductions
14 from gross income allowed corporations by Chapter 1 of the Internal Revenue Code
15 and as modified by KRS 141.0101, except the following:
- 16 (a) Any deduction for a state tax which is computed, in whole or in part, by
17 reference to gross or net income and which is paid or accrued to any state of
18 the United States, the District of Columbia, the Commonwealth of Puerto
19 Rico, any territory or possession of the United States, or to any foreign
20 country or political subdivision thereof;
- 21 (b) The deductions contained in Sections 243, 244, 245, and 247 of the Internal
22 Revenue Code;
- 23 (c) The provisions of Section 281 of the Internal Revenue Code shall be ignored
24 in computing net income;
- 25 (d) Any deduction directly or indirectly allocable to income which is either
26 exempt from taxation or otherwise not taxed under the provisions of this
27 chapter, and nothing in this chapter shall be construed to permit the same item

- 1 to be deducted more than once;
- 2 (e) Exclude expenses related to "safe harbor leases" (Section 168(f)(8) of the
3 Internal Revenue Code);
- 4 (f) Any deduction for amounts paid to any club, organization, or establishment
5 which has been determined by the courts or an agency established by the
6 General Assembly and charged with enforcing the civil rights laws of the
7 Commonwealth, not to afford full and equal membership and full and equal
8 enjoyment of its goods, services, facilities, privileges, advantages, or
9 accommodations to any person because of race, color, religion, national
10 origin, or sex, except nothing shall be construed to deny a deduction for
11 amounts paid to any religious or denominational club, group, or establishment
12 or any organization operated solely for charitable or educational purposes
13 which restricts membership to persons of the same religion or denomination in
14 order to promote the religious principles for which it is established and
15 maintained; and
- 16 (g) Any deduction prohibited by KRS 141.205;
- 17 (14) (a) "Taxable net income," in the case of corporations that are taxable in this state,
18 means "net income" as defined in subsection (13) of this section;
- 19 (b) "Taxable net income," in the case of corporations that are taxable in this state
20 and taxable in another state, means "net income" as defined in subsection (13)
21 of this section and as allocated and apportioned under KRS 141.120. A
22 corporation is taxable in another state if, in any state other than Kentucky, the
23 corporation is required to file a return for or pay a net income tax, franchise
24 tax measured by net income, franchise tax for the privilege of doing business,
25 or corporate stock tax;
- 26 (c) "Taxable net income" in the case of homeowners' associations as defined in
27 Section 528(c) of the Internal Revenue Code, means "taxable income" as

1 defined in Section 528(d) of the Internal Revenue Code. Notwithstanding the
2 provisions of subsection (3) of this section, the Internal Revenue Code
3 sections referred to in this paragraph shall be those code sections in effect for
4 the applicable tax year; and

5 (d) "Taxable net income" in the case of a corporation that meets the requirements
6 established under Section 856 of the Internal Revenue Code to be a real estate
7 investment trust, means "real estate investment trust taxable income" as
8 defined in Section 857(b)(2) of the Internal Revenue Code;

9 (15) "Person" means "person" as defined in Section 7701(a)(1) of the Internal Revenue
10 Code;

11 (16) "Taxable year" means the calendar year or fiscal year ending during such calendar
12 year, upon the basis of which net income is computed, and in the case of a return
13 made for a fractional part of a year under the provisions of this chapter or under
14 regulations prescribed by the commissioner, "taxable year" means the period for
15 which the return is made;

16 (17) "Resident" means an individual domiciled within this state or an individual who is
17 not domiciled in this state, but maintains a place of abode in this state and spends in
18 the aggregate more than one hundred eighty-three (183) days of the taxable year in
19 this state;

20 (18) "Nonresident" means any individual not a resident of this state;

21 (19) "Employer" means "employer" as defined in Section 3401(d) of the Internal
22 Revenue Code;

23 (20) "Employee" means "employee" as defined in Section 3401(c) of the Internal
24 Revenue Code;

25 (21) "Number of withholding exemptions claimed" means the number of withholding
26 exemptions claimed in a withholding exemption certificate in effect under KRS
27 141.325, except that if no such certificate is in effect, the number of withholding

1 exemptions claimed shall be considered to be zero;

2 (22) "Wages" means "wages" as defined in Section 3401(a) of the Internal Revenue
3 Code and includes other income subject to withholding as provided in Section
4 3401(f) and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code;

5 (23) "Payroll period" means "payroll period" as defined in Section 3401(b) of the
6 Internal Revenue Code;

7 (24) "Corporations" means:

8 (a) "Corporations" as defined in Section 7701(a)(3) of the Internal Revenue Code;

9 (b) S corporations as defined in Section 1361(a) of the Internal Revenue Code;

10 (c) A foreign limited liability company as defined in KRS 275.015(6);

11 (d) A limited liability company as defined in KRS 275.015(8);

12 (e) A professional limited liability company as defined in KRS 275.015(19);

13 (f) A foreign limited partnership as defined in KRS 362.401(4);

14 (g) A limited partnership as defined in KRS 362.401(7);

15 (h) A registered limited liability partnership as defined in KRS 362.155(7);

16 (i) A real estate investment trust as defined in Section 856 of the Internal
17 Revenue Code;

18 (j) A regulated investment company as defined in Section 851 of the Internal
19 Revenue Code;

20 (k) A real estate mortgage investment conduit as defined in Section 860D of the
21 Internal Revenue Code;

22 (l) A financial asset securitization investment trust as defined in Section 860L of
23 the Internal Revenue Code; and

24 (m) Other similar entities created with limited liability for their partners, members,
25 or shareholders.

26 "Corporation" shall not include any publicly traded partnership as defined by
27 Section 7704(b) of the Internal Revenue Code that is treated as a partnership for

1 federal tax purposes under Section 7704(c) of the Internal Revenue Code or its
 2 publicly traded partnership affiliates. "Publicly traded partnership affiliates" shall
 3 include any limited liability company or limited partnership for which at least eighty
 4 percent (80%) of the limited liability company member interests or limited partner
 5 interests are owned directly or indirectly by the publicly traded partnership;

6 (25) "Doing business in this state" includes but is not limited to:

7 (a) Being organized under the laws of this state;

8 (b) Having a commercial domicile in this state;

9 (c) Owning or leasing property in this state;

10 (d) Having one (1) or more individuals performing services in this state;

11 (e) Maintaining an interest in a general partnership doing business in this state;

12 (f) Deriving income from or attributable to sources within this state, including
 13 deriving income directly or indirectly from a trust doing business in this state;

14 or

15 (g) Directing activities at Kentucky customers for the purpose of selling them
 16 goods or services.

17 Nothing in this subsection shall be interpreted in a manner that goes beyond the
 18 limitations imposed and protections provided by the United States Constitution or
 19 Pub. L. No. 86-272;

20 (26) "Cost of goods sold" means the cost of goods sold calculated using the same
 21 method specified by the Internal Revenue Service for the purpose of computing
 22 federal income tax. In determining cost of goods sold:

23 (a) Labor costs shall be limited to direct labor costs as defined in subsection (28)
 24 of this section; and

25 (b) Bulk delivery costs as defined in subsection (29) of this section may be
 26 included;

27 (27) "Kentucky gross profits" means Kentucky gross receipts reduced by returns and

1 allowances attributable to Kentucky gross receipts, less the cost of goods sold
2 attributable to Kentucky gross receipts;

3 (28) "Direct labor" means labor that is incorporated into the product sold or is an integral
4 part of the manufacturing process; and

5 (29) "Bulk delivery costs" means the cost of delivering the product to the consumer if the
6 product is delivered in bulk and requires specialized equipment that generally
7 precludes commercial shipping and is taxable under KRS 138.220.

8 Section 17. The amendment in Section 12 of this Part shall apply retroactively to
9 July 1, 2002.

10 Section 18. The amendment in Section 16 of this Part is applicable for tax years
11 beginning after December 31, 2001.

12 PART XXIX

13 SELF-INSURED PLAN FOR STATE EMPLOYEES

14 Notwithstanding KRS 48.310, the following statute is created to read as follows and
15 shall have permanent effect, subject to future actions by the General Assembly:

16 SECTION 1. A NEW SECTION OF KRS CHAPTER 18A IS CREATED TO
17 READ AS FOLLOWS:

18 *(1) Based on the recommendation of the secretary of the Personnel Cabinet, the*
19 *secretary of the Finance and Administration Cabinet, in lieu of contracting with*
20 *one (1) or more insurers licensed to do business in this state, shall procure, in*
21 *compliance with KRS 45A.080, 45A.085, and 45A.090, and reviewed by the*
22 *Government Contract Review Committee pursuant to KRS 45A.705, a contract*
23 *with one (1) or more third-party administrators licensed to do business in the*
24 *Commonwealth pursuant to KRS 304.9-052 to administer a self-insured plan*
25 *offered to the Public Employee Health Insurance Program for public employees.*
26 *The requirements for the self-insured plan shall be as follows:*

27 *(a) The secretary of the Personnel Cabinet shall incorporate by reference in an*

1 administrative regulation, pursuant to KRS 13A.2251, the summary plan
2 description for public employees covered under the self-insured plan. Prior
3 to filing an administrative regulation with the Legislative Research
4 Commission, the secretary of the Personnel Cabinet shall submit the
5 administrative regulation to the secretary of the Cabinet for Health and
6 Family Services for review;

7 (b) The self-insured plan offered by the program shall cover hospice care at
8 least equal to the Medicare benefit;

9 (c) The Personnel Cabinet shall provide written notice of any formulary
10 change to employees covered under the self-insured plan who are directly
11 impacted by the formulary change and to the Kentucky Group Health
12 Insurance Board fifteen (15) days before implementation of any formulary
13 change. If, after consulting with his or her physician, the employee still
14 disagrees with the formulary change, the employee shall have the right to
15 appeal the change. The employee shall have sixty (60) days from the date of
16 the notice of the formulary change to file an appeal with the Personnel
17 Cabinet. The cabinet shall render a decision within thirty (30) days from the
18 receipt of the request for an appeal. After a final decision is rendered by the
19 Personnel Cabinet, the employee shall have a right to file an appeal
20 pursuant to the utilization review statutes in KRS 304.17A-600 to 304.17A-
21 633. During the appeal process, the employee shall have the right to
22 continue to take any drug prescribed by his or her physician that is the
23 subject of the formulary changes;

24 (d) The Personnel Cabinet shall develop the necessary capabilities to ensure
25 that an independent review of each formulary change is conducted and
26 includes but is not limited to an evaluation of the fiscal impact and
27 therapeutic benefit of the formulary change. The independent review shall

- 1 be conducted by knowledgeable medical professionals and the results of the
2 independent review shall be posted on the Web sites of the Personnel
3 Cabinet and the Cabinet for Health and Family Services and made
4 available to the public upon request within thirty (30) days of the notice
5 from the Personnel Cabinet required in paragraph (c) of this subsection;
6 (e) If the self-insured plan restricts pharmacy benefits to a drug formulary, the
7 plan shall comply with and have an exceptions policy in accordance with
8 KRS 304.17A-535;
9 (f) Premiums for all plans offered by the Public Employee Health Insurance
10 Program to employees shall be based on the experience of the entire group;
11 (g) The plan year for the Public Employee Health Insurance Program, whether
12 for fully insured or self-insured benefits, shall be on a calendar year basis.
13 (2) In addition to any fully insured health benefit plans or self-insured plans,
14 beginning January 1, 2007, the Personnel Cabinet shall offer a health
15 reimbursement account for public employees insured under the Public Employee
16 Health Insurance Program.
17 (a) If a public employee waives coverage provided by his or her employer under
18 the Public Employee Health Insurance Program, the employer shall
19 forward a monthly amount to be determined by the secretary of the
20 Personnel Cabinet, but not less than one hundred seventy-five dollars
21 (\$175), for that employee as an employer contribution to the health
22 reimbursement account.
23 (b) The administrative fees associated with the health reimbursement account
24 shall be an authorized expense to be charged to the public employee health
25 insurance trust fund.
26 (3) (a) The public employee health insurance trust fund is established in the
27 Personnel Cabinet. The purpose of the public employee health insurance

1 trust fund is to provide funds to pay medical claims and other costs
 2 associated with the administration of the Public Employee Health
 3 Insurance Program self-insured plan under a competitively bid contract as
 4 provided by KRS Chapter 45A and reviewed by the Government Contract
 5 Review Committee pursuant to KRS 45A.705. The trust fund shall not
 6 utilize funds for any other purpose, except by approval of the General
 7 Assembly. The following moneys shall be directly deposited into the trust
 8 fund:

- 9 1. Employer and employee premiums collected under the self-insured
 10 plan;
- 11 2. Interest and investment returns earned by the self-insured plan;
- 12 3. Rebates and refunds attributed to the self-insured plan; and
- 13 4. All other receipts attributed to the self-insured plan.

14 (b) Any balance remaining in the public employee health insurance trust fund
 15 at the end of a fiscal year shall not lapse. Any balance remaining at the end
 16 of a fiscal year shall be carried forward to the next fiscal year and be used
 17 solely for the purpose established in paragraph (a) of this subsection. The
 18 balance of funds in the public employee health insurance trust fund shall be
 19 invested by the Office of Financial Management consistent with the
 20 provisions of KRS Chapter 42, and interest income shall be credited to the
 21 trust fund.

22 (c) The Auditor of Public Accounts shall be responsible for a financial audit of
 23 the books and records of the trust fund. The audit shall be conducted in
 24 accordance with generally accepted accounting principles~~;~~ ~~shall be paid for~~
 25 ~~by the trust fund.~~ (Veto #29) and shall be completed within ninety (90) days
 26 of the close of the fiscal year. All audit reports shall be filed with the
 27 Governor, the President of the Senate, the Speaker of the House of

1 Representatives, and the secretary of the Personnel Cabinet.

2 (d) ~~Within thirty (30) days of the end of each calendar quarter,~~ (Veto #30) the
 3 secretary of the Personnel Cabinet shall file a report on the status of the
 4 trust fund with the Governor, the Interim Joint Committee on
 5 Appropriations and Revenue, the Kentucky Group Health Insurance Board,
 6 and the Advisory Committee of State Health Insurance Subscribers. The
 7 first status report shall be submitted no later than July 30, 2006. The report
 8 shall include the following:

9 1. The current balance of the trust fund;

10 2. A detailed description of all income to the trust fund since the last
 11 report;

12 3. A detailed description of any receipts due to the trust fund;

13 4. A total amount of payments made for medical claims from the trust
 14 fund;

15 5. A detailed description of all payments made to the third-party
 16 administrator of the self-insured plan by the trust fund;

17 6. Current enrollment data, including monthly enrollment since the last
 18 report, of the Public Employee Health Insurance Program self-
 19 insured plan;

20 7. Any other information the secretary may include;

21 8. Any other information requested by the Interim Joint Committee on
 22 Appropriations and Revenue concerning the operation of the Public
 23 Employee Health Insurance Program self-funded plan or the trust
 24 fund; and

25 9. In addition to the information required under subparagraphs 1. to 8.
 26 of this paragraph, the quarterly report filed in July and January shall
 27 also include the following:

1 a. A projection of the medical claims incurred but not yet reported
2 that are considered liabilities to the trust fund;

3 b. A statement of any other trust fund liabilities;

4 c. A detailed calculation outlining proposed premium rates for the
5 next plan year, including base claims, trend assumptions,
6 administrative fees, and any proposed plan or benefit changes;
7 and

8 d. A detailed description of the current in-state and out-of-state
9 networks provided under the plan, any changes to the networks
10 since the last report, and any proposed changes to the in-state or
11 out-of-state networks during the next six (6) months.

12 e. Specific data regarding the third-party administrator's
13 performance under the contract. The data shall include the
14 following:

15 1. Any results or outcomes of disease management and
16 wellness programs;

17 2. Results of case management audits and educational and
18 communication efforts; and

19 3. Comparison of actual measurable results to contract
20 performance guarantees.

21 **PART XXX**

22 **TAX INCREMENT FINANCING**

23 Notwithstanding KRS 48.310, the following statute is amended to read as follows
24 and shall have permanent effect, subject to future actions by the General Assembly:

25 Section 1. KRS 65.490 is amended to read as follows:

26 As used in KRS 65.490 to 65.499, unless the context otherwise requires:

27 (1) "Agency" means an urban renewal and community development agency of a taxing

- 1 district located within a county containing a consolidated local government or a city
 2 of the first class, established under KRS Chapter 99; a development authority
 3 located within a county containing a consolidated local government or a city of the
 4 first class established under KRS Chapter 99; a nonprofit corporation located within
 5 a county containing a consolidated local government or a city of the first class
 6 ~~established under KRS Chapter 58~~; or a designated department, division, or office
 7 of a county containing a consolidated local government or of a city of the first class;
- 8 (2) "Development area" means an area no less than one (1) square mile, nor more than
 9 six (6) square miles, designated in need of public improvements by a local or state
 10 government in a county containing a consolidated local government or a city of the
 11 first class, a project area as defined in KRS 99.615, or a public project as defined in
 12 KRS 58.010 in a county containing a consolidated local government or a city of the
 13 first class. "Development area" includes an existing economic development asset;
- 14 (3) "Increment" means that amount of money received by any taxing district or the state
 15 that is determined by subtracting the amount of old revenues from the amount of
 16 new revenues in any year for which a taxing district or the state and an agency have
 17 agreed upon under the terms of a contract of release or a grant contract;
- 18 (4) "Local government" means a county containing a consolidated local government or
 19 a city of the first class;
- 20 (5) "New revenues" means the revenues received by any taxing district or the state from
 21 a development area in any year after the establishment of the development area;
- 22 (6) "Old revenues" means the amount of revenues received by any taxing district or the
 23 state from a development area in the last year prior to the establishment of the
 24 development area;
- 25 (7) "Project" means any urban renewal, redevelopment, or public project undertaken in
 26 accordance with the provisions of KRS 65.490 to 65.497, any project undertaken in
 27 accordance with KRS 99.610 to 99.680, ~~or~~ any project undertaken in accordance

1 with the provisions of KRS Chapter 58; or any "public project" as that term is
 2 defined in KRS 58.010 undertaken by a nonprofit corporation located within a
 3 county containing a consolidated local government or a city of the first class;

- 4 (8) "Release" or "contract of release" or "grant contract" means that agreement by
 5 which a taxing district or the state permits the payment to an agency of a portion of
 6 increments or an amount equal to a portion of increments received by it in return for
 7 the benefits accrued to the taxing district or the state by reason of a project
 8 undertaken by an agency in a development area;
- 9 (9) "Taxing district" means a consolidated local government, a county containing a city
 10 of the first class, a city of the first class that encompasses all or part of a
 11 development area, or the state, but does not mean a school district; and
- 12 (10) "Pilot program" means a tax increment financing program or a grant program
 13 created by an agency within a consolidated local government or a county containing
 14 a city of the first class which shall exist for a period of twenty (20) years after which
 15 time it shall continue only after reauthorization by the General Assembly.

16 PART XXXI

17 KENTUCKY PREPAID TUITION TRUST FUND

18 Notwithstanding KRS 48.310, the following statutes are amended or created to read
 19 as follows and shall have permanent effect, subject to future actions by the General
 20 Assembly:

21 Section 1. KRS 164A.700 is amended to read as follows:

22 As used in KRS 164A.700 to 164A.709, unless the context requires otherwise:

- 23 (1) "Academic year" means the time period specified by each eligible educational
 24 institution;
- 25 (2) "Board" means the board of directors of the Kentucky Higher Education Assistance
 26 Authority acting in the capacity of the board of directors of the Commonwealth
 27 postsecondary education prepaid tuition trust fund;

- 1 (3) "Eligible educational institution" means an institution defined in the Internal
2 Revenue Code of 1986, as amended, 26 U.S.C. sec. 529(e)(5);
- 3 (4) "Fund" means the prepaid tuition payment fund created in KRS 164A.701 and
4 known as the "Commonwealth Postsecondary Education Prepaid Tuition Trust
5 Fund" ~~or which shall be marketed under the name~~ "Kentucky's Affordable Prepaid
6 Tuition" (***KAPT***);
- 7 (5) "Prepaid tuition" means the amount of tuition estimated by the board for the tuition
8 plan under the prepaid tuition contract;
- 9 (6) "Prepaid tuition academic year conversion" means the difference between the
10 amount of prepaid tuition required in the original prepaid tuition contract and the
11 amount of prepaid tuition required in an amended prepaid tuition contract as the
12 result of the change in the academic year;
- 13 (7) "Prepaid tuition academic year conversion shortfall" means the amount by which
14 the prepaid tuition required in an amended prepaid tuition contract as the result of
15 the change in the academic year exceeds the amount of prepaid tuition required in
16 the original prepaid tuition contract;
- 17 (8) "Prepaid tuition account" means the account for a qualified beneficiary as specified
18 in the prepaid tuition contract;
- 19 (9) "Prepaid tuition contract" means the contract entered into by the board and the
20 purchaser for the purchase of prepaid tuition for a qualified beneficiary to attend any
21 eligible educational institution as provided in KRS 164A.700 to 164A.709;
- 22 (10) "Prepaid tuition conversion" means the difference between the value of a prepaid
23 tuition account and the tuition at an eligible educational institution;
- 24 (11) "Prepaid tuition conversion shortfall" means the amount by which the actual tuition
25 cost at an eligible educational institution exceeds the amount of the value of a
26 prepaid tuition account;
- 27 (12) "Purchaser" means a person, corporation, association, partnership, or other legal

- 1 entity who enters into a prepaid tuition contract;
- 2 (13) "Qualified beneficiary" means a designated beneficiary, as defined in 26 U.S.C. sec.
3 529(e)(1), who is:
- 4 (a) A Kentucky resident designated as beneficiary at the time a purchaser enters
5 into a prepaid tuition contract; or
- 6 (b) A nonresident designated at the time a purchaser enters into a prepaid tuition
7 contract who intends to attend an eligible institution in Kentucky; or
- 8 (c) A new beneficiary, in the case of a change of beneficiaries under provisions of
9 KRS 164A.707; or
- 10 (d) An individual receiving a scholarship in the case of a prepaid tuition contract
11 purchased by a state or local government or agency or instrumentality thereof
12 or an organization described in 26 U.S.C. sec. 501(c)(3), and exempt from
13 federal income taxation pursuant to 26 U.S.C. sec. 501(a) as part of a
14 scholarship program offered by the government entity or the organization;
- 15 (14) "Qualified postsecondary education expenses" means qualified higher education
16 expenses as defined in 26 U.S.C. sec. 529(e)(3);
- 17 (15) "Tuition" means the prevailing tuition and all mandatory fees charged as a condition
18 of full-time enrollment in an undergraduate program for an academic year for a
19 qualified beneficiary to attend an eligible educational institution;
- 20 (16) "Tuition Account Program Office" or "office" means the office in the Kentucky
21 Higher Education Assistance Authority that is responsible for administering the
22 prepaid tuition program and its accounts;
- 23 (17) "Tuition plan" means a tuition plan approved by the board and provided under a
24 prepaid tuition contract; and
- 25 (18) "Value of a prepaid tuition account" means the amount which the fund is obligated
26 to pay for tuition for an academic period based on full payment of the purchaser's
27 tuition plan; except, under a tuition plan for private colleges and universities, tuition

1 shall be calculated based on the same percentage that University of Kentucky tuition
 2 is increased from the year the prepaid tuition contract is purchased to the year of
 3 payment.

4 SECTION 2. A NEW SECTION OF KRS 164A.700 TO 164A.709 IS CREATED
 5 TO READ AS FOLLOWS:

6 (1) (a) All prepaid tuition contracts in existence on the effective date of this Act
 7 shall be supported by the full faith and credit of the Commonwealth.

8 (b) If the report of the actuary submitted under subsection (7) of Section 4 of
 9 this Part reflects that there will be a real liability expected to accrue for
 10 contracts in existence on the effective date of this Act during the next
 11 biennium, the secretary of the Finance and Administration Cabinet shall
 12 include in the budget request for the cabinet an appropriation to the board
 13 in an amount necessary to meet the real liability in each fiscal year of the
 14 biennium, and the General Assembly shall appropriate the necessary funds
 15 to meet the liability.

16 (2) (a) New contracts entered into after the effective date of this Act for a tuition
 17 plan approved by the board shall contain actuarially sound premiums
 18 sufficient to prevent their contribution to a program fund deficit.

19 (b) Payments received from contracts entered into after the effective date of this
 20 Act shall be maintained separately from contracts in existence on the
 21 effective date of this Act.

22 (c) The Commonwealth shall have no obligation to support contracts entered
 23 into after the effective date of this Act with appropriations if a shortfall
 24 occurs.

25 Section 3. KRS 164A.701 is amended to read as follows:

26 (1) (a) There is hereby created an instrumentality of the Commonwealth to be known
 27 as the "Commonwealth postsecondary education prepaid tuition trust fund", to

1 be governed by ~~the~~[a] board ~~of directors~~] and administered by the Tuition
 2 Account Program Office. The fund shall be attached to the Kentucky Higher
 3 Education Assistance Authority for administrative and reporting purposes,
 4 ~~and~~[but] shall be governed, managed, and administered as a separate and
 5 distinct instrumentality of the Commonwealth ~~under the provisions of~~with
 6 ~~its own powers specified in~~] KRS 164A.700 to 164A.709.

7 (b) The fund shall consist of payments received from prepaid tuition contracts
 8 under KRS 164A.700 to 164A.709. Payments received relating to contracts
 9 in existence on the effective date of this Act and income earned from the
 10 investment of those payments shall be maintained separately from payments
 11 received relating to contracts entered into after the effective date of this Act
 12 and income earned from the investment of those payments. Income earned
 13 from the investment of payments to the fund shall remain in the fund and be
 14 credited to it.

15 (c) Notwithstanding any other statute to the contrary, all moneys received under
 16 the authority of KRS 164A.700 to 164A.709 and 393.015 shall be deemed to
 17 be trust funds to be held and applied solely for payment to qualified
 18 beneficiaries and purchasers and to meet the expenses necessary for the
 19 administration and maintenance of the fund as provided in KRS 164A.700 to
 20 164A.709.

21 (d) The fund shall not constitute an investment company as defined in KRS
 22 291.010.

23 (e) Obligations under a prepaid tuition contract incurred in accordance with the
 24 provisions of KRS 164A.700 to 164A.709 shall not be deemed to constitute a
 25 debt, liability, or obligation of the Kentucky Higher Education Assistance
 26 Authority, but shall be payable solely from the fund. Each prepaid tuition
 27 contract shall contain a statement that the obligation shall be payable solely

1 from the fund.

2 (2) The purposes of the fund are:

3 (a) To provide affordable access to participating institutions for the qualified
4 beneficiaries; and

5 (b) To provide students and their parents economic protection against rising
6 tuition costs.

7 (3) The Tuition Account Program Office and the facilities of the Kentucky Higher
8 Education Assistance Authority shall be used and employed in the administration of
9 the fund including, but not limited to, the keeping of records, the employment of
10 staff to assist in the administration of the fund, the management of accounts and
11 other investments, the transfer of funds, and the safekeeping of securities
12 evidencing investments. ~~[- The Kentucky Higher Education Assistance Authority
13 shall jointly market, as appropriate, the Commonwealth Prepaid Tuition Plan and
14 the Savings Plan established in KRS 164A.300.]~~

15 (4) (a) Assets of the fund shall be invested in any of the following security types that
16 are deemed appropriate by the board:

17 1. Government and agency bonds;

18 2. Investment grade asset-backed securities and corporate bonds;

19 3. Mortgages, excluding interest-only (IO), principal-only (PO), and
20 inverse floaters; and

21 4. Equities.

22 (b) Equities shall constitute no greater than sixty percent (60%) of the entire
23 portfolio, including up to ten percent (10%) in equities from outside the
24 United States.

25 (c) The duration of the fixed-income portion of the portfolio shall reflect the
26 future liability of the fund for tuition payments.

27 (d) Assets may be pooled for investment purposes with any other investment of

1 the Commonwealth that is eligible for asset pooling.

2 (e) Leveraging is strictly prohibited.

3 (5) The board may receive and deposit into the fund gifts made by any individual or
4 agency as deemed acceptable by the board together with funds that are obtained
5 from sources legally available and determined by the board to be applicable for the
6 purposes of KRS 164A.700 to 164A.709.

7 (6) There is created a separate account within the Kentucky Higher Education
8 Assistance Authority to be known as the prepaid postsecondary tuition
9 administrative account for the purposes of implementing and maintaining the fund.

10 (a) Moneys shall be transferred from the fund to the administrative account to
11 meet the expenses necessary for the administration and maintenance of the
12 fund. Expenses incurred by the board and the Tuition Account Program Office
13 in carrying out the provisions of KRS 164A.700 to 164A.709 shall be made
14 payable from the fund through the administrative account, and no
15 administrative expenses shall be incurred by the Kentucky Higher Education
16 Assistance Authority beyond those for which moneys are provided by the
17 fund.

18 ~~(b) Funds may be transferred from the property abandoned under KRS Chapter~~
19 ~~393 to the administrative account and shall be repaid to the abandoned~~
20 ~~property fund no later than three (3) years after the transfer.~~

21 ~~(e)}~~ The board may establish administrative fees for handling prepaid tuition
22 contracts and deposit the funds attributable to the fees~~[money]~~ in the
23 administrative~~[this]~~ account.

24 Section 4. KRS 164A.704 is amended to read as follows:

25 The board shall:

26 (1) Promulgate administrative regulations, set fees, and adopt procedures as are
27 necessary to implement the provisions of KRS 164A.700 to 164A.709;

- 1 (2) Enter into contractual agreements, including contracts for legal, actuarial, financial,
2 and consulting services;
- 3 (3) Invest moneys in the fund in any instruments, obligations, securities, or property as
4 permitted by KRS 164A.701(4) and deemed appropriate by the board;
- 5 (4) Procure insurance to protect against any loss in connection with the fund's property,
6 assets, or activities and to indemnify board members from personal loss or
7 accountability from liability arising from any action or inaction as a board member;
- 8 (5) Make arrangements with eligible educational institutions in the Commonwealth to
9 fulfill obligations under prepaid tuition contracts, including, but not limited to,
10 payment from the fund of the tuition cost on behalf of a qualified beneficiary to
11 attend an eligible educational institution in which the beneficiary is admitted and
12 enrolled;
- 13 (6) Develop requirements, procedures, and guidelines regarding prepaid tuition
14 contracts, including but not limited to, the termination, withdrawal, or transfer of
15 payments under a prepaid tuition contract; tuition shortfalls; number of participants;
16 time limitations for prepaid tuition contracts and the use of tuition benefits; tuition
17 conversions; payment schedules; payroll deductions; penalties for failure of
18 purchasers to adhere to contracts; and transfer of prepaid tuition credits towards
19 private education in the Commonwealth or for out-of-state institutions;
- 20 (7) Have the actuarial soundness of the fund evaluated by a nationally recognized
21 independent actuary annually, by October 1 of each year, to~~on an annual basis~~
22 ~~and~~ determine ~~prior to each academic year~~:
- 23 (a) The amount of prepaid tuition for each tuition plan; and for each eligible
24 educational institution for specific academic years, the corresponding value;
25 ~~and~~
- 26 (b) Whether additional assets are necessary to defray the obligations of the
27 portion of the fund relating to contracts entered into before the effective date

1 of this Act, and when those funds will be needed.

2 1. For purposes of this paragraph, a "real liability expected to accrue
 3 during the next biennium" exists if the amount in the fund
 4 representing contracts entered into before the effective date of this Act
 5 is not sufficient to meet all anticipated distributions under contracts
 6 entered into before the effective date of this Act and the expense of
 7 maintaining and operating the fund for the upcoming biennium.

8 2. If the report of the actuary submitted in an odd-numbered year reflects
 9 that there will be a real liability expected to accrue during the next
 10 biennium, the secretary of the Finance and Administration Cabinet
 11 shall include in the budget request for the cabinet an appropriation to
 12 the board in an amount necessary to meet the real liability in each
 13 fiscal year of the biennium, and the General Assembly shall
 14 appropriate the necessary funds.

15 (c) Whether additional assets are necessary to defray the obligations of the
 16 portion of the fund relating to contracts entered into after the effective date
 17 of this Act, and when those funds will be needed. If the assets of the portion
 18 of the fund relating to contracts entered into after the effective date of this
 19 Act are insufficient to ensure the actuarial soundness of that portion of the
 20 fund, as reported by the actuary, the board shall adjust the price of subsequent
 21 purchases of prepaid tuition contracts to the extent necessary to restore the
 22 actuarial soundness of the fund. The board may suspend the sale of prepaid
 23 tuition contracts until the next annual actuarial evaluation is completed if the
 24 board determines the action is needed to restore the actuarial soundness of the
 25 fund. During a suspension of sales of contracts, the board and Tuition Account
 26 Program Office shall continue to service existing contract accounts and meet
 27 all obligations under existing prepaid tuition contracts; and

- 1 (8) Make an annual report each year by November 1 to the Legislative Research
 2 Commission and the Governor showing the fund's condition, and whether
 3 additional assets will be necessary to defray the obligations of the fund;
- 4 ~~(9) Market and promote participation in the fund; and~~
- 5 ~~(10) Develop, sponsor, and maintain a scholarship program, if deemed feasible by the~~
 6 ~~board, to provide the benefits of the fund to financially disadvantaged families and~~
 7 ~~students of Kentucky under criteria established by the board to encourage students~~
 8 ~~to obtain postsecondary education in Kentucky and otherwise consistent with the~~
 9 ~~purposes of the fund].~~
- 10 Section 5. KRS 164A.705 is amended to read as follows:
- 11 (1) The prepaid tuition contract entered into by the purchaser and the board shall
 12 constitute an irrevocable pledge and guarantee by the fund to pay for the tuition of a
 13 qualified beneficiary upon acceptance and enrollment at an eligible educational
 14 institution in accordance with the tuition plan purchased.
- 15 (2) A board member~~[, officer of the fund,]~~ or any employee of the Tuition Account
 16 Program Office or the Kentucky Higher Education Assistance Authority shall not be
 17 subject to any personal liability by reason of his or her issuance or execution of a
 18 prepaid tuition contract under KRS 164A.700 to 164A.709.
- 19 (3) Under a tuition plan for private colleges and universities, tuition shall be paid based
 20 on the same percentage that University of Kentucky tuition is increased from the
 21 year the prepaid tuition contract is purchased to the year of payment.
- 22 (4) The purchaser or qualified beneficiary shall pay to the eligible educational
 23 institution the amount of any prepaid tuition academic year conversion shortfall and
 24 the amount of any prepaid tuition conversion shortfall.
- 25 (5) A qualified beneficiary attending an eligible educational institution may apply the
 26 value of a prepaid tuition account to a specific academic year at the maximum
 27 course load or maximum number of credit hours generally permitted to full-time

1 undergraduates at that institution.

2 (6) The value of a prepaid tuition account remaining after tuition is paid may be used
3 for other qualified educational expenses under administrative regulations
4 promulgated by the board in compliance with 26 U.S.C. sec. 529. The board may
5 permit the use of the value of a prepaid tuition account for part-time undergraduate
6 enrollment or graduate programs at eligible educational institutions.

7 (7) ~~If [In the event]~~ a qualified beneficiary attends an eligible educational institution for
8 which payment of tuition is not guaranteed by the fund in whole or in part, and if
9 the cost of tuition exceeds the value of a prepaid tuition account, the fund shall have
10 no responsibility to pay the difference. If the value of a prepaid tuition account
11 exceeds the cost of tuition, the excess may be used for other qualified postsecondary
12 education expenses as directed by the purchaser.

13 (8) The value of a prepaid tuition account shall not be used in calculating personal asset
14 contribution for determining eligibility and need for student loan programs, student
15 grant programs, or other student aid programs administered by any agency of the
16 Commonwealth, except as otherwise may be provided by federal law.

17 Section 6. KRS 164A.707 is amended to read as follows:

18 (1) Purchasers buying prepaid tuition for a qualified beneficiary shall enter into prepaid
19 tuition contracts with the board. These contracts shall be in a form as shall be
20 determined by the office. The contract shall provide for the purchase of a tuition
21 plan for prepaid tuition for the qualified beneficiary from one (1) to five (5) specific
22 academic years. ~~[Beginning on March 20, 2005, new prepaid tuition contracts
23 entered into for a tuition plan approved by the board shall contain actuarially sound
24 premiums sufficient to prevent their contribution to a program fund deficit. No
25 general fund moneys or abandoned property funds shall be available for the support
26 of the Commonwealth postsecondary education prepaid tuition trust fund.]~~

27 (2) Upon written notification to the office a purchaser may amend the prepaid tuition

1 contract to change:

- 2 (a) The qualified beneficiary, in accordance with 26 U.S.C. sec. 529;
- 3 (b) The academic year or years for which prepaid tuition is purchased;
- 4 (c) A tuition plan designation to another tuition plan designation;
- 5 (d) The number of years for which prepaid tuition is purchased; or
- 6 (e) Other provisions of the prepaid tuition contract as permitted by the board.
- 7 (3) A prepaid tuition account shall not be subject to attachment, levy, or execution by
- 8 any creditor of a purchaser or qualified beneficiary. Prepaid tuition accounts shall be
- 9 exempt from all state and local taxes including, but not limited to, intangible
- 10 personal property tax levied under KRS 132.020, individual income tax levied
- 11 under KRS 141.020, and the inheritance tax levied under KRS Chapter 140.
- 12 Payments from a prepaid tuition account used to pay qualified postsecondary
- 13 education expenses, or disbursed due to the death or disability of the beneficiary, or
- 14 receipt of a scholarship by the beneficiary shall be exempt from tax liabilities.
- 15 (4) Nothing in KRS 164A.700 to 164A.709 or in a prepaid tuition contract shall be
- 16 construed as a promise or guarantee that a qualified beneficiary shall be admitted to
- 17 an eligible educational institution, be allowed to continue to attend an eligible
- 18 educational institution after having been admitted, or be graduated from an eligible
- 19 educational institution.
- 20 (5) Prepaid tuition contract payments shall not be made in real or personal property
- 21 other than cash and shall not exceed the prepaid tuition. Prepaid tuition contract
- 22 payments may be made in a lump-sum or installments.
- 23 (6) The purchaser shall designate the qualified beneficiary at the time the purchaser
- 24 enters into a prepaid tuition contract, except for a prepaid tuition contract purchased
- 25 in accordance with KRS 164A.700(13)(d). In the case of gifts made to the fund, the
- 26 board shall designate a qualified beneficiary at the time of the gift.
- 27 (7) The prepaid tuition contract shall provide that the purchaser and the qualified

1 beneficiary shall not directly or indirectly or otherwise control the investment of the
 2 prepaid tuition account or earnings on the account. Payments made for prepaid
 3 tuition shall be accounted for separately for each qualified beneficiary. No interest
 4 or earnings on a prepaid tuition contract of the purchaser or qualified beneficiary
 5 shall be pledged or otherwise encumbered as security of a debt.

6 (8) A prepaid tuition contract does not constitute a security as defined in KRS 292.310
 7 or an annuity as defined in KRS 304.5-030.

8 (9) Each prepaid tuition contract is subject to, and shall incorporate by reference, all
 9 operating procedures and policies adopted by the board, the statutes governing
 10 prepaid tuition contracts in KRS 164A.700 to 164A.709 and 393.015, and
 11 administrative regulations promulgated thereunder. Any amendments to statutes,
 12 administrative regulations, and operating procedures and policies shall
 13 automatically amend prepaid tuition contracts, with retroactive or prospective
 14 effect, as applicable.

15 Section 7. KRS 164A.709 is amended to read as follows:

16 (1) A purchaser may terminate a prepaid tuition contract at any time upon written
 17 request to the office.

18 (2) Upon termination of a prepaid tuition contract at the request of a purchaser, the
 19 office shall pay from the fund to the purchaser:

20 (a) The value of the prepaid tuition account if the contract is terminated for:

- 21 1. The death of the qualified beneficiary; or
- 22 2. The disability of the qualified beneficiary that, in the opinion of the
 23 office, would make attendance by the beneficiary at an eligible
 24 educational institution impossible or unreasonably burdensome; or
- 25 3. A request made on or after July 1 of the initial projected year of
 26 enrollment of the qualified beneficiary; and

27 (b) The amounts paid on the purchaser's prepaid tuition contract if the contract is

1 terminated and a request for refund is made before July 1 of the qualified
 2 beneficiary's initial projected year of enrollment. The board may determine a
 3 rate of interest to accrue for payment on the amount otherwise payable under
 4 this paragraph.

5 (3) At the option of the purchaser, the value of the prepaid tuition account may be
 6 carried forward to another academic year or distributed by the fund upon the
 7 purchaser's request.

8 (4) All refunds paid shall be net of administrative fees as determined by the board. The
 9 office may impose a fee upon termination of the account for administrative costs
 10 and deduct the fee from the amount otherwise payable under this section.

11 (5) If a qualified beneficiary is awarded a scholarship that covers tuition costs included
 12 in a prepaid tuition contract, the purchaser may request a refund consisting of the
 13 amount of the value of the prepaid tuition account, not to exceed the amount of the
 14 scholarship.

15 (6) If the purchaser wishes to transfer funds from the prepaid tuition account to the
 16 Kentucky Educational Savings Plan Trust, the purchaser may do so under
 17 administrative regulations promulgated by the board and the board of directors of
 18 the Kentucky Educational Savings Plan Trust under KRS 164A.325.

19 (7) If the purchaser wishes to transfer funds from the prepaid tuition account to another
 20 qualified tuition program as defined in 26 U.S.C. sec. 529(b)(1), the purchaser may
 21 do so under administrative regulations promulgated by the board.

22 (8) The board may terminate a prepaid tuition contract at any time due to the fraud or
 23 misrepresentation of a purchaser or qualified beneficiary with respect to the prepaid
 24 tuition contract.

25 SECTION 8. A NEW SECTION OF KRS 48.100 TO 48.195 IS CREATED TO
 26 READ AS FOLLOWS:

27 **Notwithstanding any other provision of law, if the report of the actuary submitted in an**

1 odd-numbered year pursuant to paragraph (b) of subsection (7) of Section 4 of this
 2 Part reflects that there will be a real liability expected to accrue during the upcoming
 3 biennium that cannot be met with existing resources of the Commonwealth
 4 postsecondary education prepaid tuition trust fund created pursuant to Section 3 of this
 5 Part, the Governor shall include in the budget recommendation for the executive
 6 branch and in the draft branch budget bill for the executive branch submitted to the
 7 General Assembly an appropriation to the board in an amount necessary to meet the
 8 real liability expected to accrue in each fiscal year of the biennium.

9 PART XXXII

10 ROLL-YOUR-OWN TOBACCO EXCISE TAX

11 Notwithstanding KRS 48.310, the following statutes are amended to read as follows
 12 and shall have permanent effect, subject to future actions by the General Assembly:

13 Section 1. KRS 131.600 is amended to read as follows:

14 As used in this section and KRS 131.602:

- 15 (1) "Adjusted for inflation" means increased in accordance with the formula for
 16 inflation adjustment set forth in Exhibit C to the master settlement agreement.
- 17 (2) "Affiliate" means a person who directly or indirectly owns or controls, is owned or
 18 controlled by, or is under common ownership or control with, another person.
 19 Solely for purposes of this definition, the terms "owns," "is owned," and
 20 "ownership" mean ownership of an equity interest, or the equivalent thereof, of ten
 21 percent (10%) or more, and the term "person" means an individual, partnership,
 22 committee, association, corporation, or any other organization or group of persons.
- 23 (3) "Allocable share" means allocable share as that term is defined in the master
 24 settlement agreement.
- 25 (4) "Cigarette" means any product that contains nicotine, is intended to be burned or
 26 heated under ordinary conditions of use, and consists of or contains:
- 27 (a) Any roll of tobacco wrapped in paper or in any substance not containing

1 tobacco;

2 (b) Tobacco, in any form, that is functional in the product, which, because of its
3 appearance, the type of tobacco used in the filler, or its packaging and
4 labeling, is likely to be offered to, or purchased by, consumers as a cigarette;
5 or

6 (c) Any roll of tobacco wrapped in any substance containing tobacco which,
7 because of its appearance, the type of tobacco used in the filler, or its
8 packaging and labeling, is likely to be offered to, or purchased by, consumers
9 as a cigarette described in paragraph (a) of this subsection.

10 The term "cigarette" includes "roll-your-own", i.e., any tobacco which, because of
11 its appearance, type, packaging, or labeling is suitable for use and likely to be
12 offered to, or purchased by, consumers as tobacco for making cigarettes. For
13 purposes of this definition of "cigarette," nine-hundredths (0.09) ounces of "roll-
14 your-own" tobacco shall constitute one (1) individual "cigarette."

15 (5) "Master settlement agreement" means the settlement agreement and related
16 documents entered into on November 23, 1998, by Kentucky and leading United
17 States tobacco product manufacturers.

18 (6) "Qualified escrow fund" means an escrow arrangement with a federally or state-
19 chartered financial institution having no affiliation with any tobacco product
20 manufacturer and having assets of at least one billion dollars (\$1,000,000,000)
21 where such arrangement requires that such financial institution hold the escrowed
22 funds' principal for the benefit of releasing parties and prohibits the tobacco product
23 manufacturer placing the funds into escrow from using, accessing, or directing the
24 use of the funds' principal except as consistent with KRS 131.602(2).

25 (7) "Released claims" means released claims as that term is defined in the master
26 settlement agreement.

27 (8) "Releasing parties" means releasing parties as that term is defined in the master

1 settlement agreement.

2 (9) "Tobacco product manufacturer" means an entity that after June 30, 2000, directly
3 and not exclusively through any affiliate:

4 (a) Manufactures cigarettes anywhere that such manufacturer intends to be sold in
5 the United States, including cigarettes intended to be sold in the United States
6 through an importer, except where such importer is an original participating
7 manufacturer, as that term is defined in the master settlement agreement, that
8 will be responsible for the payments under the master settlement agreement
9 with respect to such cigarettes as a result of the provisions of subsection
10 II(mm) of the master settlement agreement and that pays the taxes specified in
11 subsection II(z) of the master settlement agreement, and provided that the
12 manufacturer of such cigarettes does not market or advertise such cigarettes in
13 the United States;

14 (b) Is the first purchaser anywhere for resale in the United States of cigarettes
15 manufactured anywhere that the manufacturer does not intend to be sold in the
16 United States; or

17 (c) Becomes a successor of an entity described in paragraph (a) or (b) of this
18 subsection.

19 The term "tobacco product manufacturer" shall not include an affiliate of a tobacco
20 product manufacturer unless such affiliate itself falls within any of the definitions
21 described in paragraph (a), (b), or (c) of this subsection.

22 (10) "Units sold" means the number of individual cigarettes sold in Kentucky by the
23 applicable tobacco product manufacturer, whether directly or through a distributor,
24 retailer, or similar intermediary or intermediaries, during the year in question, as
25 measured by excise taxes collected by Kentucky on packs or "roll-your-own"
26 tobacco~~[containers bearing the excise tax stamp of Kentucky]~~. The Department of
27 Revenue shall promulgate such regulations as are necessary to ascertain the amount

1 of state excise tax paid on the cigarettes of such tobacco product manufacturer for
2 each year.

3 Section 2. KRS 138.140 is amended to read as follows:

- 4 (1) A tax shall be paid on the sale of cigarettes within the state at a proportionate rate of
5 three cents (\$0.03) on each twenty (20) cigarettes. This tax shall be paid only once,
6 regardless of the number of times the cigarettes may be sold in this state.
- 7 (2) Effective June 1, 2005, a surtax shall be paid in addition to the tax levied in
8 subsection (1) of this section at a proportionate rate of twenty-six cents (\$0.26) on
9 each twenty (20) cigarettes. This tax shall be paid only once, at the same time the
10 tax imposed by subsection (1) of this section is paid, regardless of the number of
11 times the cigarettes may be sold in the state.
- 12 (3) Effective June 1, 2005, a surtax shall be paid in addition to the tax levied in
13 subsection (1) of this section and in addition to the surtax levied by subsection (2)
14 of this section, at a proportionate rate of one cent (\$0.01) on each twenty (20)
15 cigarettes. This tax shall be paid only once, at the same time the tax imposed by
16 subsection (1) of this section and the surtax imposed by subsection (2) of this
17 section are paid, regardless of the number of times the cigarettes may be sold in the
18 state.
- 19 (4) (a) Effective August 1, 2005, an excise[a] tax shall be imposed upon all
20 wholesalers of other tobacco products at the rate of seven and one-half percent
21 (7.5%) of the gross receipts of any wholesaler derived from wholesale sales
22 made within the Commonwealth.
- 23 (b) This excise tax shall be paid only once, regardless of the number of times the
24 tobacco product may be sold in the state.
- 25 (5) Effective August 1, 2005, a tax shall be imposed upon all wholesalers of snuff at a
26 rate of nine and one-half cents (\$0.095) per unit. As used in this section unit means
27 a hard container not capable of containing more than one and one-half (1-1/2)

1 ounce. In determining the quantity subject to the tax under this subsection, if a
 2 package on which the tax is levied, contains more than an individual unit, the
 3 taxable quantity shall be calculated by multiplying the total number of individual
 4 units by the rate set in this subsection. The tax imposed under this subsection shall
 5 be paid only once, regardless of the number of times the snuff may be sold in this
 6 state.

- 7 (6) The General Assembly recognizes that increasing taxes on tobacco products should
 8 reduce consumption, and therefore result in healthier lifestyles for Kentuckians. The
 9 relative taxes on tobacco products proposed in this section reflect the growing data
 10 from scientific studies suggesting that although smokeless tobacco poses some
 11 risks, those health risks are significantly less than the risks posed by other forms of
 12 tobacco products. Moreover, the General Assembly acknowledges that some in the
 13 public health community recognize that tobacco harm reduction should be a
 14 complementary public health strategy regarding tobacco products. Taxing tobacco
 15 products according to relative risk is a rational tax policy and may well serve the
 16 public health goal of reducing smoking-related mortality and morbidity and
 17 lowering health care costs associated with tobacco-related disease.

18 **PART XXXIII**

19 **CIGARETTE PAPERS EXCISE TAX**

20 Notwithstanding KRS 48.310, the following statutes are amended to read as follows
 21 and shall have permanent effect, subject to future actions by the General Assembly:

22 Section 1. KRS 138.130 is amended to read as follows:

23 As used in KRS 138.130 to 138.205, unless the context requires otherwise:

- 24 (1) "Department" means the Department of Revenue.
 25 (2) "Manufacturer" means any person who manufactures or produces cigarettes, snuff,
 26 or other tobacco products within or without this state.
 27 (3) "Retailer" means any person who sells to a consumer or to any person for any

- 1 purpose other than resale.
- 2 (4) "Sale at retail" means a sale to any person for any other purpose other than resale.
- 3 (5) "Cigarettes" means any roll for smoking made wholly or in part of tobacco, or any
4 substitute for tobacco, irrespective of size or shape and whether or not the tobacco
5 is flavored, adulterated, or mixed with any other ingredient, the wrapper or cover of
6 which is made of paper or any other substance or material, excepting tobacco.
- 7 (6) "Sale" or "sell" means any transfer for a consideration, exchange, barter, gift, offer
8 for sale, advertising for sale, soliciting an order for cigarettes, other tobacco
9 products, or snuff, and distribution in any manner or by any means whatsoever.
- 10 (7) "Tax evidence" means any stamps, metered impressions, or other indicia prescribed
11 by the department by regulation as a means of denoting the payment of tax.
- 12 (8) "Person" means any individual, firm, copartnership, joint venture, association,
13 municipal or private corporation whether organized for profit or not, the
14 Commonwealth of Kentucky or any of its political subdivisions, an estate, trust, or
15 any other group or combination acting as a unit, and the plural as well as the
16 singular.
- 17 (9) "Resident wholesaler" means any person who purchases at least seventy-five
18 percent (75%) of all cigarettes, other tobacco products, or snuff purchased by the
19 wholesaler directly from the manufacturer on which the tax provided for in KRS
20 138.130 to 138.205 is unpaid, and who maintains an established place of business in
21 this state where the wholesaler attaches cigarette tax evidence, or receives untaxed
22 cigarettes, other tobacco products, or snuff.
- 23 (10) "Nonresident wholesaler" means any person who purchases cigarettes, other
24 tobacco products, or snuff directly from the manufacturer and maintains a
25 permanent location or locations outside this state where Kentucky cigarette tax
26 evidence is attached or from where Kentucky cigarette tax is reported and paid.
- 27 (11) "Sub-jobber" means any person who purchases cigarettes, other tobacco products,

1 or snuff from a wholesaler licensed under KRS 138.195 on which the tax imposed
 2 by KRS 138.140 has been paid and makes them available to retailers for resale. No
 3 person shall be deemed to make cigarettes, other tobacco products, or snuff
 4 available to retailers for resale unless the person certifies and establishes to the
 5 satisfaction of the department that firm arrangements have been made to regularly
 6 supply at least five (5) retail locations with Kentucky tax-paid cigarettes, other
 7 tobacco products, or snuff for resale in the regular course of business.

8 (12) "Vending machine operator" means any person who operates one (1) or more
 9 cigarette, other tobacco products, or snuff vending machines.

10 (13) "Transporter" means any person transporting untax-paid cigarettes, other tobacco
 11 products, or snuff obtained from any source to any destination within this state,
 12 other than cigarettes, other tobacco products, or snuff transported by the
 13 manufacturer thereof.

14 (14) "Unclassified acquirer" means any person in this state who acquires cigarettes, other
 15 tobacco products, or snuff from any source on which the tax imposed by KRS
 16 138.140 has not been paid, and who is not a person otherwise required to be
 17 licensed under the provisions of KRS 138.195.

18 (15) "Other tobacco products" means cigars, cheroots, stogies, periques, granulated, plug
 19 cut, crimp cut, ready rubbed, and other smoking tobacco, cavendish, plug and twist
 20 tobacco, fine-cut, and other chewing tobacco, shorts, refuse scraps, clippings,
 21 cuttings and sweepings of tobacco, and other kinds and forms of tobacco prepared
 22 in a manner to be suitable for chewing or smoking in a pipe or otherwise, or both
 23 for chewing or smoking but does not include cigarettes as defined in subsection (5)
 24 of this section, or snuff.

25 (16) "Wholesale sale" means a sale made for the purpose of resale in the regular course
 26 of business.

27 **(17) "Cigarette paper" means paper or a similar product suitable for use and likely to**

1 *be offered to, or purchased by, consumers of roll-your-own tobacco.*

2 Section 2. KRS 138.140 is amended to read as follows:

- 3 (1) A tax shall be paid on the sale of cigarettes within the state at a proportionate rate of
4 three cents (\$0.03) on each twenty (20) cigarettes. This tax shall be paid only once,
5 regardless of the number of times the cigarettes may be sold in this state.
- 6 (2) Effective June 1, 2005, a surtax shall be paid in addition to the tax levied in
7 subsection (1) of this section at a proportionate rate of twenty-six cents (\$0.26) on
8 each twenty (20) cigarettes. This tax shall be paid only once, at the same time the
9 tax imposed by subsection (1) of this section is paid, regardless of the number of
10 times the cigarettes may be sold in the state.
- 11 (3) Effective June 1, 2005, a surtax shall be paid in addition to the tax levied in
12 subsection (1) of this section and in addition to the surtax levied by subsection (2)
13 of this section, at a proportionate rate of one cent (\$0.01) on each twenty (20)
14 cigarettes. This tax shall be paid only once, at the same time the tax imposed by
15 subsection (1) of this section and the surtax imposed by subsection (2) of this
16 section are paid, regardless of the number of times the cigarettes may be sold in the
17 state.
- 18 (4) (a) Effective August 1, 2005, a tax shall be imposed upon all wholesalers of other
19 tobacco products at the rate of seven and one-half percent (7.5%) of the gross
20 receipts of any wholesaler derived from wholesale sales made within the
21 Commonwealth.
- 22 (b) This tax shall be paid only once, regardless of the number of times the tobacco
23 product may be sold in the state.
- 24 (5) Effective August 1, 2005, a tax shall be imposed upon all wholesalers of snuff at a
25 rate of nine and one-half cents (\$0.095) per unit. As used in this section unit means
26 a hard container not capable of containing more than one and one-half (1-1/2)
27 ounce. In determining the quantity subject to the tax under this subsection, if a

1 package on which the tax is levied, contains more than an individual unit, the
 2 taxable quantity shall be calculated by multiplying the total number of individual
 3 units by the rate set in this subsection. The tax imposed under this subsection shall
 4 be paid only once, regardless of the number of times the snuff may be sold in this
 5 state.

6 **(6) (a) Effective June 1, 2006, every person licensed under KRS 138.195 to affix**
 7 **tax evidence, every wholesaler required to pay the tax imposed by subsection**
 8 **(4) of this section, and every other person selling cigarette paper at**
 9 **wholesale in this state shall pay an excise tax on the sale of cigarette paper.**

10 **(b) The tax shall be in the amount of twenty-five cents (\$0.25) per package of**
 11 **thirty-two (32) sheets. For packages greater than thirty-two (32) sheets, the**
 12 **tax shall be calculated at one and twenty-eight one-hundredths cents**
 13 **(\$0.0128) per sheet.**

14 **(c) The tax shall be remitted to the Department of Revenue at the same time**
 15 **and in the same manner as the tax imposed in subsection (4) of this section.**

16 **(7) The department may prescribe forms and promulgate administrative regulations**
 17 **to execute and administer the provisions of this section.**

18 **(8)** The General Assembly recognizes that increasing taxes on tobacco products should
 19 reduce consumption, and therefore result in healthier lifestyles for Kentuckians. The
 20 relative taxes on tobacco products proposed in this section reflect the growing data
 21 from scientific studies suggesting that although smokeless tobacco poses some
 22 risks, those health risks are significantly less than the risks posed by other forms of
 23 tobacco products. Moreover, the General Assembly acknowledges that some in the
 24 public health community recognize that tobacco harm reduction should be a
 25 complementary public health strategy regarding tobacco products. Taxing tobacco
 26 products according to relative risk is a rational tax policy and may well serve the
 27 public health goal of reducing smoking-related mortality and morbidity and

1 lowering health care costs associated with tobacco-related disease.

2 **PART XXXIV**

3 **CAPTIVE INSURERS**

4 Notwithstanding KRS 48.310, the following statutes are created or amended to read
5 as follows and shall have permanent effect, subject to future actions by the General
6 Assembly:

7 SECTION 1. A NEW SECTION OF KRS 304.49-010 TO 304.49-230 IS
8 CREATED TO READ AS FOLLOWS:

9 *(1) A captive insurer shall engage a manager who is a resident of this state.*

10 *(2) The captive manager shall maintain the books and records of the captive*
11 *insurer's business, transactions, and affairs at a location that is in this state or*
12 *shall make them available to the executive director at a location that is in this*
13 *state.*

14 *(3) The captive manager shall promptly notify the executive director of any failure of*
15 *the captive insurer to comply with this section.*

16 *(4) The executive director may require a captive insurer to discharge a captive*
17 *manager for failure to substantively fulfill the captive manager's duties under*
18 *this subtitle.*

19 SECTION 2. A NEW SECTION OF KRS 304.49-010 TO 304.49-230 IS
20 CREATED TO READ AS FOLLOWS:

21 *The executive director may promulgate administrative regulations to set minimum*
22 *standards for the formation, structure, examination, and operation of a special*
23 *purpose captive insurer or an agency captive insurer.*

24 SECTION 3. A NEW SECTION OF KRS 304.49-010 TO 304.49-230 IS
25 CREATED TO READ AS FOLLOWS:

26 *(1) If there is any material change in the financial condition or management of a*
27 *captive insurer, the captive insurer shall notify the executive director, in writing,*

1 within ten (10) business days of the change.

2 (2) No captive insurer shall voluntarily take any of the following material actions
 3 without providing the executive director at least thirty (30) days prior written
 4 notice and receiving the executive director's approval of the action within the
 5 thirty (30) day period:

6 (a) The dissolution of the captive insurer;

7 (b) Any sale, exchange, lease, mortgage, assignment, pledge, or other transfer
 8 of, or granting of a security interest in, all or substantially all of the assets
 9 of the captive insurer;

10 (c) Any incurrence of material indebtedness by the captive insurer;

11 (d) Any making of a material loan or other material extension of credit by the
 12 captive insurer;

13 (e) Any payment or distribution that materially reduces capital and surplus;

14 (f) Any merger or consolidation to which the captive insurer is a constituent
 15 party;

16 (g) Any conversion of the captive insurer to another business form;

17 (h) Any transfer to or domestication in any jurisdiction by the captive insurer;

18 or

19 (i) Any material amendment of the organizational documents of the captive
 20 insurer.

21 SECTION 4. A NEW SECTION OF KRS 304.49-010 TO 304.49-230 IS
 22 CREATED TO READ AS FOLLOWS:

23 A sponsored captive insurer may establish and maintain one (1) or more protected cells
 24 to insure risks of one (1) or more participants, subject to the following conditions:

25 (1) The owners of a sponsored captive insurer shall be limited to its participants and
 26 sponsors, provided that a sponsored captive insurer may issue nonvoting
 27 securities or interests to other persons on terms approved by the executive

- 1 director;
- 2 (2) The assets of each protected cell shall be held and accounted for separately on the
3 books and records of the sponsored captive insurer to reflect the financial
4 condition and results of operations of the protected cell, net income or loss of the
5 protected cell, dividends or other distributions to participants of the protected cell,
6 and other factors regarding the protected cell as may be provided in the
7 applicable participant contract or required by the executive director;
- 8 (3) The assets of a protected cell shall not be chargeable with liabilities of any other
9 protected cell or, unless otherwise agreed in the applicable participant contract,
10 of the sponsored captive insurer generally;
- 11 (4) No sale, or transfer of assets, or dividend or other distribution, may be made with
12 respect to a protected cell by such sponsored captive insurer without the consent
13 of the participants of each affected protected cell;
- 14 (5) No sale, exchange, or transfer of assets, or dividend or other distribution, other
15 than a payment to a sponsor in accordance with the applicable participant
16 contract, may be made with respect to a protected cell to a sponsor or a
17 participant without the executive director's approval;
- 18 (6) Each sponsored captive insurer shall annually file with the executive director
19 financial reports as the executive director shall require, which shall include,
20 without limitation, accounting statements detailing the financial experience of
21 each protected cell;
- 22 (7) Each sponsored captive insurer shall notify the executive director, in writing,
23 within ten (10) business days of any protected cell that has become insolvent or is
24 otherwise unable to meet its claim or expense obligations;
- 25 (8) No participant contract shall take effect without the executive director's prior
26 written approval. The addition of each new protected cell and withdrawal of any
27 participant or termination of any existing protected cell shall constitute a change

1 in the plan of operation of the sponsored captive insurer requiring the executive
 2 director's prior written approval; and

3 (9) (a) The business written by a sponsored captive insurer, with respect to each
 4 protected cell, shall be:

5 1. Fronted by an insurance company licensed under the laws of this state
 6 or any other state;

7 2. Reinsured by a reinsurer authorized or approved by this state;

8 3. Secured by a trust fund in this state for the benefit of policyholders
 9 and claimants; or

10 4. Funded by an irrevocable letter of credit or other arrangement that is
 11 approved in writing by the executive director.

12 (b) The amount of security provided shall be no less than the reserves
 13 associated with those liabilities which are neither fronted nor reinsured,
 14 including reserves for losses, allocated loss adjustment expenses, incurred
 15 but not reported losses, and unearned premiums for business written
 16 through the protected cell.

17 (c) The executive director may, for any reason, require the sponsored captive
 18 insurance company to increase the funding of any security arrangement
 19 established under this subsection in order to protect claimants or potential
 20 claimants.

21 (d) If the form of security is a letter of credit, the letter of credit shall be
 22 established, issued, or confirmed by a financial institution chartered by or
 23 licensed or otherwise authorized to do banking business in this state, or by
 24 any other financial institution approved by the executive director.

25 (e) A trust maintained pursuant to this subsection shall be established in a
 26 form and upon such terms as approved by the executive director.

27 Section 5. KRS 304.49-010 is amended to read as follows:

1 As used in KRS 304.49-010 to 304.49-230, unless the context requires otherwise:

2 (1) "Affiliated company" means any company in the same corporate system as a parent,
3 an industrial insured, or a member organization by virtue of common ownership,
4 control, operation, or management.

5 (2) "Agency captive insurer" means a captive insurer that is owned by one (1) or
6 more business entities that are licensed insurance producers and that only insure
7 risks on policies placed through their owners.

8 (3) "Captive insurer" means any pure captive insurer, consortium captive insurer,
9 sponsored captive insurer, or industrial insured captive insurer formed or issued a
10 certificate of authority under the provisions of KRS 304.49-010 to 304.49-230. For
11 purposes of KRS 304.49-010 to 304.49-230, a branch captive insurer shall be a pure
12 captive insurer with respect to operations in Kentucky, unless otherwise permitted
13 by the executive director.

14 ~~(4)~~(3) "Consortium" means any legal association of individuals, corporations,
15 partnerships, or associations that has been in continuous existence for at least one
16 (1) year, the member organizations of which collectively, or which does itself:

17 (a) Own, control, or hold with power to vote all of the outstanding voting
18 securities of a consortium captive insurer incorporated as a stock insurer; or

19 (b) Have complete voting control over a consortium captive insurer incorporated
20 as a mutual insurer; or

21 (c) The member organizations of which collectively constitute all of the
22 subscribers of a consortium captive insurer formed as a reciprocal insurer.

23 ~~(5)~~(4) "Consortium captive insurer" means any company that insures risks of the
24 member organizations of the consortium and their affiliated companies.

25 ~~(6)~~(5) "Excess workers' compensation insurance" means, in the case of an employer
26 that has insured or self-insured its workers' compensation risks in accordance with
27 applicable state or federal law, insurance in excess of a specified per incident or

1 aggregate limit established by the executive director.

2 ~~(7)(6)~~ "Industrial insured" means an insured as defined in KRS 304.11-020(1).

3 ~~(8)(7)~~ "Industrial insured captive insurer" means any company that insures risks of
4 the industrial insureds that comprise the industrial insured group, and their affiliated
5 companies.

6 ~~(9)(8)~~ "Industrial insured group" means any group that meets either of the following
7 criteria:

8 (a) Any group of industrial insureds that collectively:

- 9 1. Own, control, or hold with power to vote all of the outstanding voting
10 securities of an industrial insured captive insurer incorporated as a stock
11 insurer;
- 12 2. Have complete voting control over an industrial insured captive insurer
13 incorporated as a mutual insurer; or
- 14 3. Constitute all of the subscribers of an industrial insured captive insurer
15 formed as a reciprocal insurer; or

16 (b) Any group which is created under the Product Liability Risk Retention Act of
17 1981, 15 U.S.C. secs. 3901 et seq., as amended, as a corporation or other
18 limited liability association.

19 ~~(10)(9)~~ "Member organization" means any individual, corporation, partnership, or
20 association that belongs to a consortium.

21 ~~(11)(10)~~ "Parent" means a corporation, partnership, or individual that directly or
22 indirectly owns, controls, or holds with power to vote more than fifty percent (50%)
23 of the outstanding voting securities of a pure captive insurer.

24 ~~(12)(11)~~ "Pure captive insurer" means any company that insures risks of its parent and
25 affiliated companies or controlled unaffiliated business.

26 ~~(13)(12)~~ "Controlled unaffiliated business" means any company:

27 (a) That is not in the corporate system of a parent and affiliated companies;

1 (b) That has an existing contractual relationship with a parent or affiliated
2 company; and

3 (c) Whose risks are managed by a pure captive insurer in accordance with KRS
4 304.49-170.

5 ~~(14)~~~~(13)~~ "Foreign captive insurer" means any insurer formed to write insurance
6 business for its parents and affiliates and licensed pursuant to the laws of any state
7 other than Kentucky which imposes statutory or regulatory standards in a form
8 acceptable to the executive director on companies transacting the business of
9 insurance in that jurisdiction. Under KRS 304.49-010 to 304.49-230, captive
10 insurers formed under the laws of any jurisdiction other than a state of the United
11 States shall be treated as a foreign captive insurer unless the context requires
12 otherwise.

13 ~~(15)~~~~(14)~~ "Branch business" means any insurance business transacted by a branch
14 captive insurer in Kentucky.

15 ~~(16)~~~~(15)~~ "Branch captive insurer" means any foreign captive insurer issued a certificate
16 of authority by the executive director to transact the business of insurance in
17 Kentucky through a business unit with a principal place of business in Kentucky.

18 ~~(17)~~~~(16)~~ "Branch operations" means any business operations of a branch captive
19 insurer in Kentucky.

20 ~~(18)~~~~(17)~~ "Participant" means an entity as defined in KRS 304.49-210, and any affiliates
21 thereof, that are insured by a sponsored captive insurer, where the losses of the
22 participant are limited through a participant contract to the assets of a protected cell.

23 ~~(19)~~~~(18)~~ "Participant contract" means a contract by which a sponsored captive insurer
24 insures the risks of a participant and limits the losses of the participant to the assets
25 of a protected cell.

26 ~~(20)~~~~(19)~~ "Protected cell" means a separate account established and maintained by a
27 sponsored captive insurer for one (1) participant.

1 ~~(21)~~~~(20)~~ "Reciprocal insurer" means an insurer engaging in reciprocal insurance as
2 defined by KRS 304.27-010.

3 **(22) "Special purpose captive insurer" means any person that is licensed under this**
4 **chapter and designated as a special purpose captive insurer by the executive**
5 **director. A person may be designated as a special purpose captive insurer if it is**
6 **established for one (1) specific purpose or transaction, and where it is desirable to**
7 **isolate the purpose or transaction from the other activities of a party or parties**
8 **involved in the transaction, or where the transaction dictates that the vehicle**
9 **should not be treated as controlled or owned by any other party to that**
10 **transaction.**

11 ~~(23)~~~~(21)~~ "Sponsor" means any entity that meets the requirements of KRS 304.49-200
12 and is approved by the executive director to provide all or part of the capital and
13 surplus required by applicable law and to organize and operate a sponsored captive
14 insurer.

15 ~~(24)~~~~(22)~~ "Sponsored captive insurer" means any captive insurer:

- 16 (a) In which the minimum capital and surplus required by applicable law is
17 provided by one (1) or more sponsors;
- 18 (b) That is formed or issued a certificate of authority under the provisions of this
19 subtitle;
- 20 (c) That insures the risks of separate participants through contract; and
- 21 (d) That segregates each participant's liability through one (1) or more protected
22 cells.

23 Section 6. KRS 304.49-020 is amended to read as follows:

- 24 (1) Any captive insurer, when permitted by its articles of incorporation, charter, or
25 other organizational document, may apply to the executive director for a certificate
26 of authority to engage in any and all kinds of insurance defined in Subtitle 5 of this
27 chapter; provided, however, that:

- 1 (a) No pure captive insurer may insure any risks other than those of its parent and
2 affiliated companies or controlled unaffiliated business;
- 3 (b) No consortium captive insurer may insure any risks other than those of the
4 member organizations of its consortium and their affiliated companies;
- 5 (c) No industrial insured captive insurer may insure any risks other than those of
6 the industrial insureds that comprise the industrial insured group and their
7 affiliated companies;
- 8 (d) No captive insurer may provide personal motor vehicle or homeowner's
9 insurance coverage or any component thereof;
- 10 (e) No captive insurer may accept or cede reinsurance except as provided in KRS
11 304.49-110;
- 12 (f) **No captive insurer that is issued an initial certificate of authority on or after**
13 **July 1, 2006, shall directly provide workers' compensation insurance;**
14 **however,** any captive insurer may provide excess workers' compensation
15 insurance to its parent and affiliated companies, unless prohibited by the laws
16 of the state having jurisdiction over the transaction. Any captive insurer may
17 reinsure workers' compensation of a qualified self-insured plan of its parent
18 and affiliated companies;
- 19 (g) Any captive insurer which insures risks described in KRS 304.5-020 and
20 304.5-040 shall comply with all applicable state laws;
- 21 (h) No branch captive insurer may write any business in Kentucky except
22 insurance or reinsurance of the employee benefit business of its parent and
23 affiliated companies which is subject to the provisions of the Employee
24 Retirement Income Security Act of 1974, as amended; and
- 25 (i) No sponsored captive insurer may insure any risks other than those of its
26 participants.
- 27 (2) No captive insurer shall do any insurance business in Kentucky unless:

- 1 (a) It first obtains from the executive director a certificate of authority authorizing
2 it to do insurance business in Kentucky;
- 3 (b) Its board of directors, or in the case of a reciprocal insurer, its subscribers'
4 advisory committee, holds at least one (1) meeting each year in Kentucky; and
- 5 (c) It maintains its principal place of business in Kentucky or, in the case of a
6 branch captive insurer, maintains the principal place of business for its branch
7 operations in Kentucky.
- 8 (3) Before receiving a certificate of authority, a captive insurer formed as a corporation
9 shall file with the executive director a certified copy of its charter and bylaws, a
10 statement under oath of its president and secretary showing its financial condition,
11 and any other statements or documents required by the executive director;
- 12 (4) Before receiving a certificate of authority, a captive insurer formed as a reciprocal
13 insurer shall:
- 14 (a) File with the executive director a certified copy of the power of attorney of its
15 attorney-in-fact, a certified copy of its subscribers' agreement, a statement
16 under oath of its attorney-in-fact showing its financial condition, and any other
17 statements or documents required by the executive director; and
- 18 (b) Submit to the executive director a sample of the coverages, deductibles,
19 coverage limits, and rates, together with any additional information required
20 by the executive director. In the event of any subsequent material change in
21 any item in the samples, the reciprocal captive insurer shall submit to the
22 executive director for approval an appropriate revision. The reciprocal captive
23 insurer shall not offer any coverage until the forms are approved by the
24 executive director. The reciprocal captive insurer shall not use any initial rate
25 until it is approved by the executive director and shall inform the executive
26 director of any material change in rates within thirty (30) days of the adoption
27 of the change.

- 1 (5) In addition to the information required by subsections (3) or (4) of this section, each
2 applicant captive insurer shall file with the executive director evidence of the
3 following:
- 4 (a) The amount and liquidity of its assets relative to the risks to be assumed;
 - 5 (b) The adequacy of the expertise, experience, and character of the person or
6 persons who will manage it;
 - 7 (c) The overall soundness of its plan of operation;
 - 8 (d) The adequacy of the loss prevention programs of its parent, member
9 organizations, or industrial insureds as applicable; and
 - 10 (e) Any other factors deemed relevant by the executive director in ascertaining
11 whether the proposed captive insurer will be able to meet its policy
12 obligations.
- 13 (6) In addition to the information required by subsections (3), (4), and (5) of this
14 section, each applicant-sponsored captive insurer shall file with the executive
15 director the following:
- 16 (a) A business plan demonstrating how the applicant will account for the loss and
17 expense experience of each protected cell at a level of detail found to be
18 sufficient by the executive director and how it will report the experience to the
19 executive director;
 - 20 (b) A statement acknowledging that all financial records of the sponsored captive
21 insurer, including records pertaining to any protected cells, shall be made
22 available for inspection or examination by the executive director;
 - 23 (c) All contracts or sample contracts between the sponsored captive insurer and
24 any participants; and
 - 25 (d) Evidence that expenses shall be allocated to each protected cell in a fair and
26 equitable manner.
- 27 (7) **All portions of license applications reasonably designated confidential by the**

1 applicant, and all examination reports, preliminary examination reports, working
 2 papers, recorded information, other documents, and any copies of any of the
 3 foregoing, produced or obtained by or submitted or disclosed to the executive
 4 director related to an examination pursuant to this subtitle shall, unless the prior
 5 written consent of the captive insurer to which it pertains has been obtained, be
 6 given confidential treatment, and shall not be subject to civil subpoena, made
 7 public by the executive director, or provided or disclosed to any other person at
 8 any time except to:

9 (a) The insurance department of any state, country, or alien jurisdiction; or

10 (b) To a law enforcement official or agency of the Commonwealth of Kentucky,
 11 any other state, or alien jurisdiction, as long as the official or agency agrees
 12 in writing to hold it confidential and in a manner consistent with this
 13 section[Information submitted under this section shall be confidential by law

14 and privileged but may be used, received, and shared in accordance with
 15 Subtitle 2 of this chapter].

- 16 (8) Each captive insurer shall pay to the executive director a nonrefundable fee as stated
 17 in KRS 304.4-010 for examining, investigating, and processing its application for
 18 certificate of authority. The executive director is authorized to retain legal,
 19 financial, and examination services from outside the office to assist in examining
 20 and investigating the applicant, the reasonable cost of which may be charged against
 21 the applicant. In addition, each captive insurer shall pay a certificate of authority fee
 22 for the year of registration and a renewal fee for each year thereafter.

23 Section 7. KRS 304.49-040 is amended to read as follows:

- 24 (1) No captive insurer shall be issued a certificate of authority unless it shall possess
 25 and thereafter maintain unimpaired paid-in capital and surplus of:
 26 (a) In the case of a pure captive insurer, not less than two hundred fifty thousand
 27 dollars (\$250,000);

- 1 (b) In the case of an consortium captive insurer, not less than seven hundred fifty
2 thousand dollars (\$750,000);
- 3 (c) In the case of an industrial insured captive insurer, not less than five hundred
4 thousand dollars (\$500,000);~~and~~
- 5 (d) In the case of a sponsored captive insurer, not less than one million dollars
6 (\$1,000,000);
- 7 (e) In the case of an agency captive insurer, not less than five hundred
8 thousand dollars (\$500,000); and
- 9 (f) In the case of a special purpose captive insurer, not less than two hundred
10 fifty thousand dollars (\$250,000), or another amount determined by the
11 executive director.
- 12 (2) Notwithstanding the requirements of subsection (1) of this section, no captive
13 insurer organized as a reciprocal insurer under KRS 304.49-010 to 304.49-230 shall
14 be issued a certificate of authority unless it shall possess and thereafter maintain
15 free surplus of one million dollars (\$1,000,000).
- 16 (3) The executive director may prescribe additional capital and surplus based upon the
17 type, volume, and nature of insurance business transacted.
- 18 (4) Capital and surplus may be in the form of cash or an irrevocable letter of credit
19 issued by a bank approved by the executive director and chartered by the
20 Commonwealth of Kentucky or a member bank of the Federal Reserve System, or
21 other assets as may be approved by the executive director.
- 22 (5) In the case of a branch captive insurer, as security for the payment of liabilities
23 attributable to the branch operations, the executive director shall require that a
24 separate trust fund, funded by an irrevocable letter of credit or other acceptable
25 asset, be established and maintained in the United States for the benefit of United
26 States policyholders and United States ceding insurers under insurance policies
27 issued or reinsurance contracts issued or assumed, by the branch captive insurer

1 through its branch operations. The amount of this security may be no less than the
 2 capital and surplus required in this section and the reserves on the insurance policies
 3 or the reinsurance contracts, including reserves for losses, allocated loss adjustment
 4 expenses, incurred but not reported losses, and unearned premiums with regard to
 5 business written through the branch operations; provided, however, the executive
 6 director may permit a branch captive insurer that is required to post security for loss
 7 reserves on branch business by its reinsurer to reduce the funds in the trust account
 8 required by this section by the same amount so long as the security remains posted
 9 with the reinsurer. If the form of security selected is a letter of credit, the letter of
 10 credit must be established by, or issued or confirmed by, a bank chartered in
 11 Kentucky or a member bank of the Federal Reserve System.

12 Section 8. KRS 304.49-060 is amended to read as follows:

- 13 (1) A pure captive insurer or a sponsored captive insurer shall be incorporated as a
 14 stock insurer with its capital divided into shares and held by the stockholders.
- 15 (2) A consortium captive insurer or an industrial insured captive insurer may be:
- 16 (a) Incorporated as a stock insurer with its capital divided into shares and held by
 17 the stockholders; or
- 18 (b) Incorporated as a mutual insurer without capital stock, the governing body of
 19 which is elected by the member organizations of its consortium; or
- 20 (c) Organized as a reciprocal insurer in accordance with Subtitle 27 of this
 21 chapter.
- 22 (3) **A special purpose captive insurer may be:**
- 23 **(a) Incorporated as a stock corporation;**
- 24 **(b) Incorporated as a nonstock corporation;**
- 25 **(c) Formed as a limited liability company;**
- 26 **(d) Formed as a partnership;**
- 27 **(e) Formed as a limited partnership;**

1 (f) Formed as a statutory trust; or

2 (g) Such other person approved by the executive director, other than a natural
3 person in his or her individual capacity.

4 (4) A sponsored captive insurer may be:

5 (a) Incorporated as a stock corporation;

6 (b) Incorporated as a nonstock corporation;

7 (c) Formed as a limited liability company;

8 (d) Formed as a partnership;

9 (e) Formed as a limited partnership; or

10 (f) Formed as a statutory trust.

11 (5) A risk retention group may take any form permitted under the Liability Risk
12 Retention Act of 1986, 15 U.S.C. sec. 3901 et seq., as amended.

13 (6) A captive insurer incorporated or organized in Kentucky shall have not less than
14 three (3) incorporators or two (2) organizers.

15 (7)~~(4)~~ In the case of a captive insurer, the executive director shall find, in order to
16 issue a certificate of authority, that the establishment and maintenance of the
17 proposed captive insurer will promote the general good of the state. In arriving at
18 such a finding, the executive director shall consider:

19 (a) The character, reputation, financial standing, and purposes of the
20 incorporators or organizers;

21 (b) The character, reputation, financial responsibility, insurance experience, and
22 business qualifications of the persons responsible for the conduct of the
23 captive insurer's affairs; and

24 (c) Any other aspects the executive director deems advisable.

25 (8)~~(5)~~ The capital stock of a captive insurer incorporated as a stock insurer may be
26 authorized with no par value.

27 (9)~~(6)~~ Captive insurance companies formed as corporations under the provisions of

1 KRS 304.49-010 to 304.49-230 shall have the privileges and be subject to the
 2 provisions of KRS Chapter 271B as well as the applicable provisions contained in
 3 KRS 304.49-010 to 304.49-230. If there is a conflict between the provisions of KRS
 4 Chapter 271B and the provisions of this chapter, the latter shall control. The
 5 provisions of this chapter, pertaining to mergers, consolidations, conversions,
 6 mutualizations, and redomestications, shall apply in determining the procedures to
 7 be followed by captive insurance companies in carrying out any of the transactions
 8 described therein, except that:

9 (a) The executive director may, upon request of an insurer party to a merger
 10 authorized under this subsection, waive the requirement of KRS 304.24-
 11 390(4); and

12 (b) The executive director may waive or modify the requirements for public
 13 notice and hearing in accordance with rules which the executive director may
 14 adopt addressing categories of transactions. If a notice of public hearing is
 15 required, but no one requests a hearing, then the executive director may cancel
 16 the hearing.

17 ~~(10)(7)~~ Captive insurance companies formed as reciprocal insurers under the
 18 provisions of KRS 304.49-010 to 304.49-230 shall have the privileges and be
 19 subject to the provisions of Subtitle 27 of this chapter in addition to the applicable
 20 provisions of this subtitle. In the event of a conflict between the provisions of
 21 Subtitle 27 of this chapter and the provisions of this subtitle, the latter shall control.
 22 To the extent a reciprocal insurer is made subject to other provisions of this subtitle
 23 pursuant to Subtitle 27 of this chapter, those provisions shall not be applicable to a
 24 reciprocal insurer formed under KRS 304.49-010 to 304.49-230 unless the
 25 provisions are expressly made applicable to captive insurance companies under
 26 KRS 304.49-010 to 304.49-230.

27 ~~(11)(8)~~ In addition to the provisions of subsection ~~(10)(7)~~ of this section, captive

1 insurance companies organized as reciprocal insurers that are industrial insured
 2 groups as defined in this subtitle shall have the privileges and be subject to the
 3 provisions of Subtitle 45 of this chapter, in addition to the applicable provisions of
 4 this subtitle.

5 ~~(12)~~~~(9)~~ The articles of incorporation or bylaws of a captive insurer formed as a
 6 corporation may authorize a quorum of a board of directors to consist of no fewer
 7 than one-third (1/3) of the fixed or prescribed number of directors.

8 ~~(13)~~~~(10)~~ The subscribers' agreement or other organizing document of a captive insurer
 9 formed as a reciprocal insurer may authorize a quorum of a subscribers' advisory
 10 committee to consist of no fewer than one-third (1/3) of the number of its members.

11 **(14) Each owner of an agency captive insurer shall be licensed as an insurance**
 12 **producer.**

13 Section 9. KRS 304.49-070 is amended to read as follows:

- 14 (1) Captive insurance companies shall not be required to make any annual report except
 15 as provided in KRS 304.49-010 to 304.49-230.
- 16 (2) On or before March 1 of each year, each captive insurer shall submit to the
 17 executive director a report of its financial condition, verified by oath of two (2) of
 18 its executive officers. Each captive insurer shall report using generally accepted
 19 accounting principles, unless the executive director approves the use of statutory
 20 accounting principles **or international accounting standards**, with any
 21 **appropriate**~~useful~~ or necessary modifications or adaptations thereof required or
 22 approved or accepted by the executive director for the type of insurance and kinds
 23 of insurers to be reported upon, and as supplemented by additional information
 24 required by the executive director. **Any captive insurer whose use of statutory**
 25 **accounting principles are approved by the executive director may make**
 26 **modifications and adaptations as are necessary to record as admitted the full**
 27 **value of all investments by the captive insurer permitted under this subtitle and,**

- 1 subject to the executive director's approval, to make its reports under this section
 2 consistent with the purposes of this subtitle. Except as otherwise provided, all
 3 captive insurers, with the exception of those formed as a risk retention group,
 4 shall file reports on a form prescribed by the executive director through
 5 administrative regulation. A captive insurer formed as a risk retention group
 6 shall file reports pursuant to KRS 304.2-205, with additional information or
 7 modification as the executive director may prescribe~~[Except as otherwise~~
 8 ~~provided, each consortium captive insurer and each industrial insured captive~~
 9 ~~insurer insuring the risks of an industrial insured group defined in KRS 304.49-~~
 10 ~~010(8)(b) shall file its report in the form of and as required by KRS 304.2-205]. The~~
 11 executive director shall by administrative regulation propose the forms in which
 12 captive insurers~~[pure captive insurance companies and industrial insured captive~~
 13 ~~insurance companies insuring the risks of an industrial insured group defined in~~
 14 ~~KRS 304.49-010(8)(a)] shall report.~~
- 15 (3) Any pure captive insurer or an industrial insured captive insurer insuring the risks of
 16 industrial insured groups as defined in KRS 304.49-010(9)(8)(a) may make
 17 written application for filing the required report on a fiscal year end. If an
 18 alternative reporting date is granted, the annual report is due sixty (60) days after the
 19 fiscal year end.
- 20 (4) Sixty (60) days after the fiscal year end, a branch captive insurer shall file with the
 21 executive director a copy of all reports and statements required to be filed under the
 22 laws of the jurisdiction in which the foreign captive insurer is formed, verified by
 23 oath of two (2) of its executive officers. If the executive director is satisfied that the
 24 annual report filed by the foreign captive insurer in its domiciliary jurisdiction
 25 provides adequate information concerning the financial condition of the foreign
 26 captive insurer, the executive director may waive the requirement for completion of
 27 the captive annual statement for business written in the foreign jurisdiction.

1 Section 10. KRS 304.49-100 is amended to read as follows:

- 2 (1) A consortium captive insurer, sponsored captive insurer, and an industrial insured
 3 captive insurer insuring the risks of an industrial insured group defined in KRS
 4 304.49-010~~(9)~~~~(8)~~(b) shall comply with the investment requirements contained in
 5 Subtitle 7 of this chapter. Notwithstanding any other provision of this chapter, the
 6 executive director may approve the use of alternative reliable methods of valuation
 7 and rating.
- 8 (2) No pure captive insurer or industrial insured captive insurer insuring the risks of an
 9 industrial insured group as defined in KRS 304.49-010(8)(a) shall be subject to any
 10 restrictions on allowable investments whatever, including those limitations
 11 contained in Subtitle 7 of this chapter; provided, however, that the executive
 12 director may prohibit or limit any investment that threatens the solvency or liquidity
 13 of any such company.
- 14 (3) Only a pure captive insurer may make loans to its parent company or affiliates. No
 15 loans to a parent company or any affiliate shall be permitted without prior written
 16 approval of the executive director and shall be evidenced by a note in a form
 17 approved by the executive director.
- 18 (4) All captive insurers are subject to KRS 304.37-030 regarding material transactions.

19 Section 11. KRS 304.49-180 is amended to read as follows:

- 20 (1) A consortium captive insurer or industrial insured group formed as a stock or
 21 mutual corporation may be converted to or merged with and into a reciprocal
 22 insurer in accordance with a plan therefor and the provisions of this section.
- 23 (2) Any plan for such conversion or merger shall be fair and equitable to the
 24 shareholders, in the case of a stock insurer, or the policyholders, in the case of a
 25 mutual insurer.
- 26 (3) In the case of a conversion authorized under subsection (1) of this section:
- 27 (a) The conversion shall be accomplished under any reasonable plan and

1 procedure approved by the executive director, but the executive director shall
2 not approve any plan of conversion unless the plan:

- 3 1. Satisfies the provisions of subsection (2) of this section;
- 4 2. Provides for a hearing, of which notice has been given to the insurer, its
5 directors, officers, and stockholders, in the case of a stock insurer, or
6 policyholders, in the case of a mutual insurer, all of whom shall have the
7 right to appear at the hearing, except that the executive director may
8 waive or modify the requirements for the hearing, provided that if a
9 notice of hearing is required, but no hearing is requested, the executive
10 director may cancel the hearing;
- 11 3. Provides for the conversion of existing stockholder or policyholder
12 interests into subscriber interests in the resulting reciprocal insurer,
13 proportionate to stockholder or policyholder interests in the stock or
14 mutual insurer; and
- 15 4. Is approved:
 - 16 a. In the case of a stock insurer, by a majority of the shares entitled to
17 vote represented in person or by proxy at a duly called regular or
18 special meeting at which a quorum is present;
 - 19 b. In the case of a mutual insurer, by a majority of the voting interests
20 of policyholders represented in person or by proxy at a duly called
21 regular or special meeting at which a quorum is present;
- 22 (b) The executive director shall approve the plan of conversion if the executive
23 director finds that the conversion will promote the general good of the state in
24 conformity with those standards set forth in KRS 304.49-060(7)(4);
- 25 (c) If the executive director approves the plan, the executive director shall amend
26 the converting insurer's certificate of authority to reflect conversion to a
27 reciprocal insurer and issue an amended certificate of authority to the

- 1 company's attorney-in-fact;
- 2 (d) Upon the issuance of an amended certificate of authority of a reciprocal
- 3 insurer by the executive director, the conversion shall be effective; and
- 4 (e) Upon the effectiveness of the conversion, the corporate existence of the
- 5 converting insurer shall cease and the resulting reciprocal insurer shall notify
- 6 the Secretary of State of the conversion.
- 7 (4) A merger authorized under subsection (1) of this section shall be accomplished
- 8 substantially in accordance with the procedures set forth in KRS 304.24-390, except
- 9 that, solely for purposes of the merger:
- 10 (a) The plan of merger shall satisfy the provisions of subsection (2) of this
- 11 section;
- 12 (b) The subscribers' advisory committee of a reciprocal insurer shall be equivalent
- 13 to the board of directors of a stock or mutual insurer;
- 14 (c) The subscribers of a reciprocal insurer shall be the equivalent of the
- 15 policyholders of a mutual insurer;
- 16 (d) If a subscribers' advisory committee does not have a president or secretary, the
- 17 officers of the committee having substantially equivalent duties shall be
- 18 deemed the president or secretary of the committee;
- 19 (e) The executive director may, upon request of an insurer party to a merger
- 20 authorized under subsection (1) of this section, waive the requirement of KRS
- 21 304.24-390(4);
- 22 (f) The executive director shall approve the articles of merger if the executive
- 23 director finds that the merger will promote the general good of the state in
- 24 conformity with those standards set forth in KRS 304.49-060~~(7)~~~~(4)~~. If the
- 25 executive director approves the articles of merger, the executive director shall
- 26 indorse his or her approval thereon and the surviving insurer shall present and
- 27 file them with the Secretary of State;

- 1 (g) Notwithstanding KRS 304.49-040, the executive director may permit the
 2 formation, without surplus, of a captive insurer organized as a reciprocal
 3 insurer, into which an existing captive insurer may be merged for the purpose
 4 of facilitating a transaction under this section; however, there shall be no more
 5 than one (1) authorized insurer surviving the merger; and
- 6 (h) An alien insurer may be a party to a merger authorized under subsection (1) of
 7 this section, provided that the requirements for a merger between a domestic
 8 and a foreign insurer under KRS 304.24-390 shall apply to a merger between a
 9 domestic and an alien insurer under this subsection. The alien insurer shall be
 10 treated as a foreign insurer under KRS 304.24-390 and the other jurisdictions
 11 shall be the equivalent of a state for purposes of KRS 304.24-390.

12 PART XXXV

13 VALUATION FLOOR FOR MOTOR VEHICLES

14 Notwithstanding KRS 48.310, the following statutes are amended to read as follows
 15 and shall have permanent effect, subject to future actions by the General Assembly:

16 Section 1. KRS 138.450 is amended to read as follows:

17 As used in KRS 138.455 to 138.470, unless the context requires otherwise:

- 18 (1) "Current model year" means a motor vehicle of either the model year corresponding
 19 to the current calendar year or of the succeeding calendar year, if the same model
 20 and make is being offered for sale by local dealers;
- 21 (2) "Dealer" means "motor vehicle dealer" as defined in KRS 190.010;
- 22 (3) "Dealer demonstrator" means a new motor vehicle or a previous model year motor
 23 vehicle with an odometer reading of least one thousand (1,000) miles that has been
 24 used either by representatives of the manufacturer or by a licensed Kentucky dealer,
 25 franchised to sell the particular model and make, for demonstration;
- 26 (4) "Historic motor vehicle" means a motor vehicle registered and licensed pursuant to
 27 KRS 186.043;

- 1 (5) "Motor vehicle" means any vehicle that is propelled by other than muscular power
 2 and that is used for transportation of persons or property over the public highways
 3 of the state, except road rollers, mopeds, vehicles that travel exclusively on rails,
 4 and vehicles propelled by electric power obtained from overhead wires;
- 5 (6) "Moped" means either a motorized bicycle whose frame design may include one (1)
 6 or more horizontal crossbars supporting a fuel tank so long as it also has pedals, or a
 7 motorized bicycle with a step through type frame which may or may not have pedals
 8 rated no more than two (2) brake horsepower, a cylinder capacity not exceeding
 9 fifty (50) cubic centimeters, an automatic transmission not requiring clutching or
 10 shifting by the operator after the drive system is engaged, and capable of a
 11 maximum speed of not more than thirty (30) miles per hour;
- 12 (7) "New motor vehicle" means a motor vehicle of the current model year which has
 13 not previously been registered in any state or country;
- 14 (8) "Previous model year motor vehicle" means a motor vehicle not previously
 15 registered in any state or country which is neither of the current model year nor a
 16 dealer demonstrator;
- 17 (9) "Total consideration given" means the amount given, valued in money, whether
 18 received in money or otherwise, at the time of purchase or at a later date, including
 19 consideration given for all equipment and accessories, standard and optional~~], as~~
 20 ~~attested to in a notarized affidavit signed by both the buyer and the seller. The~~
 21 ~~signatures of the buyer and seller shall be individually notarized].~~ "Total
 22 consideration given" shall not include:
- 23 (a) Any amount allowed as a manufacturer or dealer rebate if the rebate is
 24 provided at the time of purchase and is applied to the purchase of the motor
 25 vehicle;
- 26 (b) Any interest payments to be made over the life of a loan for the purchase of a
 27 motor vehicle; and

1 (c) The value of any items that are not equipment or accessories including but not
 2 limited to extended warranties, service contracts, and items that are given
 3 away as part of a promotional sales campaign;

4 (10) "Trade-in allowance" means:

5 (a) The value assigned by the seller of a motor vehicle to a motor vehicle
 6 registered to the purchaser and offered in trade by the purchaser as part of
 7 the total consideration given by the purchaser and included in the notarized
 8 affidavit attesting to total consideration given; or

9 (b) In the absence of a notarized affidavit, the value of the vehicle being offered
 10 in trade as established by the department through the use of the reference
 11 manual;

12 (11) "Used motor vehicle" means a motor vehicle which has been previously registered
 13 in any state or country;

14 (12) (a) "Retail price" ~~[of motor vehicles shall be determined as follows:~~

15 ~~(a)]~~for:

16 1. New motor vehicles;~~[,]~~

17 2. Dealer demonstrator vehicles;~~[,]~~

18 3. Previous model year motor vehicles; and

19 4. U-Drive-It motor vehicles that have been transferred within one hundred
 20 eighty (180) days of being registered as a U-Drive-It and that have less
 21 than five thousand (5,000) miles,

22 means~~["retail price" shall be]~~ the total consideration given~~[at the time of~~
 23 ~~purchase or at a later date]~~, including any trade-in allowance, as attested to in
 24 a notarized affidavit.

25 (b) If a notarized affidavit~~[signed by both the buyer and seller]~~ is not available~~[to~~
 26 ~~establish total consideration given]~~, "retail price" means~~[shall be]:~~

27 1. Ninety percent (90%) of the manufacturer's suggested retail price of the

1 vehicle with all equipment and accessories, standard and optional, and
2 transportation charges; or

3 2. Eighty-one percent (81%) of the manufacturer's suggested retail price of
4 the vehicle with all equipment and accessories, standard and optional,
5 and transportation charges in the case of new trucks of gross weight in
6 excess of ten thousand (10,000) pounds. ~~and~~

7 ~~(c)~~^{3.} "Retail price" shall not include that portion of the price of the vehicle
8 attributable to equipment or adaptive devices necessary to facilitate or
9 accommodate an operator or passenger with physical disabilities;

10 ~~(13)~~^(b) **"Retail price"** for historic motor vehicles~~, "retail price"~~ shall be one
11 hundred dollars (\$100);

12 ~~(14)~~^(e) **"Retail price"** for used motor vehicles being registered by a new resident for
13 the first time in Kentucky whose values appear in the ~~automotive~~ reference
14 manual **means** ~~prescribed by the Department of Revenue, "retail price" shall be~~
15 the ~~average~~ trade-in value given in the reference manual;

16 ~~(15)~~^(d) **"Retail price"** for ~~the~~ older used motor vehicles being registered by a new
17 resident for the first time in Kentucky whose values no longer appear in the ~~automotive~~
18 reference manual~~, "retail price"~~ shall be one hundred dollars (\$100);

19 ~~(16)~~ ^(a) **"Retail price"**~~(e)~~ ~~For used motor vehicles previously registered in~~
20 ~~another state or country that were purchased out of state by a Kentucky~~
21 ~~resident who is registering the vehicle in Kentucky for the first time, "retail~~
22 ~~price" shall be the total consideration given at the time of purchase or at a later~~
23 ~~date, including the average trade-in value given in the automotive reference~~
24 ~~manual prescribed by the Department of Revenue for any vehicle given in~~
25 ~~trade;~~

26 ~~(f)~~ ~~for:~~

27 1. Used motor vehicles, **except those vehicles for which the retail price is**

1 established in subsection (13), (14), (15), (17), or (19) of this section;
 2 ~~previously registered in Kentucky that are sold in Kentucky;~~ and

3 2. U-Drive-It motor vehicles that are not transferred within one hundred
 4 eighty (180) days of being registered as a U-Drive-It or that have more
 5 than five thousand (5,000) miles, ~~["retail price"]~~

6 means the total consideration given, excluding any amount allowed as a trade-
 7 in allowance by the seller, as attested to in a notarized affidavit, provided
 8 that the retail price established by the notarized affidavit shall not be less
 9 than fifty-percent (50%) of the difference between the trade-in value, as
 10 established by the reference manual, of the motor vehicle offered for
 11 registration and the trade-in value, as established by the reference manual,
 12 of any motor vehicle offered in trade as part of the total consideration given.

13 (b) The trade-in allowance shall also be disclosed in the notarized affidavit
 14 ~~signed by the buyer and the seller attesting to the total consideration given.~~

15 (c) If a notarized affidavit ~~signed by both the buyer and the seller~~ is not
 16 available ~~to establish the total consideration given for a motor vehicle~~,
 17 "retail price" shall be established by the department ~~of Revenue~~ through the
 18 use of the ~~automotive~~ reference manual ~~prescribed by the Department of~~
 19 ~~Revenue~~;

20 (17)(g) Except as provided in KRS 138.470(6), if a motor vehicle is received by an
 21 individual as a gift and not purchased or leased by the individual, "retail price" shall
 22 be the ~~average~~ trade-in value given in the ~~automotive~~ reference manual
 23 ~~prescribed by the Department of Revenue~~;

24 (18)(h) If a dealer transfers a motor vehicle which he has registered as a loaner or
 25 rental motor vehicle within one hundred eighty (180) days of the registration, and if
 26 less than five thousand (5,000) miles have been placed on the vehicle during the
 27 period of its registration as a loaner or rental motor vehicle, then the "retail price" of

1 the vehicle shall be the same as the retail price determined by paragraph (a) of ~~this~~
 2 subsection **(12) of this section** computed as of the date on which the vehicle is
 3 transferred;~~and~~

4 **(19) "Retail price" for motor vehicles titled pursuant to KRS 186A.520, 186A.525,**
 5 **186A.530, or 186A.555 means the total consideration given as attested to in a**
 6 **notarized affidavit;**

7 ~~(20)~~~~(13)~~ "Loaner or rental motor vehicle" means a motor vehicle owned or registered
 8 by a dealer and which is regularly loaned or rented to customers of the service or
 9 repair component of the dealership;

10 **(21) "Department" means the Department of Revenue;**

11 **(22) "Notarized affidavit" means a dated affidavit signed by the buyer and the seller**
 12 **on which the signature of the buyer and the signature of the seller are**
 13 **individually notarized; and**

14 **(23) "Reference manual" means the automotive reference manual prescribed by the**
 15 **department.**

16 Section 2. KRS 138.460 is amended to read as follows:

17 (1) A tax levied upon its retail price at the rate of six percent (6%) shall be paid on the
 18 use in this state of every motor vehicle, except those exempted by KRS 138.470, at
 19 the time and in the manner provided in this section.

20 (2) The tax shall be collected by the county clerk or other officer with whom the
 21 vehicle is required to be titled or registered:

22 (a) When the fee for titling or registering a motor vehicle the first time it is
 23 offered for titling or registration in this state is collected; or

24 (b) Upon the transfer of title or registration of any motor vehicle previously titled
 25 or registered in this state.

26 (3) The tax imposed by subsection (1) of this section and collected under subsection (2)
 27 of this section shall not be collected if the owner provides to the county clerk a

1 signed affidavit of nonhighway use, on a form provided by the department, attesting
 2 that the vehicle will not be used on the highways of the Commonwealth. If this type
 3 of affidavit is provided, the clerk shall, in accordance with the provisions of KRS
 4 Chapter 139, immediately collect the applicable sales and use tax due on the
 5 vehicle.

6 (4) (a) The tax collected by the county clerk under this section shall be reported and
 7 remitted to the Department~~[of Revenue]~~ on forms *prescribed and* provided
 8 by the department~~[and on those forms as the department may prescribe]~~. The
 9 department shall provide each county clerk affidavit forms which the clerk
 10 shall provide to the public free of charge to carry out the provisions of KRS
 11 138.450 and subsection (3) of this section. The county clerk shall for his
 12 services in collecting the tax be entitled to retain an amount equal to three
 13 percent (3%) of the tax collected and accounted for.

14 (b) The sales and use tax collected by the county clerk under subsection (3) of this
 15 section shall be reported and remitted to the department on forms which the
 16 department shall prescribe and provide at no cost. The county clerk shall, for
 17 his or her services in collecting the tax, be entitled to retain an amount equal
 18 to three percent (3%) of the tax collected and accounted for.

19 (c) Motor vehicle dealers licensed pursuant to KRS Chapter 190 shall not owe or
 20 be responsible for the collection of sales and use tax due under subsection (3)
 21 of this section.

22 (5) A county clerk or other officer shall not title, register or issue any license tags to the
 23 owner of any motor vehicle subject to the tax imposed by subsection (1) of this
 24 section or the tax imposed by KRS Chapter 139, when the vehicle is being offered
 25 for titling or registration for the first time, or transfer the title of any motor vehicle
 26 previously registered in this state, unless the owner or his agent pays the tax levied
 27 under subsection (1) of this section or the tax imposed by KRS Chapter 139, if

- 1 applicable, in addition to any title, registration, or license fees.
- 2 (6) (a) When a person offers a motor vehicle:
- 3 1. For titling on or after March 20, 2005; or
- 4 2. For registration;
- 5 for the first time in this state which was registered in another state that levied
- 6 a tax substantially identical to the tax levied under this section, the person
- 7 shall be entitled to receive a credit against the tax imposed by this section
- 8 equal to the amount of tax paid to the other state. A credit shall not be given
- 9 under this subsection for taxes paid in another state if that state does not grant
- 10 similar credit for substantially identical taxes paid in this state.
- 11 (b) When a resident of this state offers a motor vehicle for registration for the first
- 12 time in this state:
- 13 1. Upon which the Kentucky sales and use tax was paid by the resident
- 14 offering the motor vehicle for registration at the time of titling under
- 15 subsection (3) of this section; and
- 16 2. For which the resident provides proof that the tax was paid;
- 17 a nonrefundable credit shall be given against the tax imposed by subsection
- 18 (1) of this section for the sales and use tax paid.
- 19 (7) A county clerk or other officer shall not title, register, or issue any license tags to
- 20 the owner of any motor vehicle subject to this tax, when the vehicle is then being
- 21 offered for titling or registration for the first time, unless the seller or his agent
- 22 delivers to the county clerk a notarized affidavit, if required, and available under
- 23 KRS 138.450 attesting to the total and actual consideration paid or to be paid for the
- 24 motor vehicle. If a notarized affidavit is not available, the clerk shall follow the
- 25 procedures under KRS 138.450(12)(~~b~~)(~~a~~) for new vehicles, and KRS
- 26 138.450(~~14~~)(~~12~~)(~~e~~), (~~d~~), or (~~15~~)(~~e~~) for used vehicles. The clerk shall attach the
- 27 notarized affidavit, if available, or other documentation attesting to the retail price

1 of the vehicle as the department~~[of Revenue]~~ may prescribe by administrative
2 regulation promulgated under KRS Chapter 13A to the copy of the certificate of
3 registration and application for title mailed to the department.

4 (8) Notwithstanding the provisions of KRS 138.450, the tax shall not be less than six
5 dollars (\$6) upon titling or first registration of a motor vehicle in this state, except
6 where the vehicle is exempt from tax under KRS 138.470 or 154.45-090.

7 (9) Where a motor vehicle is sold by a dealer in this state and the purchaser returns the
8 vehicle for any reason to the same dealer within sixty (60) days for a vehicle
9 replacement or a refund of the purchase price, the purchaser shall be entitled to a
10 refund of the amount of usage tax received by the department~~[of Revenue]~~ as a
11 result of the registration of the returned vehicle. In the case of a new motor vehicle,
12 the registration of the returned vehicle shall be canceled and the vehicle shall be
13 considered to have not been previously registered in Kentucky when resold by the
14 dealer.

15 (10) When a manufacturer refunds the retail purchase price or replaces a new motor
16 vehicle for the original purchaser within ninety (90) days because of malfunction or
17 defect, the purchaser shall be entitled to a refund of the amount of motor vehicle
18 usage tax received by the department~~[of Revenue]~~ as a result of the first titling or
19 registration. A person shall not be entitled to a refund unless the person has filed
20 with the department~~[of Revenue]~~ a report from the manufacturer identifying the
21 vehicle that was replaced and stating the date of replacement.

22 (11) Notwithstanding the time limitations of subsections (9) and (10) of this section,
23 when a dealer or manufacturer refunds the retail purchase price or replaces a motor
24 vehicle for the purchaser as a result of formal arbitration or litigation, or, in the case
25 of a manufacturer, because ordered to do so by a dispute resolution system
26 established under KRS 367.865 or 16 C.F.R. 703, the purchaser shall be entitled to
27 a refund of the amount of motor vehicle usage tax received by the department~~[of~~

1 Revenue] as a result of the titling or registration. A person shall not be entitled to a
 2 refund unless the person files with the department[~~of Revenue~~] a report from the
 3 dealer or manufacturer identifying the vehicle that was replaced.

4 **(12) (a) An owner who has paid the tax levied under this section on a used motor**
 5 **vehicle or U-Drive-It vehicle based upon the retail price as defined in KRS**
 6 **138.450(16)(a) shall be entitled to a refund of any tax overpayment, plus**
 7 **applicable interest as provided in KRS 131.183, if the owner:**

8 **1. Files for a refund with the department within four (4) years from the**
 9 **date the tax was paid as provided in KRS 134.580; and**

10 **2. Documents to the satisfaction of the department that the condition of**
 11 **the vehicle merits a retail price lower than the retail price as defined in**
 12 **KRS 138.450(16)(a).**

13 **(b) The department shall promulgate administrative regulations to develop the**
 14 **forms and the procedures by which the owner can apply for a refund and**
 15 **document the condition of the vehicle. The department shall provide the**
 16 **information to each county clerk.**

17 **(c) The refund shall be based upon the difference between the tax paid and the**
 18 **tax determined to be due by the department at the time the owner titled or**
 19 **registered the vehicle.**

20 Section 3. KRS 138.4605 is amended to read as follows:

21 (1) A motor vehicle dealer who operates a service or repair component in his dealership
 22 may register a motor vehicle to be used exclusively as a loaner or rental motor
 23 vehicle to the customers of this service or repair department. The dealer may pay
 24 usage tax on the loaner or rental motor vehicle as provided in KRS 138.460, or,
 25 subject to the provisions of this section, may pay a usage tax of twenty-five dollars
 26 (\$25) per month on the loaner or rental motor vehicle.

27 (2) A dealer shall pay the usage tax on a loaner or rental motor vehicle in the manner

1 provided by KRS 138.460 unless the dealer shows to the satisfaction of the
 2 Department of Revenue that he is regularly engaged in the servicing or repair of
 3 motor vehicles and loans or rents the loaner or rental motor vehicle to a retail
 4 customer while the customer's motor vehicle is at the dealership for repair or
 5 service.

6 (3) For a dealer to be eligible to pay the usage tax on a loaner or rental motor vehicle
 7 under this section, the dealer shall identify the motor vehicle as a loaner or rental
 8 motor vehicle to the Department of Revenue and shall maintain records, as required
 9 by the Department of Revenue, which show all uses of the loaner or rental motor
 10 vehicle.

11 (4) The tax due under subsection (1) of this section shall be remitted to the Department
 12 of Revenue monthly on forms prescribed by and in accordance with administrative
 13 regulations promulgated by the department.

14 (5) Failure of a motor vehicle dealer to remit the taxes applicable to a loaner or rental
 15 motor vehicle under this section shall be sufficient cause for the Department of
 16 Revenue to revoke the authority to use that motor vehicle as a loaner or rental motor
 17 vehicle and cause the usage tax on that motor vehicle to be due and payable in
 18 accordance with KRS 138.460 on the retail price of that motor vehicle when it was
 19 first registered as a loaner or rental motor vehicle.

20 (6) A motor vehicle no longer covered under the loaner permit program shall be taxed
 21 in the same manner as motor vehicles under KRS 138.450(12) or (16).

22 Section 4. KRS 138.464 is amended to read as follows:

23 (1) The county clerk shall report each Monday to the department~~[of Revenue]~~ all
 24 moneys collected during the previous week, together with a duplicate of all receipts
 25 issued by him during the same period.

26 (2) The clerk shall deposit motor vehicle usage tax collections not later than the next
 27 business day following receipt in a Commonwealth of Kentucky, Department of

1 Revenue account in a bank designated as a depository for state funds. The clerk may
 2 be required to then cause the funds to be transferred from the local depository bank
 3 to the State Treasury in whatever manner and at times prescribed by the
 4 commissioner of the department~~[of Revenue]~~ or his designee.

5 (3) Failure to forward duplicates of all receipts issued during the reporting period or
 6 failure to file the weekly report of moneys collected shall subject the clerk to a
 7 penalty of two and one-half percent (2.5%) of the amount of moneys collected
 8 during the reporting period for each month or fraction thereof until the documents
 9 are filed.

10 (4) Failure to deposit or, if required, transfer collections as required above shall subject
 11 the clerk to a penalty of two and one-half percent (2.5%) of the amount not
 12 deposited or, if required, not transferred for each day until the collections are
 13 deposited or transferred as required above. The penalty for failure to deposit or
 14 transfer money collected shall not be less than fifty dollars (\$50) nor more than five
 15 hundred dollars (\$500) per day.

16 (5) The penalties provided in this section shall not apply if the failure of the clerk is due
 17 to reasonable cause.

18 (6) The department may in its discretion grant a county clerk a reasonable extension of
 19 time to file his report or make any transfer of deposits as required above. The
 20 extension, however, must be requested prior to the end of the seven (7) day period
 21 and shall begin to run at the end of said period.

22 (7) All penalties collected under this provision shall be paid into the State Treasury as a
 23 part of the revenue collected under KRS 138.450 to 138.729.

24 Section 5. This Part takes effect January 1, 2007.

25 PART XXXVI

26 SALES OF MOTOR VEHICLES TO NONRESIDENTS

27 Notwithstanding KRS 48.310, the following statutes are amended or created to read

1 as follows and shall have permanent effect, subject to future actions by the General
2 Assembly:

3 Section 1. KRS 139.470 is amended to read as follows:

4 There are excluded from the computation of the amount of taxes imposed by this chapter:

5 (1) Gross receipts from the sale of, and the storage, use, or other consumption in this
6 state of, tangible personal property which this state is prohibited from taxing under
7 the Constitution or laws of the United States, or under the Constitution of this state;

8 (2) Gross receipts from sales of, and the storage, use, or other consumption in this state
9 of:

10 (a) Nonreturnable and returnable containers when sold without the contents to
11 persons who place the contents in the container and sell the contents together
12 with the container; and

13 (b) Returnable containers when sold with the contents in connection with a retail
14 sale of the contents or when resold for refilling;

15 As used in this section the term "returnable containers" means containers of a kind
16 customarily returned by the buyer of the contents for reuse. All other containers are
17 "nonreturnable containers";

18 (3) Gross receipts from the sale of, and the storage, use, or other consumption in this
19 state of, tangible personal property used for the performance of a lump-sum, fixed-
20 fee contract of public works executed prior to February 5, 1960;

21 (4) Gross receipts from occasional sales of tangible personal property and the storage,
22 use, or other consumption in this state of tangible personal property, the transfer of
23 which to the purchaser is an occasional sale;

24 (5) Gross receipts from sales of tangible personal property to a common carrier,
25 shipped by the retailer via the purchasing carrier under a bill of lading, whether the
26 freight is paid in advance or the shipment is made freight charges collect, to a point
27 outside this state and the property is actually transported to the out-of-state

- 1 destination for use by the carrier in the conduct of its business as a common carrier;
- 2 (6) Gross receipts from sales of tangible personal property sold through coin-operated
3 bulk vending machines, if the sale amounts to fifty cents (\$0.50) or less, if the
4 retailer is primarily engaged in making the sales and maintains records satisfactory
5 to the department. As used in this subsection, "bulk vending machine" means a
6 vending machine containing unsorted merchandise which, upon insertion of a coin,
7 dispenses the same in approximately equal portions, at random and without
8 selection by the customer;
- 9 (7) Gross receipts from sales to any cabinet, department, bureau, commission, board, or
10 other statutory or constitutional agency of the state and gross receipts from sales to
11 counties, cities, or special districts as defined in KRS 65.005. This exemption shall
12 apply only to purchases of property or services for use solely in the government
13 function. A purchaser not qualifying as a governmental agency or unit shall not be
14 entitled to the exemption even though the purchaser may be the recipient of public
15 funds or grants;
- 16 (8) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky
17 residents for use in heating, water heating, cooking, lighting, and other
18 residential uses. As used in this subsection, "fuel" shall include but not be
19 limited to natural gas, electricity, fuel oil, bottled gas, coal, coke, and wood.
20 Determinations of eligibility for the exemption shall be made by the
21 Department of Revenue;
- 22 (b) In making the determinations of eligibility, the department shall exempt from
23 taxation all gross receipts derived from sales:
- 24 1. Classified as "residential" by a utility company as defined by applicable
25 tariffs filed with and accepted by the Public Service Commission;
- 26 2. Classified as "residential" by a municipally owned electric distributor
27 which purchases its power at wholesale from the Tennessee Valley

1 Authority;

2 3. Classified as "residential" by the governing body of a municipally owned
3 electric distributor which does not purchase its power from the
4 Tennessee Valley Authority, if the "residential" classification is
5 reasonably consistent with the definitions of "residential" contained in
6 tariff filings accepted and approved by the Public Service Commission
7 with respect to utilities which are subject to Public Service Commission
8 regulation.

9 If the service is classified as residential, use other than for "residential"
10 purposes by the customer shall not negate the exemption;

11 (c) The exemption shall not apply if charges for sewer service, water, and fuel are
12 billed to an owner or operator of a multi-unit residential rental facility or
13 mobile home and recreational vehicle park other than residential
14 classification; and

15 (d) The exemption shall apply also to residential property which may be held by
16 legal or equitable title, by the entirety, jointly, in common, as a
17 condominium, or indirectly by the stock ownership or membership
18 representing the owner's or member's proprietary interest in a corporation
19 owning a fee or a leasehold initially in excess of ninety-eight (98) years;

20 (9) Any rate increase for school taxes and any other charges or surcharges added to the
21 total amount of a residential telephone bill;

22 (10) Gross receipts from sales to an out-of-state agency, organization, or institution
23 exempt from sales and use tax in its state of residence when that agency,
24 organization, or institution gives proof of its tax-exempt status to the retailer and the
25 retailer maintains a file of the proof;

26 (11) Gross receipts derived from the sale of, and the storage, use, or other consumption
27 in this state of, tangible personal property to be used in the manufacturing or

1 industrial processing of tangible personal property at a plant facility and which will
2 be for sale. The property shall be regarded as having been purchased for resale.
3 "Plant facility" shall have the same meaning as defined in KRS 139.170(3). For
4 purposes of this subsection, a manufacturer or industrial processor includes an
5 individual or business entity that performs only part of the manufacturing or
6 industrial processing activity and the person or business entity need not take title to
7 tangible personal property that is incorporated into, or becomes the product of, the
8 activity.

9 (a) Industrial processing includes refining, extraction of petroleum and natural
10 gas, mining, quarrying, fabricating, and industrial assembling. As defined
11 herein, tangible personal property to be used in the manufacturing or industrial
12 processing of tangible personal property which will be for sale shall mean:

- 13 1. Materials which enter into and become an ingredient or component part
14 of the manufactured product.
- 15 2. Other tangible personal property which is directly used in manufacturing
16 or industrial processing, if the property has a useful life of less than one
17 (1) year. Specifically these items are categorized as follows:
 - 18 a. Materials. This refers to the raw materials which become an
19 ingredient or component part of supplies or industrial tools exempt
20 under subdivisions b. and c. below.
 - 21 b. Supplies. This category includes supplies such as lubricating and
22 compounding oils, grease, machine waste, abrasives, chemicals,
23 solvents, fluxes, anodes, filtering materials, fire brick, catalysts,
24 dyes, refrigerants, explosives, etc. The supplies indicated above
25 need not come in direct contact with a manufactured product to be
26 exempt. "Supplies" does not include repair, replacement, or spare
27 parts of any kind.

1 c. Industrial tools. This group is limited to hand tools such as jigs,
2 dies, drills, cutters, rolls, reamers, chucks, saws, spray guns, etc.,
3 and to tools attached to a machine such as molds, grinding balls,
4 grinding wheels, dies, bits, cutting blades, etc. Normally, for
5 industrial tools to be considered directly used in manufacturing,
6 they shall come into direct contact with the product being
7 manufactured.

8 3. Materials and supplies that are not reusable in the same manufacturing
9 process at the completion of a single manufacturing cycle, excluding
10 repair, replacement, or spare parts of any kind. A single manufacturing
11 cycle shall be considered to be the period elapsing from the time the raw
12 materials enter into the manufacturing process until the finished product
13 emerges at the end of the manufacturing process.

14 (b) It shall be noted that in none of the three (3) categories is any exemption
15 provided for repair, replacement, or spare parts. Repair, replacement, or spare
16 parts shall not be considered to be materials, supplies, or industrial tools
17 directly used in manufacturing or industrial processing. "Repair, replacement,
18 or spare parts" shall have the same meaning as set forth in KRS 139.170;

19 (12) Any water use fee paid or passed through to the Kentucky River Authority by
20 facilities using water from the Kentucky River basin to the Kentucky River
21 Authority in accordance with KRS 151.700 to 151.730 and administrative
22 regulations promulgated by the authority;

23 (13) Gross receipts from the sale of newspaper inserts or catalogs purchased for storage,
24 use, or other consumption outside this state and delivered by the retailer's own
25 vehicle to a location outside this state, or delivered to the United States Postal
26 Service, a common carrier, or a contract carrier for delivery outside this state,
27 regardless of whether the carrier is selected by the purchaser or retailer or an agent

1 or representative of the purchaser or retailer, or whether the F.O.B. is retailer's
2 shipping point or purchaser's destination.

3 (a) As used in this subsection:

4 1. "Catalogs" means tangible personal property that is printed to the special
5 order of the purchaser and composed substantially of information
6 regarding goods and services offered for sale; and

7 2. "Newspaper inserts" means printed materials that are placed in or
8 distributed with a newspaper of general circulation.

9 (b) The retailer shall be responsible for establishing that delivery was made to a
10 non-Kentucky location through shipping documents or other credible evidence
11 as determined by the department;

12 (14) Gross receipts from the sale of water used in the raising of equine as a business;

13 (15) Gross receipts from the sale of metal retail fixtures manufactured in this state and
14 purchased for storage, use, or other consumption outside this state and delivered by
15 the retailer's own vehicle to a location outside this state, or delivered to the United
16 States Postal Service, a common carrier, or a contract carrier for delivery outside
17 this state, regardless of whether the carrier is selected by the purchaser or retailer or
18 an agent or representative of the purchaser or retailer, or whether the F.O.B. is the
19 retailer's shipping point or the purchaser's destination.

20 (a) As used in this subsection, "metal retail fixtures" means check stands and
21 belted and nonbelted checkout counters, whether made in bulk or pursuant to
22 specific purchaser specifications, that are to be used directly by the purchaser
23 or to be distributed by the purchaser.

24 (b) The retailer shall be responsible for establishing that delivery was made to a
25 non-Kentucky location through shipping documents or other credible evidence
26 as determined by the department;

27 (16) Gross receipts from the sale of unenriched or enriched uranium purchased for

1 ultimate storage, use, or other consumption outside this state and delivered to a
 2 common carrier in this state for delivery outside this state, regardless of whether the
 3 carrier is selected by the purchaser or retailer, or is an agent or representative of the
 4 purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or
 5 purchaser's destination;

6 (17) Amounts received from a tobacco buydown. As used in this subsection, "buydown"
 7 means an agreement whereby an amount, whether paid in money, credit, or
 8 otherwise, is received by a retailer from a manufacturer or wholesaler based upon
 9 the quantity and unit price of tobacco products sold at retail that requires the retailer
 10 to reduce the selling price of the product to the purchaser without the use of a
 11 manufacturer's or wholesaler's coupon or redemption certificate;

12 (18) Gross receipts from the sale of property returned by a purchaser when the full sales
 13 price is refunded either in cash or credit. This exclusion shall not apply if the
 14 purchaser, in order to obtain the refund, is required to purchase other property at a
 15 price greater than the amount charged for the property that is returned;

16 (19) Gross receipts from the sales of gasoline and special fuels subject to tax under KRS
 17 Chapter 138;

18 (20) The amount of any tax imposed by the United States upon or with respect to retail
 19 sales, whether imposed on the retailer or the consumer, not including any
 20 manufacturer's excise or import duty;

21 (21) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which
 22 is:

23 **(a) Sold to a Kentucky resident,** registered for use on the public highways, and
 24 upon which any applicable tax levied by KRS 138.460 has been paid; **or**

25 **(b) Sold to a nonresident of Kentucky if the nonresident registers the motor**
 26 **vehicle in a state that:**

27 **1. Allows residents of Kentucky to purchase motor vehicles without**

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payment of that state's sales tax at the time of sale; or

2. Allows residents of Kentucky to remove the vehicle from that state within a specific period for subsequent registration and use in Kentucky without payment of that state's sales tax;

(22) Gross receipts from the sale of a semi-trailer as defined in KRS 189.010(12) and trailer as defined in KRS 189.010(17);

(23) Gross receipts from the sale of distilled spirits, wine, and malt beverages not consumed on the premises licensed for their sale under the provisions of KRS Chapter 243; and

(24) Gross receipts from the first fifty thousand dollars (\$50,000) in sales of admissions to county fairs held in Kentucky in any calendar year by a nonprofit county fair board.

SECTION 2. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO READ AS FOLLOWS:

All tax receipts, interest, and penalties resulting from the sale of a motor vehicle subject to sales tax under KRS 139.200 and not otherwise exempt from sales tax under Section 1 of this Part shall be deposited in the road fund, unless the motor vehicle has been exempted from the motor vehicle usage tax under KRS 138.460(3) for nonhighway use. All tax receipts, interest, and penalties resulting from the sale of a motor vehicle, as defined in KRS 138.450, which is purchased for nonhighway use shall continue to be deposited in the general fund.

Section 3. This Part takes effect August 1, 2006.

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COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

ERNIE FLETCHER
GOVERNOR

700 CAPITOL AVENUE
SUITE 100
FRANKFORT, KY 40601
(502) 564-2611
FAX: (502) 564-2517

RECEIVED AND FILED
DATE April 24, 2006
9:18 pm

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

VETO MESSAGE FROM THE

GOVERNOR OF THE COMMONWEALTH OF KENTUCKY

House Bill 557 of the 2006 Regular Session – Partial Veto #1

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following parts:

- Page 39, lines 2 through 23, in their entirety.
- Page 44, lines 9 through 12, in their entirety.
- Page 45, lines 5 through 27, in their entirety.
- Page 46, lines 1 through 3, in their entirety.

These parts amend parts of House Bill 380 which I simultaneously have vetoed, rendering these vetoed parts of House Bill 557 superfluous.

House Bill 557 of the 2006 Regular Session – Partial Veto #2

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

- Page 43, lines 22 through 27, in their entirety.
- Page 44, lines 1 through 4, in their entirety.

This part amends parts of House Bill 380 which I simultaneously have vetoed, rendering this vetoed part of House Bill 557 superfluous.



House Bill 557 of the 2006 Regular Session – Partial Veto #3

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 44, line 7, after the word “grants” delete “and on line 25, delete ‘these funds’”.

Page 44, line 8, in its entirety.

This part amends a part of House Bill 380 which I simultaneously have vetoed, rendering this vetoed part of House Bill 557 superfluous.

House Bill 557 of the 2006 Regular Session – Partial Veto #4

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 48, lines 5 through 8, in their entirety.

This part amends the fiscal year for which \$500,000 in appropriated in House Bill 380 from fiscal year 2006-2007 to fiscal year 2005-2006. I am vetoing this part because this part and the part of House Bill 380 it seeks to amend represent a specific project appropriation from the Community Development Fund Projects appropriation in House Bill 380, Part II, A., 4., 005. That capital appropriation only includes appropriations for fiscal year 2006-2007 and for fiscal year 2007-2008, and no capital appropriation for fiscal year 2005-2006. My partial veto will preserve the project appropriation, and properly align this specific project appropriation with the Community Development Fund Projects appropriation.

House Bill 557 of the 2006 Regular Session – Partial Veto #5

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

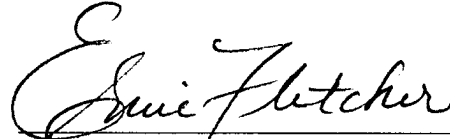
Page 48, line 14, after the word “the” delete “by the Legislative Research”.

Page 48, line 15, delete “Commission”.

This part directs the Legislative Research Commission to adjust the General Assembly’s appropriation of \$25,000,000 from the Budget Reserve Trust Fund in House Bill 380 to take into account legislation enacted subsequent to the passage of House Bill 380. I am vetoing this part because the Kentucky Constitution vests legislative power in the General Assembly, not the Legislative Research Commission. The General Assembly may not delegate, during the interim between sessions, its appropriations power to the Legislative Research Commission. As the Supreme Court of Kentucky ruled in Legislative Research Commission v. Brown: “The legislative power shall be vested in a House of Representatives and a Senate, which, together,

shall be styled the 'General Assembly of the Commonwealth of Kentucky'. Whatever else the LRC may constitutionally do, it may not legislate."

Done this 24th day of April, 2006.

A handwritten signature in cursive script that reads "Ernie Fletcher". The signature is written in black ink and is positioned above a horizontal line.

Ernie Fletcher, Governor

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GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

HOUSE BILL NO. 557

AS ENACTED AND VETOED IN PART

WEDNESDAY, APRIL 12, 2006 - AS ENACTED

MONDAY, APRIL 24, 2006 - VETOED IN PART

Informational Copy

RECEIVED AND FILED

DATE April 28 2006
9.44 a.m

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY Kandice Adkinson

AN ACT relating to governmental operations, making an appropriation therefor, and declaring an emergency.

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

1 Section 1. KRS 13B.020 is amended to read as follows:

2 (1) The provisions of this chapter shall apply to all administrative hearings conducted
3 by an agency, with the exception of those specifically exempted under this section.

4 The provisions of this chapter shall supersede any other provisions of the Kentucky
5 Revised Statutes and administrative regulations, unless exempted under this section,
6 to the extent these other provisions are duplicative or in conflict. This chapter
7 creates only procedural rights and shall not be construed to confer upon any person
8 a right to hearing not expressly provided by law.

9 (2) The provisions of this chapter shall not apply to:

10 (a) Investigations, hearings to determine probable cause, or any other type of
11 information gathering or fact finding activities;

12 (b) Public hearings required in KRS Chapter 13A for the promulgation of
13 administrative regulations;

14 (c) Any other public hearing conducted by an administrative agency which is
15 nonadjudicatory in nature and the primary purpose of which is to seek public
16 input on public policy making;

17 (d) Military adjudicatory proceedings conducted in accordance with KRS Chapter
18 35;

19 (e) Administrative hearings conducted by the legislative and judicial branches of
20 state government;

21 (f) Administrative hearings conducted by any city, county, urban-county, charter
22 county, or special district contained in KRS Chapters 65 to 109, or any other
23 unit of local government operating strictly in a local jurisdictional capacity;

24 (g) Informal hearings which are part of a multilevel hearing process that affords

- 1 an administrative hearing at some point in the hearing process if the
 2 procedures for informal hearings are approved and promulgated in accordance
 3 with subsections (4) and (5) of this section;
- 4 (h) Limited exemptions granted for specific hearing provisions and denoted by
 5 reference in the text of the applicable statutes or administrative regulations;
- 6 (i) Administrative hearings exempted pursuant to subsection (3) of this section;
- 7 (j) Administrative hearings exempted, in whole or in part, pursuant to
 8 subsections (4) and (5) of this section; and
- 9 (k) Any administrative hearing which was commenced but not completed prior to
 10 July 15, 1996.
- 11 (3) The following administrative hearings are exempt from application of this chapter
 12 in compliance with 1994 Ky. Acts ch. 382, sec. 19:
- 13 (a) Finance and Administration Cabinet
- 14 1. Higher Education Assistance Authority
- 15 a. Wage garnishment hearings conducted under authority of 20
 16 U.S.C. sec. 1095a and 34 C.F.R. sec. 682.410
- 17 b. Offset hearings conducted under authority of 31 U.S.C. sec. 3720A
 18 and sec. 3716, and 34 C.F.R. sec. 30.33
- 19 **2. Department of Revenue**
- 20 **a. Any licensing and bond revocation hearings conducted under**
 21 **the authority of KRS 138.210 to 138.448 and 234.310 to 234.440**
- 22 **b. Any license revocation hearings under KRS 131.630 and 138.130**
 23 **to 138.205**
- 24 (b) Cabinet for Health and Family Services
- 25 1. Office of Certificate of Need
- 26 a. Certificate-of-need hearings and licensure conducted under
 27 authority of KRS Chapter 216B

1 b. Licensure revocation hearings conducted under authority of KRS
2 Chapter 216B

3 2. Department for Community Based Services

4 a. Supervised placement revocation hearings conducted under
5 authority of KRS Chapter 630

6 3. Department for Disability Determination Services

7 a. Disability determination hearings conducted under authority of 20
8 C.F.R. sec. 404

9 (c) Justice Cabinet

10 1. Department of State Police

11 a. State Police Trial Board disciplinary hearings conducted under
12 authority of KRS Chapter 16

13 2. Department of Corrections

14 a. Parole Board hearings conducted under authority of KRS Chapter
15 439

16 b. Prison adjustment committee hearings conducted under authority
17 of KRS Chapter 197

18 c. Prison grievance committee hearings conducted under authority of
19 KRS Chapters 196 and 197

20 3. Department of Juvenile Justice

21 a. Supervised placement revocation hearings conducted under KRS
22 Chapter 635

23 (d) Environmental and Public Protection Cabinet

24 1. Department for Natural Resources

25 a. Surface mining hearings conducted under authority of KRS
26 Chapter 350

27 2. Department for Environmental Protection

- 1 a. Wild River hearings conducted under authority of KRS Chapter
- 2 146
- 3 b. Water resources hearings conducted under authority of KRS
- 4 Chapter 151
- 5 c. Water plant operator and water well driller hearings conducted
- 6 under authority of KRS Chapter 223
- 7 d. Environmental protection hearings conducted under authority of
- 8 KRS Chapter 224
- 9 e. Petroleum Storage Tank Environmental Assurance Fund hearings
- 10 under authority of KRS Chapter 224
- 11 3. Office of Workers' Claims
- 12 a. Workers' compensation hearings conducted under authority of
- 13 KRS Chapter 342
- 14 4. Kentucky Occupational Safety and Health Review Commission
- 15 a. Occupational safety and health hearings conducted under authority
- 16 of KRS Chapter 338
- 17 5. Department of Public Protection
- 18 a. Board of Claims
- 19 i Liability hearings conducted under authority of KRS Chapter
- 20 44
- 21 b. Public Service Commission
- 22 i Utility hearings conducted under authority of KRS Chapters
- 23 74, 278, and 279
- 24 (e) Cabinet for Workforce Development
- 25 1. Department for Employment Services
- 26 a. Unemployment Insurance hearings conducted under authority of
- 27 KRS Chapter 341

- 1 (f) Secretary of State
- 2 1. Registry of Election Finance
- 3 a. Campaign finance hearings conducted under authority of KRS
- 4 Chapter 121
- 5 (g) State universities and colleges
- 6 1. Student suspension and expulsion hearings conducted under authority of
- 7 KRS Chapter 164
- 8 2. University presidents and faculty removal hearings conducted under
- 9 authority of KRS Chapter 164
- 10 3. Campus residency hearings conducted under authority of KRS Chapter
- 11 164
- 12 4. Family Education Rights to Privacy Act hearings conducted under
- 13 authority of 20 U.S.C. sec. 1232 and 34 C.F.R. sec. 99
- 14 5. Federal Health Care Quality Improvement Act of 1986 hearings
- 15 conducted under authority of 42 U.S.C. sec. 11101 to 11115 and KRS
- 16 Chapter 311.

17 (4) Any administrative hearing, or portion thereof, may be certified as exempt by the
 18 Attorney General based on the following criteria:

19 (a) The provisions of this chapter conflict with any provision of federal law or
 20 regulation with which the agency must comply, or with any federal law or
 21 regulation with which the agency must comply to permit the agency or
 22 persons within the Commonwealth to receive federal tax benefits or federal
 23 funds or other benefits;

24 (b) Conformity with the requirement of this chapter from which exemption is
 25 sought would be so unreasonable or so impractical as to deny due process
 26 because of undue delay in the conduct of administrative hearings; or

27 (c) The hearing procedures represent informal proceedings which are the

1 preliminary stages or the review stages of a multilevel hearing process, if the
2 provisions of this chapter or the provisions of a substantially equivalent
3 hearing procedure exempted under subsection (3) of this section are applied at
4 some level within the multilevel process.

5 (5) The Attorney General shall not exempt an agency from any requirement of this
6 chapter until the agency establishes alternative procedures by administrative
7 regulation which, insofar as practical, shall be consistent with the intent and purpose
8 of this chapter. When regulations for alternative procedures are submitted to the
9 Administrative Regulation Review Subcommittee, they shall be accompanied by the
10 request for exemption and the approval of exemption from the Attorney General.
11 The decision of the Attorney General, whether affirmative or negative, shall be
12 subject to judicial review in the Franklin Circuit Court within thirty (30) days of the
13 date of issuance. The court shall not overturn a decision of the Attorney General
14 unless the decision was arbitrary or capricious or contrary to law.

15 (6) Except to the extent precluded by another provision of law, a person may waive any
16 procedural right conferred upon that person by this chapter.

17 Section 2. KRS 131.081 is amended to read as follows:

18 The following rules, principles, or requirements shall apply in the administration of all
19 taxes subject to the jurisdiction of the Department of Revenue.

20 (1) The department shall develop and implement a Kentucky tax education and
21 information program directed at new taxpayers, taxpayer and industry groups, and
22 department employees to enhance the understanding of and compliance with
23 Kentucky tax laws, including the application of new tax legislation to taxpayer
24 activities and areas of recurrent taxpayer noncompliance or inconsistency of
25 administration.

26 (2) The department shall publish brief statements in simple and nontechnical language
27 which explain procedures, remedies, and the rights and obligations of taxpayers and

1 the department. These statements shall be provided to taxpayers with the initial
 2 notice of audit; each original notice of tax due; each denial or reduction of a refund
 3 or credit claimed by a taxpayer; each denial, cancellation, or revocation of any
 4 license, permit, or other required authorization applied for or held by a taxpayer;
 5 and, if practical and appropriate, in informational publications by the department
 6 distributed to the public.

7 (3) Taxpayers shall have the right to be assisted or represented by an attorney,
 8 accountant, or other person in any conference, hearing, or other matter before the
 9 department. The taxpayer shall be informed of this right prior to conduct of any
 10 conference or hearing.

11 (4) The department shall perform audits and conduct conferences and hearings only at
 12 reasonable times and places.

13 (5) Taxpayers shall have the right to make audio recordings of any conference with or
 14 hearing by the department. The department may make similar audio recordings{
 15 ~~only~~} if prior written notice is given to the taxpayer **or if the taxpayer records the**
 16 **conference or hearing**. The taxpayer shall be entitled to a copy of this department
 17 recording or a transcript as provided in KRS 61.874.

18 (6) If any taxpayer's failure to submit a timely return or payment to the department is
 19 due to the taxpayer's reasonable reliance on written advice from the department, the
 20 taxpayer shall be relieved of any penalty or interest with respect thereto, provided
 21 the taxpayer requested the advice in writing from the department and the specific
 22 facts and circumstances of the activity or transaction were fully described in the
 23 taxpayer's request, the department did not subsequently rescind or modify the advice
 24 in writing, and there were no subsequent changes in applicable laws or regulations
 25 or a final decision of a court which rendered the department's earlier written advice
 26 no longer valid.

27 (7) Taxpayers shall have the right to receive a copy of any audit of the department by

1 the Auditor of Public Accounts relating to the department's compliance with the
2 provisions of KRS 131.041 to 131.081.

3 (8) The department shall include with each notice of tax due a clear and concise
4 description of the basis and amount of any tax, penalty, and interest assessed against
5 the taxpayer, and copies of the agent's audit workpapers and the agent's written
6 narrative setting forth the grounds upon which the assessment is made. Taxpayers
7 shall be similarly notified regarding the denial or reduction of any refund or credit
8 claim filed by a taxpayer.

9 (9) Taxpayers shall have the right to an installment payment agreement for the payment
10 of delinquent taxes, penalties, and interest owed, provided the taxpayer requests the
11 agreement in writing clearly demonstrating his inability to pay in full and that the
12 agreement will facilitate collection by the department of the amounts owed. The
13 department may modify or terminate an installment payment agreement if it
14 determines the taxpayer has not complied with the terms of the agreement; the
15 taxpayers' financial condition has sufficiently changed; the taxpayer fails to provide
16 any requested financial condition update information; the taxpayer gave false or
17 misleading information in securing the agreement; or the taxpayer fails to timely
18 report and pay any other tax due the Commonwealth. The department shall give
19 written notice to the taxpayer at least thirty (30) days prior to modifying or
20 terminating an installment payment agreement unless the department has reason to
21 believe that collection of the amounts owed will be jeopardized in whole or in part
22 by delay.

23 (10) The department shall not knowingly authorize, require, or conduct any investigation
24 or surveillance of any person for nontax administration related purposes, except
25 internal security related investigations involving Department of Revenue personnel.

26 (11) In addition to the circumstances under which an extension of time for filing reports
27 or returns may be granted pursuant to KRS 131.170, taxpayers shall be entitled to

1 the same extension of the due date of any comparable Kentucky tax report or return
2 for which the taxpayer has secured a written extension from the Internal Revenue
3 Service provided the taxpayer notifies the department in writing and provides a
4 copy of the extension at the time and in the manner which the department may
5 require.

6 (12) The department shall bear the cost or, if paid by the taxpayer, reimburse the
7 taxpayer for recording or bank charges as the direct result of any erroneous lien or
8 levy by the department, provided the erroneous lien or levy was caused by
9 department error and, prior to issuance of the erroneous lien or levy, the taxpayer
10 timely responded to all contacts by the department and provided information or
11 documentation sufficient to establish his or her position. When the department
12 releases any erroneous lien or levy, notice of the fact shall be mailed to the taxpayer
13 and, if requested by the taxpayer, a copy of the release, together with an
14 explanation, shall be mailed to the major credit reporting companies located in the
15 county where it was filed.

16 (13) The department shall not evaluate individual officers or employees on the basis of
17 taxes assessed or collected or impose or suggest tax assessment or collection quotas
18 or goals.

19 (14) Taxpayers shall have the right to bring an action for damages against the
20 Commonwealth to the Board of Claims for actual and direct monetary damages
21 sustained by the taxpayer as a result of willful, reckless, and intentional disregard by
22 department employees of the rights of taxpayers as set out in KRS 131.041 to
23 131.081 or in the tax laws administered by the department. In the awarding of
24 damages pursuant to this subsection, the board shall take into consideration the
25 negligence or omissions, if any, on the part of the taxpayer which contributed to the
26 damages. If any proceeding brought by a taxpayer is ruled frivolous by the board,
27 the department shall be reimbursed by the taxpayer for its costs in defending the

1 action.

2 (15) Taxpayers shall have the right to privacy with regard to the information provided on
 3 their Kentucky tax returns and reports, including any attached information or
 4 documents. Except as provided in KRS 131.190, no information pertaining to the
 5 returns, reports, or the affairs of a person's business shall be divulged by the
 6 department to any person or be intentionally and without authorization inspected by
 7 any present or former commissioner or employee of the Department of Revenue,
 8 member of a county board of assessment appeals, property valuation administrator
 9 or employee, or any other person.

10 Section 3. KRS 138.450 is amended to read as follows:

11 As used in KRS 138.455 to 138.470, unless the context requires otherwise:

12 (1) "Current model year" means a motor vehicle of either the model year corresponding
 13 to the current calendar year or of the succeeding calendar year, if the same model
 14 and make is being offered for sale by local dealers;

15 (2) "Dealer" means "motor vehicle dealer" as defined in KRS 190.010;

16 (3) "Dealer demonstrator" means a new motor vehicle or a previous model year motor
 17 vehicle with an odometer reading of least one thousand (1,000) miles that has been
 18 used either by representatives of the manufacturer or by a licensed Kentucky dealer,
 19 franchised to sell the particular model and make, for demonstration;

20 (4) "Historic motor vehicle" means a motor vehicle registered and licensed pursuant to
 21 KRS 186.043;

22 (5) "Motor vehicle" means any vehicle that is propelled by other than muscular power
 23 and that is used for transportation of persons or property over the public highways
 24 of the state, except road rollers, mopeds, vehicles that travel exclusively on rails,
 25 and vehicles propelled by electric power obtained from overhead wires;

26 (6) "Moped" means either a motorized bicycle whose frame design may include one (1)
 27 or more horizontal crossbars supporting a fuel tank so long as it also has pedals, or a

1 motorized bicycle with a step through type frame which may or may not have pedals
 2 rated no more than two (2) brake horsepower, a cylinder capacity not exceeding
 3 fifty (50) cubic centimeters, an automatic transmission not requiring clutching or
 4 shifting by the operator after the drive system is engaged, and capable of a
 5 maximum speed of not more than thirty (30) miles per hour;

6 (7) "New motor vehicle" means a motor vehicle of the current model year which has
 7 not previously been registered in any state or country;

8 (8) "Previous model year motor vehicle" means a motor vehicle not previously
 9 registered in any state or country which is neither of the current model year nor a
 10 dealer demonstrator;

11 (9) "Total consideration given" means the amount given, valued in money, whether
 12 received in money or otherwise, at the time of purchase or at a later date, including
 13 consideration given for all equipment and accessories, standard and optional~~[, as~~
 14 ~~attested to in a notarized affidavit signed by both the buyer and the seller. The~~
 15 ~~signatures of the buyer and seller shall be individually notarized].~~ "Total
 16 consideration given" shall not include:

17 (a) Any amount allowed as a manufacturer or dealer rebate if the rebate is
 18 provided at the time of purchase and is applied to the purchase of the motor
 19 vehicle;

20 (b) Any interest payments to be made over the life of a loan for the purchase of a
 21 motor vehicle; and

22 (c) The value of any items that are not equipment or accessories including but not
 23 limited to extended warranties, service contracts, and items that are given
 24 away as part of a promotional sales campaign;

25 (10) "Trade-in allowance" means:

26 (a) The value assigned by the seller of a motor vehicle to a motor vehicle
 27 registered to the purchaser and offered in trade by the purchaser as part of

1 the total consideration given by the purchaser and included in the notarized
2 affidavit attesting to total consideration given; or

3 **(b) In the absence of a notarized affidavit, the value of the vehicle being offered**
4 **in trade as established by the department through the use of the reference**
5 **manual;**

6 (11) "Used motor vehicle" means a motor vehicle which has been previously registered
7 in any state or country;

8 (12) **(a)** "Retail price" ~~{of motor vehicles shall be determined as follows:~~

9 ~~(a)—}for:~~

10 1. New **motor vehicles;**~~;~~

11 2. Dealer demonstrator **vehicles;**~~;~~

12 3. Previous model year motor vehicles; and

13 4. U-Drive-It motor vehicles that have been transferred within one hundred
14 eighty (180) days of being registered as a U-Drive-It and that have less
15 than five thousand (5,000) miles;~~;~~ ~~"retail price"~~

16 **means**~~{ shall be}~~ the total consideration given~~{ at the time of purchase or at a~~
17 ~~later date}~~, including any trade-in allowance, as attested to in a notarized
18 affidavit.

19 **(b)** If a notarized affidavit~~{ signed by both the buyer and seller}~~ is not available~~{ to~~
20 ~~establish total consideration given}~~, "retail price" **means**~~{ shall be}~~:

21 1. Ninety percent (90%) of the manufacturer's suggested retail price of the
22 vehicle with all equipment and accessories, standard and optional, and
23 transportation charges; or

24 2. Eighty-one percent (81%) of the manufacturer's suggested retail price of
25 the vehicle with all equipment and accessories, standard and optional,
26 and transportation charges in the case of new trucks of gross weight in
27 excess of ten thousand (10,000) pounds;~~;~~ ~~and}~~

1 ~~(c)~~^{3.} "Retail price" shall not include that portion of the price of the vehicle
2 attributable to equipment or adaptive devices necessary to facilitate or
3 accommodate an operator or passenger with physical disabilities;

4 ~~(13)~~~~(b)~~ **"Retail price"** for historic motor vehicles~~["retail price"]~~ shall be one
5 hundred dollars (\$100);

6 ~~(14)~~~~(e)~~ **"Retail price"** for used motor vehicles being registered by a new resident for
7 the first time in Kentucky whose values appear in the~~automotive~~ reference
8 manual means~~prescribed by the Department of Revenue, "retail price" shall be~~
9 the~~average~~ trade-in value given in the reference manual;

10 ~~(15)~~~~(d)~~ **"Retail price"** for~~the~~ older used motor vehicles being registered by a new
11 resident for the first time in Kentucky whose values no longer appear in the~~automotive~~
12 reference manual~~["retail price"]~~ shall be one hundred dollars (\$100);

13 ~~(16)~~~~(e)~~ ~~[For used motor vehicles previously registered in another state or country that~~
14 ~~were purchased out of state by a Kentucky resident who is registering the vehicle in~~
15 ~~Kentucky for the first time, "retail price" shall be the total consideration given at the~~
16 ~~time of purchase or at a later date, including the average trade-in value given in the~~
17 ~~automotive reference manual prescribed by the Department of Revenue for any~~
18 ~~vehicle given in trade;]~~

19 ~~(a)~~~~(f)~~ **"Retail price"** for:

20 1. Used motor vehicles, **except those vehicles for which the retail price is**
21 **established in subsection (13), (14), or (15) of this section;**~~previously~~
22 ~~registered in Kentucky that are sold in Kentucky,] and~~

23 2. U-Drive-It motor vehicles that are not transferred within one hundred
24 eighty (180) days of being registered as a U-Drive-It or that have more
25 than five thousand (5,000) miles;~~["retail price"]~~

26 means the total consideration given, excluding any amount allowed as a trade-
27 in allowance by the seller.

1 **(b)** The trade-in allowance shall also be disclosed in the notarized affidavit ~~signed by the buyer and the seller attesting to the total consideration given~~.

3 **(c)** If a notarized affidavit ~~signed by both the buyer and the seller~~ is not available ~~to establish the total consideration given for a motor vehicle~~, "retail price" shall be established by the department ~~of Revenue~~ through the use of the ~~automotive~~ reference manual ~~prescribed by the Department of Revenue~~;

8 **(17)(g)** Except as provided in KRS 138.470(6), if a motor vehicle is received by an individual as a gift and not purchased or leased by the individual, "retail price" shall be the ~~average~~ trade-in value given in the ~~automotive~~ reference manual ~~prescribed by the Department of Revenue~~;

12 **(18)(h)** If a dealer transfers a motor vehicle which he has registered as a loaner or rental motor vehicle within one hundred eighty (180) days of the registration, and if less than five thousand (5,000) miles have been placed on the vehicle during the period of its registration as a loaner or rental motor vehicle, then the "retail price" of the vehicle shall be the same as the retail price determined by paragraph (a) of ~~this~~ subsection (12) of this section computed as of the date on which the vehicle is transferred; ~~and~~

19 **(19)(13)** "Loaner or rental motor vehicle" means a motor vehicle owned or registered by a dealer and which is regularly loaned or rented to customers of the service or repair component of the dealership;

22 **(20) "Department" means the Department of Revenue;**

23 **(21) "Notarized affidavit" means a dated affidavit signed by the buyer and the seller on which the signature of the buyer and the signature of the seller are individually notarized; and**

26 **(22) "Reference manual" means the automotive reference manual prescribed by the department.**

1 Section 4. KRS 138.460 is amended to read as follows:

- 2 (1) A tax levied upon its retail price at the rate of six percent (6%) shall be paid on the
3 use in this state of every motor vehicle, except those exempted by KRS 138.470, at
4 the time and in the manner provided in this section.
- 5 (2) The tax shall be collected by the county clerk or other officer with whom the
6 vehicle is required to be titled or registered:
- 7 (a) When the fee for titling or registering a motor vehicle the first time it is
8 offered for titling or registration in this state is collected; or
- 9 (b) Upon the transfer of title or registration of any motor vehicle previously titled
10 or registered in this state.
- 11 (3) The tax imposed by subsection (1) of this section and collected under subsection (2)
12 of this section shall not be collected if the owner provides to the county clerk a
13 signed affidavit of nonhighway use, on a form provided by the department, attesting
14 that the vehicle will not be used on the highways of the Commonwealth. If this type
15 of affidavit is provided, the clerk shall, in accordance with the provisions of KRS
16 Chapter 139, immediately collect the applicable sales and use tax due on the
17 vehicle.
- 18 (4) (a) The tax collected by the county clerk under this section shall be reported and
19 remitted to the department~~[of Revenue]~~ on forms ***prescribed and*** provided by
20 the department~~[and on those forms as the department may prescribe]~~. The
21 department shall provide each county clerk affidavit forms which the clerk
22 shall provide to the public free of charge to carry out the provisions of KRS
23 138.450 and subsection (3) of this section. The county clerk shall for his
24 services in collecting the tax be entitled to retain an amount equal to three
25 percent (3%) of the tax collected and accounted for.
- 26 (b) The sales and use tax collected by the county clerk under subsection (3) of this
27 section shall be reported and remitted to the department on forms which the

1 department shall prescribe and provide at no cost. The county clerk shall, for
2 his or her services in collecting the tax, be entitled to retain an amount equal
3 to three percent (3%) of the tax collected and accounted for.

4 (c) Motor vehicle dealers licensed pursuant to KRS Chapter 190 shall not owe or
5 be responsible for the collection of sales and use tax due under subsection (3)
6 of this section.

7 (5) A county clerk or other officer shall not title, register or issue any license tags to the
8 owner of any motor vehicle subject to the tax imposed by subsection (1) of this
9 section or the tax imposed by KRS Chapter 139, when the vehicle is being offered
10 for titling or registration for the first time, or transfer the title of any motor vehicle
11 previously registered in this state, unless the owner or his agent pays the tax levied
12 under subsection (1) of this section or the tax imposed by KRS Chapter 139, if
13 applicable, in addition to any title, registration, or license fees.

14 (6) (a) When a person offers a motor vehicle:

- 15 1. For titling on or after March 20, 2005; or
- 16 2. For registration;

17 for the first time in this state which was registered in another state that levied
18 a tax substantially identical to the tax levied under this section, the person
19 shall be entitled to receive a credit against the tax imposed by this section
20 equal to the amount of tax paid to the other state. A credit shall not be given
21 under this subsection for taxes paid in another state if that state does not grant
22 similar credit for substantially identical taxes paid in this state.

23 (b) When a resident of this state offers a motor vehicle for registration for the first
24 time in this state:

- 25 1. Upon which the Kentucky sales and use tax was paid by the resident
26 offering the motor vehicle for registration at the time of titling under
27 subsection (3) of this section; and

- 1 2. For which the resident provides proof that the tax was paid;
 2 a nonrefundable credit shall be given against the tax imposed by subsection
 3 (1) of this section for the sales and use tax paid.
- 4 (7) (a) A county clerk or other officer shall not title, register, or issue any license tags
 5 to the owner of any motor vehicle subject to this tax, when the vehicle is then
 6 being offered for titling or registration for the first time, unless the seller or his
 7 agent delivers to the county clerk a notarized affidavit, if required, and
 8 available under KRS 138.450 attesting to the total and actual consideration
 9 paid or to be paid for the motor vehicle.
- 10 (b) If a notarized affidavit is not available, the clerk shall follow the procedures
 11 under KRS 138.450(12)~~(b)(a)~~ for new vehicles, and KRS
 12 138.450~~(14)(12)(e), (d)~~ or (15)(e) for used vehicles.
- 13 (c) The clerk shall attach the notarized affidavit, if available, or other
 14 documentation attesting to the retail price of the vehicle as the department ~~of~~
 15 ~~Revenue~~ may prescribe by administrative regulation promulgated under KRS
 16 Chapter 13A to the copy of the certificate of registration and application for
 17 title mailed to the department.
- 18 (8) Notwithstanding the provisions of KRS 138.450, the tax shall not be less than six
 19 dollars (\$6) upon titling or first registration of a motor vehicle in this state, except
 20 where the vehicle is exempt from tax under KRS 138.470 or 154.45-090.
- 21 (9) Where a motor vehicle is sold by a dealer in this state and the purchaser returns the
 22 vehicle for any reason to the same dealer within sixty (60) days for a vehicle
 23 replacement or a refund of the purchase price, the purchaser shall be entitled to a
 24 refund of the amount of usage tax received by the department ~~of Revenue~~ as a
 25 result of the registration of the returned vehicle. In the case of a new motor vehicle,
 26 the registration of the returned vehicle shall be canceled and the vehicle shall be
 27 considered to have not been previously registered in Kentucky when resold by the

1 dealer.

2 (10) When a manufacturer refunds the retail purchase price or replaces a new motor
3 vehicle for the original purchaser within ninety (90) days because of malfunction or
4 defect, the purchaser shall be entitled to a refund of the amount of motor vehicle
5 usage tax received by the department~~[of Revenue]~~ as a result of the first titling or
6 registration. A person shall not be entitled to a refund unless the person has filed
7 with the department~~[of Revenue]~~ a report from the manufacturer identifying the
8 vehicle that was replaced and stating the date of replacement.

9 (11) Notwithstanding the time limitations of subsections (9) and (10) of this section,
10 when a dealer or manufacturer refunds the retail purchase price or replaces a motor
11 vehicle for the purchaser as a result of formal arbitration or litigation, or, in the case
12 of a manufacturer, because ordered to do so by a dispute resolution system
13 established under KRS 367.865 or 16 C.F.R. 703, the purchaser shall be entitled to
14 a refund of the amount of motor vehicle usage tax received by the department~~[of~~
15 ~~Revenue]~~ as a result of the titling or registration. A person shall not be entitled to a
16 refund unless the person files with the department~~[of Revenue]~~ a report from the
17 dealer or manufacturer identifying the vehicle that was replaced.

18 Section 5. KRS 138.4605 is amended to read as follows:

19 (1) A motor vehicle dealer who operates a service or repair component in his dealership
20 may register a motor vehicle to be used exclusively as a loaner or rental motor
21 vehicle to the customers of this service or repair department. The dealer may pay
22 usage tax on the loaner or rental motor vehicle as provided in KRS 138.460, or,
23 subject to the provisions of this section, may pay a usage tax of twenty-five dollars
24 (\$25) per month on the loaner or rental motor vehicle.

25 (2) A dealer shall pay the usage tax on a loaner or rental motor vehicle in the manner
26 provided by KRS 138.460 unless the dealer shows to the satisfaction of the
27 Department of Revenue that he is regularly engaged in the servicing or repair of

1 motor vehicles and loans or rents the loaner or rental motor vehicle to a retail
2 customer while the customer's motor vehicle is at the dealership for repair or
3 service.

4 (3) For a dealer to be eligible to pay the usage tax on a loaner or rental motor vehicle
5 under this section, the dealer shall identify the motor vehicle as a loaner or rental
6 motor vehicle to the Department of Revenue and shall maintain records, as required
7 by the Department of Revenue, which show all uses of the loaner or rental motor
8 vehicle.

9 (4) The tax due under subsection (1) of this section shall be remitted to the Department
10 of Revenue monthly on forms prescribed by and in accordance with administrative
11 regulations promulgated by the department.

12 (5) Failure of a motor vehicle dealer to remit the taxes applicable to a loaner or rental
13 motor vehicle under this section shall be sufficient cause for the Department of
14 Revenue to revoke the authority to use that motor vehicle as a loaner or rental motor
15 vehicle and cause the usage tax on that motor vehicle to be due and payable in
16 accordance with KRS 138.460 on the retail price of that motor vehicle when it was
17 first registered as a loaner or rental motor vehicle.

18 (6) A motor vehicle no longer covered under the loaner permit program shall be taxed
19 in the same manner as motor vehicles under KRS 138.450(12) or (16).

20 Section 6. KRS 138.464 is amended to read as follows:

21 (1) The county clerk shall report each Monday to the department~~[of Revenue]~~ all
22 moneys collected during the previous week, together with a duplicate of all receipts
23 issued by him during the same period.

24 (2) The clerk shall deposit motor vehicle usage tax collections not later than the next
25 business day following receipt in a Commonwealth of Kentucky, department~~[of~~
26 ~~Revenue]~~ account in a bank designated as a depository for state funds. The clerk
27 may be required to then cause the funds to be transferred from the local depository

1 bank to the State Treasury in whatever manner and at times prescribed by the
2 commissioner of the department~~[of Revenue]~~ or his designee.

3 **(3)** Failure to forward duplicates of all receipts issued during the reporting period or
4 failure to file the weekly report of moneys collected **within seven (7) working days**
5 **after the report is due** shall subject the clerk to a penalty of two and one-half
6 percent (2.5%) of the amount of moneys collected during the reporting period for
7 each month or fraction thereof until the documents are filed.

8 **(4)** Failure to deposit or, if required, transfer collections as required above shall subject
9 the clerk to a penalty of two and one-half percent (2.5%) of the amount not
10 deposited or, if required, not transferred for each day until the collections are
11 deposited or transferred as required above. The penalty for failure to deposit or
12 transfer money collected shall not be less than fifty dollars (\$50) nor more than five
13 hundred dollars (\$500) per day.

14 **(5)** The penalties provided in this section shall not apply if the failure of the clerk is due
15 to reasonable cause.

16 **(6)** The department may in its discretion grant a county clerk a reasonable extension of
17 time to file his report or make any transfer of deposits as required above. The
18 extension, however, must be requested prior to the end of the seven (7) day period
19 and shall begin to run at the end of said period.

20 **(7)** All penalties collected under this provision shall be paid into the State Treasury as a
21 part of the revenue collected under KRS 138.450 to 138.729.

22 SECTION 7. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO
23 READ AS FOLLOWS:

24 **(1) Notwithstanding KRS 139.340, a commercial printer or mailer engaged in**
25 **business in this state shall not be required to collect use tax on sales of printing**
26 **or direct mail advertising materials that are both printed out of state and**
27 **delivered out of state to the United States Postal Service for mass mailing to third-**

1 party Kentucky residents who are not purchasers of the advertising materials if
2 the commercial printers or mailers:

3 (a) Maintain records relating to those sales to assist the department in the
4 collection of use tax; and

5 (b) File reports as provided by KRS 139.730 if requested by the department.

6 (2) If the commercial printer or mailer complies with the provisions of subsection (1)
7 of this section, the purchaser of the printing or direct mail advertising materials
8 shall have the sole responsibility for reporting and paying the use tax imposed by
9 KRS 139.310.

10 Section 8. KRS 387.025 is amended to read as follows:

11 (1) Any interested person or entity may petition the District Court for the appointment
12 of a guardian or limited guardian for an unmarried minor.

13 (2) Any interested person or entity may petition the District Court for appointment of a
14 conservator for a minor who owns real or personal property, or both, requiring
15 management or protection or who has or may have business interests that may be
16 jeopardized or prevented by minority, or who needs a conservator to settle or
17 compromise claims.

18 (3) The petition for appointment shall set forth the following:

19 (a) The name and address of the minor;

20 (b) The date of birth of the minor;

21 (c) The name and address of the minor's spouse, if any;

22 (d) The names and addresses of the minor's parents, or if the minor has no living
23 parent, the names and addresses of the minor's adult next of kin;

24 (e) The name and address of the individual or facility having custody of the
25 minor;

26 (f) The facts and reasons supporting the need for a guardianship, limited
27 guardianship, or conservatorship for the minor;

- 1 (g) A description and approximation of the value of the minor's real and personal
 2 property and other financial resources, including government benefits,
 3 insurance entitlements, and anticipated yearly income;
- 4 (h) The name and address of the petitioner;
- 5 (i) The name and address of the petitioner's attorney, if any; and
- 6 (j) The name and address of the person or entity desiring appointment as
 7 guardian, limited guardian, or conservator.

8 (4) The petition shall be accompanied by a verified application of the person or entity
 9 desiring appointment as guardian, limited guardian, or conservator. The application
 10 shall set forth the following:

- 11 (a) Name, address, and age of the applicant;
- 12 (b) The applicant's relationship to the minor, if any;
- 13 (c) Whether or not the applicant has ever been convicted of a crime; and
- 14 (d) The applicant's qualifications to serve as guardian, limited guardian, or
 15 conservator.

16 (5) ~~[A duplicate copy of the petition and application shall be mailed by the clerk to the~~
 17 ~~commissioner of the Department of Revenue.]~~The District Court shall appoint a
 18 time for hearing the petition and application. Notice of the time and place of the
 19 hearing shall be given not less than five (5) days prior to the hearing to the minor, if
 20 the minor is more than fourteen (14) years of age, and to each of the persons or
 21 entities required to be named in the petition. Proof of notice shall be made in
 22 accordance with the provisions of KRS 395.016. Notice may be waived as provided
 23 in KRS 395.016.

24 Section 9. KRS 138.224 is amended to read as follows:

25 It shall be presumed that all untaxed motor fuels are subject to the tax levied under KRS
 26 138.220 unless the contrary is established pursuant to KRS 138.210 to 138.490~~[138.500]~~
 27 or administrative regulations promulgated thereunder by the department~~[of Revenue]~~.

1 The tax shall be paid by the licensed dealer to the department. The burden of proving that
 2 any motor fuel is not subject to tax shall be upon the dealer or any person who imports,
 3 causes to be imported, receives, uses, sells, stores, or possesses untaxed motor fuel in this
 4 state. Any dealer or other person who imports, causes to be imported, receives, uses, sells,
 5 stores, or possesses untaxed motor fuels but fails to comply with all statutory and
 6 regulatory restrictions applicable to the fuel shall be jointly and severally liable for
 7 payment of the tax due on the fuel. A person's liability shall not be extinguished until the
 8 tax due has been paid to the department.

9 Section 10. KRS 138.226 is amended to read as follows:

10 (1) The department shall administer the taxes provided under KRS 138.210 to
 11 138.490~~138.500~~, except KRS 138.463 and 138.4631 and may prescribe, adopt and
 12 enforce administrative regulations relating to the administration and enforcement
 13 thereof.

14 (2) The department shall, upon the request of the officials to whom are entrusted the
 15 enforcement of the motor fuels tax law of any other state, the United States, the
 16 provinces of the Dominion of Canada, forward to such officials any information
 17 which it may have relative to the manufacture, receipt, sale, use, transportation,
 18 shipment or delivery by any person of motor fuels, provided such other state or
 19 states provide for the furnishing of like information to this state.

20 Section 11. KRS 138.270 is amended to read as follows:

21 (1) (a) From the total number of gallons of gasoline and special fuel received by the
 22 dealer within this state during the next preceding calendar month, deductions
 23 shall be made for the total number of gallons received by the dealer within this
 24 state that were sold or otherwise disposed of during the next preceding
 25 calendar month as set forth in subsection (2) of KRS 138.240.

26 (b) To cover evaporation, shrinkage, unaccountable losses, collection costs, bad
 27 debts, and handling and reporting the tax, each dealer shall be allowed

1 compensation equal to two and one-fourth percent (2.25%) of the net tax due
 2 the Commonwealth pursuant to KRS 138.210 to 138.490~~[138.500]~~ before all
 3 allowable tax credits, except the credit authorized pursuant to KRS 138.358.
 4 No compensation shall be allowed if the completed tax return and payment are
 5 not submitted to the department~~[of Revenue]~~ within the time prescribed by
 6 KRS 138.210 to 138.490~~[138.500]~~.

7 (2) The tax imposed by KRS 138.220(1) and (2) shall be computed on the number of
 8 gallons remaining after the deductions set forth in subsection (1) of this section
 9 have been made, and shall constitute the amount of tax payable for the next
 10 preceding calendar month.

11 (3) Notwithstanding any other provision of this chapter to the contrary, any person who
 12 shall remit to the department, by the twenty-fifth day of the next month, an
 13 estimated tax due amount equal to not less than ninety-five percent (95%) of his tax
 14 liability, as finally determined for the report month, shall not be required to file the
 15 monthly reports required by this chapter until the last day of the month following
 16 the report month, and shall be permitted to claim as a credit against the tax liability
 17 shown due on the report the estimated tax due amount so paid.

18 Section 12. KRS 138.344 is amended to read as follows:

19 (1) Except as otherwise provided in KRS 138.220 to 138.490~~[138.500]~~, any person
 20 who shall purchase gasoline or special fuel, on which the tax as imposed by KRS
 21 138.220 has been paid, for the purpose of operating or propelling stationary engines
 22 or tractors for agricultural purposes, or who shall purchase special fuels, on which
 23 the tax as imposed by KRS 138.220 has been paid, for consumption in unlicensed
 24 vehicles or equipment for nonhighway purposes shall be reimbursed for the tax so
 25 paid on the gasoline or special fuel. No refund shall be authorized unless
 26 applications and all necessary information are filed with the department on a
 27 calendar quarter or calendar year basis on forms and in the manner prescribed by it

1 for refund of the tax paid on the fuel. In lieu of the tax refund procedure, the tax on
 2 special fuels and the tax on gasoline used for the purpose of operating or propelling
 3 stationary engines or tractors for agricultural purposes may be credited by the dealer
 4 to the purchaser as provided in KRS 138.358. The dealer and the purchases shall be
 5 subject to the same rules, conditions, and responsibilities as provided in KRS
 6 138.344 to 138.355. The tax shall be refunded with interest at the tax interest rate as
 7 defined in KRS 131.010(6).

8 (2) The information to be required from the permit holder, by the department, in order
 9 that the refund may be allowed, shall be as follows:

10 (a) Name and address of permit holder permit number

11 (b) Total number of gallons purchased and total purchase price (Invoices to
 12 be attached to refund application.)

13 (c) Total number of gallons used on highways

14 (d) Total number of gallons on which refund is claimed (Line b minus line c.)

15 (e) Other information as the department may require to reasonably protect the
 16 revenues of the Commonwealth.

17 Section 13. KRS 141.010 is amended to read as follows:

18 As used in this chapter, unless the context requires otherwise:

19 (1) "Commissioner" means the commissioner of the Department of Revenue;

20 (2) "Department" means the Department of Revenue;

21 (3) "Internal Revenue Code" means the Internal Revenue Code in effect on December
 22 31, 2004, exclusive of any amendments made subsequent to that date, other than
 23 amendments that extend provisions in effect on December 31, 2004, that would
 24 otherwise terminate, and as modified by KRS 141.0101, except that for property
 25 placed in service after September 10, 2001, only the depreciation and expense
 26 deductions allowed under Sections 168 and 179 of the Internal Revenue Code in
 27 effect on December 31, 2001, exclusive of any amendments made subsequent to

- 1 that date, shall be allowed, and including the provisions of the Military Family Tax
 2 Relief Act of 2003, Pub. L. No. 108-121, effective on the dates specified in that
 3 Act;
- 4 (4) "Dependent" means those persons defined as dependents in the Internal Revenue
 5 Code;
- 6 (5) "Fiduciary" means "fiduciary" as defined in Section 7701(a)(6) of the Internal
 7 Revenue Code;
- 8 (6) "Fiscal year" means "fiscal year" as defined in Section 7701(a)(24) of the Internal
 9 Revenue Code;
- 10 (7) "Individual" means a natural person;
- 11 (8) "Modified gross income" means adjusted gross income as defined in Section 62 of
 12 the Internal Revenue Code of 1986, including any subsequent amendments in effect
 13 on December 31 of the taxable year, and adjusted as follows:
- 14 (a) Include interest income derived from obligations of sister states and political
 15 subdivisions thereof; and
- 16 (b) Include lump-sum pension distributions taxed under the special transition
 17 rules of Pub. L. No. 104-188, sec. 1401(c)(2);
- 18 (9) "Gross income" in the case of taxpayers other than corporations means "gross
 19 income" as defined in Section 61 of the Internal Revenue Code;
- 20 (10) "Adjusted gross income" in the case of taxpayers other than corporations means
 21 gross income as defined in subsection (9) of this section minus the deductions
 22 allowed individuals by Section 62 of the Internal Revenue Code and as modified by
 23 KRS 141.0101 and adjusted as follows, except that deductions shall be limited to
 24 amounts allocable to income subject to taxation under the provisions of this chapter,
 25 and except that nothing in this chapter shall be construed to permit the same item to
 26 be deducted more than once:
- 27 (a) Exclude income that is exempt from state taxation by the Kentucky

- 1 Constitution and the Constitution and statutory laws of the United States and
2 Kentucky;
- 3 (b) Exclude income from supplemental annuities provided by the Railroad
4 Retirement Act of 1937 as amended and which are subject to federal income
5 tax by Public Law 89-699;
- 6 (c) Include interest income derived from obligations of sister states and political
7 subdivisions thereof;
- 8 (d) Exclude employee pension contributions picked up as provided for in KRS
9 6.505, 16.545, 21.360, 61.560, 65.155, 67A.320, 67A.510, 78.610, and
10 161.540 upon a ruling by the Internal Revenue Service or the federal courts
11 that these contributions shall not be included as gross income until such time
12 as the contributions are distributed or made available to the employee;
- 13 (e) Exclude Social Security and railroad retirement benefits subject to federal
14 income tax;
- 15 (f) Include, for taxable years ending before January 1, 1991, all overpayments of
16 federal income tax refunded or credited for taxable years;
- 17 (g) Deduct, for taxable years ending before January 1, 1991, federal income tax
18 paid for taxable years ending before January 1, 1990;
- 19 (h) Exclude any money received because of a settlement or judgment in a lawsuit
20 brought against a manufacturer or distributor of "Agent Orange" for damages
21 resulting from exposure to Agent Orange by a member or veteran of the
22 Armed Forces of the United States or any dependent of such person who
23 served in Vietnam;
- 24 (i) 1. For taxable years ending prior to December 31, 2005, exclude the
25 applicable amount of total distributions from pension plans, annuity
26 contracts, profit-sharing plans, retirement plans, or employee savings
27 plans.

- 1 The "applicable amount" shall be:
- 2 a. Twenty-five percent (25%), but not more than six thousand two
- 3 hundred fifty dollars (\$6,250), for taxable years beginning after
- 4 December 31, 1994, and before January 1, 1996;
- 5 b. Fifty percent (50%), but not more than twelve thousand five
- 6 hundred dollars (\$12,500), for taxable years beginning after
- 7 December 31, 1995; and before January 1, 1997;
- 8 c. Seventy-five percent (75%), but not more than eighteen thousand
- 9 seven hundred fifty dollars (\$18,750), for taxable years beginning
- 10 after December 31, 1996, and before January 1, 1998; and
- 11 d. One hundred percent (100%), but not more than thirty-five
- 12 thousand dollars (\$35,000), for taxable years beginning after
- 13 December 31, 1997.
- 14 2. For taxable years beginning after December 31, 2005, exclude up to
- 15 forty-one thousand one hundred ten dollars (\$41,110) of total
- 16 distributions from pension plans, annuity contracts, profit-sharing plans,
- 17 retirement plans, or employee savings plans.
- 18 3. As used in this paragraph:
- 19 a. "Distributions" includes, but is not limited to, any lump-sum
- 20 distribution from pension or profit-sharing plans qualifying for the
- 21 income tax averaging provisions of Section 402 of the Internal
- 22 Revenue Code; any distribution from an individual retirement
- 23 account as defined in Section 408 of the Internal Revenue Code;
- 24 and any disability pension distribution;
- 25 b. "Annuity contract" has the same meaning as set forth in Section
- 26 1035 of the Internal Revenue Code; and
- 27 c. "Pension plans, profit-sharing plans, retirement plans, or employee

1 savings plans" means any trust or other entity created or organized
 2 under a written retirement plan and forming part of a stock bonus,
 3 pension, or profit-sharing plan of a public or private employer for
 4 the exclusive benefit of employees or their beneficiaries and
 5 includes plans qualified or unqualified under Section 401 of the
 6 Internal Revenue Code and individual retirement accounts as
 7 defined in Section 408 of the Internal Revenue Code;

8 (j) 1. a. Exclude the portion of the distributive share of a shareholder's net
 9 income from an S corporation subject to the franchise tax imposed
 10 under KRS 136.505 or the capital stock tax imposed under KRS
 11 136.300; and

12 b. Exclude the portion of the distributive share of a shareholder's net
 13 income from an S corporation related to a qualified subchapter S
 14 subsidiary subject to the franchise tax imposed under KRS
 15 136.505 or the capital stock tax imposed under KRS 136.300.

16 2. The shareholder's basis of stock held in a S corporation where the S
 17 corporation or its qualified subchapter S subsidiary is subject to the
 18 franchise tax imposed under KRS 136.505 or the capital stock tax
 19 imposed under KRS 136.300 shall be the same as the basis for federal
 20 income tax purposes;

21 (k) Exclude for taxable years beginning after December 31, 1998, to the extent
 22 not already excluded from gross income, any amounts paid for health
 23 insurance, or the value of any voucher or similar instrument used to provide
 24 health insurance, which constitutes medical care coverage for the taxpayer, the
 25 taxpayer's spouse, and dependents during the taxable year. Any amounts paid
 26 by the taxpayer for health insurance that are excluded pursuant to this
 27 paragraph shall not be allowed as a deduction in computing the taxpayer's net

- 1 income under subsection (11) of this section;
- 2 (l) Exclude income received for services performed as a precinct worker for
3 election training or for working at election booths in state, county, and local
4 primary, regular, or special elections;
- 5 (m) Exclude any amount paid during the taxable year for insurance for long-term
6 care as defined in KRS 304.14-600;
- 7 (n) Exclude any capital gains income attributable to property taken by eminent
8 domain;
- 9 (o) Exclude any amount received by a producer of tobacco or a tobacco quota
10 owner from the multistate settlement with the tobacco industry, known as the
11 Master Settlement Agreement, signed on November 22, 1998;
- 12 (p) Exclude any amount received from the secondary settlement fund, referred to
13 as "Phase II," established by tobacco companies to compensate tobacco
14 farmers and quota owners for anticipated financial losses caused by the
15 national tobacco settlement;
- 16 (q) Exclude any amount received from funds of the Commodity Credit
17 Corporation for the Tobacco Loss Assistance Program as a result of a
18 reduction in the quantity of tobacco quota allotted;
- 19 (r) Exclude any amount received as a result of a tobacco quota buydown program
20 that all quota owners and growers are eligible to participate in; and
- 21 (s) Exclude state Phase II payments received by a producer of tobacco or a
22 tobacco quota owner;
- 23 (11) "Net income" in the case of taxpayers other than corporations means adjusted gross
24 income as defined in subsection (10) of this section, minus the standard deduction
25 allowed by KRS 141.081, or, at the option of the taxpayer, minus the deduction
26 allowed by KRS 141.0202, minus any amount paid for vouchers or similar
27 instruments that provide health insurance coverage to employees or their families,

1 and minus all the deductions allowed individuals by Chapter 1 of the Internal
2 Revenue Code as modified by KRS 141.0101 except those listed below, except that
3 deductions shall be limited to amounts allocable to income subject to taxation under
4 the provisions of this chapter and that nothing in this chapter shall be construed to
5 permit the same item to be deducted more than once:

- 6 (a) Any deduction allowed by the Internal Revenue Code for state or foreign taxes
7 measured by gross or net income, including state and local general sales taxes
8 allowed in lieu of state and local income taxes under the provisions of Section
9 164(b)(5) of the Internal Revenue Code;
- 10 (b) Any deduction allowed by the Internal Revenue Code for amounts allowable
11 under KRS 140.090(1)(h) in calculating the value of the distributive shares of
12 the estate of a decedent, unless there is filed with the income return a
13 statement that such deduction has not been claimed under KRS 140.090(1)(h);
- 14 (c) The deduction for personal exemptions allowed under Section 151 of the
15 Internal Revenue Code and any other deductions in lieu thereof; and
- 16 (d) Any deduction for amounts paid to any club, organization, or establishment
17 which has been determined by the courts or an agency established by the
18 General Assembly and charged with enforcing the civil rights laws of the
19 Commonwealth, not to afford full and equal membership and full and equal
20 enjoyment of its goods, services, facilities, privileges, advantages, or
21 accommodations to any person because of race, color, religion, national
22 origin, or sex, except nothing shall be construed to deny a deduction for
23 amounts paid to any religious or denominational club, group, or establishment
24 or any organization operated solely for charitable or educational purposes
25 which restricts membership to persons of the same religion or denomination in
26 order to promote the religious principles for which it is established and
27 maintained;

- 1 (12) "Gross income," in the case of corporations, means "gross income" as defined in
2 Section 61 of the Internal Revenue Code and as modified by KRS 141.0101 and
3 adjusted as follows:
- 4 (a) Exclude income that is exempt from state taxation by the Kentucky
5 Constitution and the Constitution and statutory laws of the United States;
 - 6 (b) Exclude all dividend income received after December 31, 1969;
 - 7 (c) Include interest income derived from obligations of sister states and political
8 subdivisions thereof;
 - 9 (d) Exclude fifty percent (50%) of gross income derived from any disposal of coal
10 covered by Section 631(c) of the Internal Revenue Code if the corporation
11 does not claim any deduction for percentage depletion, or for expenditures
12 attributable to the making and administering of the contract under which such
13 disposition occurs or to the preservation of the economic interests retained
14 under such contract;
 - 15 (e) Include in the gross income of lessors income tax payments made by lessees
16 to lessors, under the provisions of Section 110 of the Internal Revenue Code,
17 and exclude such payments from the gross income of lessees;
 - 18 (f) Include the amount calculated under KRS 141.205;
 - 19 (g) Ignore the provisions of Section 281 of the Internal Revenue Code in
20 computing gross income;
 - 21 (h) Exclude income from "safe harbor leases" (Section 168(f)(8) of the Internal
22 Revenue Code);
 - 23 (i) Exclude any amount received by a producer of tobacco or a tobacco quota
24 owner from the multistate settlement with the tobacco industry, known as the
25 Master Settlement Agreement, signed on November 22, 1998;
 - 26 (j) Exclude any amount received from the secondary settlement fund, referred to
27 as "Phase II," established by tobacco companies to compensate tobacco

- 1 farmers and quota owners for anticipated financial losses caused by the
2 national tobacco settlement;
- 3 (k) Exclude any amount received from funds of the Commodity Credit
4 Corporation for the Tobacco Loss Assistance Program as a result of a
5 reduction in the quantity of tobacco quota allotted;
- 6 (l) Exclude any amount received as a result of a tobacco quota buydown program
7 that all quota owners and growers are eligible to participate in;
- 8 (m) Exclude the distributive share income or loss received from a corporation
9 subject to the tax imposed by KRS 141.040 ; and
- 10 (n) Exclude state Phase II payments received by a producer of tobacco or a
11 tobacco quota owner;
- 12 (13) "Net income," in the case of corporations, means "gross income" as defined in
13 subsection (12) of this section minus the deduction allowed by KRS 141.0202,
14 minus any amount paid for vouchers or similar instruments that provide health
15 insurance coverage to employees or their families, and minus all the deductions
16 from gross income allowed corporations by Chapter 1 of the Internal Revenue Code
17 and as modified by KRS 141.0101, except the following:
- 18 (a) Any deduction for a state tax which is computed, in whole or in part, by
19 reference to gross or net income and which is paid or accrued to any state of
20 the United States, the District of Columbia, the Commonwealth of Puerto
21 Rico, any territory or possession of the United States, or to any foreign
22 country or political subdivision thereof;
- 23 (b) The deductions contained in Sections 243, 244, 245, and 247 of the Internal
24 Revenue Code;
- 25 (c) The provisions of Section 281 of the Internal Revenue Code shall be ignored
26 in computing net income;
- 27 (d) Any deduction directly or indirectly allocable to income which is either

1 exempt from taxation or otherwise not taxed under the provisions of this
 2 chapter, and nothing in this chapter shall be construed to permit the same item
 3 to be deducted more than once;

4 (e) Exclude expenses related to "safe harbor leases" (Section 168(f)(8) of the
 5 Internal Revenue Code);

6 (f) Any deduction for amounts paid to any club, organization, or establishment
 7 which has been determined by the courts or an agency established by the
 8 General Assembly and charged with enforcing the civil rights laws of the
 9 Commonwealth, not to afford full and equal membership and full and equal
 10 enjoyment of its goods, services, facilities, privileges, advantages, or
 11 accommodations to any person because of race, color, religion, national
 12 origin, or sex, except nothing shall be construed to deny a deduction for
 13 amounts paid to any religious or denominational club, group, or establishment
 14 or any organization operated solely for charitable or educational purposes
 15 which restricts membership to persons of the same religion or denomination in
 16 order to promote the religious principles for which it is established and
 17 maintained; and

18 (g) Any deduction prohibited by KRS 141.205;

19 (14) (a) "Taxable net income," in the case of corporations that are taxable in this state,
 20 means "net income" as defined in subsection (13) of this section;

21 (b) "Taxable net income," in the case of corporations that are taxable in this state
 22 and taxable in another state, means "net income" as defined in subsection (13)
 23 of this section and as allocated and apportioned under KRS 141.120. A
 24 corporation is taxable in another state if, in any state other than Kentucky, the
 25 corporation is required to file a return for or pay a net income tax, franchise
 26 tax measured by net income, franchise tax for the privilege of doing business,
 27 or corporate stock tax;

- 1 (c) "Taxable net income" in the case of homeowners' associations as defined in
2 Section 528(c) of the Internal Revenue Code, means "taxable income" as
3 defined in Section 528(d) of the Internal Revenue Code. Notwithstanding the
4 provisions of subsection (3) of this section, the Internal Revenue Code
5 sections referred to in this paragraph shall be those code sections in effect for
6 the applicable tax year; and
- 7 (d) "Taxable net income" in the case of a corporation that meets the requirements
8 established under Section 856 of the Internal Revenue Code to be a real estate
9 investment trust, means "real estate investment trust taxable income" as
10 defined in Section 857(b)(2) of the Internal Revenue Code;
- 11 (15) "Person" means "person" as defined in Section 7701(a)(1) of the Internal Revenue
12 Code;
- 13 (16) "Taxable year" means the calendar year or fiscal year ending during such calendar
14 year, upon the basis of which net income is computed, and in the case of a return
15 made for a fractional part of a year under the provisions of this chapter or under
16 regulations prescribed by the commissioner, "taxable year" means the period for
17 which the return is made;
- 18 (17) "Resident" means an individual domiciled within this state or an individual who is
19 not domiciled in this state, but maintains a place of abode in this state and spends in
20 the aggregate more than one hundred eighty-three (183) days of the taxable year in
21 this state;
- 22 (18) "Nonresident" means any individual not a resident of this state;
- 23 (19) "Employer" means "employer" as defined in Section 3401(d) of the Internal
24 Revenue Code;
- 25 (20) "Employee" means "employee" as defined in Section 3401(c) of the Internal
26 Revenue Code;
- 27 (21) "Number of withholding exemptions claimed" means the number of withholding

- 1 exemptions claimed in a withholding exemption certificate in effect under KRS
 2 141.325, except that if no such certificate is in effect, the number of withholding
 3 exemptions claimed shall be considered to be zero;
- 4 (22) "Wages" means "wages" as defined in Section 3401(a) of the Internal Revenue
 5 Code and includes other income subject to withholding as provided in Section
 6 3401(f) and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code;
- 7 (23) "Payroll period" means "payroll period" as defined in Section 3401(b) of the
 8 Internal Revenue Code;
- 9 (24) "Corporations" means:
- 10 (a) "Corporations" as defined in Section 7701(a)(3) of the Internal Revenue Code;
- 11 (b) S corporations as defined in Section 1361(a) of the Internal Revenue Code;
- 12 (c) A foreign limited liability company as defined in KRS 275.015(6);
- 13 (d) A limited liability company as defined in KRS 275.015(8);
- 14 (e) A professional limited liability company as defined in KRS 275.015(19);
- 15 (f) A foreign limited partnership as defined in KRS 362.401(4);
- 16 (g) A limited partnership as defined in KRS 362.401(7);
- 17 (h) A registered limited liability partnership as defined in KRS 362.155(7);
- 18 (i) A real estate investment trust as defined in Section 856 of the Internal
 19 Revenue Code;
- 20 (j) A regulated investment company as defined in Section 851 of the Internal
 21 Revenue Code;
- 22 (k) A real estate mortgage investment conduit as defined in Section 860D of the
 23 Internal Revenue Code;
- 24 (l) A financial asset securitization investment trust as defined in Section 860L of
 25 the Internal Revenue Code; and
- 26 (m) Other similar entities created with limited liability for their partners, members,
 27 or shareholders.

1 "Corporation" shall not include any publicly traded partnership as defined by
 2 Section 7704(b) of the Internal Revenue Code that is treated as a partnership for
 3 federal tax purposes under Section 7704(c) of the Internal Revenue Code or its
 4 publicly traded partnership affiliates. "Publicly traded partnership affiliates" shall
 5 include any limited liability company or limited partnership for which at least eighty
 6 percent (80%) of the limited liability company member interests or limited partner
 7 interests are owned directly or indirectly by the publicly traded partnership;

8 (25) "Doing business in this state" includes but is not limited to:

- 9 (a) Being organized under the laws of this state;
- 10 (b) Having a commercial domicile in this state;
- 11 (c) Owning or leasing property in this state;
- 12 (d) Having one (1) or more individuals performing services in this state;
- 13 (e) Maintaining an interest in a general partnership doing business in this state;
- 14 (f) Deriving income from or attributable to sources within this state, including
 15 deriving income directly or indirectly from a trust doing business in this state,
 16 **or deriving income directly or indirectly from a single member limited**
 17 **liability company that is doing business in this state and is disregarded as**
 18 **an entity separate from its single member for federal income tax purposes;**
 19 or
- 20 (g) Directing activities at Kentucky customers for the purpose of selling them
 21 goods or services.

22 Nothing in this subsection shall be interpreted in a manner that goes beyond the
 23 limitations imposed and protections provided by the United States Constitution or
 24 Pub. L. No. 86-272;

25 (26) "Cost of goods sold" means the cost of goods sold calculated using the same
 26 method specified by the Internal Revenue Service for the purpose of computing
 27 federal income tax. In determining cost of goods sold:

1 (a) Labor costs shall be limited to direct labor costs as defined in subsection (28)
2 of this section; and

3 (b) Bulk delivery costs as defined in subsection (29) of this section may be
4 included;

5 (27) "Kentucky gross profits" means Kentucky gross receipts reduced by returns and
6 allowances attributable to Kentucky gross receipts, less the cost of goods sold
7 attributable to Kentucky gross receipts; -

8 (28) "Direct labor" means labor that is incorporated into the product sold or is an integral
9 part of the manufacturing process; and

10 (29) "Bulk delivery costs" means the cost of delivering the product to the consumer if the
11 product is delivered in bulk and requires specialized equipment that generally
12 precludes commercial shipping and is taxable under KRS 138.220.

13 Section 14. On page 41, line 18 of 2006 of 2006 Regular Session HB 380/EN,
14 delete "Drama Productions" and insert in lieu thereof "State Park Outdoor Theater".

15 Section 15. On page 58, line 20 of 2006 Regular Session HB 380/EN, delete
16 "\$2,680,910,200" and insert in lieu thereof "\$2,681,182,900", and delete
17 "\$2,930,340,800" and insert in lieu thereof "\$2,930,595,600".

18 Section 16. On page 61, line 27 of 2006 Regular Session HB 380/EN, delete
19 "\$2,302,500" and insert in lieu thereof "\$2,575,200" and delete "\$2,076,400" and insert in
20 lieu thereof "\$2,331,200".

21 Section 17. On page 62, lines 2 and 3 of 2006 Regular Session HB 380/EN, delete
22 "in fiscal year during or prior to fiscal year 2003-2004" and insert in lieu thereof "prior to
23 January 1, 2006".

24 Section 18. On page 161 of 2006 Regular Session HB 380/EN after line 2, insert
25 the following:

26 **"Parks Development Pool:** Included in the above Parks Development Pool are the
27 following capital projects in an amount not to exceed the following:

1	Big Bone Lick State Park	2,500,000
2	{Cumberland Falls Resort Park Campground	5,000,000
3	Cumberland Falls Resort Park Golf Course	9,700,000
4	Dale Hollow Resort Park Pool/Villas/Condos/Cabins	7,900,000
5	E. P. "Tom" Sawyer State Park Convention Center	1,000,000
6	Fort Boonesborough State Park Land Acquisition	1,500,000
7	General Burnside State Park Golf and Lodge Infrastructure	7,250,000
8	Grayson Lake State Park Villas/Condos/Cabins/Pavilion	6,000,000
9	Green River Lake State Park Infrastructure/ Development Costs	4,000,000
10	Greenbo Lake Resort Park Cottages	1,000,000
11	Herrington Lake State Park Land Acquisition and Development	2,500,000
12	John James Audubon State Park Campground and Entrance	2,500,000
13	Kincaid Lake State Park Infrastructure	1,200,000
14	Lake Cumberland Resort Park Conference Center	6,000,000
15	Nolin Lake State Park Cottages	1,000,000
16	Yatesville Lake State Park Villas/Condos/Cabins/Pavilion	6,000,000".

17 Section 19. ~~On page 240 of 2006 Regular Session HB 380/EN, delete lines 9~~
18 ~~through 13 and insert in lieu thereof the following:~~

19 "001. Hancock County Fiscal Court -

20 ~~Community Development~~

21 ~~Restricted Funds 235,000 0",~~

22 ~~and on line 14, delete "003." and insert in lieu thereof "002." and on line 17, delete~~
23 ~~"004." and insert in lieu thereof "003.".] (Veto #1)~~

24 Section 20. On page 313, lines 10 and 11 of 2006 Regular Session HB 380/EN,
25 delete "Amphitheater/Park/Bridge Construction and Other Parks" and insert in lieu
26 thereof "City of Manchester - Capital Construction for City Parks - Amphitheater/Water
27 Slides/Other Tourism and Recreational Initiatives".

1 Section 21. On page 313, line 25 of 2006 Regular Session HB 380/EN, after
2 "Development," insert "Tourism Initiatives,".

3 Section 22. On page 329, line 10 of 2006 Regular Session HB 380/EN, delete
4 "820,000" and insert in lieu thereof "410,000".

5 Section 23. On page 329 of 2006 Regular Session HB 380/EN, after line 21, insert
6 the following:

7 "006. Meniffee County Fiscal Court -

8 Myers Fork Water Line Extension

9 Bond Funds 410,000 -0-".

10 Section 24. On page 336, line 4 of 2006 Regular Session HB 380/EN, delete
11 "Caveland Environmental Authority" and insert in lieu thereof "Glasgow Water
12 Company".

13 Section 25. On page 336, line 8 of 2006 Regular Session HB 380/EN, delete
14 "Caveland Environmental Authority" and insert in lieu thereof "Glasgow Water
15 Company".

16 Section 26. On page 336, line 16 of 2006 Regular Session HB 380/EN, delete
17 "Caveland Environmental Authority" and insert in lieu thereof "Glasgow Water
18 Company".

19 Section 27. On page 350, line 20 of 2006 Regular Session HB 380/EN by deleting
20 "650,000" and inserting in lieu thereof "550,000".

21 Section 28. On page 350 of 2006 Regular Session HB 380/EN, by deleting all of
22 line 23 after "003." and all of line 24 and inserting in lieu thereof "City of Leitchfield-
23 Fountain View Subdivision- Waste Water Project", and on line 25 by deleting "750,000"
24 and inserting in lieu thereof "650,000".

25 Section 29. On page 351, line 10 of 2006 Regular Session HB 380/EN, by deleting
26 "137,300" and inserting in lieu thereof "337,300".

27 Section 30. On page 369, line 10 of 2006 Regular Session HB 380/EN, delete

1 "County" and insert in lieu thereof "Valley Waste".

2 Section 31. On page 375, line 10 of 2006 Regular Session HB 380/EN, delete "-
3 SX21229004- Jim Town".

4 Section 32. On page 382 of 2006 Regular Session HB 380/EN, delete lines 16
5 through 20 and insert in lieu thereof the following:

6 "001. Murray/Calloway Community Economic
7 Development Project - Site Acquisition
8 Bond Funds 250,000 -0-".

9 Section 33. On page 393 of 2006 Regular Session HB 380/EN, delete line 16 and
10 insert in lieu thereof the following:

11 "001. Hickman County - Community Development
12 Project Purchase of Trucking Facility
13 Including Office Area, Distribution Center,
14 and Acreage. This building will become a
15 Spec. Building"

16 Section 34. On page 394, line 8 of 2006 Regular Session HB 380/EN, delete
17 "250,000" and insert "200,000".

18 Section 35. On page 394, line 9 of 2006 Regular Session HB 380/EN, delete "City
19 of" and insert "Louisville Metro Government -".

20 Section 36. On page 394, line 12 of 2006 Regular Session HB 380/EN, delete
21 "City of" and insert "Louisville Metro Government -".

22 Section 37. On page 394, line 17 of 2006 Regular Session HB 380/EN, delete
23 "250,000" and insert in lieu thereof "200,000".

24 Section 38. On page 394, line 22 of 2006 Regular Session HB 380/EN, delete
25 "250,000" and insert in lieu thereof "200,000".

26 Section 39. On page 394, line 25 of 2006 Regular Session HB 380/EN, delete
27 "250,000" and insert in lieu thereof "200,000".

1 Section 40. On page 395, line 5 of 2006 Regular Session HB 380/EN, delete "city
2 of" and insert in lieu thereof "Louisville Metro Government -".

3 Section 41. On page 397 of 2006 Regular Session HB 380/EN, after line 4, by
4 inserting the following:

5 "029. City of St. Matthews - Infrastructure/Park
6 Improvements
7 Bond Funds 200,000 -0-".

8 Section 42. On page 408 line 3 of 2006 Regular Session HB 380/EN, delete
9 "150,000" and insert in lieu thereof "130,000".

10 Section 43. On page 408 of 2006 Regular Session HB 380/EN after line 11 by
11 inserting the following:

12 **"Spencer County**
13 001. Spencer County Board of Education-
14 Taylorsville Elementary School
15 Playground Equipment
16 General Fund -0- 20,000".

17 Section 44. On page 410, line 23 of 2006 Regular Session HB 380/EN, delete
18 "Washington County Fiscal Court" and insert in lieu thereof "City of Springfield".

19 Section 45. On page 410, lines 12 and 13 of 2006 Regular Session HB 380/EN,
20 delete "Warren County Community" and insert in lieu thereof "City of Woodburn".

21 Section 46. On page 454, line 2 of 2006 Regular Session HB 380/EN, after
22 "receipts" insert "from doing business in this state".

23 Section 47. On page 454, line 4 of 2006 Regular Session HB 380/EN, after
24 "141.120(8)(c)", insert", and "gross receipts from all sources within and without this
25 state" means the denominator of the sales factor under the provisions of KRS
26 141.120(8)(c)".

27 Section 48. On page 623, lines 21 and 22, 2006 Regular Session HB 380/EN

1 delete "product" and insert in lieu thereof "material" and delete "and likely to be offered
 2 to, or purchased by, consumers of roll-your-own tobacco" and insert in lieu thereof "by
 3 consumers to wrap or roll tobacco into the form of a cigarette".

4 Section 49. On page 625, line 5 of 2006 Regular Session HB 380/EN, before
 5 "greater" insert "of" and after "greater" insert "or less".

6 Section 50. On page 625, lines 6 and 7 of 2006 Regular Session HB 380/EN,
 7 delete "one and twenty-eight one-hundredths cents (\$0.0128)" and insert in lieu thereof
 8 "seventy-eight ten thousandths of one cent (\$0.0078)".

9 Section 51. On page 625 of 2006 Regular Session HB 380/EN, after line 9 insert
 10 the following:

11 "(d) The tax shall be paid only once, regardless of the number of times the
 12 cigarette paper may be sold in this state."

13 Section 52. On page 25, lines 24 and 25 of 2006 Regular Session HB 380/EN,
 14 delete "Included in the above General Fund appropriation are funds to" and insert in lieu
 15 thereof "The Auditor of Public Accounts may".

16 Section 53. On page 45 of 2006 Regular Session HB 380/EN, after line 9, insert
 17 the following:

18 "**(6) Madison County Battlefield Park and Museum:** Included in the above
 19 General Fund appropriation is \$40,000 in fiscal year 2006-2007 and \$40,000 in fiscal
 20 year 2007-2008 to support the operations of the Madison County Battlefield Park and
 21 Museum."

22 ~~[Section 54. On page 77 of 2006 Regular Session HB 380/EN after line 23 insert~~
 23 ~~the following:~~

24 ~~"(1) Included in the above General Fund appropriation is \$1,200,000 in fiscal year~~
 25 ~~2006-2007 which shall be used to replace revenue previously raised through~~
 26 ~~assessments."~~

27 ~~Section 55. On page 77 line 24 of 2006 Regular Session HB 380/EN delete the~~

1 ~~"(1)" and insert in lieu thereof "(2)", and on line 25, delete "a fee or" and insert in lieu~~
 2 ~~thereof "any" and after "assessment" insert "or new fee" and on line 26, place a "." after~~
 3 ~~"tracks" and delete the remainder of the sentence, and on line 27 delete the "(2)" and~~
 4 ~~insert in lieu thereof "(3)".]~~ (Veto #2)

5 Section 56. On page 124, line 21 of 2006 Regular Session HB 380/EN, delete the
 6 "." and on line 24 delete "institution" and insert in lieu thereof "institutions" and on line
 7 25, delete "grant" and insert in lieu thereof "grants"~~[and on line 25, delete "these funds"~~
 8 ~~and insert in lieu thereof "the \$800,000"].~~ (Veto #3)

9 ~~[Section 57. On page 173, lines 18 and 19 of 2006 Regular Session HB 380/EN~~
 10 ~~delete all language after the word "purchase" and insert in lieu thereof ", build, renovate~~
 11 ~~or make improvements for residential housing of children who are in or have completed~~
 12 ~~the treatment program."]~~ (Veto #1)

13 Section 58. On page 197, line 7 of 2006 Regular Session HB 380/EN, delete
 14 "1,250,000" and insert in lieu thereof "6,500,000".

15 Section 59. On page 207 of 2006 Regular Session HB 380/EN, after line 1, insert
 16 the following:

17	"281. Lease-Purchase Pollution Controls			
18	Restricted Funds	-0-	10,000,000	-0-
19	282. Construct Gatton Building Complex - Phase I			
20	Other Funds	-0-	38,837,000	-0-
21	283. Lease-Purchase Hospital Dining Facilities & Equipment			
22	Restricted Funds	-0-	1,500,000	-0-
23	284. Lease-Purchase Student Center Bookstore Facility			
24	Restricted Funds	-0-	4,000,000	-0-
25	285. Renovate Blazer Hall Cafeteria			
26	Restricted Funds	-0-	4,500,000	-0-
27	286. Replace & Relocate WUKY PBS Antenna & Transmitter			

1	Restricted Funds	-0-	385,956	-0-
2	Federal Funds	-0-	317,084	-0-
3	Other Funds	-0-	160,000	-0-
4	TOTAL	-0-	863,040	-0-

5 ~~[Section 60. On pages 249 and 250 of 2006 Regular Session HB 380/EN, delete~~
6 ~~lines 25 through 27 on page 249 and line 1 on page 250.~~

7 ~~Section 61. On page 250 line 14 of 2006 Regular Session HB 380/EN, delete "City~~
8 ~~of Madisonville" and insert in lieu thereof "Dawson Springs".~~

9 ~~Section 62. On page 277 of 2006 Regular Session HB 380/EN, after line 26, insert~~
10 ~~the following:~~

11	"018. Magoffin County Fiscal Court			
12	— North Magoffin Fire Department			
13	— Mini pumper truck	94,000	6,000	
14	019. Magoffin County Fiscal Court			
15	— Improvements Pool and Canopy			
16	— Construction	0	30,600"	

17 ~~Section 63. On page 292, line 26 of 2006 Regular Session HB 380/EN, delete~~
18 ~~"Joshua's Dream".~~

19 ~~Section 64. On page 295, line 1 of 2006 Regular Session HB 380/EN, delete~~
20 ~~"Lower Lost Creek" and insert in lieu thereof "South Perry".~~

21 ~~Section 65. On page 302, line 23 of 2006 Regular Session HB 380/EN, delete~~
22 ~~"Hazard" and insert in lieu thereof "Big Sandy" and insert "Pikeville Campus" before~~
23 ~~"Kentucky."~~

24 ~~Section 66. On page 303, line 24 of 2006 Regular Session HB 380/EN, delete~~
25 ~~"Roekastle County Fiscal Court Broadhead" and insert in lieu thereof "City of~~
26 ~~Brodhead Brodhead".~~

27 ~~Section 67. On page 304, line 3 of 2006 Regular Session HB 380/EN, delete~~

1 ~~"Rockcastle County Fiscal Court" and insert in lieu thereof "City of Livingston."~~

2 ~~Section 68. On page 304, line 6 of 2006 Regular Session HB 380/EN, delete~~
 3 ~~"Rockcastle County Fiscal Court" and insert in lieu thereof "City of Mt. Vernon."]~~ (Veto
 4 #1)

5 Section 69. On page 313, line 8 of 2006 Regular Session HB 380/EN, delete
 6 "1,200,000" and insert in lieu thereof "1,000,000" and after line 8, insert the following:

7 "002. Hopkinsville Water Company - Sewer
 8 Development for Forest Park
 9 Bond Funds 200,000 -0-".

10 Section 70. On page 331, line 25 of 2006 Regular Session HB 380/EN, delete
 11 "Rockcastle County Fiscal Court" and insert in lieu thereof "City of Mt. Vernon".

12 Section 71. On page 343, line 20 of 2006 Regular Session HB 380/EN, delete
 13 "800,000" and insert in lieu thereof "500,000", and after line 20, insert the following:

14 "002. Carrollton Utilities - SX21041101 - Ghent
 15 WWPT Elimination and Force Main
 16 Bonds Funds 300,000 -0-".

17 Section 72. On page 349 line 15 of 2006 Regular Session HB 380/EN, delete
 18 "WX21083034" and insert in lieu thereof "WX21083040".

19 Section 73. On page 355 line 7 of 2006 Regular Session HB 380/EN, delete "City
 20 of Wilmore" and insert in lieu thereof "Jessamine-South Elkhorn Water District".

21 Section 74. On page 355 line 15 of 2006 Regular Session HB 380/EN, delete
 22 "Jessamine County Fiscal Court" and insert in lieu thereof "Jessamine-South Elkhorn
 23 Water District" and delete "Project" and insert in lieu thereof "Service connection from
 24 Wilmore to Jessamine County EMS building".

25 Section 75. On page 355 line 17 of 2006 Regular Session HB 380/EN, delete
 26 "Jessamine County Fiscal Court" and insert in lieu thereof "Jessamine-South Elkhorn
 27 Water District".

1 Section 76. On page 358, lines 1 and 2 of 2006 Regular Session HB 380/EN,
 2 delete all of line 1 after "003." and delete all of line 2 and insert in lieu thereof
 3 "McKinney Water District - Water extension - connect Hustonville at Moreland".

4 Section 77. On page 358, lines 7 and 8 of 2006 Regular Session HB 380/EN,
 5 delete all of line 7 after "005." and delete all of line 8 and insert in lieu thereof "Eubank
 6 Water District - Water Extension in Lincoln County".

7 Section 78. On page 358 of 2006 Regular Session HB 380/EN, delete line 18.

8 Section 79. On page 368 line 16 of 2006 Regular Session HB 380/EN, delete
 9 "150,000" and insert in lieu thereof "360,000".

10 Section 80. On page 368 of 2006 Regular Session HB 380/EN, delete lines 20
 11 through 22, and on line 23 delete "004." and insert ".003" in lieu thereof.

12 Section 81. On page 375 lines 10 and 13 of 2006 Regular Session HB 380/EN,
 13 delete "City of Springfield" in both places and in lieu thereof insert "Springfield Water
 14 and Sewer Commission".

15 Section 82. On page 382, line 9 of 2006 Regular Session HB 380/EN, delete
 16 "Building" and insert in lieu thereof "lighting and landscaping".

17 Section 83. On page 391, line 4 of 2006 Regular Session HB 380/EN, insert
 18 "Fancy Farm" before "Sidewalk", and on line 5, delete "and Soccer Park Development."

19 Section 84. On page 391, line 6 of 2006 Regular Session HB 380/EN, delete
 20 "300,000" and insert in lieu thereof "150,000" and after line 6, insert the following:

21 "005.Graves County Fiscal Court - Fairgrounds

22 Soccer Park Development

23 General Fund 150,000 -0-

24 and on line 7, delete "005." and insert in lieu thereof "006."

25 Section 85. On page 391, line 25 of 2006 Regular Session HB 380/EN, delete
 26 "City of".

27 Section 86. On page 401, line 14 of 2006 Regular Session HB 380/EN, delete

1 "City of" and insert in lieu thereof "Mason County Fiscal Court -".

2 Section 87. On page 402, line 1 of 2006 Regular Session HB 380/EN, delete
3 "Underground Railroad Museum" and insert in lieu thereof "Elijah Green Memorial".

4 Section 88. On page 411, line 25 of 2006 Regular Session HB 380/EN, after
5 "Cleanup" insert "and Footbridge Design and Construction".

6 ~~[Section 89. On page 412 after line 8 of 2006 Regular Session HB 380/EN, insert~~
7 ~~"Fiscal Year 2005 2006 Funding", and delete line 9 and insert in lieu thereof the~~
8 following:

9 "General Fund _____ 500,000 _____ 0 _____ 0"
10 ".](Veto #4)

11 Section 90. On page 412 of 2006 Regular Session HB 380/EN, delete line 12 and
12 insert in lieu thereof "Expenses Associated with the 225th Anniversary Celebration of
13 Jack Jouett's Historic Ride, Land Acquisition, Renovation, Design, Construction and
14 Operating Expenses".

15 Section 91. The \$25,000,000 Budget Reserve Trust Fund amount on page 422, line
16 13 of 2006 Regular Session HB 380/EN shall be adjusted~~[by the Legislative Research~~
17 ~~Commission]~~ (Veto #5) to take into account legislation enacted subsequent to the passage
18 of 2006 Regular Session HB 380/EN.

19 Section 92. On page 555 of 2006 Regular Session HB 380/EN, after line 22, insert
20 the following:

21 b. An amount up to \$800,000 shall be allowed as a necessary government
22 expense for use allowance, operating allowance, or furnishings if the Pendleton County
23 Courthouse is completed during the biennium.

24 Section 93. The Reviser of Statutes shall have the authority to make appropriate
25 changes or addenda to the Conference Budget Report for 2006 Regular Session House
26 Bill 380/FCCR, which is made a part of 2006 Regular Session House Joint Resolution 93
27 by Section 5 of that Act, to reflect any funds transfers, alterations, or amendments to the

1 provisions of 2006 Regular Session House Bill 380 in this Act.

2 Section 94. The following KRS section is repealed:

3 138.500 Payment of excise tax under protest -- Actions to recover tax paid - Refund.

4 Section 95. Whereas Sections 14 to 93 of this Act amend 2006 Regular Session
5 HB 380/EN, which takes effect upon passage and approval by the Governor or upon
6 otherwise becoming law, an emergency is declared to exist, and Sections 14 to 93 of this
7 Act take effect upon passage and approval by the Governor or upon otherwise becoming
8 law.



Legislative Branch

- House Bill 381

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Legislative Branch

	<u>Revised FY 2006</u>	<u>Requested FY 2007</u>	<u>Requested FY 2008</u>	<u>Enacted FY 2007</u>	<u>Enacted FY 2008</u>
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	41,370,500	46,788,800	50,182,200	46,788,800	50,182,200
Continuing Appropriation	11,869,100	6,828,400	5,299,600	6,828,400	5,299,600
Total General Fund	53,239,600	53,617,200	55,481,800	53,617,200	55,481,800
Restricted Funds					
Balance Forward	1,157,400			892,800	892,800
Current Receipts		69,600	191,000	69,600	191,000
Total Restricted Funds	1,157,400	69,600	191,000	962,400	1,083,800
TOTAL SOURCE OF FUNDS	54,397,000	53,686,800	55,672,800	54,579,600	56,565,600
EXPENDITURES BY CLASS					
Personnel Cost	36,385,300	37,711,000	41,268,100	37,711,000	41,268,100
Operating Expenses	9,667,800	8,174,200	8,765,300	8,556,200	8,292,200
Capital Outlay	622,700	2,120,000	290,000	2,120,000	812,900
TOTAL EXPENDITURES	46,675,800	48,005,200	50,323,400	48,387,200	50,373,200
EXPENDITURES BY FUND SOURCE					
General Fund	46,411,200	47,935,600	50,132,400	48,317,600	50,182,200
Restricted Funds	264,600	69,600	191,000	69,600	191,000
TOTAL EXPENDITURES	46,675,800	48,005,200	50,323,400	48,387,200	50,373,200

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GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

HOUSE BILL NO. 381

TUESDAY, MARCH 7, 2006

The following bill was reported to the Senate from the House and ordered to be printed.

RECEIVED AND FILED
DATE April 22, 2006
7:26 pm

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY Hankie Addison

AN ACT making appropriations for the operations, maintenance, and support of the Legislative Branch of the Commonwealth of Kentucky.

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

PART I

OPERATING BUDGET

Funds Appropriations: Funds are appropriated to the Legislative Research Commission for the Legislative Branch of Government out of the General Fund and Restricted Funds accounts for the fiscal year beginning July 1, 2006, and ending June 30, 2007, and for the fiscal year beginning July 1, 2007, and ending June 30, 2008, in the following discrete sums, or so much thereof as may be necessary. Each appropriation is made by the source of respective fund or funds accounts to be used for the purposes of the Legislative Branch of government of the Commonwealth of Kentucky.

	2006-07	2007-08
1. General Assembly		
General Fund	15,033,200	16,986,000
Restricted Funds	69,600	191,000
Total	15,102,800	17,177,000

Legislators Retirement and Compensation: The above General Fund appropriation to the General Assembly includes funds for the Legislators Retirement Plan in each fiscal year and provides for the continuation of the annual cost-of-living adjustment authorized for the 2004-2006 biennium. Notwithstanding KRS 6.190 and 6.213, the daily compensation provided by KRS 6.190 and the interim expense allowance provided by KRS 6.213 for members of the General Assembly shall be as authorized for the 2004-2006 biennium and shall continue as adjusted on January 1, 2007, and January 1, 2008, by the all urban consumer price index (CPI-U) not to exceed the cost-of-living adjustment provided state employees in the state/executive branch budget but not less than zero percent per annum.

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Judicial Branch

- House Bill 382

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Judicial Branch

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Enacted FY 2007	Enacted FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	227,210,500	278,727,100	300,047,400	244,588,600	279,376,500
Special Appropriation	565,000	565,000	565,000		
Continuing Appropriation	8,539,500	6,411,600	4,351,600	6,411,600	4,351,600
Salary Compensation Fund	4,838,400	4,838,400	4,838,400		
Total General Fund	241,153,400	290,542,100	309,802,400	251,000,200	283,728,100
Restricted Funds					
Balance Forward	17,414,500	13,678,800	6,979,900	13,678,800	6,979,900
Current Receipts	11,797,700	11,852,100	11,875,600	14,152,100	14,175,600
Non-Revenue Receipts	2,929,600	929,600	929,600	929,600	929,600
Total Restricted Funds	32,141,800	26,460,500	19,785,100	28,760,500	22,085,100
Federal Funds					
Balance Forward	61,800				
Current Receipts	2,974,900	1,769,900	1,431,500	1,769,900	1,431,500
Total Federal Funds	3,036,700	1,769,900	1,431,500	1,769,900	1,431,500
TOTAL SOURCE OF FUNDS	276,331,900	318,772,500	331,019,000	281,530,600	307,244,700
EXPENDITURES BY CLASS					
Personnel Cost	170,446,000	196,662,100	211,219,800	170,682,700	186,432,300
Operating Expenses	84,433,700	105,595,000	118,476,000	95,292,100	113,389,600
Capital Outlay	1,361,800	5,183,900	879,300	1,724,300	4,478,900
TOTAL EXPENDITURES	256,241,500	307,441,000	330,575,100	267,699,100	304,300,800
EXPENDITURES BY FUND SOURCE					
General Fund	234,741,800	286,190,500	309,358,500	244,148,600	280,784,200
Restricted Funds	18,463,000	19,480,600	19,785,100	21,780,600	22,085,100
Federal Funds	3,036,700	1,769,900	1,431,500	1,769,900	1,431,500
TOTAL EXPENDITURES	256,241,500	307,441,000	330,575,100	267,699,100	304,300,800

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COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

ERNIE FLETCHER
GOVERNOR

700 CAPITOL AVENUE
SUITE 100
FRANKFORT, KY 40601
(502) 564-2611
FAX: (502) 564-2517

RECEIVED AND FILED

DATE April 24, 2006
9:17 pm

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adkins

VETO MESSAGE FROM THE
GOVERNOR OF THE COMMONWEALTH OF KENTUCKY

House Bill 382 of the 2006 Regular Session – Partial Veto #1

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 4, line 4, after the word “to” delete “14”.

A veto of this part is necessary as the facilities department of the Administrative Office of the Courts should be free to implement the design and alteration of the Fayette County Courthouses as it determines to be in the best interest of the public.

House Bill 382 of the 2006 Regular Session – Partial Veto #2

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 6, lines 9 through 13, in their entirety.

A veto of this part is necessary as it is inconsistent with Part III, Section 1, of House Bill 382.

House Bill 382 of the 2006 Regular Session – Partial Veto #3

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 7, line 20, after the word “Judge” delete “, elected after January 1, 2007,”.



A veto of this part is necessary to ensure that judges on the election ballot in November of 2006 cannot retire early and return to work at the commencement of the new term in January 2007, and receive both retirement benefits and salaried compensation.

House Bill 382 of the 2006 Regular Session – Partial Veto #4

I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following parts:

Page 8, line 9, after “KS 23A.040”, delete “, effective July 15, 2006,”.

Page 9, line 13, after “KS 23A.045”, delete “, effective July 15, 2006,”.

Page 9, line 26, after “KS 23A.050”, delete “, effective July 15,”.

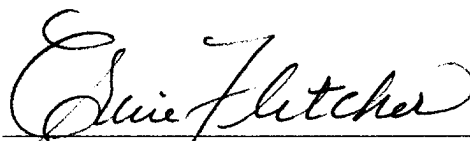
Page 11, line 20, after “2007”, delete “, and an election to fill each new judgeship shall be placed on”.

Page 11, lines 21 through 25 in their entirety.

Page 11, line 26, delete “file a valid petition for nomination shall be placed on the ballot”.

A veto of these parts is necessary as they are inconsistent with the language regarding the effective dates of the new judgeships created by House Bill 382. Furthermore, the language of Part V, section 6, is at odds with the requirements of the Kentucky Constitution.

Done this 24th day of April, 2006.


Ernie Fletcher, Governor



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

HOUSE BILL NO. 382

AS ENACTED AND VETOED IN PART

WEDNESDAY, APRIL 12, 2006 - AS ENACTED

MONDAY, APRIL 24, 2006 - VETOED IN PART

Informational Copy

RECEIVED AND FILED
DATE April 28, 2006
9:43 a.m.

TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY Janice Addison

AN ACT making appropriations for the operations, maintenance, support, and functioning of the Judicial Branch of the government of the Commonwealth of Kentucky and its various officers, boards, commissions, subdivisions, and other state-supported activities.

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

PART I

OPERATING BUDGET

1
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(1) Funds Appropriations: There is appropriated out of the General Fund, Restricted Funds accounts, and Federal Funds accounts for the fiscal year beginning July 1, 2006, and ending June 30, 2007, and for the fiscal year beginning July 1, 2007, and ending June 30, 2008, the following sums to be used for the purposes of the Judicial Branch of the government of the Commonwealth of Kentucky, including the Supreme Court, Court of Appeals, Circuit Court, Family Court, District Court, the Administrative Office of the Courts, Judicial Retirement, Local Facilities Fund, Local Facilities Use Allowance Contingency Fund, and for services performed by the circuit clerks' offices, including both Circuit and District Court support.

1. Court of Justice

a. Court operations and administration

	2006-07	2007-08
General Fund	180,542,400	193,575,400
Restricted Funds	21,780,600	22,085,100
Federal Funds	1,769,900	1,431,500
TOTAL	204,092,900	217,092,000

(1) Salary Adjustments: Funds are included to provide a salary adjustment in fiscal years 2006-2007 and 2007-2008 for non elected court personnel. Included are funds to provide for a salary adjustment in fiscal years 2006-2007 and 2007-2008 for the justices and judges. Also included are funds for the salaries of the circuit clerks in fiscal

1 years 2006-2007 and 2007-2008.

2 Notwithstanding KS 18A.355(1), in fiscal year 2006-2007 and in fiscal year 2007-
3 2008 a salary adjustment amounting to an annualized value on the base salary or wages of
4 each eligible full-time and part-time employee on their anniversary date is provided. The
5 amount of the salary adjustment is determined by each eligible employee's annual base
6 salary or wages on their anniversary date, and the following table reflects the annualized
7 values of the salary adjustment for fiscal year 2006-2007 and fiscal year 2007-2008.

8 Annual Base Salary or Wages	2006-07	2007-08
9 \$0 to \$30,000.00	\$1,350	\$1,350
10 \$30,000.01 to \$50,000.00	\$1,200	\$1,200
11 \$50,000.01 to \$60,000.00	\$1,000	\$1,000
12 \$60,000.01 to \$80,000.00	\$600	\$600
13 \$80,000.01 and above	\$400	\$400

14 Commencing with an eligible employee's anniversary date, the salary adjustment
15 shall be added to the eligible employee's base salary or wages and shall be disbursed by
16 payroll period in a one-twenty-fourth installment for the duration of the employment. The
17 Chief Justice of the Supreme Court shall determine the pro rata amount of the salary
18 adjustment to be provided to part-time employees. The salary adjustment shall be a part
19 of the salary or wage base of the employee.

20 **(2) Circuit Court Judgeships:** Included in the above General Fund appropriation
21 is funding in fiscal year 2006-2007 and fiscal year 2007-2008 to support eight Circuit
22 Court judgeships authorized by the 2005 General Assembly and additional Circuit Court
23 judgeships in the Fourth Judicial Circuit, the Ninth Judicial Circuit, the Fourteenth
24 Judicial Circuit, the Thirty-ninth Judicial Circuit, the Forty-ninth Judicial Circuit, the
25 Fifty-fourth Judicial Circuit, and the Fifty-seventh Judicial Circuit.

26 **(3) District Court Judgeships:** Included in the above General Fund
27 appropriation is funding in fiscal year 2006-2007 and fiscal year 2007-2008 for additional

1 District Court judgeships in the Eighth Judicial District and the Twenty-fifth Judicial
2 District.

3 **(4) Drug Court Sites:** Included in the above General Fund appropriation is
4 \$1,300,000 in fiscal year 2006-2007 and \$1,725,000 in fiscal year 2007-2008 to replace
5 Federal Funds for existing Drug Court sites whose funding expires during the 2006-2008
6 fiscal biennium. The above General Fund appropriation includes \$980,000 in fiscal year
7 2007-2008 to expand eight existing Drug Court sites. Also included in the above General
8 Fund appropriation is \$4,770,000 in fiscal year 2007-2008 for 20 new Drug Court sites.

9 **(5) Deputy Clerk Salary Improvement:** Included in the above General Fund
10 appropriation is \$1,213,900 in fiscal year 2006-2007 and \$1,274,500 in fiscal year 2007-
11 2008 to support a deputy clerk salary enhancement initiative in the circuit clerks' offices.
12 These amounts include an increase in the minimum entry level and a minimum across-
13 the-board increase for those deputy clerks whose salaries are less than \$40,000.

14 **(6) Maximum Salary of Trial Commissioners:** Notwithstanding KS
15 24A.100(3), funds are included in the above General Fund appropriation to continue the
16 statutory maximum salary of trial commissioners as provided for in the Judicial Branch
17 Budget Recommendation.

18 **b. Local Facilities Fund**

19		2006-07	2007-08
20	General Fund	60,798,700	82,545,900

21 **(1) Local Court Facility Compensation:** Included in the above appropriation is
22 money to compensate local units of government for providing court space and for costs
23 incurred in the development of local court facilities as defined in KS Chapter 26A and
24 provided in Part II of this Act, and to perform all other acts required or authorized by KS
25 Chapter 26A.

26 **(2) Funds Carry Forward:** Notwithstanding KS 45.229, any unexpended
27 balance remaining at the close of fiscal year 2005-2006 shall not lapse and shall continue

1 into fiscal year 2006-2007, and any unexpended balance remaining at the close of fiscal
 2 year 2006-2007 shall not lapse and shall be continued into fiscal year 2007-2008.

3 **(3) Fayette County Courthouses:** Included in the above General Fund
 4 appropriation is \$300,000 in fiscal year 2006-2007 for improvements to~~[-14]~~ *(Veto #1)*
 5 client interview areas in the Fayette County Courthouses.

6 **(4) Fayette County Courthouses Use Allowance:** The use allowance for the
 7 Fayette County Courthouses is contingent upon Short Street in Lexington, Kentucky,
 8 remaining open to traffic.

9 **c. Local Facilities Use Allowance Contingency Fund**

	2006-07	2007-08
10		
11	General Fund	-0- -0-

12 **(1) Funds Carry Forward:** Notwithstanding KS 45.229, any unexpended
 13 balance remaining at the close of fiscal year 2005-2006 shall not lapse and shall continue
 14 into fiscal year 2006-2007, and any unexpended balance remaining at the close of fiscal
 15 year 2006-2007 shall not lapse and shall be continued into fiscal year 2007-2008 to
 16 provide for cost overruns in authorized court facilities projects not to exceed 15 percent
 17 of the use allowance in accordance with KS Chapter 26A.

TOTAL - COURT OF JUSTICE		
	2006-07	2007-08
18		
19	General Fund	241,341,100 276,121,300
20	Restricted Funds	21,780,600 22,085,100
21	Federal Funds	1,769,900 1,431,500
22	TOTAL	264,891,600 299,637,900
23		

24 **2. Judicial Retirement System**

	2006-07	2007-08
25		
26	General Fund	3,247,500 3,255,200

27 **(1) Judicial Retirement Benefits:** General Fund amounts are included to provide

1 actuarial assessed judicial retirement benefits, pursuant to KS 21.345 to 21.580.

2 **TOTAL - OPERATING BUDGET**

3		2006-07	2007-08
4	General Fund	244,588,600	279,376,500
5	Restricted Funds	21,780,600	22,085,100
6	Federal Funds	1,769,900	1,431,500
7	TOTAL	268,139,100	302,893,100

8 **PART II**

9 **CAPITAL PROJECTS BUDGET**

10 **1. Lease Authorizations**

- 11 a. Franklin County - Lease - Office Space
- 12 b. Franklin County - Lease - Court of Appeals
- 13 c. Jefferson County - Courts Parking Lease

14 **2. Local Facilities Projects - Authorized:** Nothing in this Act shall reduce the
 15 funding of court facility projects authorized by the General Assembly.

16 **3. Local Facilities Use Allowance Contingency Fund:** For any court facility project
 17 which is occupied and use allowance funding is insufficient, the use allowance
 18 payments shall be approved from the Local Facilities Use Allowance Contingency
 19 Fund. If funds are not available in the Local Facilities Use Allowance Contingency
 20 Fund, the use allowance payments shall be deemed a necessary governmental
 21 expense (General Fund Surplus Account, KS 48.700).

22 **TOTAL - JUDICIAL BRANCH BUDGET**

23		2006-07	2007-08
24	General Fund	244,588,600	279,376,500
25	Restricted Funds	21,780,600	22,085,100
26	Federal Funds	1,769,900	1,431,500
27	TOTAL	268,139,100	302,893,100

1 **PART III**

2 **GENERAL PROVISIONS**

3 **1. Expenditure Authority:** The Director of the Administrative Office of the
4 Courts, with the approval of the Chief Justice, may expend any of the funds appropriated
5 for the court operation and administration in any lawful manner and for any legal purpose
6 that the Chief Justice shall authorize or direct. No executive agency of state government
7 shall have the power to restrict or limit the expenditure of funds appropriated to the
8 Judicial Branch of government.

9 ~~**2. Permissible Obligations Against General Fund Appropriations:** The Court
10 of Justice shall not incur any obligation for any program against the General Fund
11 appropriations contained in this Act unless that program may be reasonably determined to
12 have been contemplated by the proposed judicial budget, as modified and enacted, and
13 supported by the statutory budget memorandum and other pertinent records.] (Veto #2)~~

14 **3. Severability of Budget Provisions:** Appropriation items and sums in this Act
15 conform to KS 48.311. If any section, any subsection, or any provisions thereof shall be
16 invalid or unconstitutional, the decision of the courts shall not affect or impair any of the
17 remaining sections, subsections, or provisions.

18 **4. Duplicate Appropriations:** Any appropriation item and sum in this Act and
19 in an appropriation provision in another Act of the 2006 General Assembly which
20 constitutes a duplicate appropriation shall be governed by KS 48.312.

21 **5. Priority of Individual Appropriations:** KS 48.313 shall control when a total
22 or subtotal figure in this Act conflicts with the sum of the appropriations of which it
23 consists.

24 **6. Carry Forward of Restricted and Federal Funds:** Notwithstanding KS
25 45.229, any unexpended balance remaining in the Court's Restricted Funds accounts or
26 Federal Funds accounts at the close of the fiscal years ending June 30, 2006, and June 30,
27 2007, shall not lapse and shall continue into the next fiscal year.

1 **7. Final Budget Document:** The Chief Justice shall cause the Director of the
2 Administrative Office of the Courts to prepare a final budget document reflecting the
3 2006-2008 biennial budget of the Court of Justice. A copy shall be provided to the
4 Legislative Research Commission and an informational copy shall be furnished to the
5 Finance and Administration Cabinet within 60 days of the adjournment of the 2006
6 Regular Session of the General Assembly.

7 **8. Transferability of Funds:** The Chief Justice of the Commonwealth of
8 Kentucky shall have the ability to transfer funds to other programs and budget units
9 within the Judicial Branch. Any funds transferred to other budget units within the Judicial
10 Branch may be used to support any activity, program, or operation of the budget unit or
11 program receiving the respective funds.

12 **9. Appropriations Revisions:** Proposed revisions to Restricted Funds and
13 Federal Funds appropriations in this Act shall be made and reported pursuant to KS
14 48.630(10). The Director of the Administrative Office of the Courts shall notify on a
15 timely basis the Legislative Research Commission of the most current estimates of
16 anticipated receipts for the affected fiscal year and an accompanying statement which
17 explains such variations from the anticipated amount.

18 **10. Judicial Retirement:** To achieve consistency with the Kentucky Court of
19 Justice Personnel Policy Section 6.03(2), with respect to non elected employees, the
20 compensation payable to any Justice or Judge ~~[, elected after January 1, 2007]~~, (*Veto #3*)
21 receiving retirement benefits from the Judicial Retirement Plan on account of prior
22 judicial service shall be fixed at an amount whereby his or her total salary and retirement
23 benefits shall not exceed the salary fixed for the judicial office held.

24 **11. General Fund Expenditure Reductions through Efficiencies:** The Chief
25 Justice shall reduce General Fund expenditures appropriated in this Act by \$2,500,000 in
26 fiscal year 2006-2007 and by \$2,500,000 in fiscal year 2007-2008 by reducing waste,
27 fraud, and abuse, and by creating additional savings through increased efficiencies.

PART IV

BUDGET REDUCTION OR SURPLUS EXPENDITURE PLAN

The Judicial Branch shall participate in any Budget Reduction Plan or Surplus Expenditure Plan in accordance with the provisions of KS Chapter 48.

PART V

JUDICIAL DISTRICTS AND CIRCUITS

Notwithstanding KRS 48.310, the following statutes are amended to read as follows and shall have permanent effect, subject to future actions by the General Assembly:

Section 1. KRS 23A.040~~[, effective July 15, 2006,]~~ (*Veto #4*) is amended to read as follows:

The following judicial circuits are entitled to two (2) judges and shall have two (2) numbered divisions of the Circuit Court:

(1) **Fourth Judicial Circuit.**

~~(2)~~ Fifth Judicial Circuit.

~~(3)~~~~(2)~~ Sixth Judicial Circuit.

~~(4)~~~~(3)~~ Tenth Judicial Circuit.

~~(5)~~~~(4)~~ Eleventh Judicial Circuit.

~~(6)~~~~(5)~~ Twelfth Judicial Circuit.

~~(7)~~~~(6)~~ Thirteenth Judicial Circuit.

~~[(7) Fourteenth Judicial Circuit.]~~

(8) Eighteenth Judicial Circuit.

(9) Twentieth Judicial Circuit.

(10) Twenty-first Judicial Circuit.

(11) Twenty-fourth Judicial Circuit.

(12) Thirty-second Judicial Circuit.

(13) Thirty-fourth Judicial Circuit.

(14) Thirty-seventh Judicial Circuit.

- 1 (15) Thirty-eighth Judicial Circuit.
- 2 (16) **Thirty-ninth Judicial Circuit.**
- 3 ~~(17)~~ Forty-first Judicial Circuit.
- 4 ~~(18)~~~~(17)~~ Forty-second Judicial Circuit.
- 5 ~~(19)~~~~(18)~~ Forty-third Judicial Circuit.
- 6 ~~(20)~~~~(19)~~ Forty-sixth Judicial Circuit.
- 7 **(21) Forty-ninth Judicial Circuit.**
- 8 ~~(22)~~~~(20)~~ Fiftieth Judicial Circuit.
- 9 ~~(23)~~~~(21)~~ Fifty-first Judicial Circuit.
- 10 ~~(24)~~~~(22)~~ Fifty-third Judicial Circuit.
- 11 ~~[(23) Fifty-fourth Judicial Circuit.]~~
- 12 ~~(25)~~~~(24)~~ Fifty-fifth Judicial Circuit.
- 13 **(26) Fifty-seventh Judicial Circuit.**

14 Section 2. KRS 23A.045~~[-effective July 15, 2006,] (Veto #4)~~ is amended to read
 15 as follows:

16 The following judicial circuits are entitled to three (3) Circuit Judges and shall have three
 17 (3) numbered divisions of the Circuit Court:

- 18 (1) Second Judicial Circuit.
- 19 (2) Third Judicial Circuit.
- 20 (3) **Fourteenth**~~[Ninth]~~ Judicial Circuit.
- 21 (4) Seventeenth Judicial Circuit.
- 22 (5) Twenty-seventh Judicial Circuit.
- 23 (6) Twenty-eighth Judicial Circuit.
- 24 (7) Thirty-first Judicial Circuit.
- 25 (8) Thirty-fifth Judicial Circuit.
- 26 (9) Forty-eighth Judicial Circuit.
- 27 **(10) Fifty-fourth Judicial Circuit.**

1 Section 3. KRS 23A.050~~[, effective July 15,]~~ (*Veto #4*) is amended to read as
2 follows:

3 The following judicial circuits are entitled to four (4) judges and shall have four (4)
4 numbered divisions of the Circuit Court:

- 5 (1) Eighth Judicial Circuit.
- 6 (2) **Ninth Judicial Circuit.**
- 7 ~~(3)~~ Sixteenth Judicial Circuit.
- 8 ~~(4)~~~~(3)~~ Twenty-fifth Judicial Circuit.

9 Section 4. KRS 24A.050, effective January 1, 2007, is amended to read as follows:

10 The following judicial districts are entitled to two (2) District Judges and shall have two
11 (2) numbered divisions of the District Court:

- 12 (1) Second Judicial District.
- 13 (2) Third Judicial District.
- 14 (3) Fourth Judicial District.
- 15 ~~(4)~~~~Eighth Judicial District.~~
- 16 ~~(5)~~ Ninth Judicial District.
- 17 ~~(5)~~~~(6)~~ Eleventh Judicial District.
- 18 ~~(6)~~~~(7)~~ Twelfth Judicial District.
- 19 ~~(7)~~~~(8)~~ Thirteenth Judicial District.
- 20 ~~(8)~~~~(9)~~ Fourteenth Judicial District.
- 21 ~~(9)~~~~(10)~~ Fifteenth Judicial District.
- 22 ~~(10)~~~~(11)~~ Seventeenth Judicial District.
- 23 ~~(11)~~~~(12)~~ Twenty-first Judicial District.
- 24 ~~(12)~~~~(13)~~ Twenty-fourth Judicial District.
- 25 ~~(13)~~~~(14)~~ ~~Twenty-fifth Judicial District.~~
- 26 ~~(15)~~ Twenty-seventh Judicial District.
- 27 ~~(14)~~~~(16)~~ Twenty-eighth Judicial District.

1 ~~(15)~~~~(17)~~ Thirty-first Judicial District.

2 ~~(16)~~~~(18)~~ Thirty-second Judicial District.

3 ~~(17)~~~~(19)~~ Thirty-fourth Judicial District.

4 ~~(18)~~~~(20)~~ Thirty-fifth Judicial District.

5 ~~(19)~~~~(21)~~ Thirty-eighth Judicial District.

6 ~~(20)~~~~(22)~~ Fortieth Judicial District.

7 ~~(21)~~~~(23)~~ Forty-first Judicial District.

8 ~~(22)~~~~(24)~~ Forty-sixth Judicial District.

9 ~~(23)~~~~(25)~~ Forty-eighth Judicial District.

10 ~~(24)~~~~(26)~~ Fifty-first Judicial District.

11 ~~(25)~~~~(27)~~ Fifty-third Judicial District.

12 ~~(26)~~~~(28)~~ Fifty-fourth Judicial District.

13 ~~(27)~~~~(29)~~ Fifty-fifth Judicial District.

14 ~~(28)~~~~(30)~~ Fifty-sixth Judicial District.

15 Section 5. KRS 24A.060, effective January 1, 2007, is amended to read as follows:

16 **The following judicial districts are entitled to three (3) District Judges and shall have**

17 **three (3) numbered divisions of the District Court:**

18 **(1) Sixth Judicial District.**

19 **(2) Eighth Judicial District.**

20 **(3) Twenty-fifth Judicial District**~~[The Sixth Judicial District is entitled to three (3)~~

21 ~~District Judges and shall have three (3) numbered divisions of the District Court].~~

22 Section 6. The new judgeships created by Sections 1 to 5 of this Part shall become
 23 effective January 1, 2007~~], and an election to fill each new judgeship shall be placed on~~
 24 ~~the ballot for the general election held in November, 2006. Notwithstanding KRS~~
 25 ~~118A.060(2), a candidate for a judgeship created by Sections 1 to 5 of this Part may file a~~
 26 ~~petition for nomination during the time period beginning on the effective date of this Act~~
 27 ~~and ending at 4 p.m. local time at the place of filing on August 8, 2006. KRS Chapter~~

- 1 ~~118A notwithstanding, all candidates for a judgeship created by Sections 1 to 5 of this~~
- 2 ~~Part who file a valid petition for nomination shall be placed on the ballot]. (Veto #4)~~

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Debt Financing

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DEBT FINANCING

2006-2008 Budget of the Commonwealth

The 2006 Kentucky General Assembly enacted \$2,010,528,000 in new debt-financed projects.

Structure

The Commonwealth's indebtedness is classified as either appropriation supported or non-appropriation supported debt.

Appropriation supported debt carries the name of the Commonwealth and is either (i) a general obligation of the state, or (ii) a project revenue obligation of one of its debt-issuing agencies created by the Kentucky General Assembly to finance various projects which is subject to state appropriation for all or a portion of the debt service on the bonds.

General obligation bonds pledge the full faith, credit and taxing power of the Commonwealth for the repayment of debt. The Kentucky Constitution requires voter approval by general referendum prior to the issuance of general obligation bonds in amounts exceeding \$500,000. Kentucky has not issued general obligation bonds since 1966. The Commonwealth has no general obligation bonds outstanding.

Project revenue notes and bonds are issued by various debt issuing authorities of the Commonwealth. The revenues produced by the projects funded by the debt are pledged as security for repayment of the debt. Project revenues are not a direct obligation of the Commonwealth. Project revenues are, in some cases, derived partially or solely from biennial appropriations of the General Assembly. In other cases, the direct revenues generated from the project funded constitute the entire source of payment.

Moral obligation debt carries the name of the Commonwealth for the benefit and convenience of other agencies or municipal corporations within the state. This type of indebtedness is a special obligation of the issuer, secured and payable solely from the sources pledged for the payment thereof and does not constitute a debt, liability, obligation or a pledge of the faith and credit of the Commonwealth. The General Assembly does not intend to appropriate any General Funds to fulfill the financial obligations represented by these types of indebtedness. In the event of a shortfall, the issuer covenants to request from the Governor and the General Assembly sufficient amounts to pay debt service.

**APPROPRIATION SUPPORTED DEBT SERVICE
AS A PERCENT OF TOTAL REVENUE (%)**

Fiscal Year	Percent of Total Revenue	Fiscal Year	Percent of Total Revenue
1985	5.91	1997	5.61
1986	5.82	1998	5.27
1987	5.01	1999	5.05
1988	5.41	2000	5.90
1989	5.40	2001	5.58
1990	5.24	2002	5.18
1991	5.14	2003	5.70
1992	6.18	2004	5.44
1993	5.99	2005	4.85
1994	5.90	2006	6.29*
1995	5.70	2007	5.92*
1996	5.62	2008	6.79*

*Estimated. Assumes all appropriated debt is issued by June 30, 2008.

The above analysis for fiscal years 2006 through 2008 is premised on the following assumptions:

- Fiscal years 2006-2008 General Fund and Road Fund revenues are based on the enacted Revenue Estimates.
- Agency Fund revenues are based on actual fiscal year 2005 revenue from the Supplementary Information to the fiscal year 2005 Comprehensive Annual Financial Report with no implied growth rate for fiscal year 2007 and fiscal year 2008.
- All remaining appropriated but unissued debt was assumed issued by June 30, 2006, at the template rates except for School Facilities Construction Commission debt that is appropriated at a lower level and except for the Kentucky Asset Liability Commission's 2005 Second Series General Fund Bond Anticipation Notes.
- Two percent (2%) Cost of Issuance. Where actual debt service is unknown, required debt service is estimated from amortization schedules using the debt service template rates.

DEBT APPROPRIATED BY RECENT SESSIONS OF THE GENERAL ASSEMBLY

<u>Biennium</u>	<u>Principal Debt Appropriated</u>	<u>Biennium</u>	<u>Principal Debt Appropriated</u>
1984-86	\$ 535,929,000	1996-98 ¹	\$ 242,182,000
1986-88	494,721,100	1998-00 ²	1,091,928,000
1988-90	364,171,900	2000-02 ³	1,046,927,600
1990-92	1,148,218,400	2002-04 ⁴	828,936,380
1992-94	439,375,100	2004-06 ⁵	1,906,315,300
1994-96	429,575,900	2006-08 ⁶	2,010,528,000

¹ Enacted in the 1996-1998 Budget of the Commonwealth, and the 1997 Second Extraordinary Session of the Kentucky General Assembly.

Excludes \$60,000,000 of Agency Bonds for Kentucky Infrastructure Authority that was unable to be acted on.

² Debt Enacted in the 1998-2000 Budget of the Commonwealth.

\$600,830,000 General Fund; \$268,100,000 Road Fund; and \$96,100,000 Agency Funds. \$201,000,000 was appropriated for the School Facilities Construction Commission, however, debt service was appropriated for only \$108,130,000 in debt. \$126,898,000 was appropriated in the General Fund Surplus Expenditure Plan in fiscal year 1998-99.

³ Debt Enacted in the 2000-2002 Budget of the Commonwealth.

General Fund Appropriation:	\$901,202,600
Road Fund Appropriation:	\$ 28,200,000
Agency Fund Appropriation:	\$117,525,000

The 2000 Session of the Kentucky General Assembly appropriated \$1,053,015,600 of debt. The Secretary of the Finance and Administration Cabinet, through authority granted in the Appropriations Act, determined that \$6,088,000 of debt appropriated projects would be funded with General Fund cash, thereby reducing the appropriated amount to \$1,046,927,600.

⁴ Debt Enacted in the 2002-2004 Budget of the Commonwealth.

General Fund Appropriation:	\$621,936,380
Agency Fund Appropriation:	\$207,000,000

⁵ Debt Enacted in the 2004-2006 Budget of the Commonwealth.

General Fund Appropriation:	\$1,204,589,300
Road Fund Appropriation:	\$ 450,000,000
Agency Fund Appropriation:	\$ 251,726,000

The 2005 Session of the Kentucky General Assembly also appropriated \$150,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Federal Highway Funds received by the Transportation Cabinet.

⁶ \$2,010,528,000 Debt Enacted in the 2006-2008 Budget of the Commonwealth.

General Fund Appropriation:	\$1,392,991,000
Road Fund Appropriation:	\$ 350,000,000
Agency Fund Appropriation:	\$ 267,537,000

The 2006 Session of the Kentucky General Assembly also appropriated \$290,000,000 of Grant Anticipation Revenue Vehicle (GARVEE) bonds supported by Federal Highway Funds received by the Transportation Cabinet.

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Revenue Estimates

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General Fund
Consensus Forecast for FY 2006 to FY 2008
December 20, 2005

	<u>FY05 Actual</u>	<u>FY06 Estimate</u>	<u>FY07 Estimate</u>	<u>FY08 Estimate</u>
<u>General Fund Revenues (million \$)</u>				
Sales & Use	2,595.0	2,706.6	2,770.6	2,890.1
Individual Income	3,036.2	2,925.5	3,083.5	3,234.6
Corporation Inc & Lic	612.7	928.7	852.0	868.0
Coal Severance	184.4	214.3	217.1	217.8
Cigarette	33.7	181.5	170.9	171.7
Property	472.6	495.7	475.5	500.5
Lottery	161.3	170.0	165.5	170.5
Other	549.2	593.8	606.0	622.5
Total General Fund	7,645.0	8,216.2	8,341.2	8,675.7

Annual Percentage Growth Rates

Sales & Use	6.0	4.3	2.4	4.3
Individual Income	8.6	-3.6	5.4	4.9
Corporation Inc & Lic	43.4	51.6	-8.3	1.9
Coal Severance	25.0	16.2	1.3	0.3
Cigarette	97.1	438.6	-5.8	0.5
Property	5.3	4.9	-4.1	5.3
Lottery	-7.2	5.4	-2.6	3.0
Other	5.8	8.1	2.1	2.7
Total General Fund	9.6	7.5	1.5	4.0

"New" Dollars (million \$)

Sales & Use	147.4	111.6	64.0	119.5
Individual Income	239.9	-110.7	158.0	151.1
Corporation Inc & Lic	185.3	316.0	-76.7	16.0
Coal Severance	36.9	29.9	2.8	0.7
Cigarette	16.6	147.8	-10.6	0.8
Property	23.8	23.1	-20.2	25.0
Lottery	-12.5	8.7	-4.5	5.0
Other	30.0	44.6	12.2	16.5
Total General Fund	667.4	571.2	125.0	334.5

**General Fund Detailed Report
Consensus Forecast Group
December 20, 2005**

Source	Actual 2003-04	Actual 2004-05	Estimate 2005-06	Estimate 2006-07	Estimate 2007-08
<u>Selected Sales and Gross Receipts Taxes</u>					
Sales & Use	2,447,584,698	2,594,966,373	2,706,600,000	2,770,600,000	2,890,100,000
Cigarette Excise Tax	17,136,198	15,684,892	14,900,000	15,000,000	15,100,000
Cigarette Surtax	0	9,281,988	154,600,000	155,900,000	156,600,000
Cigarette Floor Stock Tax	0	8,701,966	12,100,000	0	0
Distilled Spirits Case Sales	87,662	92,178	100,000	100,000	100,000
Insurance Tax Foreign Companies	36,735,325	35,280,814	33,900,000	32,500,000	31,300,000
Insurance Tax Companies Other Than Life	79,870,778	84,051,975	87,900,000	92,500,000	97,300,000
Insurance Tax Fire Prevention Fund	3,917,852	4,077,303	4,200,000	4,400,000	4,600,000
Pari-Mutuel	3,629,292	4,710,111	5,500,000	5,300,000	5,100,000
Race Track Admission	232,350	195,068	200,000	200,000	200,000
Beer Consumption	6,320,886	6,387,318	6,800,000	6,800,000	6,900,000
Distilled Spirits Consumption	8,985,826	9,190,089	10,000,000	10,200,000	10,400,000
Wine Consumption	2,005,265	2,279,162	2,300,000	2,500,000	2,600,000
Beer Wholesale	37,439,919	37,815,717	47,600,000	49,200,000	50,600,000
Distilled Spirits Wholesale	16,957,192	18,150,313	22,500,000	23,900,000	24,800,000
Wine Wholesale	7,306,985	7,835,853	9,600,000	10,500,000	11,100,000
Other Tobacco Products	0	0	6,000,000	6,000,000	6,000,000
Telecom Excise Tax	0	0	11,400,000	28,500,000	29,800,000
Telecom Gross Receipts Tax	0	0	18,800,000	30,800,000	31,700,000
TOTAL SELECTED SALES AND GROSS RECEIPTS TAXES	2,688,210,228	2,838,701,120	3,155,000,000	3,244,900,000	3,374,300,000
<u>License and Privilege Taxes</u>					
Coal Severance Tax	147,498,230	184,436,935	214,300,000	217,100,000	217,800,000
Mineral Severance Tax	13,711,874	13,494,541	17,000,000	16,000,000	15,000,000
Natural Gas Severance Tax	22,511,188	25,307,125	27,000,000	26,000,000	25,000,000
Oil Production	3,387,884	4,710,832	6,500,000	5,500,000	5,500,000
Corporate License	124,096,012	134,149,794	62,800,000	0	0
Cigarette License	104,200	99,872	100,000	100,000	100,000
Amusement Machine License	30,027	0	0	0	0
Race Track License	335,625	324,642	300,000	400,000	400,000
Marijuana and Controlled Substance Tax	79,300	79,414	0	0	0
Bank Franchise Tax	55,467,195	63,837,587	64,800,000	66,000,000	70,000,000
Corporation Organization	143,805	613,048	200,000	200,000	200,000
Cir. Ct. Clk. - Driver License Receipts	523,979	522,904	500,000	500,000	500,000
Sand and Gravel License	9,475	9,475	0	0	0
Relicensure Fees (Driver's License)	0	0	0	0	0
Alcoholic Beverage License Suspension	223,700	237,101	200,000	200,000	200,000
Convention Center Caterer License	0	0	0	0	0
TOTAL LICENSE AND PRIVILEGE TAXES	368,122,494	427,823,270	393,700,000	332,000,000	334,700,000
<u>Income Taxes</u>					
Corporation Income Tax	303,262,821	478,504,505	865,900,000	852,000,000	868,000,000
Individual Income Tax	2,796,331,049	3,036,230,706	2,925,500,000	3,083,500,000	3,234,600,000
TOTAL INCOME TAXES	3,099,593,870	3,514,735,211	3,791,400,000	3,935,500,000	4,102,600,000
<u>Property Taxes</u>					
General - Real	192,534,530	202,182,555	214,700,000	227,800,000	241,900,000
General - Tangible Personal	59,515,398	61,518,515	66,500,000	70,500,000	74,600,000
General - Intangible Personal	27,547,183	26,912,813	28,800,000	0	0
General - Motor Vehicle	91,499,330	94,214,906	99,900,000	105,000,000	110,200,000
Bank Deposits	467,711	474,098	480,000	480,000	500,000
Distilled Spirits Ad Valorem	375,637	388,612	400,000	360,000	400,000
Marginal Accounts	92,585	118,056	0	0	0
Omitted Property Tax	8,918,539	13,229,604	12,900,000	9,900,000	9,300,000
Delinquent Tax - Prior Year	6,910,687	7,417,243	7,000,000	7,000,000	7,000,000
Apportioned Vehicles	(1,859,523)	4,149,668	4,500,000	4,700,000	5,000,000
Public Service Company	60,178,393	58,787,595	58,000,000	47,500,000	49,500,000
Domestic Life Insurance	71,672	9,375	5,000	5,000	5,000
Retirement Plans	286	325	0	0	0
Building & Loan Assoc. Capital Stock	2,513,083	3,192,911	2,500,000	2,300,000	2,100,000
TOTAL PROPERTY TAXES	448,765,511	472,596,276	495,685,000	475,545,000	500,505,000

**General Fund Detailed Report
Consensus Forecast Group
December 20, 2005**

Source	Actual 2003-04	Actual 2004-05	Estimate 2005-06	Estimate 2006-07	Estimate 2007-08
<u>Inheritance Taxes</u>					
Inheritance Tax	66,083,705	63,174,866	47,000,000	50,000,000	52,000,000
TOTAL INHERITANCE TAXES	66,083,705	63,174,866	47,000,000	50,000,000	52,000,000
<u>Departmental Fees, Sales and Rentals</u>					
Public Service Commission Assessments	5,389,636	13,568,805	11,400,000	11,000,000	11,000,000
Insurance - Retaliatory Taxes & Fees	1,232,900	1,423,076	1,200,000	1,200,000	1,200,000
Sec. of State - Process Agents Fees	1,551,762	814,654	800,000	1,000,000	1,500,000
Circuit Court Clk. - Civil Filing Fee Receipts	9,360,018	10,216,622	10,500,000	11,000,000	11,500,000
Circuit Court Clk. - Bond Filing Fee	535,201	527,591	500,000	500,000	500,000
Circuit Court Clk. - 10% Bond Fee	734,486	774,784	800,000	800,000	800,000
Circuit Court Clk. - Receipts for Services	3,692,478	4,079,403	4,000,000	4,100,000	4,200,000
Strip Mining & Reclamation Fees	1,061,100	958,125	1,000,000	1,200,000	1,200,000
Strip Mining & Reclamation - Fines Coll.	933,135	513,074	1,000,000	800,000	800,000
Master Commissioner Sales	4,000,000	0	0	0	0
Miscellaneous - Pub Advoc; Sec State Fee	3,059,942	3,234,853	3,000,000	3,200,000	3,400,000
TOTAL DEPARTMENT FEES, SALES AND RENTALS	31,550,658	36,110,987	34,200,000	34,800,000	36,100,000
<u>Investment Receipts</u>					
General Depository Investment Income **	3,609	6,079,738	2,000,000	2,000,000	2,000,000
Circuit Court Clk. - Interest Income	1,013,690	871,163	900,000	900,000	900,000
Interest on Investments - Withholding Accts.	6	0	0	0	0
Ky Asset/Liab - TRAN	0	0	6,000,000	6,000,000	6,000,000
TOTAL INVESTMENT RECEIPTS	1,017,305	6,950,901	8,900,000	8,900,000	8,900,000
<u>Miscellaneous Revenue</u>					
Lottery	173,800,000	161,252,000	170,000,000	165,500,000	170,500,000
Legal Process - Clk. Supreme Court	\$122,917	124,737	200,000	200,000	200,000
Legal Process - Clk. Court of Appeals	10,582	90,407	100,000	100,000	100,000
Dept. of Rev. Legal Process Taxes - Co. Clk.	3,433,858	3,244,167	3,700,000	3,600,000	3,500,000
Dept. of Rev. Penalty & Int. of Co. Officials	(28,970)	4,236	0	0	0
Legal Process - Attorney General's Office	0	0	0	0	0
Judgment Fees for Delinquent Taxes	0	0	0	0	0
TVA - In Lieu of Taxes - State Portion	8,146,924	8,559,023	8,300,000	8,700,000	9,200,000
F.H.A. - In Lieu of Taxes	44,751	49,372	0	0	0
R.E.C.C. and R.T.C.C. In Lieu of Taxes	310	300	0	0	0
Business Development - In Lieu of Taxes	0	0	0	0	0
Abandoned Property	32,607,826	50,904,812	33,400,000	8,000,000	8,000,000
Circuit Court Clk. - Fish & Wildlife Fines	89,911	76,418	100,000	100,000	100,000
Cir. Ct. Clk. - Criminal/Traffic Fines & Costs	48,029,954	44,206,674	46,100,000	47,500,000	49,000,000
Circuit Court Clk. - Bond Forfeitures	1,447,243	1,781,927	1,800,000	1,900,000	2,000,000
Fines Dept Insurance	620,619	944,765	700,000	700,000	700,000
NREP-Haz. Material & Waste - Fines & Pen.	0	0	0	0	0
Workplace & Employment Stds, Fees, Fines	1,184,493	1,284,827	1,400,000	1,500,000	1,600,000
Sale of NOx Credits	11,836,125	3,696,675	2,800,000	0	0
Unclassified Receipts	2,015	0	0	0	0
Other Fines & Unhonored Checks	2,338,414	787,256	2,000,000	2,000,000	2,000,000
TOTAL MISCELLANEOUS REVENUE	283,686,972	277,007,596	270,600,000	239,800,000	246,900,000
MISC. NOT IN REVENUE ESTIMATES	10,592,457	7,946,407	8,000,000	8,000,000	8,000,000
NET NEW ENFORCEMENT REVENUE	0	0	11,725,000	11,725,000	11,725,000
TOTAL GENERAL FUND	6,977,623,200	7,645,046,634	8,216,210,000	8,341,170,000	8,675,730,000

CHANGES TO CONSENSUS REVENUE FORECAST

	<u>Revised FY 2006</u>	<u>Enacted FY 2007</u>	<u>Enacted FY 2008</u>
Continuation of Revenue Measures		7,600,000	7,900,000
Other Resources:			
Lottery Proceeds	20,000,000		
State's Increased Portion of TVA in-lieu of Taxes	1,147,000	1,949,000	1,369,000
Public Service Commission Adjustment		1,624,800	2,006,000
Administrative Offsets of Claims against the Commonwealth (House Bill 380, Part XVI)		0	1,000,000
Electronic Levy for Delinquent Taxes (HB 380, Part XVII)		0	5,600,000
Motor Carrier Property Tax on Apportioned Trucks (House Bill 380, Part XV)		4,550,000	2,500,000
County Clerks - Sales and Use Tax (HB 380, Part XIV)		250,000	500,000
Abandoned Property-Sale of Aged Securities		6,000,000	17,500,000
Abandoned Property-Traveler's Checks		2,400,000	300,000
Economic Development Growth Impact		6,450,000	13,590,000
Department of Revenue-Increased Collections		20,349,500	42,926,400
Small Winery Sales Tax Exemption (SB 82)		(135,800)	(344,000)
Cigarette Excise Tax on Rolling Papers (HB 380, Part XXXIII)		750,000	750,000
Military Family Income Tax Exemption (HB 380, Part XXVIII)		(45,000)	(45,000)
Subtotal-Other Resources	21,147,000	44,142,500	87,652,400
Small Business AMC Relief (House Bill 380, Part XIII)		(1,870,000)	(6,080,000)
Non-Participating Manufacturers Voluntary Assignment (House Bill 380, Part XIX)*		35,000,000	20,000,000
Total Changes to Consensus Revenue Forecast	21,147,000	84,872,500	109,472,400

* Appropriated to the Budget Reserve Trust Fund when received.

Road Fund
Consensus Forecast for FY 2006 to FY 2008
December 20, 2005

	FY05 Actual	FY06 Estimate	FY07 Estimate	FY08 Estimate
<u>Road Fund Revenues (millions \$)</u>				
Motor Fuels	490.8	528.5	563.0	567.2
Motor Vehicle Usage	407.5	401.2	410.3	418.8
Motor Vehicle License	91.9	90.2	92.2	94.1
Motor Vehicle Operators	5.9	16.6	17.4	17.7
Weight Distance	83.1	85.4	87.4	90.5
Investment	5.5	3.8	9.0	7.5
Other	41.8	44.0	43.8	43.8
Total Road Fund	1,126.5	1,169.7	1,223.1	1,239.6

Annual Percentage Growth Rates

Motor Fuels	6.7	7.7	6.5	0.7
Motor Vehicle Usage	-5.1	-1.5	2.3	2.1
Motor Vehicle License	-1.6	-1.8	2.2	2.1
Motor Vehicle Operators	4.9	181.4	4.8	1.7
Weight Distance	4.4	2.8	2.3	3.5
Investment	-26.4	-30.9	136.8	-16.7
Other	1.0	5.3	-0.5	0.0
Total Road Fund	0.9	3.8	4.6	1.3

"New" Dollars (million \$)

Motor Fuels	na	37.7	34.5	4.2
Motor Vehicle Usage	na	-6.3	9.1	8.5
Motor Vehicle License	na	-1.7	2.0	1.9
Motor Vehicle Operators	na	10.7	0.8	0.3
Weight Distance	na	2.3	2.0	3.1
Investment	na	-1.7	5.2	-1.5
Other	na	2.2	-0.2	0.0
Total Road Fund	na	43.2	53.4	16.5

**Road Fund Detailed Report
Consensus Forecast FY 2006-08
December 20, 2005**

	FY 2005 Actual	FY 2006 Estimated	FY 2007 Estimated	FY 2008 Estimated
<u>Sales and Gross Receipts Taxes</u>				
Motor Fuels Normal and Normal Use	490,369,979	528,000,000	562,500,000	566,700,000
Motor Vehicle Usage	373,034,898	366,700,000	375,700,000	384,100,000
Motor Vehicle Rental Usage	34,436,432	34,500,000	34,600,000	34,700,000
Truck Trip Permits	445,085	500,000	500,000	500,000
Sales and Use	10	0	0	0
Usage Tax on Buses	54,022	0	0	0
Supplemental Fuel Surtax	0	0	0	0
Usage Tax on Historical Vehicles	0	0	0	0
TOTAL SALES AND GROSS RECEIPTS TAX	898,340,426	929,700,000	973,300,000	986,000,000
<u>License and Privilege Taxes</u>				
Drive Away Utility Trailer Permits	6,195	6,200	6,200	6,200
Amateur Radio Plate	9,411	9,000	9,000	9,000
Passenger Car License	21,104,001	21,200,000	21,200,000	22,550,000
Truck License - State Share	24,737,956	24,900,000	25,000,000	25,500,000
Motorcycle License	453,010	460,000	460,000	460,000
Motorcycle License-Program GA19	360,525	0	0	0
Dealers License	280,369	290,000	290,000	290,000
Transfer License	610,849	620,000	630,000	650,000
Trailer License	1,488,229	1,500,000	1,550,000	1,700,000
County Clerk Penalty	72,462	75,000	75,000	75,000
Bus License - Except City	29,227	30,000	30,000	30,000
Bus Certificates and Permits	3,700	4,000	4,000	4,000
Taxi License	28,683	29,000	29,000	29,000
Truck Permits	86,388	90,000	91,000	92,000
Contract Taxicab Permit	58,665	60,000	61,000	62,000
Motor Vehicle Operator's License	3,659,269	14,200,000	14,800,000	14,900,000
Motor Vehicle Operator's License-Program GA19	282,415	0	0	0
Highway Special Permits	6,345,747	6,450,000	6,600,000	6,700,000
U-Drive-It Permits	10,570	11,000	11,000	11,000
U-Drive-Licenses	1,579,814	1,600,000	1,610,000	1,650,000
Junk Yard License	3,347	3,500	3,500	3,500
Historic Vehicle License	227,600	230,000	230,000	230,000
Operator's License-Driver Education	605,339	710,000	810,000	910,000
Truck Proportional Registration	37,615,362	37,000,000	38,000,000	40,000,000
Operator's License - Photography Program	1,352,224	1,700,000	1,800,000	1,900,000
Industrial Hauling Permits	2,960	3,000	3,000	3,000
General Assembly License Plates	2,057	2,000	2,000	2,000
Pearl Harbor Survivor Plates	228	150	150	150
Collegiate Plates	694,663	700,000	750,000	780,000
Personalized License Plates	1,044,442	1,100,000	1,100,000	1,100,000
Army Reserve Plates	408,608	490,000	510,000	530,000
Purple Heart Plates	31,445	31,000	31,000	33,000
Judicial License Plates	840	750	750	750
Civil Air Patrol Plates	1,001	1,000	1,000	1,000
National Guard License Plates	7,283	7,500	7,500	7,500
Civic Event Plates	658	750	750	750
Street Rod Plates	1,853	1,900	1,900	1,900
Fraternal Order of Police Plates	251,010	255,000	255,000	265,000
Environmental License Plate	1,318,970	1,400,000	1,400,000	1,500,000
Dealer Demonstrator Tags	6,132	6,200	6,200	6,200
Volunteer Fireman License Tags	63,291	65,000	65,000	65,000
P.O.W. License Plates	161	130	130	130
Motor Carrier Identification Cards	5,483,789	5,500,000	5,600,000	5,700,000
Weight Distance Tax	83,069,295	85,400,000	87,400,000	90,500,000
DES License Plates	8,389	8,400	8,400	8,400
Child Victims License Plates	150,350	150,000	150,000	160,000
Masonic License Plates	42,771	40,000	40,000	40,000
Horse Council Plates	580,336	590,000	590,000	600,000
Temporary Tags	482,122	480,000	490,000	490,000
Nonreciprocal Permits	261,130	260,000	260,000	260,000
Overweight Coal Truck Permit	1,041,912	1,000,000	1,100,000	1,300,000
Temporary Truck Decal Permits	46,566	50,000	50,000	50,000
TOTAL LICENSE AND PRIVILEGE TAX	196,013,619	208,720,480	213,072,480	221,116,480

Road Fund Detailed Report
Consensus Forecast FY 2006-08
December 20, 2005

	FY 2005 Actual	FY 2006 Estimated	FY 2007 Estimated	FY 2008 Estimated
<u>Departmental Fees, Sales and Rentals</u>				
Proposal Sales	44,740	45,000	45,000	45,000
Specification and Blue Print Sales	415,406	420,000	420,000	420,000
Miscellaneous Rentals	511,353	520,000	520,000	520,000
MVL Computer Services	550,275	550,000	550,000	550,000
Fines and Forfeitures	2,616	2,700	2,700	2,700
Traffic Offenders School Fees	1,326,645	1,400,000	1,400,000	1,500,000
Record Copy Sales	65,378	67,000	67,000	67,000
Highway Sign Logo Rental	518,451	520,000	540,000	560,000
Driving History Record Fee	5,189,654	5,300,000	5,300,000	5,400,000
Operator's License Reinstatement Fees	1,181,513	1,200,000	1,200,000	1,300,000
Operator's License Name Sales	0	0	0	0
Penalty & Interest - Weight and Use Taxes	1,870,513	1,900,000	2,000,000	2,000,000
Medical Alert Stickers	151	175	175	175
Motor Vehicle Title Receipts	4,776,144	4,900,000	5,000,000	5,100,000
Proceeds from Asset Disposition	1,529,897	1,600,000	1,600,000	1,800,000
Coal Road Recovery Fines	2,751	3,000	3,000	3,000
U-Drive-It Penalty and Interest	26,900	30,000	30,000	30,000
TOTAL DEPARTMENT FEES, SALES AND RENTALS	18,012,387	18,457,875	18,677,875	19,297,875
<u>Toll Facility Income</u>				
Audubon Parkway	1,471,424	1,500,000	1,500,000	900,000
Green River Parkway	4,826,064	4,900,000	5,000,000	1,800,000
Daniel Boone Parkway	1,521	0	0	0
Cumberland Parkway	40	0	0	0
TOTAL TOLL FACILITY INCOME	6,299,049	6,400,000	6,500,000	2,700,000
<u>Investment Income</u>				
Investment Income	5,524,646	3,800,000	9,000,000	7,500,000
TOTAL INVESTMENT INCOME	5,524,646	3,800,000	9,000,000	7,500,000
<u>Miscellaneous Income</u>				
Property Damage	524,547	550,000	550,000	550,000
Highway Loss Claims	0	0	0	0
Highway Miscellaneous Receipts	0	0	0	0
Cold Check Account	0	0	0	0
Motor Carrier - Misc.	0	0	0	0
Gain on Disposition of Investment	0	0	0	0
Other State Grants	0	0	0	0
Mass Transit - Local Grants	0	0	0	0
Off-Systems Local Grants	0	0	0	0
Toll Credit Card Receipts	71,420	75,000	75,000	0
Tax Clearing Account	0	0	0	0
Higher Education Equine Fund	0	0	0	0
Coal Severance	0	0	0	0
Legal Processs - County Court Clerk	0	0	0	0
Inheritance and Estate Tax	0	0	0	0
Individual Income Tax	0	0	0	0
TOTAL MISCELLANEOUS INCOME	595,967	625,000	625,000	550,000
MISC. NOT IN REVENUE ESTIMATES	1,768,308	2,000,000	1,950,000	2,450,000
TOTAL ROAD FUND REVENUE	1,126,554,402	1,169,703,355	1,223,125,355	1,239,614,355

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Other

- **State of the Commonwealth 2006**
January 9, 2006
- **2006 State Budget Address**
January 17, 2006

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State of the Commonwealth 2006

Governor Ernie Fletcher
Monday, January 09, 2006
07:00 PM

First Lady, Lieutenant Governor Pence, President Williams and Speaker Richards, Constitutional Officers, Legislators, Justices and my fellow Kentuckians...

I am here tonight to report on the state of Kentucky to the legislature and to the people of our Commonwealth.

I can tell you that the people of Kentucky are more productive, more competitive, more connected, better educated, and better off economically, than when we met together just one year ago.

We've made exceptional progress over the last two years.

It only worked because we did it together. Democrats, Republicans, Independents...we put those labels aside and identified ourselves with a term far more important...we were Kentuckians first.

And, as Kentuckians we accomplished remarkable things.

Since January 2004, more than 65,000 new jobs have been added in the Commonwealth.

We turned a projected billion-dollar deficit into a \$214 million surplus without raising taxes.

We overhauled our antiquated tax system. We increased funding for elementary and secondary education.

We improved healthcare, initiated one of the largest road building programs in our history, started an expansion of the Internet across the Commonwealth, ramped up our war on drugs and cleaned up long-suffering parts of our environment.

Just this fiscal year, we reduced Medicaid costs by \$250 million without reducing services.

We branded the "Unbridled Spirit" of our state and have improved the perception of our Commonwealth.

And with Senator Borders and Representative Adkins, we opened the Big Sandy facility, our newest and most efficient correction facility.

We did all of this while making our state government far more efficient.

And we did it together, as Kentuckians.

Let me thank all of our state workers. Without their hard work none of this would have been possible.

Tonight, we'll talk about how to do that again...how to continue the remarkable gains we have made in just two years.

I'd like to honor Representative Jim Bruce. We are proud of your leadership, your work and your tenure, the longest of any legislator.

There are so many individuals in this audience who helped make the last session a success. I thank you all.

Tonight I would like to bring special recognition to the men and women of the Kentucky National Guard.

With us tonight in the gallery is Specialist Jason Mike.

He and two other members were awarded the Silver Star for demonstrating exemplary courage under fire, during an ambush in Iraq.

We salute you, Jason and the entire guard for your service to our nation and to our state.

I'd like to introduce another hero: Kentucky State Police Captain Bill Sullivan.

Captain Sullivan recently received the Governor's Medal of Valor for his courage in a hostage standoff near Burkesville.

In spite of being fired upon, Captain Sullivan, risking his own life, broke through a door and pulled a hostage to safety.

Captain, tonight we honor you and all of our State Troopers.

Many members of the Kentucky National Guard, State Police, Fish and Wildlife, Vehicle Enforcement and other organizations rushed to the aid of our neighbors in the Gulf Coast. Tonight we thank all of you for your service and dedication.

I also want to thank the individual Kentuckians who, on their own, journeyed to help in Mississippi and Louisiana.

Following those tragedies, many evacuees came to Kentucky. One I spoke with in Murray, said Kentuckians not only provided food and shelter as many had done, but we also gave them dignity.

Some who lost their homes came to stay. The Frank family -- Fred, Jodi and their three children settled in Mt. Sterling.

Fred, a proud veteran of Operation Iraqi Freedom, is here tonight. He and Jodi found jobs, and their children found new friends at new schools.

Now they are proud Kentuckians.

And we are proud that the Franks and many people like them found Kentucky a good and safe place to live, work and raise a family.

Fred, welcome to Kentucky.

Tonight, let us remember Dr. Thomas D. Clark. When he entered the annals of Kentucky history in June, our Commonwealth lost one of its wisest and most ardent supporters.

He wrote, "The history of Kentucky has ever been one of contrast and change. It may at times have been frustrating and self-defeating in nature. At other times it may have had its glorious and satisfying moments, but it has never been dull."

Let me assure you, for me, the last two years of Kentucky politics have been anything but dull.

Not all of us align philosophically or politically, yet the successes we saw the last time this body met were accomplished because we worked together.

And I thank you, members and leadership of the Senate and the House, for working together in 2005.

We did what many considered impossible. You and I overhauled Kentucky's tax structure. We raised the cigarette tax and reduced smoking. We corrected a projected billion dollar deficit without tax hikes.

Working together we accomplished monumental changes for Kentucky.

Since January 2004, companies have invested more than \$5 billion in new or expanded manufacturing here in Kentucky.

We are creating a more business friendly environment by working with, and not against business, and we are adopting bold strategies to attract creative talent and high-paying jobs to our state.

We are recognizing that economic development opportunities exist in many forms.

For example, we have succeeded in attracting the World Equestrian Games to Kentucky in 2010. It's the first time in history, that this event will be held outside of Europe, bringing half a million visitors to Kentucky.

Not only will the games bring \$100 million in economic impact, it gives us the chance to showcase Kentucky to millions of people across the world.

I hope you will support this endeavor.

Our tax modernization has reduced the taxes on hard working Kentuckians, ending the income tax burden on almost 500,000 of our most needy family members.

We reduced the corporate tax rate nearly 30 percent, eliminated the corporate license tax and closed tax loopholes on companies that sent their profits outside of Kentucky.

Our tax plan, JOBS for Kentucky, is working. This plan helped us get the construction of a new bio-diesel plant, Toyota to build hybrid cars here, and Fidelity Investments to add nearly 1,500 professional service jobs.

General Fund revenues have expanded without a break for 23 consecutive months. This is easily the longest, continuous expansion since at least 1995. Again, without raising taxes.

Kentuckians deserve a government that runs efficiently.

Last week we announced savings of \$120 million this fiscal year alone.

We put 90 million additional dollars in the Budget Reserve "Rainy Day" Trust Fund.

Our bond rating is solid and it is crucial that it remain so.

We have made some tough decisions, but we have made government better. Our parks are better managed. Our regulatory agencies are faster and more responsive. Our technology is getting better.

The surplus is there because our state workers are working harder, smarter and more productively, so we can live within our means.

The Read to Achieve Program is working and under the leadership of the First Lady, we will continue to see gains in the literacy rates of our children.

I would like to recognize my wife and her work on behalf of Kentuckians young and old.

Thank you, Glenna for being with me, every step of the way.

The First Lady is a champion for health initiatives and we've made several advancements in the quality of health care.

We now test newborns for 28 metabolic diseases instead of just three.

Let me again thank you for passing this legislation unanimously.

Dr. Charlton Mabry, a pediatrician from the University of Kentucky, has joined us tonight.

He championed this effort for years and now has seen the result of his work.

On Dec 9th, just five days after new screening began; a metabolic disorder was detected in a Harrison County newborn.

That little boy would have had a 25 percent risk of dying from SIDS had he not been screened. Lives are being saved. Dr. Mabry, thank you.

This session I will call for legislation to benchmark our newborn screening to national standards so that Kentucky will never fall behind again.

And with the work of Senator Katy Stine and Representative Jimmie Lee, we implemented laws to do more to protect our senior citizens from abuse and neglect.

Connect Kentucky is moving forward in its goal to extend broadband access across the state.

Kentucky is leading the nation in broadband growth. In just one year, broadband availability has increased by 28 percent, now covering nearly 3 million Kentuckians.

A broadband connection is a conduit of opportunity. It brings instruction into Kentucky's classrooms, connects entrepreneurs to global markets and allows people to work in their homes.

Valerie Davis is with us tonight. Valerie's multiple sclerosis often makes the 35-mile commute to her job in Paducah difficult

Through Connect Kentucky, Valerie can work from home on her most difficult days. She has called her broadband connection the biggest Christmas present she ever received.

Through our program "No Child Left Offline" we are providing computers to children who would not otherwise have them.

Let me thank the Department of Corrections for refurbishing state surplus computers and for training inmates to be certified Microsoft technicians. I also want recognize the Appalachian Regional Commission, Microsoft, Lexmark, and Computer Associates for their contributions to this program.

Last year we passed legislation, with the leadership of Lieutenant Governor Pence, Senator Stivers and Representative Lindsay, to strengthen our fight against the scourge of methamphetamine.

Since the bill was enacted we have seen an initial 70 percent drop in the number of meth labs reported in Kentucky. That's outstanding.

We are broadening the treatment of chemical dependency with proven programs and expanding drug testing.

My Recovery Kentucky initiative to build drug treatment centers is moving forward. Today I announced that three more centers will soon be built.

Today we also launched our Ten Year Plan to reduce or end Chronic Homelessness. With us tonight is Philip Mangano, the Director of the National Interagency Council on Homelessness, who has helped revive the national effort. Please welcome him.

With grants through the Office of Drug Control Policy we have also expanded proven programs of instruction in schools that will reduce drug use and enhance school performance.

We are improving Kentucky's record on how we treat our environment.

Recent agreements with sewer districts in Northern Kentucky and Louisville, will...over the next several years...keep up to 5 billion gallons of untreated sewage out of our streams and rivers.

Now, I want to speak to the men and women who bravely deliver valuable energy to America.

Our thoughts and prayers are with the families and friends of the coal miners who lost their lives in West Virginia.

At the personal invitation of Governor Joe Manchin, we will be working with West Virginia to learn everything we can from this tragedy.

With our increased efforts and tough enforcement of the law, we have had the lowest active mine fatalities for the last two years in the history of Kentucky.

But we must not think that such an accident couldn't happen here. We must continue to strengthen our diligence.

We are improving how we remove minerals from our land and the working conditions of the Kentuckians who do this difficult and dangerous work.

We have also decreased the number of black water spills in Kentucky.

We have made it tougher to violate coal truck weight limits.

Compliance is now at 95 percent, and the percentage of overweight coal trucks has dropped from 71 to 3.8 percent. We have seen a reduction in associated fatalities. Again, we are saving lives.

Last week we announced funding for the Kentucky Coal Academy to equip today's miners and the next generation with the skills needed to work safely in an industry that is becoming more technologically advanced.

And, in the process, we are implementing an historic energy strategy to maintain our low energy costs while using Kentucky's natural resources responsibly.

The landscape of Kentucky's farms has changed forever because of the tobacco buy-out. With the help of Kentucky's agricultural leaders and investments from the Agricultural Development Fund, we are preparing to diversify to ensure success in the post-tobacco era.

Our farmers have a head start toward this goal in the era without price supports and quotas, because of that investment and leadership.

Because of your work, Kentucky was the only state to provide a Phase II payment up front to our farmers this past year.

Kentucky is the Horse Capital of the World and I intend to keep it that way by continuing to ensure that this industry-and the basis for our state brand-remains healthy.

The Kentucky Horse Racing Authority has restored integrity by working to ensure fair fields, healthy horses, and improved safety for jockeys, through new race day drug rules.

Through the work of Senator Thayer, we created an incentive program to encourage breeding of horses in Kentucky, the epicenter of the horse industry.

These are some of the remarkable accomplishments we've made together that are beginning to provide a solid foundation for Kentucky's future.

Now it's time to look ahead to what we can do this session.

For too many years, Kentucky has been ranked too low in areas important for long-term economic growth.

We are consistently in the bottom ten states in students who receive high school diplomas, college graduates and per capita income. It is time to change decades of this pattern.

We must set definable goals and strive to achieve them.

Tonight, I want to establish new goals for Kentucky.

Let us move Kentucky from 44th in the percentage of our adult population who have high school diplomas to 25th or higher by 2025.

Move Kentucky from 42nd to 20th in attracting high-tech jobs by 2020.

Move Kentucky from 45th to 25th or higher in per capita income by 2025.

We cannot accomplish these goals if we don't increase our job opportunities and if we don't get healthier and control our health care costs.

Tonight, I am proposing two broad initiatives.

The first is "Get Competitive Kentucky," a series of steps to make us more competitive globally and with our southern neighbors.

And basic to getting competitive is improving education.

To improve education we must keep and attract quality educators.

An important factor toward that goal is increasing teacher compensation.

This session, I will propose a plan for raising teachers' salaries this biennium moving us toward the average of our surrounding states without raiding our rainy day fund.

There has been talk of spending this reserve money. This fund should remain at least at its current level, as it is vital to our credit rating.

I will propose an enhanced professional compensation plan that pays teachers more who receive professional development that is directly related to their classroom work and who take voluntary actions to teach subjects where there is a need or to teach at a low-performing school.

We will increase the rigor of our high school curriculum and graduation requirements so that graduates are ready to meet the demands of post secondary education and the 21st century workplace.

We will work with our colleges of education and arts and sciences across the state to ensure that teachers are trained to teach a curriculum that leads to success so that our graduates have both the depth of content knowledge and pedagogical skills.

The quality of a teacher is the most important factor in the classroom to ensure a student's success and tonight I am proud to introduce a teacher who inspires and challenges his students.

Jeffrey Wright is the 2006 Kentucky Teacher of the Year. Coming from a family of educators, Jeff is passionate about what he refers to as a calling, ensuring that every student learns the principles of physics. He exemplifies the type of teacher we want to reward.

Jeff, thank you for an outstanding job.

We will increase funding for preschool. Much of a child's future success depends on those first years. An investment here will give students, who may be at risk of falling behind, renewed hope.

Kentucky was once a leader in educational technology but we have fallen behind. We must catch up to prepare our students for an increasingly technological world.

I will recommend major new investments in technology to ensure we can track in real time student performance, available on the web, and identify a student that needs intervention before it's too late.

I will also recommend ultra-high speed broadband technology to increase our capacity to get instruction into the classroom that would never have been possible before.

Educational achievement and Kentucky's economic future go hand in hand.

One of the fastest growing sectors in the U.S. economy relates to knowledge-based jobs that have their basis in research.

HB 1 established our goals of post-secondary education. They are lofty and worthy.

I laud the University of Kentucky for developing a business plan to be a top 20 research institution by 2020.

The University of Louisville has made great gains in healthcare and other technologies toward becoming a top research institution as well.

Our regional universities are ever improving, increasing enrollment and providing a better education and working in their areas of special expertise to provide Kentucky with the skills we need.

And let me also commend our community technical colleges and vocational schools that are preparing a skilled workforce for good paying jobs. In fact in manufacturing workforce training we are now ranked 3rd in the nation.

But we must work to improve college graduation rates to reach our goals of improving the educational level of Kentuckians and bolstering the economy.

Our Council on Postsecondary Education and President Layzell have stepped up to assume the responsibilities of HB 1, including funding to accomplish the established goals and overseeing tuition rates.

Funding at the level requested to reach those goals will be challenging and we must continue to work to provide the support our institutions need to succeed.

Last year we embarked upon one of the largest capital building plans in the history of the Commonwealth. And we will make significant capital investments in our universities and technical schools this year, as well.

We can expand that effort and get more value for the taxpayer's dollar by repealing a law that is arbitrary and unfair.

I want to give public universities and schools across our state effectively 6 to 12 percent more for each dollar they spend in construction.

We can build more and better schools to prepare for an expanding workforce by repealing prevailing wage.

To compete in the fastest growing sector, I will additionally recommend new investment funds to spur the growth of new companies for example in the niche areas identified by the Life and Bioscience Task Force.

Previous legislative efforts have attracted many talented researchers to Kentucky. And to take that effort to the next level, I recommend that we give a greater incentive to our research faculties to develop new ideas by allowing them to have a greater ownership of their intellectual property.

As we are pursuing these new areas we will not abandon our traditional efforts that have been successful.

In fact we must strengthen our competitiveness.

I will propose to spur job growth by providing tax relief for small businesses to help address the concerns regarding the alternative minimum calculation.

I recommend we give our workers the choice that has led to greater economic prosperity for families in our competitive states.

Nearly half of those companies looking to build new plants won't consider closed union shop states. We must take Kentucky off their "No-Call List."

Tennessee has dramatically outpaced our job growth and per capita income during the last four decades.

If we become an employee choice state, research shows our economy will grow by more than 22,000 jobs in the coming decade. In actual dollars, this means additional personal income of \$1.3 billion.

Some will say per capita income is lower in employee choice states. However, when you figure in cost-of-living -- that is simply not true.

Income levels in employee choice states have increased by 37 percent while ours has increased at only 28 percent over the last decade.

I think Kentuckians deserve that 9 percent pay raise, and that's what I want to give them.

To have a thriving state, our largest city must be growing and prosperous.

Louisville has long needed an arena. Like major cities to the north and south that have outpaced Louisville, a downtown arena has proven pivotal to success.

Today we announced an economic study showing that a new arena will create \$1.1 billion in revenue over the next several decades

We have a plan for success, and I will ask for your support to issue a 75 million dollar bond to help finance this project.

My second initiative for this session is Get Healthy Kentucky.

My set of proposals will augment the current efforts of the First Lady and the Get Healthy Kentucky board to dramatically improve the health of all Kentuckians.

But there is much to do.

Kentucky is one of the seven worst states in: obesity, diabetes and heart disease. And we are dead last in smoking and lung cancer.

It is time to reverse these trends. We must, for the health of Kentuckians and for the health of our budget.

I am setting a goal for the next decade to be better than the national average by reducing obesity and smoking and increasing activity levels.

This session, I will initiate the Governor's Fitness Program to reduce rates of obesity and promote dynamic wellness and physical activity among our children and adults.

As recommended by the Business Forum on Education and the Kentucky Board of Education, I propose adding additional days of school over the next biennium: one for enhanced professional development, two for instruction.

This expanded school year will allow extra time for fitness and health activities. Our proposed ultra high speed technology will provide health and fitness activities within the classroom to benefit both students and teachers.

Our self insured employee health plan and Medicaid reform will include wellness, health assessments, disease management and incentives to encourage healthy lifestyles.

Currently, 500,000 Kentuckians are without health insurance. They get little if any preventive care. Their diseases are diagnosed in later stages, often when it's too late to effectively treat.

Nearly 80 percent of these individuals or family members work, most for small businesses that cannot afford the rising cost of premiums.

I will propose a small business healthcare plan called ICARE that will help businesses employing 25 or less who have been unable to afford their premiums.

This will be neither an insurance pool, nor an open ended entitlement, but a program with predictable cost and effect.

As part of "Get Healthy Kentucky" I will establish a goal of reducing our highway injuries and fatalities.

In 2005, 71 percent of people who died in traffic accidents were not wearing seatbelts. 71 percent.

Folks, it's time for a Primary Seat Belt Law in Kentucky.

A primary seatbelt law can save 62 lives in just the first year. It can also provide 11 million extra dollars each year for road safety, part of which I will commit to guard rails on our most dangerous highways to protect your constituents.

At the same time I will propose that we raise the speed limit to 70 mph on appropriate highways. Studies suggest that this will not negatively impact highway safety.

Along with improving safety on our highways we must strengthen our effort to reduce smoking. Toward this goal there is another opportunity I strongly encourage you to explore.

Kentucky received a bad deal in the Master Settlement Tobacco Agreement, or MSA.

Our past Attorney General settled for less than 50 cents on each dollar Kentuckians pay to support the MSA.

In contrast, New York settled for \$3.65 for each dollar they pay to support the MSA.

That's a great deal...if you live in New York.

But for you, my fellow Kentuckians, that's not fair and it's not smart.

I suggest we take a serious look at improving Kentucky's return on our tobacco sales.

If we got our fair share, Kentucky would get over \$150 million more each year.

And if we got our fair share, we could dedicate more funds to support secondary education, agricultural diversification and our other pressing needs rather than subsidizing governments in other states.

I want to discuss one of Kentucky's more pressing issues that has been debated for several sessions.

Frivolous medical lawsuits drive costs up and drive doctors out of Kentucky. Rural areas have been especially hard-hit, with specialists like obstetricians no longer delivering babies and neurosurgeons moving out of state.

While this crisis inflicts hardship on Kentuckians and raises the cost of health care, court rulings interpreting our constitution have taken the question out of your hands.

Most Kentuckians would be shocked to learn that Kentucky's legislators are currently prohibited from even addressing the issue.

I support a constitutional amendment to let the people decide this issue of medical lawsuit abuse.

With insurance reform, the establishment of independent review panels and reasonable caps, we can reduce the rising cost of health care in Kentucky and improve accessibility.

It is time we pass this important legislation.

I look forward to working with both President Williams and Speaker Richards on this issue.

As I close, let me recognize Kentucky's veterans. You have served to protect our liberty and the freedom that spurs our quality of life in this nation. Please know that this administration is committed to supporting you.

And where does this freedom come from that many have died to protect?

Our founding fathers recognized that we were endowed with this right by our creator.

So I ask, what is wrong with teaching "intelligent design" in our schools. Under KERA, our school districts have that freedom and I encourage them to do so.

This is not a question about faith or religion. It's about self-evident truth.

In closing, I again say thank you for last year's remarkable legislative session. The momentum of progress is with us and it is my hope that this body-this year-will build on those recent accomplishments to secure a bright and prosperous future for Kentucky. I am confident we share that desire.

We will differ on several of the initiatives I've proposed tonight. Don't let those differences divide us, but let us work through our differences and move Kentucky forward.

With your thoughts, help and suggestions, we will increase student achievement, attract more high-tech jobs and raise the per capita income for working Kentuckians.

We will expand our modernization of Medicaid, reduce the burden of health care costs for small business, curb law suit abuse and promote a healthier Kentucky.

We'll continue the great advances we've made together over the past two years.

Only a partnership between both chambers and the administration will continue to grow prosperity for our state, opportunity for its people and hope for future generations of Kentuckians.

Nearly 150 years ago, one of our greatest Presidents delivered his annual message to the U.S. Congress:

"We cannot escape history," said Abraham Lincoln. "We will be remembered in spite of ourselves."

Likewise, what we do this year will enter the annals of Kentucky history.

We are here to move Kentucky forward and I invite every one of you, Democrats, Republicans, Independents; legislators, and all state employees to join with me as we fight the good fight for our families, friends and neighbors.

Let's do it together.

Good night and God bless.

2006 State Budget Address

Governor Ernie Fletcher
Tuesday, January 17, 2006
07:00 PM

First Lady, Lieutenant Governor Pence, President Williams, Speaker Richards, Chief Justice Lambert, Constitutional Officers, Legislators, Justices, distinguished guests and my fellow Kentuckians, it is a privilege to be here this evening for the budget address.

President Williams, I understand your father had surgery today and that you have been by his side. Please know our thoughts and prayers are with you and your family.

Our thoughts and prayers are also with Representative Bruce. He is in the hospital and we regret that he can not be with us tonight.

Let me recognize my budget director and friend who has done an outstanding job, Brad Cowgill.

Let me also thank the budget staff for their tireless work in preparing the budget I present tonight for the seasoned advice they have given me.

Last year I recognized Bill Hintze, our retiring deputy budget director. His shoes were big. John Hicks, you're filling them well. Thank you.

And this year another outstanding individual will be retiring from the budget office, Beth Jurek. Beth, thanks for your 30 years of exemplary service.

And let me thank Representative Jeff Hoover for your courage for sponsoring this bill.

The philosophy which has guided my days and decisions in public life hold that each of us is endowed with a boundless potential . . .for achievement and excellence . . .for happiness and prosperityfor spiritual peace and virtue.

My singular mission is to bring us all to a place where opportunities are larger, newer, and brighter. So that this boundless potential can be fulfilled in the land of Unbridled Sprit.

Opportunities live in a place where government is an instrument sparingly used . . . a place where a promise made is a promise kept . . . a place where every public dollar is made to work for the public interest.

Taking us to that place of opportunity will:

Move Kentucky from 44th to at least 25th in those with high school diplomas by 2025...

Move us from 42nd to 20th in attracting high-tech jobs by 2020...

Move us from 45th to at least 25th in per capita income by 2025.

And bring our health status to at least the national average during the next decade.

Tonight, I lay before you a budget that is efficient, responsible and progressive. It is a path to reach those goals.

The last two years have been distinguished by two landmark achievements. One, comprehensive tax reform, which has been a remarkable stimulant to our economy.

And two, an unprecedented commitment to government efficiency producing record savings and surpluses.

But here, as in other states, the increased cost of healthcare is draining our pension plans, ballooning our Medicaid program, jeopardizing our health insurance program, and even increasing the cost of housing prisoners.

Cost control is our biggest challenge, and health care costs are the root of the problem.

But working together, we can overcome any problem.

When so many said we must raise taxes to meet our needs, we stayed the course and now our state is recovering from a winter of economic stagnation.

We made new taxes unnecessary by stretching every dollar and creating savings.

Our strategy focuses on better technology with fewer people, working harder and smarter.

The expanding economy has been unflagging, meaning our businesses are more profitable and our families' incomes are higher.

But as we look ahead, three areas of government weigh heavily upon us... The Big Three: Medicaid, the state health insurance program and the pension plans.

With the Big Three weighing upon us, I directed our cabinets to save another \$100 million for the general fund this year.

They exceeded that goal. Two weeks ago, I announced that we were returning \$120 million to the General Fund.

And tonight I am announcing that we have increased that figure.

Let us thank the Cabinet Secretaries, staff and all our state workers for returning a total of \$142 million to the General Fund.

And to Secretary Nighbert for saving \$52 million that can now be used for building roads.

These hard earned savings enable us to make significant strides in education and economic development all within our existing revenue sources and without raising taxes.

Our government can live within its means, should live within its means and will live within its means.

At the end of the last fiscal year, I moved \$90 million into the rainy day fund, the maximum allowed by law.

That money is still there. And our credit rating is stabilized, but the bond agencies are still watching us closely.

As much as any time in our recent history, it is imperative that we maintain at least this solid balance in this fund that protects our people from downturns in the economy, natural disasters, and unpredictable epidemics, such as avian flu.

Our people deserve the protection, stability and low cost of government that a good credit rating provides.

Raiding the rainy day fund is not necessary and it's not good government.

As we plan and dream of what can be, it is tempting to make promises that we cannot afford and to promise programs that we cannot fund.

The wise people who sent us here know that it's not what we promise, it's what we deliver....it's not how much we spend, it's the value of what we get for their hard earned money that's important.

When I was a boy, my father taught that I should have to work for my money. He said it would teach me the value of a dollar. I would spend money more carefully if I had to earn it.

Dad was right. As a ten year old, it was hard work delivering the Lexington Leader...but it was rewarding, delivering that that balanced, conservative newspaper.

Every tax dollar we spend is the result of the hard work of those we serve. We are entrusted with a portion of their toil.

The budget I present tonight will make substantial investments in public education.

The budget I present this evening will increase funding for primary and secondary education by \$160 million in '07 and \$357 million in '08, that's a 10.5 percent increase over 2006.

Our goal...greater education opportunities for our students. As Stu Silberman, the superintendent of Fayette County schools, rightly states, "It's about the kids."

Stu is with us tonight and let us say thank you for caring about our students.

So our goal for spending is...."about the kids"...the objective: to increase student achievement.

From the outset, I have focused on the crucial role of the teacher in the crucible of the classroom.

Now, after my remarks regarding intelligent design and education, some may think I also believe that the Earth is flat.

Well, in a way it is, as it has never been before.

Thomas Friedman, a New York Times columnist and the author of the best seller, "The World Is Flat," states that in the 1990s a whole set of technologies and political events converged..."

"It created a global platform that allowed more people to plug and play, collaborate and compete, share knowledge and share work, than anything we have ever seen in the history of the world."

He also said, "...most of our political elite have not realized that the world is flat."

Our children will compete with students in a global economy.

We know that when students and teachers are together in a classroom.... the magic of learning occurs. In Kentucky, that happens only 175 days a year.

In fact, Kentucky has one of the lowest number of classroom days in the nation.

The national average is 180.

And as important, the average number of days global students spend with their teachers is over 193.

Recognizing this competitive disparity, there is a national trend toward increasing school days. Since 1980, many states have done so.

But, in Kentucky, the school calendar hasn't changed since 1962, the year of the Cuban Missile Crisis.

It is time we gave the students and teachers the tools they need to more effectively compete. I propose that we add one professional day to the first year, and two instructional days in the second.

This investment is a win...win. Teachers' salaries are increased, student achievement is improved and the taxpayer gets a good deal.

As we focus on the crucial role of the teacher, we should continue to expand the number of educators with high energy, high skills and high commitment.

A well-targeted teacher compensation system will help us do that.

Therefore, my budget increases teacher compensation in three ways: first, we will lengthen the school calendar, as I have outlined.

Second, we will provide an across the board cost of living increase.

And third, we will put new money into a program of enhanced professional compensation.

This third element will be a program of differentiated compensation, not merit pay.

Merit pay was seen as an unfair, even punitive approach to teacher compensation during the 1980s.

I will add \$20 million to supplement teacher compensation to address critical shortages in certain academic areas, like math and science, to attract teachers to low-performing schools, and to target areas with high growth or high competition across the borders.

As the Prichard Committee has recommended, we want to compensate teachers for certain functions, like teacher coaching and acquisition of skills and knowledge, which are needed to increase student achievement.

The state board of education will receive school district proposals. Guided by a statement of principles they will distribute these funds to enhance teacher compensation statewide.

This total compensation package will provide additional 233 million dollars funding for teachers salaries over the next two years for an increase of 6.5 percent.

In addition to increasing salaries, it is important to continue to provide quality healthcare for our teachers.

Since the first day, I've worked with an outstanding staff toward self insuring state employees and teachers.

We've accomplished that and we are saving money as we maintain an effective health insurance plan that will augment our effort to attract and maintain outstanding educators.

Within the classroom the most malleable and absorbing students are those in their tender years. That's why, what we do in a child's early years, has such lasting impact.

In one of my visits to an inner city school, I reviewed some Brigance scores and realized how fortunate most of us are. Our parents didn't have the disadvantages that many face.

I saw students who could not play the simple games I played with my kids and grandkids. Where's your nose, where's your ear, where's your chin?

If special attention isn't given, those children remain at risk of falling further behind and facing a closed door to life's opportunities.

My budget proposes 23.5 million new dollars for pre-school. That's a 46 percent increase and will fully fund preschool and finally match the KERA mandate.

I propose a matching program for Ready, Set Success that has ushered community resources to prepare each child for school by age six.

Let me recognize the First Lady, Representatives Wuchner, Draud and Fisher for their strong interest in this program which has proven so effective in northern Kentucky.

Tonight, I am also proposing a \$4.3 million investment in training our secondary students to be placed in high-demand, high-need careers. The result... 2,700 students will be better prepared for a technical career and higher paying jobs.

Higher education does equal higher return: for our citizens, for our society, and for our economy.

Our last budget made significant investments in higher education. In fact we ranked 10th nationally for funding increases.

We can be proud that Kentucky's college-going rate now exceeds the national rate.

More people are going to college, and more people are graduating.

Adult education enrollment has increased 144% in just five years.

I would like to introduce Melissa Cheek.

By being a full-time student at Morehead State University's West Liberty campus, she is setting an important example for her three children. Melissa, thank you for being with us tonight.

My budget includes a \$140 million or an 8 percent increase in total funding for postsecondary education over the biennium.

There is \$115 million for operating funds in addition to a significant capital investment program.

It recognizes the council's benchmark funding process.

\$67 million dollars will go directly into the universities' and colleges' budget. While this amount is less than requested by the Council for Postsecondary Education and the institutions, it is affordable and sustainable, and is distributed in a manner that will maximize our return on investment.

Frankly, this is an area where I would like to do more.

A study released this summer concludes that higher education is reasonably affordable for most state students. However, that is not true for all students.

I have increased student scholarships by \$33 million, or 13% over two years and I fully fund the KEES program.

I propose nearly half of my capital budget, \$482 million, go toward postsecondary education. To include completing projects that were begun in the last budget, such as the UK Bed Tower.

Also, we've added more research space at U of L and recommend building a new UK pharmacy building for their top ranked Pharmacy School.

I have recommended projects at our regional universities that will help them meet their goals and growing needs.

I recommend that we continue to strengthen KCTCS and have proposed projects in the north, southeast and west designed to build careers.

Probably the fastest return on investment is to help adults improve their skills and earning power as 50,000 Kentuckians did last year.

So I increased the commitment to adult education by \$4 million over the biennium.

And working with Secretary Fox,...Commissioner Wilhoit and Dr. Layzell are improving the transition from one level of education to the next.

As part of that collaborative effort, tonight I want to announce funding for a very important initiative: the Kentucky Education Network.

This investment will put our entire educational system on a common, high-speed network.

It will connect every school, every university, every school district, adult education centers and all education related agencies of government through the same electronic pipeline, resulting in more collaborative efforts, better information, and ultimately better education for all students.

For students, this will eventually allow us to test, track and intervene when necessary....reduce the time teachers spend grading the required tests....with scores available on the web immediately.

To fund this project, my budget contains \$59 million in new funding...including \$37 million in bonding and \$22 million in general funds.

My family is from eastern Kentucky and I was born in those foothills. Job creation there is more difficult. Infrastructure is challenging, but one thing is clear...many of the poor performing schools unfortunately are there.

And to improve economic development in this region, we must improve education.

With the windfall of Coal Severance tax we can now give the school children better opportunity.

I ask you to look favorably on my proposals. They are targeted and effective at improving student performance and creating opportunity and they leave sufficient funds in your single- county money for other needed projects.

I propose we invest \$5 million from multi-county funds into need-based scholarships.

This will meet the scholarship needs in coal counties, both east and west, and this program, will for the first time provide scholarships for part-time students.

Michael Goble is with us this evening.

He is a first generation college graduate from Floyd County and earned his bachelor's degree from Eastern Kentucky University.

And with a personal recommendation from President Glasser, he is now in his second year of medical school at UK.

This would not have been possible without scholarships and hard work.
Congratulations, Michael.

“Read to Achieve” is working and I propose that we expand the program by \$4 million in coal counties. As the First Lady says, “If you get the reading right the rest will fall into place.”

Tonight, Matt Hardy, a third grader is with us. The First Lady read to his class during one of her many school visits reading to children.

He wrote back, “I enjoyed hearing you read in the art room on Tuesday. Man, when I grow up...I could be the President. Yours truly, Matt Hardy.”

Matt, thanks for being here and for appreciating the importance of reading.

Also, I recommend that money be earmarked to replace the 14 year old computers in coal county classrooms.

For our outstanding national guard, I once again fully fund the National Guard Tuition Assistance Program.

Within the UK business plan, it states that we do not have enough jobs for our graduates. Unfortunately, this is true.

And if we increase our graduation rates without encouraging entrepreneurs and businesses, we will be simply subsidizing education for other states.

We cannot attain our educational goals unless we have a strong growing economy.

To grow our knowledge-based economy, we must expand our applied research. Let me introduce Dr. Daniel Wermeling, a research entrepreneur.

His company, Intranasal Technology, at the University of Kentucky's Coldstream Campus is taking off. Congratulations Dr. Wermeling for staying in Kentucky, improving healthcare and supporting our economy.

We have other research niches...U of L's expertise in transplant medicine, cardiology and cancer research. UK and U of L's work in bio- and nanotechnology is promising for the future.

In this budget, I have provided \$20 million in operational funds and \$20 million in bonding for the high tech construction and investment pool to support new economy initiatives. This will also target small business innovations and bioscience research.

The Department of Commercialization and Innovation will manage our efforts to encourage entrepreneurship and new high-growth ventures and create new opportunities from our intellectual capital.

I am continuing our investment in energy research, which will help us keep commercial energy rates the lowest in the nation, promote clean coal technology for growing energy markets, tap the potential of coal-bed methane and vie for the \$1 billion FutureGen project.

As expected, you will find a request for \$75 million for the Louisville arena. This is important for all of Kentucky.

This project will generate \$1.1 billion over the next two decades...more revenue than it takes to build it.

I was raised a Wildcat fan, but I like the Cardinals too and they need this new arena.

This budget also includes \$35 million for a new arena at the Kentucky Horse Park. This new indoor show ring for the World Equestrian Games will make us a premier equestrian sports destination.

With us tonight is David O'Connor.

David, an Olympic gold medalist, is the president of the U.S. Equestrian Federation and has dreamed of this day, bringing the games to our country.

David, Kentucky is proud to fulfill your dreams!

Let me now thank Secretary Strong and his staff. There is no better economic development team in the country and he will lead our Ryder Cup commission. He is not here tonight, he's out ginning up more business for Kentucky.

In today's business world, to stay competitive one must play in the international arena.

Exports to foreign countries contribute over \$12 billion annually to Kentucky's economy and provide more than 121,000 jobs.

To assist our exporters, we need an office in China's financial center, Shanghai. My budget contains the funding for this office.

To stimulate small business, I have included \$13 million to reduce the alternative minimum calculation for businesses with gross receipts less than \$10 million.

In fact, I will entirely eliminate the AMC for companies with receipts less than \$2 million. This will reduce taxes for 70,000 Kentucky businesses.

To provide more start-up money for small businesses, I propose eliminating the cap on tax credits for qualifying venture capital businesses who invest directly in Kentucky.

I am announcing a minority small business pilot program which will assist minority entrepreneurs and provide micro-loans.

I have also added \$20 million to fund ICARE. This healthcare plan will support businesses with up to 25 employees that have not been able to offer health insurance. It will provide premium assistance from 40 to 60 dollars to help 4,000 small businesses.

As I said in the State of the Commonwealth, nearly half of those companies looking to build new plants, put Kentucky on their "No-Call List."

I recommend we give our workers the choice that has led to greater economic prosperity in our southern competitive states.

I do not make this suggestion lightly. My father was a union steel worker and I support collective bargaining. In fact, I helped it pass for our police and firefighters.

I understand that this may be a difficult issue for some of you, but, we cannot live in the past. Employee Choice would confidently create 22,000 additional new jobs and would produce \$20 million over the next biennium in new revenue without raising taxes.

In fact, if Kentucky had passed this legislation a decade ago, we would have an estimated \$565 million more in this biennium from income taxes alone.

Think what we could be doing with that for education, healthcare and pension programs, in addition to reducing taxes that would even further stimulate our economy.

My budget does not contain the language for Employee Choice, but, it does include the \$20 million awaiting us, if you pass this legislation. With this money I fund one of the two additional instructional days for our students.

I hope you decide to give Kentuckians higher incomes and another day of school.

Part of "Get Competitive Kentucky" is an outstanding System of Safe Highways.

In the past two years, we embarked on near-record-funding for the safety and maintenance of our transportation infrastructure.

In this budget I recommend \$75 million in new highway bonds for counties and cities similar to last year's successful program and \$290 million in GARVEE bonds to help improve our interstate highways.

This budget includes an increase of \$98 million in funding for our existing highway system.

Kentucky has been long known for its outdoor sports. And our Department of Fish and Wildlife and other organizations have done an outstanding job restoring, what has become, the largest Elk herd in the Eastern United States.

To take advantage of this beautiful resource, I recommend taking \$3 million of multi-county coal severance funds to purchase easement rights for several thousand acres and build a viewing area to allow more people to enjoy these amazing animals.

This will become a major tourist destination.

My last budgetary initiative for "Get Competitive Kentucky" is repeal of Prevailing Wage.

Prevailing Wage law results in higher construction costs and fewer building projects including schools.

School buildings and university projects generally comprise a big share of the state's capital construction.

In fact, I propose \$603 million for education projects.....that's 64 percent of all budgeted capital construction.

The budget I submit to you has shown restraint in these projects and conforms to the 6 percent rule which has served us so well.

But we want to get the most out of every dollar.

I believe the time for Prevailing Wage laws has come and gone. It makes every school building more expensive.

Just last year, Pike County school superintendent, Frank Welch found that the Prevailing Wage law was a significant factor, among other issues that drove up the cost of the Belfry High School from \$18 to \$32 million.

Simply passing my budget with this language will result in a savings of nearly \$60 million.

As part of "Get Healthy Kentucky, let me turn to one of the Big Three, Medicaid.

The current Medicaid program must be transformed into a 21st Century health delivery system. We have laid the framework for fundamental change.

Tonight, I am proud to announce that we have received initial federal approval for our comprehensive Medicaid reform, Kentucky Health Choices.

I understand we are one of only three states to have received such approval.

This represents a major milestone as we move to modernize and enhance Medicaid.

With the total cost of Kentucky's Medicaid Program approaching \$5 billion, Kentucky Health Choices will represent the most significant change since Medicaid's inception.

Let me thank Secretary Birdwhistell and a wonderful health care team for their outstanding work. Because of you we have the best Medicaid modernization plan in the nation.

The goal of Kentucky Health Choices is two-fold:

--To stretch resources to appropriately care for Medicaid recipients...

--And to encourage recipients to become healthier by allowing them to play a greater role in their own healthcare decisions.

Additional General Funds for Medicaid Benefits include \$68 million in the current year, almost \$90 million in '07, and \$130 million in '08 to meet the needs of over 700,000 Kentuckians...largely children, elderly and persons with disabilities.

As we modernize Medicaid we have also added over 114 million dollars of federal and state funding for:

Community Living...Alternatives for Children Program...mobile technology for protective services, mental health and mental retardation services, supported living, crisis stabilization support services, public health and services for the elderly.

The last of the Big Three is our pension requirements.

Like most public and private pensions, our retirement systems for teachers and state employees face funding challenges.

The increasing cost of healthcare, the aging of our workforce, the increasing costs of pension benefits, and the variability of investment returns, have all contributed to projected actuarial deficits.

The obligations to those who have served our state is not negotiable and this administration will meet those requirements.

But these challenges did not arise overnight, and we cannot, at the expense of all other priorities and obligations, close the gap in one fell swoop.

My budget includes a significant increase in the employer contribution rate for the Kentucky Employee Retirement System.

I propose a 24 percent increase in the first year and a 10.9 percent increase in the second year. With these increases, we will raise the rate to the highest it has been since 1999.

The primary challenge faced by the Kentucky Teachers Retirement System is the increasing cost of health care.

My budget proposal maintains the health insurance program for retirees, but necessarily relies on financing mechanisms that have been used in the past, but that are unsustainable in the long run. We must address this issue over time.

This funding ensures benefits through the next biennium.

After a successful 2006 transition to a self-funded plan the Commonwealth is now taking full advantage of a single administrator that is statewide with uniform coverage.

This step enables us to better manage the health coverage, delivery and continuity of care for our employees and their families.

Only because we are self-funded are we able to maintain this level of coverage.

Let me commend Lieutenant Governor Pence for his leadership in corrections.

Tax payers are now paying almost 40% less for inmate healthcare without compromising care. That translates to more than 49 million dollars of expected recurring savings.

I recommend funding for an additional 109 probation and parole officers.

My budget includes an additional \$60 million to fund these and the addition expected inmates.

Full funding for Kentucky State Troopers is essential to public safety. At this point, KSP is only funded for 950 troopers, but authorized for 1,070.

The fastest and most cost efficient way to effectively add troopers is to authorize overtime. The 8.5 million additional dollars I recommend for KSP overtime will be equivalent to 50 more troopers protecting our communities.

Before I close, let me say I've learned a great deal these two years as Governor.... about life and about justice. Now, I have a greater appreciation for the rights of every individual.

With that new insight, I want to commend Mr. Ernie Lewis for his work as our Public Advocate and to let all those, who defend those who can't defend themselves, know that I have added an additional 6.2 million dollars for their work.

In closing, let me again recommend, with even more confidence, that we should substitute a cigarette assessment on tobacco companies for the declining payments of the Master Settlement Agreement.

One, it will not risk our future payments. Two; it is not a tax increase. Three, it will provide an additional \$150 million each year that we have been sending to support the governments of other states.

With that additional money I will propose:

\$45 million in small business tax cuts

\$40 million for postsecondary education

\$25 million for public employee and teacher retirement systems

\$19 million for teachers for another instructional day

\$10 million for the agricultural development fund

And additional money for debt service for projects.

In conclusion, I have outlined a budget that is efficient, responsible and progressive.

It is efficient because by good management we have saved the tax payers about \$300 million dollars.

It is responsible because we haven't made promises that we cannot keep.

It preserves the rainy day fund, it keeps our capital expenditures under 6 percent of revenue and it gets the most for every tax dollar.

It is progressive because it brings Medicaid in line with 21st Century medicine, it builds the technological tools for a connected, seamless education, it attracts and retains quality educators, it creates a more business friendly Kentucky, it takes our largest city to a new level and it will take us to a place where opportunities are larger, newer, brighter and more.

It makes us more competitive and healthier.

As you begin your budgetary deliberations, let me again thank you for last year's remarkable legislative session.

Because of that session we are here tonight with a Kentucky that is more prosperous.

Although we espouse many of the same goals, we will have our differences.

Don't let those differences divide us. let us work through our differences, let us forge a partnership between both chambers and the administration to pass a budget that will move Kentucky forward.

We can not leave here without a budget.

My door is always open to you for productive discussions.

If we keep the door of productive communication open, we will leave this session together with a budget that will take us to a place called "opportunity".

Thank you and God Bless.