

# TEAM KENTUCKY™



2022-2024

## BUDGET OF THE COMMONWEALTH

**Andy Beshear**  
GOVERNOR

**John Hicks**  
STATE BUDGET DIRECTOR

### Appropriations and Revenue Bills

***Commonwealth of Kentucky***  
**2022 – 2024**  
**Budget of the Commonwealth**

***Appropriations***  
***and***  
***Revenue Bills***

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# **Executive Branch Appropriations Bills**

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HB 1 – Veto Message

HB 1 – Executive Branch Budget

HB 241 – Veto Message

HB 241 – Transportation Budget

HB 490 – Transportation Appropriation



COMMONWEALTH OF KENTUCKY  
OFFICE OF THE GOVERNOR

Andy Beshear  
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**VETO MESSAGE FROM THE**  
**GOVERNOR OF THE COMMONWEALTH OF KENTUCKY**  
**REGARDING HOUSE BILL 1 OF THE**  
**2022 REGULAR SESSION**

**Salary Increment for Governor, Lieutenant Governor, Secretary of State, Attorney General, Treasurer, Auditor of Public Accounts, Agriculture Commissioner.**

*I, Andy Beshear, 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 2, lines 7 through 12, in their entirety.  
Page 18, lines 19 through 21, in their entirety.  
Page 22, lines 5 through 7, in their entirety.  
Page 24, lines 18 through 20, in their entirety.  
Page 26, lines 25 through 27, in their entirety.  
Page 27, lines 19 through 21, in their entirety.

*I am vetoing these parts because it deviates from the constitutional and statutory construction of how statewide constitutional officers receive annual salary increases.*

**Drinking Water and Wastewater Infrastructure Regional Projects**

*I, Andy Beshear, 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 5, line 13, after "2021." delete the rest of the line.  
Page 5, line 14, in its entirety.  
Page 5, line 15, delete "reallocated unless by express authority of the General Assembly."

*I am vetoing this part because it does not accommodate projects that include cooperative allocations from multiple counties. This was permitted for the \$250 million appropriated in Senate Bill 36 from the 2021 Regular Session. There are needs for regional projects for larger projects like wastewater treatment plants that are located in one county but serve citizens from other counties. This veto does not change the methodology of allocating funds to each county. It allows funds from multiple counties to be used on a project.*

## **Community Development Projects**

*I, Andy Beshear, 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 12, line 4, after “for” delete “construction of”.

*I am vetoing this part because the project request was for the support of its operations, not the support of construction expenses.*

## **Civil Action Representation**

*I, Andy Beshear, 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 21, lines 7 through 17, in their entirety.

*I am vetoing this part because this provision permits the Attorney General to bypass the state’s model procurement code to hire private lawyers for a case. This unprecedented authorization provides no guardrails on how much the rate of payments will be, provides for no competition among qualified law firms, and does not ensure accountability with taxpayer dollars. This provision conflicts with the following statutory purposes and policies of the model procurement code in KRS 45A.010: to provide for increased public confidence in the procedures followed in public procurement; to insure the fair and equitable treatment of all persons who deal with the procurement system of the Commonwealth; to provide increased economy in state procurement activities by fostering effective competition; and to provide safeguards for the maintenance of a procurement system of quality and integrity.*

## **Training Incentive Payments**

*I, Andy Beshear, 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 21, lines 22 through 24, in their entirety.

Page 140, lines 2 through 4, in their entirety.

Page 140, lines 9 through 11, in their entirety.

Page 142, lines 8 through 10, in their entirety.

*I am vetoing these parts because the language provisions contain a technical error. The budgets for these appropriation units contain the funding for a \$300 increase in the training incentive payments for eligible employees.*

## **Payment of Judgments**

*I, Andy Beshear, 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 40, line 3, after “shall” delete “not”.

*I am vetoing this part because it may cause the Commonwealth to violate federal and state court orders; therefore, also violating the separation of powers in the Kentucky Constitution. In the event that a large federal or state court judgment is issued against the Commonwealth, the appropriation would be insufficient; thus, this veto is necessary to ensure that the judgment could be paid.*

### **Kentucky Product Development Initiative**

*I, Andy Beshear, 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 44, line 12, after “percent.” delete the rest of the line.

Page 44, line 13 in its entirety.

Page 44, line 14, delete “authority of the General Assembly.”

*I am vetoing this part because House Bill 745 contains a process for the program to have two rounds of grant awards for the \$100 million in funding allocated across all Kentucky counties and this provision conflicts with that process.*

### **District Administration Expenditure Limitations**

*I, Andy Beshear, 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 51, lines 16 through 22, in their entirety.

*I am vetoing this part because the metrics used in determining the totality of expenditures incorporated into the Legislative Research Commissions’ report on spending for District Administration Support, School Administration Support, or Business Support are flawed. Those categories may include expenditures that are not administrative in nature but are direct support to classrooms and teachers. The report also does not ensure that district reporting of these expenditures are perfectly uniform.*

### **Residential Academic Academies**

*I, Andy Beshear, 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 51, lines 23 through 27, in their entirety.

Page 52, line 1, in its entirety.

*I am vetoing this part because these academies are already fully funded within the respective university budgets as mandated programs, with one of the academies receiving a substantial funding increase. Additional funding for these academies was not included in the institutions’ budget requests. This provision also subtracts SEEK funding from other school districts to help finance students at these academies, including students that were not previously attending public schools.*

### **Workforce Development Program Analysis**

*I, Andy Beshear, 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 60, line 18, after “programs.” delete the rest of the line.

Page 60, line 19, in its entirety.

Page 60, line 20, delete “Kentucky to establish the scope of the study.”

*I am vetoing this part because this is special legislation that specifies a particular entity to receive a contract for services instead of following the model procurement code.*

### **Capitol Annex Building Property**

*I, Andy Beshear, 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 71, line 13, after “Commission,” delete the rest of the line.

Page 71, line 14, in its entirety.

Page 71, line 15, delete “removed shall remain the sole responsibility of the Executive Branch agency that left it”.

*I am vetoing this part because the legislative branch without consultation with the Executive branch, dictated the removal of Executive Branch agencies from the Capitol Annex building, and after the General Assembly refused to provide for the estimated \$2,000,000 in costs for relocating these agencies, it now, through this provision, declares itself the owner of the furniture, fixtures, and property remaining in those spaces yet illegally determines that any remaining financial obligations on that property stay with the Executive Branch, which is no longer the owner of this property.*

### **Children’s Services Contractors**

*I, Andy Beshear, 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 95, lines 1 through 7, in their entirety.

*I am vetoing this part because it would permit the discrimination and persecution of children who are in need of out-of-home care because of their disability, gender identity, sexual orientation, religious beliefs, or many other conditions at a most critical time. This provision conflicts with federal and current state law. It may result in a decrease in available foster placements resulting in the placement of children further away from their home county or in facilities with a level of care that is not appropriate for the child.*

### **Social Service Workers**

*I, Andy Beshear, 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 95, line 10, after “Worker” delete “I”.

Page 95, line 13, after “Service Worker” delete “I”, and after “Social Service Worker” delete “I”.

*I am vetoing this part because there may be instances in the recruitment of additional social service workers that the hiring of Social Service Worker II is warranted. This provision limits the hiring of additional workers to just Social Service Worker I.*

### **Classification and Compensation Report**

*I, Andy Beshear, 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 119, line 15, after “report.” delete the rest of the line.

Page 119, lines 16 through 18, in their entirety.



*I am vetoing this part because even though the Personnel Cabinet will comply with the report and timeline required in this section, the penalty of reducing its budget by \$2,000,000 each month for not reporting on time is disproportionate and extreme. This \$2,000,000 represents approximately 6% of the Cabinet's total annual budget. This provision is also unconstitutional as there is no authority for the legislative branch to reduce Executive Branch agency appropriations when the General Assembly is not in session. If this drastic move were to be implemented, it would force the Personnel Cabinet to make deep cuts to vital services related to human resources, payroll and health insurance for state employees and would hinder the Cabinet in meeting its statutory obligations.*

### **School Building Plan Reviews and Inspections**

*I, Andy Beshear, 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 141, lines 3 through 6, in their entirety.

*I am vetoing this part because this provision undercuts both current law and legislation just passed in House Bill 33, where a local government and the Department for Housing, Buildings and Construction must agree in writing for a local government to be responsible for plan review, inspection, and enforcement responsibility over buildings intended for educational purposes, other than licensed day-care centers.*

### **State Parks Improvement**

*I, Andy Beshear, 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 146, line 25, after "(c)" delete the rest of the line.

Page 146, line 26, delete "government partners;"

Page 146, line 27, delete "(d)".

*I am vetoing this part because it is not reasonable to expect local governments or the private sector to provide matching funds to preserve, repair, and rehabilitate the physical plant of Kentucky's State Parks system. The Department of Parks and the Tourism, Arts and Heritage Cabinet will dutifully prepare the comprehensive statewide proposal called for in the provision so the \$150 million in capital funds appropriated in fiscal year 2023-2024 can be expended. The Department has made a number of efforts in the past to seek private investment in the State Parks with some success in certain areas, but for larger projects there has been little interest from the private sector even when targeted supplemental funds were packaged with the opportunity. The Department continuously updates its capital plans and working with the Finance and Administration Cabinet stays abreast of the building and infrastructure systems at each State Park.*

### **Expenditure of Restricted Funds**

*I, Andy Beshear, 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 217, lines 1 through 5, in their entirety.

*I am vetoing this part because this provision prohibits any increases in restricted fund appropriations for the Executive Branch until the General Assembly reconvenes and passes appropriation action. It will cause substantial operational and fiscal problems. It suspends a 41-year old statute that recognizes that*

*the business of state government does not stop when the General Assembly adjourns. This provision would result in halting the work of some state agencies to provide services to Kentucky citizens and businesses, and preventing their ability to adjust to changing circumstances. As evidence of the impact, this provision does not apply to public postsecondary education institutions or the legislative branch. Kentucky state government operates a number of enterprises where the amount of business can exceed budgetary estimates, as with the State Fair Board, State Parks, the Kentucky Horse Parks, the logistical operations center at Bluegrass Station. If the demand for their services is greater than the budget assumes, this provision would halt these important services and functions. The Kentucky State Police receives asset forfeiture funds from the U.S. Department of Justice as restricted funds, but cannot predict the exact amount. This provision would delay the deployment of these resources to assist the supplying of critical equipment. When one of Kentucky's state facilities suffers damage from a fire or a flood, the state's fire and tornado fund provides financing as restricted funds to recover and bring those damaged facilities and equipment back to operation. These circumstances cannot be predicted and this provision would halt the recovery from that damage. There are many dedicated funds that are budgeted as restricted funds such as Heritage Land Conservation funds, equipment loan funds, and local records funds. The recipients of statutorily dedicated uses may be unable to receive funding that the statutes require. The statutory process outlined in KRS 48.630 and its predecessor laws has worked well since the Commonwealth had a budget. It is used judiciously, and has been the subject of legislative oversight in every instance. Few objections have been stated or documented by the Interim Committee on Appropriations and Revenue. The Executive branch conducts business and provides services continuously. Across the country, states with a part-time General Assembly provide for a process that permits adjustments in appropriations for unanticipated needs from these types of funds.*

#### **Interpretation of Appropriations**

*I, Andy Beshear, 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 218, lines 12 through 15, in their entirety.

*I am vetoing this part because it violates the Kentucky Constitution's separation of powers. This is a purely partisan action, as for the last 39 years of KRS 48.500, the General Assembly did not provide this authority to the Attorney General. This statute, this appropriations Act suspends a statute that has worked well, has been used sparingly, and appropriately assigns this authority with the Commonwealth's chief financial officer. As with all state laws, the courts are the final interpreters.*

#### **Construction of Budget Provisions Regarding Executive Reorganization Orders**

*I, Andy Beshear, 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 219, lines 18 through 22, in their entirety.

*I am vetoing this part because this is another power grab to reduce the authority of the Executive Branch. The reorganization of state agencies is an executive action; therefore, this provision violates the separation of powers of the Kentucky Constitution.*

#### **Approval of State Aircraft Travel**

*I, Andy Beshear, 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 225, lines 10 through 19, in their entirety.

*I am vetoing this part because it ignores existing state laws and provides the authority to the State Treasurer to approve the use of state aircraft by Cabinet Secretaries for out-of-state travel. This responsibility bears no relationship to the important duties of the State Treasurer and is more capably handled by the existing laws. The State Treasurer does not have regular contact with Cabinet Secretaries or regularly knows their requirements and duties. This provision could also cause a state official to violate a non-disclosure agreement. Moreover, this Administration has pledged to implement the most transparent documentation of the use of state aircraft that goes above and beyond the statutory requirements.*

### **Executive Orders**

*I, Andy Beshear, 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 228, lines 18 through 27, in their entirety.

Page 229, lines 1 through 17, in their entirety.

*I am vetoing this part because Executive Orders by their very nature are within the Executive Branch's authority as set forth in the Kentucky Constitution. The information requested to be provided by the Executive branch in this provision far exceeds anything the Legislative branch has required under its own procedures during the 2022 Regular Session.*

### **General Fund Budget Reduction Plan**

*I, Andy Beshear, 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 236, line 23, after "Governor," delete the rest of the line.

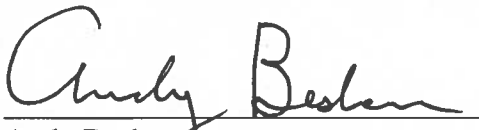
Page 236, line 24, delete "Commissioner of Agriculture, the Auditor of Public Accounts,".

Page 238, line 8, in its entirety.

Page 238, line 9, delete "or the Auditor of Public Accounts, or their offices,".

*I am vetoing this part because one provision mandates that statewide constitutional officers other than the Governor shall direct and implement budget reduction actions, and a second provision, at subsection 10, states that their participation in a budget reduction plan shall be at their discretion. Should this line-item veto be overridden, there will be two contradictory provisions relating to balancing the budget of the Commonwealth that cannot be harmonized.*

This the 11<sup>th</sup> day of April, 2022.

  
\_\_\_\_\_  
Andy Beshear  
Governor

CHAPTER 199

( HB 1 )

Provisions of this bill that are to be deleted due to vetoes of the Governor that were not overridden by the General Assembly are displayed as bracketed text with intervening strikethrough and enclosed in double asterisks, e.g., **\*\*[text]\*\***.

AN ACT relating to appropriations measures providing funding and establishing 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:

➔Section 1. Notwithstanding KRS 48.100 and 48.300, the State/Executive Branch Budget is as follows:

**PART I  
OPERATING BUDGET**

(1) **Funds Appropriations:** There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the fiscal year beginning July 1, 2021, and ending June 30, 2022, for the fiscal year beginning July 1, 2022, and ending June 30, 2023, and for the fiscal year beginning July 1, 2023, and ending June 30, 2024, 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**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		206,500	6,446,700	6,476,300
Restricted Funds		12,400	295,000	295,000
Federal Funds		-0-	500,000	500,000
<b>TOTAL</b>		<b>218,900</b>	<b>7,241,700</b>	<b>7,271,300</b>

(1) **Salary Increment:** Notwithstanding KRS 64.480(2), the increment provided on the base salary of the Lieutenant Governor shall be the same as that provided for eligible state employees in Part IV of this Act.

Notwithstanding KRS 64.480(4), the increment provided on the base salary of the Governor shall be the same as that provided for eligible state employees in Part IV of this Act.

**2. OFFICE OF STATE BUDGET DIRECTOR**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		136,300	3,847,700	3,865,600
Restricted Funds		-0-	261,400	261,400
Federal Funds		6,005,400	132,300	132,300
<b>TOTAL</b>		<b>6,141,700</b>	<b>4,241,400</b>	<b>4,259,300</b>

**(1) Participation in Transparent Governing - Full Disclosure of Inmate Population Forecasts and Related Materials:** The Office of State Budget Director shall provide the methodology, assumptions, data, and all other related materials used to project biennial offender population forecasts conducted by the Office of State Budget Director, the Kentucky Department of Corrections, and any consulting firms, to the Interim Joint Committee on Appropriations and Revenue by November 1, 2023. This submission shall include but not be limited to the projected state, county, and community offender populations for the 2024-2026 fiscal biennium and must coincide with the budgeted amount for these populations. This submission shall clearly divulge the methodology and reasoning behind the budgeted and projected offender population in a commitment to participate in transparent governing.

**(2) State Fiscal Recovery Fund:** Included in the above Federal Funds appropriation is \$5,400 in fiscal year 2021-2022 and \$132,300 in each fiscal year of the 2022-2024 biennium from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for costs associated with reporting and auditing the Commonwealth's uses of the Fund.

**3. HOMELAND SECURITY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		7,600	611,400	618,700
Restricted Funds		18,700	3,759,100	3,134,300
Federal Funds		47,300	4,782,000	4,790,700
<b>TOTAL</b>		<b>73,600</b>	<b>9,152,500</b>	<b>8,543,700</b>

**4. VETERANS' AFFAIRS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		765,100	30,092,600	31,333,500
Restricted Funds		1,478,000	67,154,900	67,003,500
Federal Funds		-0-	2,433,600	-0-
<b>TOTAL</b>		<b>2,243,100</b>	<b>99,681,100</b>	<b>98,337,000</b>

**(1) Weekend and Holiday Premium Pay Incentive:** The Kentucky Veterans Centers are authorized to continue the weekend and holiday premium pay incentive for the 2022-2024 fiscal biennium.

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

**(3) Bowling Green Veterans' Center Funding:** Included in the above General Fund appropriation is \$1,048,400 in fiscal year 2023-2024 for the operations of the Bowling Green Veterans Center.

**(4) State Veterans Nursing Home:** With the exception of the Bowling Green Veterans Center construction project, all state veterans' nursing homes must meet a combined 80 percent bed occupancy rate before any future projects will be considered. Once the 80 percent threshold has been met, it is the intent of the General Assembly that any future beds allocated from the United States Department of Veterans Affairs or reallocated from the Kentucky Department of Veterans' Affairs be dedicated to a state veterans nursing home in Magoffin County to serve that area.

**(5) Brain Injury Association of America, Kentucky Chapter and the Epilepsy Foundation of Kentuckiana Funding:** Included in the above General Fund appropriation is \$93,700 in each fiscal year for grants to the Brain Injury Association of America, Kentucky Chapter and \$93,700 in each fiscal year for grants to the Epilepsy Foundation of Kentuckiana to be used solely for the purpose of working with veterans who have experienced brain trauma and their families.

**(6) Veterans' Service Organization Funding:** Included in the above General Fund appropriation is \$187,500 in each fiscal year for grants to Veterans' Service Organization programs.

**(7) Kentucky Homeless Veterans Program:** Included in the above General Fund appropriation is \$200,000 in each fiscal year to provide emergency financial assistance to Kentucky's homeless veterans.

**(8) Kentucky Medal of Honor Memorial:** Included in the above General Fund appropriation is \$84,700 in fiscal year 2022-2023 for the renovation and rededication of the Kentucky Medal of Honor Memorial in the Medal of Honor Grove on the campus of Freedoms Foundation at Valley Forge.

**5. KENTUCKY INFRASTRUCTURE AUTHORITY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		900	18,280,800	4,260,600
Restricted Funds		63,000	2,896,500	2,885,700
Federal Funds		-0-	333,740,200	29,745,700
<b>TOTAL</b>		<b>63,900</b>	<b>354,917,500</b>	<b>36,892,000</b>

**(1) Drinking Water and Wastewater Infrastructure:** Included in the above Federal Funds appropriation is \$250,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for a Drinking Water and Wastewater Grant program, which shall be allocated to each county based on population. The county’s allocation shall be determined by each county’s proportion of the state’s population from the 2020 Census, with the exception of Jefferson County’s share, which is discounted by 50 percent based on the high per capita allocation from the Local Fiscal Recovery Fund of the American Rescue Plan Act of 2021. The allocation by county shall serve as a funding cap for projects within that county, and no county’s share shall be reallocated unless by express authority of the General Assembly. The Kentucky Infrastructure Authority shall receive the application from each county and forward all qualifying applications, grouped by county, to the Interim Joint Committee on Appropriations and Revenue by November 1, 2022. The Kentucky Infrastructure Authority shall receive up to \$75,000 of this appropriation for the administrative expense of collecting and qualifying the applications and distributing the checks for the awards of the General Assembly.

**(2) Debt Service:** Included in the above General Fund appropriation is \$467,500 in fiscal year 2022-2023 and \$2,335,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(3) Office for Broadband:** Included in the above General Fund appropriation is \$1,174,400 in fiscal year 2022-2023 and \$1,134,400 in fiscal year 2023-2024 to establish an Office for Broadband to provide direction and planning for the deployment of last-mile broadband services across the Commonwealth.

**(4) Water Management Assistance Fund:** Included in the above General Fund appropriation is \$10,000,000 in fiscal year 2022-2023 to establish the Water Management Assistance Fund to provide assistance for capital and non-capital expenses of governmental entities that provide drinking water and wastewater services to the public. The Kentucky Infrastructure Authority shall provide a report by December 1 of each year to the Interim Joint Committee on Appropriations and Revenue detailing the use of these funds.

**(5) Wastewater Pre-Treatment Facility:** Included in the above Federal Funds appropriation is \$8,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for modifications to the wastewater pre-treatment facility at the Marzetti Horse Cave Plant in Hart County.

**(6) Regional Water Supply Improvements:** Included in the above Federal Funds appropriation is \$35,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for regional water supply infrastructure projects related to the Ford Blue Oval SK Battery Park in Glendale in Hardin County to be distributed to the county fiscal courts for regional transmission water supply lines as follows:

- (a) \$5,000,000 for Bullitt County Fiscal Court;
- (b) \$10,000,000 for Hardin County Fiscal Court;
- (c) \$10,000,000 for Meade County Fiscal Court; and
- (d) \$10,000,000 for Nelson County Fiscal Court.

**(7) Red River Gorge Water and Sewer Upgrades:** Included in the above Federal Funds appropriation is \$11,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for upgrades to the following water and sewer projects:

- (a) \$3,000,000 for Beattyville Water Treatment Plant Upgrades;
- (b) \$2,000,000 for Beattyville Water Distribution System Improvements;

- (c) \$1,000,000 for Powell's Valley Water Distribution System Improvements;
- (d) \$1,000,000 for Stanton Water Distribution System Improvements;
- (e) \$1,000,000 for Campton Water Distribution System Improvements;
- (f) \$2,000,000 for Powell's Valley Treatment Plant Expansion; and
- (g) \$1,000,000 for Powell's Valley Collection System Expansion.

**(8) Georgetown Municipal Water and Sewer Service:** Included in the above General Fund appropriation is a one-time allocation of \$5,000,000 in fiscal year 2022-2023 to Georgetown Municipal Water and Sewer Service for the construction of an elevated storage tank.

**(9) Fredericks Landing Wastewater Project:** Included in the above General Fund appropriation is a one-time allocation of \$400,000 in fiscal year 2022-2023 to the City of Wilder Public Works Department for the Fredericks Landing park wastewater project.

**(10) Corbin Utility Commission:** Included in the above General Fund appropriation is \$450,000 in fiscal year 2022-2023 for water and sewer line upgrades.

**6. MILITARY AFFAIRS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		308,300	17,502,000	17,765,300
Restricted Funds		579,500	41,408,000	41,645,400
Federal Funds		915,500	87,433,500	87,621,900
<b>TOTAL</b>		<b>1,803,300</b>	<b>146,343,500</b>	<b>147,032,600</b>

**(1) Kentucky National Guard:** Included in the above General Fund appropriation is \$4,500,000 in each fiscal year to be expended, subject to the conditions and procedures provided in this Act, which are required as a result of the Governor's declaration of emergency pursuant to KRS Chapter 39A, and the Governor's call of the Kentucky National Guard to active duty when an emergency or exigent situation has been declared to exist by the Governor. Any portion of the \$4,500,000 not expended shall lapse to the General Fund at the end of each fiscal year. In the event that costs for Governor-declared emergencies or the Governor's call of the Kentucky National Guard for emergencies or exigent situations exceed \$4,500,000 annually, the costs shall be deemed necessary government expenses and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

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

**(3) Residential Youth-at-Risk Program:** Included in the above General Fund appropriation is \$335,000 in each fiscal year to support the Bluegrass Challenge Academy, and \$335,000 in each fiscal year to support the Appalachian Youth Challenge Academy.

**(4) Military Burial Honor Guard:** Included in the above General Fund appropriation is \$50,000 in each fiscal year for Military Burial Honor Guard duties.

**(5) Military Family Assistance Trust Fund:** Included in the above General Fund appropriation is \$100,000 in each fiscal year for the Military Family Assistance Trust Fund to provide emergency financial assistance to Kentucky's military families.

**(6) Debt Service:** Included in the above General Fund appropriation is \$154,000 in fiscal year 2022-2023 and \$308,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(7) Restricted Funds Transfer:** Notwithstanding any statute to the contrary, \$9,000,000 in Restricted Funds shall be transferred in fiscal year 2022-2023 from the West Kentucky State Aid Funding for Emergencies (SAFE) Fund administered by the Department of Military Affairs, Division of Emergency Management, to the University of Kentucky to support disaster recovery and relief efforts at the Grain and Forage Center of Excellence located in Princeton.

(8) **Bluegrass Station:** Included in the above Restricted Funds appropriation is \$500,000 in fiscal year 2022-2023 to continue preliminary work on the Bluegrass Station Industrial Airport and Airpark project. The Department of Military Affairs shall provide a report to the Interim Joint Committee on Appropriations and Revenue by November 1, 2022.

**7. COMMISSION ON HUMAN RIGHTS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		71,900	1,953,500	1,971,900
Restricted Funds		-0-	10,000	10,000
Federal Funds		-0-	445,000	445,000
<b>TOTAL</b>		<b>71,900</b>	<b>2,408,500</b>	<b>2,426,900</b>

**8. COMMISSION ON WOMEN**

(1) **Redistribution of Resources:** Notwithstanding KRS 12.020, 12.023, 14.260, 15A.190, 214.554, and 344.510 to 344.530, no General Fund appropriation is provided for the Commission on Women in order to provide additional funding for Domestic Violence Shelters, Rape Crisis Centers, and Children's Advocacy Centers.

**9. DEPARTMENT FOR LOCAL GOVERNMENT**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		215,500	120,619,100	83,969,800
Restricted Funds		-0-	1,393,400	1,394,500
Federal Funds		36,300	223,845,000	61,833,600
<b>TOTAL</b>		<b>251,800</b>	<b>345,857,500</b>	<b>147,197,900</b>

(1) **Area Development District Funding:** Included in the above General Fund appropriation is \$3,984,000 in each fiscal year for the Joint Funding Administration Program in support of the area development districts.

(2) **Mary Kendall Homes and Gateway Juvenile Diversion:** Included in the above General Fund appropriation is \$257,800 in each fiscal year for the support of the Mary Kendall Homes and \$257,800 in each fiscal year for the support of Gateway Juvenile Diversion. Included in the above General Fund appropriation is an additional one-time allocation of \$125,000 in each fiscal year to support each program at \$320,300 annually.

(3) **Allocation of Area Development District Funding:** The Department for Local Government shall allocate area development district funding appropriated to the Joint Funding Administration Program to the area development districts in accordance with the following formula:

(a) Seventy percent of the total appropriation shall be allocated equally among all area development districts;

(b) Twenty percent of the total appropriation shall be allocated based upon each area development district's proportionate share of total state population, as identified by the most recently completed United States Census; and

(c) Ten percent of the total appropriation shall be allocated based upon each area development district's proportionate share of total incorporated cities and counties, as identified by the records of the Kentucky Secretary of State's Land Office at the time of the allocation.

The Department for Local Government shall, upon the unanimous written direction of all area development districts, reduce the allocation based upon proportionate share of total incorporated cities and counties and instead allocate those funds to provide additional nonfederal dollars to area development districts for the purpose of maximizing federal awards.

(4) **County Clerks Grants for Recorded Instruments:** Included in the above General Fund appropriation is \$25,000,000 in fiscal year 2023-2024 for grants to county clerks for the acquisition and implementation of software and services to establish electronic capability for recorded instruments with the condition that the procurement by county clerks is from a vendor which has been qualified through a statewide procurement process by the Finance and Administration Cabinet. The statewide procurement process shall require unified data access.



(5) **County Clerks Election Equipment Grants:** Included in the above General Fund appropriation is \$12,500,000 in each fiscal year for grants to county clerks to purchase election equipment approved by the State Board of Elections.

(6) **Debt Service:** Included in the above General Fund appropriation is \$217,500 in fiscal year 2022-2023 and \$652,500 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(7) **4-H Storm Shelters:** Included in the above General Fund appropriation is \$1,000,000 in fiscal year 2022-2023 to meet the required 25 percent match for FEMA funds for storm shelters for three 4-H camps located in West Kentucky, Lake Cumberland, and North Central.

(8) **Appalachian Regional Commission Matching Funds:** Included in the above General Fund appropriation is \$250,000 in each fiscal year for Area Development Districts to match increased Appalachian Regional Commission grants.

(9) **Delta Regional Authority Matching Funds:** Included in the above General Fund appropriation is \$250,000 in each fiscal year for Area Development Districts to match increased Delta Regional Authority grants.

(10) **Jail Arraignment Equipment Grants:** Included in the above General Fund appropriation is a one-time allocation of \$15,000,000 in fiscal year 2022-2023 for jail arraignment equipment grants. The Department for Local Government shall coordinate with the Kentucky Jailer's Association to implement a statewide video arraignment system within county jails that is compatible with technology used by the Administrative Office of the Courts.

(11) **Community Development Projects:** Included in the above General Fund appropriation are the following one-time allocations for the 2022-2024 fiscal biennium:

(a) \$3,500,000 in each fiscal year to the Boone's Ridge Appalachian Wildlife Foundation for ~~construction of~~ Boone's Ridge in Bell County;

(b) \$15,000,000 in each fiscal year to the Todd County Fiscal Court for the natural gas pipeline project;

(c) \$200,000 in fiscal year 2022-2023 to the United Methodist Mountain Mission to support operations;

(d) \$400,000 in each fiscal year to the Kentucky Pilots Association Education Foundation;

(e) \$2,000,000 in fiscal year 2022-2023 to the Paducah Symphony;

(f) \$4,300,000 in fiscal year 2022-2023 to the Louisville Orchestra;

(g) \$100,000 in fiscal year 2022-2023 to the Hickman County Fiscal Court for the Civil War Days;

(h) \$2,500,000 in fiscal year 2022-2023 to the Paintsville High School STEM Program;

(i) \$10,000,000 in each fiscal year to the Lincoln County Fiscal Court for the natural gas pipeline project;

(j) \$200,000 in each fiscal year to the Backroads of Appalachia in Harlan, Kentucky, to support economic development;

(k) \$1,500,000 in each fiscal year to the Russell County Regional Agribusiness Training Facility;

(l) \$750,000 in fiscal year 2022-2023 to the Garrard County Fiscal Court for the Garrard County Emergency Medical Services and Crescent Spring Fire Department;

(m) \$500,000 in fiscal year 2023-2024 to the Fern Creek Community Center in Louisville, Kentucky;

(n) \$750,000 in fiscal year 2023-2024 to the Hart County Chamber of Commerce;

(o) \$300,000 in fiscal year 2023-2024 to the City of Greensburg for beautification projects;

(p) \$20,000 in fiscal year 2022-2023 to the City of Wilmore for the Downtown Greenstage;

(q) \$6,000 in fiscal year 2022-2023 to the Jessamine County Fiscal Court for the High Bridge Firehouse;

(r) \$50,000 in fiscal year 2022-2023 to the Jessamine County Fiscal Court for land acquisition at the High Bridge boat ramp;

(s) \$1,400,000 in fiscal year 2022-2023 to the city of Williamsburg for renovation and expansion of the Kentucky Splash Waterpark and Campground;

(t) \$10,000,000 in fiscal year 2022-2023 to the Louisville Zoo for construction of Kentucky trails habitat;

- (u) \$2,500,000 in fiscal year 2022-2023 to the City of Corbin for the Corbin Arena and Corbin Center;
- (v) \$1,000,000 in fiscal year 2022-2023 to the City of Barbourville for renovations to the Barbourville City Hall;
- (w) \$1,250,000 in fiscal year 2022-2023 to the Jackson County Fiscal Court for a new building for the Jackson County Emergency Medical Services;
- (x) \$400,000 in fiscal year 2022-2023 to the KCEOC Community Action Partnership for a vocational and technical training facility;
- (y) \$750,000 in fiscal year 2022-2023 to the City of Booneville for a city revitalization project;
- (z) \$4,250,000 in fiscal year 2022-2023 to the City of Manchester Tourism Commission for various land acquisitions, renovations, and upgrades;
- (aa) \$500,000 in fiscal year 2022-2023 to the Scott United Ministries A.M.E.N. House for acquisition or construction of a new building;
- (ab) \$250,000 in fiscal year 2022-2023 to the Monroe County Fiscal Court to allow the Monroe County Medical Center to begin offering emergency medical services and paramedic training;
- (ac) \$600,000 in fiscal year 2022-2023 to the Housing Authority of Bowling Green to create a small business incubator for low income, minority, and women-owned businesses in collaboration with the city of Bowling Green;
- (ad) \$1,000,000 in fiscal year 2022-2023 to the City of Somerset Parks and Recreation for upgrades to youth sports facilities;
- (ae) \$3,000,000 in fiscal year 2022-2023 to the Christian County Board of Education for the Fort Campbell Industrial Training Partnership;
- (af) \$3,000,000 in fiscal year 2022-2023 to the Barren County Family YMCA Foundation for a swimming pool facility, equipment, and HVAC and building repair;
- (ag) \$1,000,000 in fiscal year 2022-2023 to the Green County Fiscal Court for industrial park site development;
- (ah) \$1,000,000 in fiscal year 2022-2023 to the Kentucky Science and Technology Corporation for the VALOR program;
- (ai) \$1,000,000 in fiscal year 2022-2023 to USA Cares to support veterans and their families;
- (aj) \$650,000 in fiscal year 2022-2023 to Bellewood and Brooklawn to support the Avenues to Success pilot program;
- (ak) \$5,000,000 in fiscal year 2022-2023 to the Bell County Fiscal Court to support industrial projects;
- (al) \$1,000,000 in fiscal year 2023-2024 to the Green County Fiscal Court for the American Legion Park Trail Development Project; and
- (am) \$195,000 in fiscal year 2022-2023 to Old Bardstown Village, Inc. for flood damage repairs.

**10. LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	34,857,300	35,214,200

**(1) Allocation of the Local Government Economic Assistance Fund:** Notwithstanding KRS 42.470(1)(a), 70 percent of moneys in the Local Government Economic Assistance Fund shall be distributed to each coal producing county on the basis of the ratio of coal severed in each respective county to the coal severed statewide. Notwithstanding KRS 42.470(1)(c), no allocation shall be distributed to non-coal producing counties.

**(2) Coal Haul Road System:** Notwithstanding KRS 42.455(2), no funds appropriated to the Local Government Economic Assistance Fund are required to be spent on the coal haul road system.

**11. LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND**

<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
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General Fund	-0-	37,467,000	39,816,600
Restricted Funds	125,000	125,000	125,000
TOTAL	125,000	37,592,000	39,941,600

**(1) Coal Severance Tax Transfers:** Notwithstanding KRS 42.450 to 42.495, 70 percent of the severance and processing taxes on coal collected annually, except items described in subsection (2) below, shall be transferred to the Local Government Economic Development Fund. Notwithstanding KRS 42.450 to 42.495, 30 percent of the severance and processing taxes on coal collected annually, except items described in subsection (2) below, shall be transferred to the Local Government Economic Assistance Fund. Transfers to the Local Government Economic Development Fund and the Local Government Economic Assistance Fund shall be made quarterly in July, October, January, and April based upon actual revenues from the prior quarter.

**(2) Coal Severance Tax Collections Calculations and Transfers:** The above appropriations from the General Fund are based on the official estimate presented by the Office of State Budget Director. Notwithstanding KRS 42.450 to 42.495, coal severance tax collections during the 2022-2024 fiscal biennium shall first be allocated to the following programs or purposes on a quarterly basis:

(a) Department for Local Government: An annual appropriation of \$669,700 in each fiscal year is appropriated as General Fund moneys to the Department for Local Government budget unit for Local Government Economic Development Fund and Local Government Economic Assistance Fund project administration costs;

(b) Debt Service: An annual appropriation of 100 percent of the debt service necessary to support bonds authorized in 2003 Ky. Acts ch. 156, 2005 Ky. Acts ch. 173, 2006 Ky. Acts ch. 252, 2008 Ky. Acts ch. 127, and 2010 (1st Extra. Sess.) Ky. Acts ch. 1, in the amount of \$20,306,000 in fiscal year 2022-2023 and \$19,649,500 in fiscal year 2023-2024 is appropriated for that purpose;

(c) Osteopathic Medicine Scholarship Program: Notwithstanding KRS 164.7891(11)(b), no transfers shall be made to the Osteopathic Medicine Scholarship Program within the Kentucky Higher Education Assistance Authority;

(d) Pharmacy Scholarships: Notwithstanding KRS 164.7890(11)(c), no transfers shall be made to the Coal County Pharmacy Scholarship Program within the Kentucky Higher Education Assistance Authority; and

(e) Kentucky Coal Fields Endowment Authority: Notwithstanding KRS 42.453(3), no transfers shall be made to the Kentucky Coal Field Endowment Authority.

**(3) Allocation of the Local Government Economic Development Fund:** Notwithstanding KRS 42.4592(1), 50 percent of Local Government Economic Development Fund moneys shall be allocated in accordance with KRS 42.4592(1)(a), and 50 percent shall be allocated in accordance with KRS 42.4592(1)(b).

**(4) Use of the Local Government Economic Development Fund:** Notwithstanding KRS 42.450 to 42.495, all funds appropriated to Local Government Economic Development Fund Single-County Accounts shall be allocated to projects with the concurrence of the respective county judge/executive, state senator(s), and state representative(s) of each county. If concurrence is not achieved, the fiscal court of each county may apply for grants through the Department for Local Government pursuant to KRS 42.4588.

**(5) Clay County Historical Society:** Notwithstanding KRS 42.453, \$25,000 in Restricted Funds shall be transferred in fiscal year 2021-2022 and in each year of the 2022-2024 fiscal biennium from the Kentucky Coal Fields Endowment Fund to the Clay County Historical Society.

**(6) Clay County Eastern Kentucky University Scholarships:** Notwithstanding KRS 42.453, \$100,000 in Restricted Funds shall be transferred in fiscal year 2021-2022 and in each year of the 2022-2024 fiscal biennium from the Kentucky Coal Fields Endowment Fund to Eastern Kentucky University for scholarships.

**12. AREA DEVELOPMENT FUND**

**2022-23**

**2023-24**

**(1) Area Development Fund:** Notwithstanding KRS 42.345 to 42.370 and 48.185, or any statute to the contrary, no funding is provided for the Area Development Fund.

**(2) Area Development District Flexibility:** Notwithstanding KRS 42.350(2) and provided that sufficient funds are maintained in the Joint Funding Agreement program to meet the match requirements for the Economic Development Administration grants, Community Development Block Grants, Appalachian Regional Commission grants, or any federal program where the Joint Funding Agreement funds are utilized to meet nonfederal match

requirements, an area development district with authorization from its Board of Directors may request approval to transfer funding between the Area Development Fund and the Joint Funding Agreement Program from the Commissioner of the Department for Local Government.

**13. REGIONAL DEVELOPMENT AGENCY ASSISTANCE FUND**

	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		6,000,000	6,000,000

**14. EXECUTIVE BRANCH ETHICS COMMISSION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund	36,100	618,900	624,600	
Restricted Funds	-0-	420,000	420,000	
<b>TOTAL</b>	<b>36,100</b>	<b>1,038,900</b>	<b>1,044,600</b>	

(1) **Use of Restricted Funds:** All penalties collected or received by the Executive Branch Ethics Commission shall be deposited in the State Treasury and credited to a trust and agency fund account to the credit of the Commission to be used by the Commission for the cost of conducting administrative hearings pursuant to KRS Chapter 13B. Notwithstanding KRS 45.229, these funds shall not lapse and shall carry forward.

**15. SECRETARY OF STATE**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds	145,800	6,410,200	6,434,600	
<b>TOTAL</b>	<b>145,800</b>	<b>6,410,200</b>	<b>6,434,600</b>	

(1) **Use of Restricted Funds:** Notwithstanding KRS 14.140(1) and (3), the above Restricted Funds may be used for the continuation of current activities within the Office of the Secretary of State.

(2) **Salary Increment:** Notwithstanding KRS 64.480(2), the increment provided on the base salary of the Secretary of State shall be the same as that provided for eligible state employees in Part IV of this Act.

**16. BOARD OF ELECTIONS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund	135,200	6,971,000	6,361,000	
Restricted Funds	51,900	246,000	148,200	
Federal Funds	-0-	1,829,800	1,829,800	
<b>TOTAL</b>	<b>187,100</b>	<b>9,046,800</b>	<b>8,339,000</b>	

(1) **Cost of Elections:** Costs associated with special elections, KRS 117.345(2) costs associated with additional precincts with a voting machine, KRS 117.343 costs for additional registered voters, and KRS 116.145 costs for additional new registered voters shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). Any reimbursements authorized as a necessary government expense according to the above provisions shall be at the same rates as those established by the State Board of Elections.

(2) **List Maintenance:** Included in the above General Fund appropriation is \$250,000 in each fiscal year for list maintenance of Kentucky's voter rolls by the State Board of Elections.

(3) **Electronic Poll Book:** Included in the above General Fund appropriation is \$980,000 in fiscal year 2022-2023 and \$662,000 in fiscal year 2023-2024 to develop and administer an electronic poll book system within the State Board of Elections.

**17. REGISTRY OF ELECTION FINANCE**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund	62,400	1,703,200	1,713,600	

TOTAL	62,400	1,703,200	1,713,600
<b>18. ATTORNEY GENERAL</b>			
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund (Tobacco)	-0-	150,000	150,000
General Fund	438,500	18,660,800	18,727,200
Restricted Funds	375,400	19,630,900	19,696,700
Federal Funds	142,700	5,874,300	5,896,200
TOTAL	956,600	44,316,000	44,470,100

(1) **State Enforcement:** Notwithstanding KRS 248.654 and 248.703(4), a total of \$150,000 of the Tobacco Settlement payments received in each fiscal year is appropriated to the Attorney General for the state's diligent enforcement of noncompliant nonparticipating manufacturers.

(2) **Expert Witnesses:** In addition to such funds as may be appropriated, the Office of the Attorney General may request from the Finance and Administration Cabinet, as a necessary government expense, such funds as may be necessary for expert witnesses. Upon justification of the request, the Finance and Administration Cabinet shall provide up to \$3,000,000 for the 2022-2024 fiscal biennium for this purpose to the Office of the Attorney General from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). Without charge, the Department of Insurance shall provide the Office of the Attorney General any available information to assist in the preparation of a rate hearing pursuant to KRS 304.17A-095. Expenditures under this subsection shall be reported to the Interim Joint Committee on Appropriations and Revenue by August 1 of each year.

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

(4) **Operations of the Office of the Attorney General:** Notwithstanding KRS 367.478(2), 367.805(3), and 367.905(5), funds may be expended in support of the operations of the Office of the Attorney General.

(5) **Purdue Pharma Settlement Funds:** In each fiscal year, the Attorney General shall transfer \$1,500,000 of any lawfully received settlement funds resulting from Commonwealth of Kentucky, ex rel. v. Purdue Pharma L. P., et al., Civil Action No: 07-CI-01303 to the Justice Administration budget unit for Operation UNITE.

(6) **Legal Services Contracts:** The Office of the Attorney General may present proposals to state agencies specifying legal work that is presently accomplished through personal service contracts that indicate the Office of the Attorney General's capacity to perform the work at a lesser cost. State agencies may agree to make arrangements with the Office of the Attorney General to perform the legal work and compensate the Office of the Attorney General for the legal services.

(7) **Civil Action Representation:** To ensure adequate representation of the interest of the Commonwealth and to protect the financial condition of the Kentucky Retirement Systems, it has been determined that it is necessary to allow the Attorney General appropriate authority to engage private lawyers as co-counsel in Civil Action No. 17-CI-01348. Due to the highly complex and specialized nature of that litigation, KRS Chapter 45A, et seq. would prevent the Attorney General from engaging counsel of his choice. Accordingly, to protect the interest of the Commonwealth, and notwithstanding the requirements of KRS Chapter 45A, et seq., which are hereby waived in respect to the Attorney General retaining private lawyers to prosecute Civil Action No. 17-CI-01348, the Attorney General is vested with the authority to hire and pay counsel of his choice on any contractual basis the Attorney General deems advisable.

(8) **Additional Personnel:** Included in the above General Fund appropriation is \$2,855,000 in each fiscal year to support additional personnel.

(9) **Regional Offices:** Included in the above General Fund appropriation is \$200,000 in each fiscal year to establish regional offices.

~~\*\*[(10) Training Incentive Payments: Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$18,000 in each fiscal year for each participant for training incentive payments.]\*\*~~

**(11) Electronic Crimes Laboratories:** (a) The Attorney General and the Commissioner of the Kentucky State Police shall work collaboratively to identify a pathway for consolidation of the Commonwealth’s electronic crimes laboratories.

(b) The Attorney General and the Commissioner of the Kentucky State Police shall work collaboratively to develop a report of all cases at the Commonwealth’s electronic crimes laboratories and shall submit this report to the Interim Joint Committee on Appropriations and Revenue by December 1, 2022.

**(12) Salary Increment:** Notwithstanding KRS 64.480(2), the increment provided on the base salary of the Attorney General shall be the same as that provided for eligible state employees in Part IV of this Act.

**19. UNIFIED PROSECUTORIAL SYSTEM**

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

**a. Commonwealth's Attorneys**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	2,541,100	69,532,100	69,940,100
Restricted Funds	138,800	6,279,300	6,351,600
Federal Funds	31,600	935,400	957,400
<b>TOTAL</b>	<b>2,711,500</b>	<b>76,746,800</b>	<b>77,249,100</b>

**(1) Rocket Docket Program:** Included in the above General Fund appropriation is \$1,399,600 in fiscal year 2022-2023 and \$1,416,700 in fiscal year 2023-2024 to support the Rocket Docket Program.

**(2) Additional Personnel:** Included in the above General Fund appropriation is \$2,410,300 in fiscal year 2022-2023 and \$2,462,200 in fiscal year 2023-2024 for additional personnel for the Commonwealth's Attorneys.

**(3) Full-Time Commonwealth's Attorneys:** Included in the above General Fund appropriation is \$643,200 in fiscal year 2022-2023 and \$547,100 in fiscal year 2023-2024 for the conversion of four part-time Commonwealth's Attorneys to full-time status. Pursuant to KRS 15.757(2), a circuit which has been authorized to have a full-time Commonwealth's attorney shall not revert to part-time status for that position.

**(4) Salary Increment:** Notwithstanding KRS 15.755, the increment provided on the base salary of the Commonwealth's Attorneys shall be the same as that provided for eligible state employees in Part IV of this Act.

**b. County Attorneys**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	2,442,300	64,528,600	65,134,300
Restricted Funds	11,200	963,300	963,300
Federal Funds	47,300	1,127,800	1,156,200
<b>TOTAL</b>	<b>2,500,800</b>	<b>66,619,700</b>	<b>67,253,800</b>

**(1) Rocket Docket Program:** Included in the above General Fund appropriation is \$549,800 in each fiscal year to support the Rocket Docket Program.

**(2) County Attorney Retirement Costs:** Pursuant to KRS 61.5991, included in the above General Fund appropriation is \$1,930,200 in each fiscal year for each County Attorney's Office's fiscal year 2019-2020 baseline subsidy as adjusted and located under the 2022 Budget Bills tile on the Legislative Research Commission’s Web site.

**(3) Additional Positions:** Included in the above General Fund appropriation is \$2,945,300 in fiscal year 2022-2023 and \$3,011,900 in fiscal year 2023-2024 for additional positions for County Attorneys.

**(4) Expert Witnesses:** Included in the above General Fund appropriation is \$75,000 in each fiscal year for costs associated with Expert Witnesses in cases involving juvenile defendants.

**(5) Salary Increment:** Notwithstanding KRS 15.765, the increment provided on the base salary of the County Attorneys shall be the same as that provided for eligible state employees in Part IV of this Act.

**TOTAL - UNIFIED PROSECUTORIAL SYSTEM**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	4,983,400	134,060,700	135,074,400
Restricted Funds	150,000	7,242,600	7,314,900
Federal Funds	78,900	2,063,200	2,113,600
<b>TOTAL</b>	<b>5,212,300</b>	<b>143,366,500</b>	<b>144,502,900</b>

**20. TREASURY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	115,400	3,503,700	3,520,000
Restricted Funds	31,500	1,907,100	1,916,100
Federal Funds	15,900	1,203,600	1,206,500
<b>TOTAL</b>	<b>162,800</b>	<b>6,614,400</b>	<b>6,642,600</b>

(1) **Unclaimed Property Fund:** Included in the above Restricted Funds appropriation is \$1,907,100 in fiscal year 2022-2023 and \$1,916,100 in fiscal year 2023-2024 from the Unclaimed Property Fund to provide funding for services performed by the Unclaimed Property Division of the Department of the Treasury.

(2) **Additional Personnel:** Included in the above General Fund appropriation is \$355,300 in each fiscal year to support three additional positions, including a Division Director, a Special Assistant, and a Systems Technician Specialist.

(3) **Salary Increment:** Notwithstanding KRS 64.480(2), the increment provided on the base salary of the State Treasurer shall be the same as that provided for eligible state employees in Part IV of this Act.

**21. AGRICULTURE**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund (Tobacco)	-0-	41,718,600	41,712,000
General Fund	637,400	20,176,000	20,390,900
Restricted Funds	218,500	12,661,400	12,660,700
Federal Funds	95,100	12,000,700	12,000,400
<b>TOTAL</b>	<b>951,000</b>	<b>86,556,700</b>	<b>86,764,000</b>

(1) **Use of Restricted Funds:** Notwithstanding KRS 217.570 and 217B.580, funds may be expended in support of the operations of the Department of Agriculture.

(2) **Farms to Food Banks:** Included in the above General Fund (Tobacco) appropriation is \$600,000 in each fiscal year to support the Farms to Food Banks Program. The use of the moneys provided by this appropriation shall be restricted to purchases of Kentucky-grown produce from Kentucky farmers who participate in the Farms to Food Banks Program.

(3) **County Fair Grants:** Included in the above General Fund appropriation is \$455,000 in each fiscal year to support capital improvement grants to the Local Agricultural Fair Aid Program.

(4) **Kentucky Grape and Wine Council:** Notwithstanding KRS 260.175(2), no General Fund is provided for the Kentucky Small Farm Wineries Support Fund for use by the Kentucky Grape and Wine Council.

(5) **Counties Account:** Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is \$14,478,000 in each fiscal year for the counties account as specified in KRS 248.703(1)(a).

(6) **State Account:** Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is \$26,140,600 in fiscal year 2022-2023 and \$26,134,000 in fiscal year 2023-2024 for the state account as specified in KRS 248.703(1)(b).

(7) **Tobacco Settlement Funds - Allocations:** Notwithstanding KRS 248.711(2), and from the allocation provided therein, counties that are allocated in excess of \$20,000 annually may provide up to four percent of the

individual county allocation, not to exceed \$15,000 annually, to the county council in that county for administrative costs.

**(8) Kentucky Rural Mental Health, Suicide Prevention, and Farm Safety Program:** Included in the above General Fund (Tobacco) appropriation is \$500,000 in each fiscal year to support the Kentucky Rural Mental Health, Suicide Prevention, and Farm Safety Program known as the Raising Hope Initiative. The Department for Behavioral Health, Developmental and Intellectual Disabilities shall coordinate with the Kentucky Department of Agriculture, the University of Kentucky Southeast Center for Agricultural Health and Injury Prevention, and other entities to enhance awareness of the National Suicide Prevention Lifeline (988) in rural communities in Kentucky and to improve access to information on mental health issues and available treatment services. The Department for Behavioral Health, Developmental and Intellectual Disabilities shall provide cultural competency training to staff to address the unique mental health challenges affecting the state’s rural communities. The Department for Behavioral Health, Developmental and Intellectual Disabilities shall also provide outreach, treatment, and other necessary services to improve the mental health outcomes of rural communities in Kentucky. The Department for Behavioral Health, Developmental and Intellectual Disabilities, in conjunction with the Kentucky Department of Agriculture and the University of Kentucky Southeast Center for Agricultural Health and Injury Prevention, shall apply for Federal Funds as provided by the Agriculture Improvement Act of 2018, 7 U.S.C. sec. 5936, to supplement the General Fund (Tobacco) appropriation provided above. The Department of Agriculture may utilize up to \$50,000 in each fiscal year for program administration purposes. The Department of Agriculture shall coordinate with the Raising Hope Initiative partners to take custody of and maintain any intellectual property assets that were created or developed by any state agency in connection with the Raising Hope Initiative.

**(9) Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$4,300 in each fiscal year for each participant for training incentive payments.

**(10) Salary Increment:** Notwithstanding KRS 64.480(2), the increment provided on the base salary of the Commissioner of Agriculture shall be the same as that provided for eligible state employees in Part IV of this Act.

**22. AUDITOR OF PUBLIC ACCOUNTS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		689,100	11,608,700	11,335,300
Restricted Funds		-0-	10,920,400	10,920,000
<b>TOTAL</b>		<b>689,100</b>	<b>22,529,100</b>	<b>22,255,300</b>

**(1) Audit Services Contracts:** Notwithstanding KRS 45.149, no state agency shall enter into any contract with a nongovernmental entity for audit services unless the Auditor of Public Accounts has declined in writing to perform the audit or has failed to respond within 30 days of receipt of a written request for such services. The agency’s request for audit services shall include a comprehensive statement of the scope and nature of the proposed audit.

**(2) Kentucky State University Special Examination:** Included in the above General Fund appropriation is \$50,000 in fiscal year 2021-2022 and \$150,000 in fiscal year 2022-2023 to provide funds for a special examination of Kentucky State University.

**(3) Financial Audit Receipts:** The Auditor of Public Accounts shall provide a listing of fee receipts for all audits and special examinations, itemized by type, agency, or unit of government, as well as billing methodology to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year.

**(4) Salary Increment:** Notwithstanding KRS 64.480(2), the increment provided on the base salary of the Auditor of Public Accounts shall be the same as that provided for eligible state employees in Part IV of this Act.

**(5) Outlier Audit Assistance Program:** Included in the above General Fund appropriation is \$500,000 in fiscal year 2022-2023 and \$250,000 in fiscal year 2023-2024 to support the establishment of the Outlier Audit Assistance Program. Beginning with fiscal year 2018-2019, the Auditor of Public Accounts shall calculate the annual average cost of audits conducted pursuant to KRS 43.070(1)(a)2. by audit type. Beginning with audits billed during fiscal year 2019-2020 or thereafter, any such audit with a cost exceeding the threshold of 150 percent of the average cost for its type in the preceding fiscal year shall be deemed an outlier audit. If a county has paid the cost of the outlier audit up to the amount of the threshold set out in this subsection, the county shall be eligible for a credit from the Outlier Audit Assistance Program for audit costs that exceed the threshold. For every audit qualifying for disbursement, the auditor shall provide a detailed report for the reason for the outlier expense to the Interim Joint



Committee on Appropriations and Revenue by August 1 of each fiscal year. Notwithstanding KRS 45.229, these funds shall not lapse and shall carry forward.

**(6) Lost Revenue Replacement:** Included in the above General Fund appropriation is \$2,250,000 in each fiscal year to replace lost revenue related to audit billings for county officials. Notwithstanding KRS 43.070(3), during the 2022-2024 fiscal biennium, counties shall bear one-half of the actual expense of audits conducted pursuant to KRS 43.070(1)(a)2. and (2)(a).

**23. PERSONNEL BOARD**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		50,000	910,000	914,200

**24. KENTUCKY PUBLIC PENSIONS AUTHORITY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		215,000,000	135,000,000	135,000,000
Restricted Funds		1,302,500	50,184,500	50,440,800
<b>TOTAL</b>		<b>216,302,500</b>	<b>185,184,500</b>	<b>185,440,800</b>

**(1) State Police Retirement System Pension Fund:** (a) Included in the above General Fund appropriation is \$215,000,000 in fiscal year 2021-2022 to be applied to the unfunded pension liability of the State Police Retirement System pension fund and recognized as part of the 2021 actuarial valuation.

(b) Notwithstanding KRS 61.565(2)(b), the Kentucky Retirement Systems board of trustees shall amend the June 30, 2021, actuarial valuation to include the fiscal year 2021-2022 appropriation made in paragraph (a) of this subsection and report revisions, including employer contribution rates, to the Legislative Research Commission no later than June 1, 2022.

(c) Notwithstanding KRS 61.565 and 61.702, the employer contribution for members of the State Police Retirement System shall conform to Part IV, Section 5. of this Act.

**(2) Kentucky Employees Retirement System Nonhazardous Pension Fund:** Included in the above General Fund appropriation is \$135,000,000 in each fiscal year to be applied to the unfunded pension liability of the Kentucky Employees Retirement System Nonhazardous pension fund.

**25. OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS**

**a. Accountancy**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		20,600	690,400	694,200

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

	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		210,200	210,200

**c. Applied Behavior Analysis Licensing**

	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		70,600	70,600

**d. Architects**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		14,000	456,500	458,900

**e. Certification for Professional Art Therapists**

	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		11,200	11,200

**f. Barbering**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		15,200	477,600	480,200
<b>g. Chiropractic Examiners</b>				
		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			300,000	300,000
<b>h. Dentistry</b>				
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		24,100	966,100	971,700
<b>i. Licensed Diabetes Educators</b>				
		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			29,300	29,300
<b>j. Licensure and Certification for Dietitians and Nutritionists</b>				
		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			93,900	93,900
<b>k. Embalmers and Funeral Directors</b>				
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		18,200	514,100	518,000
<b>l. Licensure for Professional Engineers and Land Surveyors</b>				
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		51,400	1,882,700	1,968,100
<b>m. Certification of Fee-Based Pastoral Counselors</b>				
		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			3,600	3,600
<b>n. Registration for Professional Geologists</b>				
		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			109,000	109,000
<b>o. Hairdressers and Cosmetologists</b>				
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		60,100	2,017,300	2,031,500
<b>p. Specialists in Hearing Instruments</b>				
		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			78,000	78,000
<b>q. Interpreters for the Deaf and Hard of Hearing</b>				
		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			49,200	49,200
<b>r. Examiners and Registration of Landscape Architects</b>				
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		2,400	82,800	83,500

<b>s. Licensure of Marriage and Family Therapists</b>			
	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		133,600	133,600
<b>t. Licensure for Massage Therapy</b>			
	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		150,500	150,500
<b>u. Medical Imaging and Radiation Therapy</b>			
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds	11,300	466,700	480,700
<b>v. Medical Licensure</b>			
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds	91,600	3,714,100	3,713,300
<b>w. Nursing</b>			
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds	284,900	9,265,000	9,312,500
<b>x. Licensure for Nursing Home Administrators</b>			
	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		101,100	101,100
<b>y. Licensure for Occupational Therapy</b>			
	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		211,600	211,600
<b>z. Ophthalmic Dispensers</b>			
	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		71,400	71,400
<b>aa. Optometric Examiners</b>			
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds	14,000	247,600	248,400
<b>ab. Pharmacy</b>			
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds	98,800	2,894,700	2,907,900
<b>ac. Physical Therapy</b>			
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds	17,900	694,700	698,100
<b>ad. Podiatry</b>			
	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		46,500	46,500
<b>ae. Private Investigators</b>			
	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		113,700	113,700

<b>af. Licensed Professional Counselors</b>		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			390,800	390,800
<b>ag. Prosthetics, Orthotics, and Pedorthics</b>		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			46,200	46,200
<b>ah. Examiners of Psychology</b>		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			306,400	306,400
<b>ai. Respiratory Care</b>		<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds		8,700	258,200	260,000
<b>aj. Social Work</b>		<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds		86,300	374,000	375,000
<b>ak. Speech-Language Pathology and Audiology</b>		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			222,900	222,900
<b>al. Veterinary Examiners</b>		<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds			525,000	525,000
<b>TOTAL - OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS</b>		<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds		819,500	28,277,200	28,476,700
<b>26. KENTUCKY RIVER AUTHORITY</b>		<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund		12,200	307,900	311,400
Restricted Funds		2,917,900	11,791,600	6,196,500
TOTAL		2,930,100	12,099,500	6,507,900
<b>27. SCHOOL FACILITIES CONSTRUCTION COMMISSION</b>		<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund		13,300	125,661,200	127,169,800
TOTAL		13,300	125,661,200	127,169,800

(1) **Debt Service:** Included in the above General Fund appropriation is \$1,632,400 in fiscal year 2022-2023 and \$3,672,900 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **Additional Offers of Assistance:** Notwithstanding KRS 157.611 to 157.665, the School Facilities Construction Commission is authorized to make an additional \$85,000,000 in offers of assistance during the 2022-2024 fiscal biennium in anticipation of debt service availability during the 2024-2026 fiscal biennium. No bonded indebtedness based on the above amount is to be incurred during the 2022-2024 fiscal biennium.

**(3) Special Offers of Assistance - 2022-2023:** Notwithstanding KRS 157.611 to 157.665, the School Facilities Construction Commission shall make offers of assistance in the specified amounts to the following local school districts in fiscal year 2022-2023:

- (a) \$7,146,500 to Bath County Schools for Bath County Middle School;
- (b) \$12,726,200 to Bellevue Independent Schools for Grandview Elementary School;
- (c) \$11,477,300 to Boyd County Schools for Cannonsburg Elementary School;
- (d) \$14,659,900 to Breckinridge County Schools for Breckinridge County Middle School;
- (e) \$9,073,900 to Campbell County Schools for Grants Lick Elementary School;
- (f) \$12,300,000 to Campbellsville Independent Schools for Campbellsville Middle School;
- (g) \$27,375,000 to Carter County Schools for East Carter High School;
- (h) \$13,163,100 to Cumberland County Schools for Cumberland County Elementary School;
- (i) \$10,975,500 to Floyd County Schools for Duff-Allen Central Elementary School;
- (j) \$7,283,900 to Grant County Schools for Dry Ridge Elementary School;
- (k) \$10,853,000 to Jackson County Schools for Jackson County Middle School;
- (l) \$23,010,000 to Ludlow Independent Schools for Ludlow High School;
- (m) \$17,475,000 to Martin County Schools for Inez Elementary School;
- (n) \$10,686,200 to Mayfield Independent Schools for Mayfield High School; and
- (o) \$8,131,300 to Pendleton County Schools for Phillip Sharp Middle School.

These schools are A1 schools, are ranked as a Priority 1 or 2 on the local school district's facility plan, and have levied a ten-cent equivalent tax dedicated to capital improvements. No local school districts receiving offers of assistance under this Act shall be eligible to receive additional offers of assistance until the 2026-2028 fiscal biennium.

**(4) Local Area Vocational Education Center Renovation Projects – 2022-2023:** Notwithstanding KRS 157.611 to 157.665, the School Facilities Construction Commission shall make awards to support renovation costs from the Local Area Vocational Education Center Pool in the specified amounts to the following local school districts subject to a ten percent needs-based local match in fiscal year 2022-2023:

- (a) \$5,154,300 to Bath County Schools;
- (b) \$4,763,200 to Boone County Schools;
- (c) \$8,332,300 to Bowling Green Independent Schools;
- (d) \$10,000,000 to Boyd County Schools;
- (e) \$10,000,000 to Carter County Schools;
- (f) \$4,925,000 to Covington Independent Schools;
- (g) \$10,000,000 to Edmonson County Schools;
- (h) \$9,569,200 to Fleming County Schools;
- (i) \$2,734,300 to Grant County Schools;
- (j) \$10,000,000 to Grayson County Schools;
- (k) \$6,738,200 to Green County Schools;
- (l) \$2,032,200 to Hardin County Schools;
- (m) \$3,983,600 to Henderson County Schools;
- (n) \$6,811,000 to Jefferson County Schools;
- (o) \$10,000,000 to Lewis County Schools;
- (p) \$5,687,000 to Livingston County Schools;

- (q) \$9,590,200 to Marshall County Schools;
- (r) \$3,888,400 to McCreary County Schools;
- (s) \$10,000,000 to Nelson County Schools;
- (t) \$2,145,300 to Newport Independent Schools;
- (u) \$4,033,400 to Simpson County Schools;
- (v) \$6,662,700 to Taylor County Schools; and
- (w) \$8,582,500 to Union County Schools.

**(5) Local Area Vocational Education Center Renovation Projects Lapse and Carry Forward of General Fund Appropriation Balance:** Notwithstanding KRS 45.229, the General Fund appropriation balance for Local Area Vocational Education Center Renovation Projects for fiscal year 2021-2022 shall not lapse and shall carry forward.

**28. TEACHERS' RETIREMENT SYSTEM**

	2021-22	2022-23	2023-24
General Fund	479,242,300	761,425,500	767,731,100
Restricted Funds	503,100	18,553,300	19,330,200
<b>TOTAL</b>	<b>479,745,400</b>	<b>779,978,800</b>	<b>787,061,300</b>

**(1) Debt Service:** Included in the above General Fund appropriation is \$17,365,500 in fiscal year 2022-2023 for debt service on previously issued bonds.

**(2) Dependent Subsidy for All Retirees under age 65:** Pursuant to KRS 161.675(4), health insurance supplement payments made by the retirement system shall not exceed the amount of the single coverage insurance premium.

**(3) Retiree Health Insurance:** Pursuant to KRS 161.550(2)(b) and notwithstanding any statute to the contrary, included in the above General Fund appropriation is \$71,200,000 in fiscal year 2022-2023 and \$77,700,000 in fiscal year 2023-2024 to support the state's contribution for the cost of retiree health insurance for members not eligible for Medicare who have retired on or after July 1, 2010. Notwithstanding KRS 161.675, the Teachers' Retirement System Board of Trustees shall provide health insurance supplement payments towards the cost of the single coverage insurance premium based on age and years of service credit of eligible recipients of a retirement allowance, the cost of which shall be paid from the Medical Insurance Fund. Notwithstanding KRS 161.675, the Teachers' Retirement System Board of Trustees shall authorize eligible recipients of a retirement allowance from the Teachers' Retirement System who are less than age 65 to be included in the state-sponsored health insurance plan that is provided to active teachers and state employees under KRS 18A.225. Notwithstanding KRS 161.675(4)(a), the contribution paid by retirees who are less than age 65 who qualify for the maximum health insurance supplement payment for single coverage shall be no more than the sum of (a) the employee contribution paid by active teachers and state employees for a similar plan, and (b) the standard Medicare Part B premium as determined by the Centers for Medicare and Medicaid Services. Notwithstanding KRS 161.675(4)(a), the contribution paid by retirees who are less than age 65 who do not qualify for the maximum health insurance supplement payment for single coverage shall be determined by the same graduated formula used by the Teachers' Retirement System for Plan Year 2022.

**(4) Medical Insurance Fund Employee Contributions:** Notwithstanding KRS 161.540(1), the employee contribution to the Medical Insurance Fund shall not be changed in fiscal year 2022-2023 or fiscal year 2023-2024.

**(5) Amortized Benefits Payoff:** Included in the above General Fund appropriation is \$479,242,300 in fiscal year 2021-2022 to pay off the principal balance for past benefit enhancements. Notwithstanding KRS 45.229, any funds in excess of the principal balance shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

**(6) Sick Leave Liability Payment:** Included in the above General Fund appropriation is \$39,325,100 in each fiscal year to support the actuarial cost of sick leave benefits for new retirees. The Teachers' Retirement System shall provide a report on the cost of sick leave to the Public Pension Oversight Board no later than December 1, 2023.

**(7) Actuarially Determined Employer Contribution:** Included in the above General Fund appropriation is \$629,415,000 in fiscal year 2022-2023 and \$646,456,000 in fiscal year 2023-2024 to provide the full actuarially

determined employer contribution. The Teachers' Retirement System shall provide a report on the actuarially determined employer contribution to the Public Pension Oversight Board no later than December 1, 2023.

**(8) Salary Increment:** Notwithstanding Part III, 2. of this Act, unexpended Restricted Funds to administer the salary increment pursuant to Part IV, 2. of this Act shall become available for expenditure in the 2022-2024 fiscal biennium. The Teachers' Retirement System shall submit a report on the cost to implement the salary increment to the Interim Joint Committee on Appropriations and Revenue no later than August 1, 2022.

**29. APPROPRIATIONS NOT OTHERWISE CLASSIFIED**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	20,526,400	20,526,400

**(1) Funding Sources for Appropriations Not Otherwise Classified:** Funds required to pay the costs of items included within Appropriations Not Otherwise Classified are appropriated. Any required expenditure over the above amounts is to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any available balance in either the Judgments budget unit appropriation or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

The above appropriation is for the payment of Attorney General Expense, Office of Claims and Appeals awards, Guardian Ad Litem, Prior Year Claims, Unredeemed Checks Refunded, Involuntary Commitments - ICF/MR, Frankfort in Lieu of Taxes, Frankfort Cemetery, Police Officer, Firefighter, and National Guard and Reserve Survivor Benefits, Medical Malpractice Liability Insurance Reimbursement, and Blanket Employee Bonds.

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

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

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

**(5) Police Officer, Firefighter, and Active Duty National Guard and Reserve Survivor Benefits:** Funds are appropriated for payment of benefits for survivors of state and local police officers, firefighters, and active duty National Guard and Reserve members in accordance with KRS 61.315 and for the cost of insurance premiums for firefighters as provided in KRS 95A.070.

**30. JUDGMENTS**

**(1) Payment of Judgments and Carry Forward of General Fund Appropriation Balance:** Notwithstanding KRS 45A.275, the payment of judgments that exceed the above appropriation, as may be rendered against the Commonwealth by courts and orders of the State Personnel Board and, where applicable, shall be subject to KRS Chapter 45 and shall not be deemed a necessary governmental expense. Notwithstanding KRS 45A.270(1), funds required to pay any award or judgment against any department or agency of the state in excess of the above appropriation, shall be paid out of the funds created or collected for the maintenance and operation of such department or agency and otherwise paid pursuant to KRS 45A.270(2). Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2021-2022 and fiscal year 2022-2023 shall not lapse and shall carry forward.

**31. KENTUCKY COMMUNICATIONS NETWORK AUTHORITY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	6,188,800	38,784,000	39,634,700
Restricted Funds	-0-	10,563,000	10,563,000
TOTAL	6,188,800	49,347,000	50,197,700

**(1) Authority to Sell:** Notwithstanding KRS 154.15-020, the Kentucky Communications Network Authority shall have the authority to enter into contracts with public and private entities to carry out its duties and responsibilities, which may include the sale of all or portions of the Commonwealth's open-access broadband network known as KentuckyWired. A contract or other agreement involving the acquisition or disposition of a

property interest by the Commonwealth shall be signed by the Secretary of the Finance and Administration Cabinet. KRS Chapters 45A and 56 may require the Secretary’s signature on other contracts or agreements.

(2) **Availability Payments and Contractual Costs:** Included in the above General Fund appropriation is \$6,097,000 in fiscal year 2021-2022, \$4,398,900 in fiscal year 2022-2023, and \$5,240,500 in fiscal year 2023-2024 for availability payments and contractual costs.

(3) **Rate Assessments:** Notwithstanding KRS 154.15-020, rate assessments charged to state agencies for access to the KentuckyWired broadband network shall not exceed rates currently charged for broadband services to those state agencies in fiscal year 2019-2020.

**TOTAL - GENERAL GOVERNMENT**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund (Tobacco)		-0-	41,868,600	41,862,000
General Fund	709,266,200	1,550,686,100	1,513,412,900	
Restricted Funds	8,842,700	303,021,500	298,187,400	
Federal Funds	7,337,100	676,283,200	208,115,700	
<b>TOTAL</b>	<b>725,446,000</b>	<b>2,571,859,400</b>	<b>2,061,578,000</b>	

**B. ECONOMIC DEVELOPMENT CABINET**

**Budget Unit**

**1. ECONOMIC DEVELOPMENT**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	50,268,300	285,495,200	30,482,200
Restricted Funds	362,800	3,044,500	3,064,400
Federal Funds	-0-	301,000	301,000
<b>TOTAL</b>	<b>50,631,100</b>	<b>288,840,700</b>	<b>33,847,600</b>

(1) **Funding for Commercialization and Innovation:** Notwithstanding KRS 154.12-278, interest income earned on the balances in the High-Tech Construction/Investment Pool and loan repayments received by the High-Tech Construction/Investment Pool shall be used to support the Office of Entrepreneurship and are appropriated in addition to amounts appropriated above.

(2) **Lapse and Carry Forward of General Fund Appropriation Balance for Bluegrass State Skills Corporation:** Notwithstanding KRS 45.229, the General Fund appropriation balance for Bluegrass State Skills Corporation training grants for fiscal year 2021-2022 and fiscal year 2022-2023 shall not lapse and shall carry forward. The amount available to the Corporation for disbursement in each fiscal year shall be limited to the unexpended training grant allotment balance at the end of each fiscal year combined with the additional training grant allotment amounts in each fiscal year of the 2022-2024 fiscal biennium, less any disbursements. If the required disbursements exceed the Bluegrass State Skills Corporation training grants allotment balance, notwithstanding KRS 154.12-278, Restricted Funds may be expended for training grants.

(3) **Science and Technology Program:** Notwithstanding KRS 164.6011 to 164.6035 and any other statute to the contrary, the Cabinet for Economic Development shall have the authority to carry out the provisions of KRS 164.6013 to 164.6035.

(4) **Carry Forward of General Fund Appropriation Balance:** Notwithstanding KRS 45.229, the General Fund appropriation in fiscal year 2021-2022 and fiscal year 2022-2023 to the Cabinet for Economic Development, Science and Technology Program, shall not lapse and shall carry forward in the Cabinet for Economic Development.

(5) **Executive Officers' Compensation:** Notwithstanding KRS 154.10-050(2), any additional executive officers as described in KRS 154.10-050(2) shall not be paid a salary greater than the salary of the Governor of the Commonwealth.

(6) **Training Grants:** Included in the above General Fund appropriation is \$2,500,000 in each fiscal year for the Bluegrass State Skills Corporation to make training grants to support manufacturing-related investments. The



Corporation shall utilize these funds for a manufacturer designated by the United States Department of Commerce, United States Census Bureau North American Industry Classification System code of 336111, 336112, 336120, or 336211 that employs at least 10,000 full-time persons at the same facility or at multiple facilities located within the same county to help offset associated costs of retraining its workforce.

(7) **Rapid Response Grants:** Included in the above Restricted Funds appropriation is \$258,600 in fiscal year 2021-2022 for the Bluegrass State Skills Corporation Rapid Response training grants.

(8) **Debt Service:** Included in the above General Fund appropriation is \$566,000 in fiscal year 2022-2023 and \$1,698,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(9) **Site Infrastructure Improvement:** Included in the above General Fund appropriation is \$46,000,000 in fiscal year 2022-2023 to support site infrastructure improvements through the Intermodal Transportation Authority, Inc. for infrastructure critical to water and sewer requirements for Economic Development.

(10) **Covington Wet Research Lab:** Included in the above General Fund appropriation is \$15,000,000 in fiscal year 2022-2023 to be distributed to regional economic development authorities to support the construction and fit-out of a wet research lab facility located in the city of Covington.

(11) **KEDFA Forgivable Loans:** Included in the above General Fund appropriation is \$16,800,000 in fiscal year 2022-2023 for funding of Kentucky Economic Development Finance Authority forgivable loans ("KEDFA loans") for economic development projects with a minimum investment of \$2,000,000,000. Such forgivable loans may be offered as the net present value of and as a substitute for economic incentives offered under the Kentucky Business Investment Program (KRS 154.32), the Kentucky Enterprise Initiative Act (KRS 154.20-200 to 154.20-216), and the Economic Development Fund Program (KRS 154.12-100). Therefore, if such a loan is offered and awarded, the state shall collect the sales and use taxes, Kentucky income tax, limited liability entity tax, and any payroll withholding tax eligible for a wage assessment that would otherwise be exempted under those incentive programs. The Cabinet for Economic Development shall determine the terms and conditions of the KEDFA loans, monitor the performance of the economic development projects, and secure reasonable collateral. The annual status of any KEDFA loans awarded shall be reported to the Interim Joint Committee on Appropriations and Revenue by November 1 of each year as long as the KEDFA loans are in effect.

(12) **Kentucky Product Development Initiative:** Included in the above General Fund appropriation is \$50,000,000 in fiscal year 2021-2022 and \$150,000,000 in fiscal year 2022-2023 to support the creation and implementation of the Kentucky Product Development Initiative. The appropriation shall be divided between two funding distribution models as follows:

(a) \$50,000,000 in fiscal year 2021-2022 and \$50,000,000 in fiscal year 2022-2023 to support approved mega-development projects of at least \$10,000,000; and

(b) \$100,000,000 in fiscal year 2022-2023 to support approved development projects which shall be allocated to each county based on population. The county's allocation shall be determined by each county's proportion of the state's population from the 2020 Census with the exception of Jefferson County's share, which shall be discounted by 50 percent. ~~\*\*[The allocation by county shall serve as a funding cap for projects within that county, and no county's share shall be reallocated unless by express authority of the General Assembly.]\*\*~~ If a county has already utilized mega-development funding from paragraph (a) of this subsection, then no funds shall be distributed from this paragraph. No funding shall be allocated for approved development projects greater than \$2,000,000 per county.

Notwithstanding KRS 45.229, the General Fund appropriation balances from paragraphs (a) and (b) of this subsection for the Kentucky Product Development Initiative for fiscal year 2021-2022 and fiscal year 2022-2023 shall not lapse and shall carry forward.

(13) **Kenton County Fiscal Court Site Development and Acquisition:** Included in the above General Fund appropriation is a one-time allocation of \$13,000,000 in fiscal year 2022-2023 to the Kenton County Fiscal Court for acquisition and site development.

(14) **Southbank Partners:** Included in the above General Fund appropriation is a one-time allocation of \$2,500,000 in fiscal year 2022-2023 to Southbank Partners for economic development projects.

(15) **Waterfront Botanical Gardens:** Included in the above General Fund appropriation is a one-time allocation of \$1,500,000 in fiscal year 2022-2023 to the Waterfront Botanical Gardens for the construction of a new access road and to mitigate flooding on the property.

**(16) Southeast Kentucky Regional Industrial Authority:** Included in the above General Fund appropriation is a one-time allocation of \$1,400,000 in fiscal year 2022-2023 to the Southeast Kentucky Regional Industrial Authority for the construction of an access road and utility upgrades making the site Certified Pad Ready.

**(17) Waterfront Development Corporation:** Included in the above General Fund appropriation is a one-time allocation of \$10,000,000 in fiscal year 2022-2023 to the Waterfront Development Corporation for the expansion of the Waterfront Park.

**C. DEPARTMENT OF EDUCATION**

**Budget Units**

**1. SUPPORT EDUCATION EXCELLENCE IN KENTUCKY (SEEK) PROGRAM**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	3,205,077,100	3,195,808,600

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

**(2) Allocation of SEEK Funds:** Notwithstanding KRS 157.360(2)(c), the above General Fund appropriation to the base SEEK Program is intended to provide a base guarantee of \$4,100 per student in average daily attendance in fiscal year 2022-2023 and \$4,200 per student in average daily attendance in fiscal year 2023-2024, as well as to meet the other requirements of KRS 157.360. Notwithstanding KRS 157.360(2), each district's base funding level shall be adjusted for the number of students demonstrating limited proficiency in English language skills, multiplied by 0.096.

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

**(3) SEEK Lapse:** Any unexpended SEEK funds in each fiscal year shall lapse to the General Fund.

**(4) Base SEEK Allotments:** Notwithstanding KRS 157.420(2), included in the above General Fund appropriation is \$2,044,568,000 in fiscal year 2022-2023 and \$2,044,371,700 in fiscal year 2023-2024 for the base SEEK Program as defined by KRS 157.360. Funds appropriated to the SEEK Program shall be allotted to school districts in accordance with KRS 157.310 to 157.440, except that the total of the funds allotted shall not exceed the appropriation for this purpose, except as provided in this Act.

**(5) Tier I Component:** Included in the above General Fund appropriation is \$200,458,100 in fiscal year 2022-2023 and \$194,519,400 in fiscal year 2023-2024 for the Tier I component as established by KRS 157.440.

**(6) Vocational Transportation:** Included in the above General Fund appropriation is \$7,833,100 in each fiscal year for vocational transportation.

**(7) Teachers' Retirement System Employer Match:** Included in the above General Fund appropriation is \$438,670,000 in fiscal year 2022-2023 and \$448,530,000 in fiscal year 2023-2024 to enable local school districts to provide the employer match for qualified employees.

**(8) Salary Supplements for Nationally Certified Teachers:** Notwithstanding KRS 157.395, included in the above General Fund appropriation is \$4,600,000 in fiscal year 2022-2023 and \$4,655,500 in fiscal year 2023-2024 for the purpose of providing salary supplements for public school teachers attaining certification by the National Board for Professional Teaching Standards. Notwithstanding KRS 157.395, if the appropriation is insufficient to provide the mandated salary supplement for teachers who have obtained this certification, the Department of Education is authorized to pro rata reduce the supplement.

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

**(10) Facilities Support Program of Kentucky/Equalized Nickel Levies:** Included in the above General Fund appropriation is \$113,492,000 in fiscal year 2022-2023 and \$107,463,200 in fiscal year 2023-2024 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620.

**(11) Growth Levy Equalization Funding:** Included in the above General Fund appropriation is \$45,469,700 in fiscal year 2022-2023 and \$41,044,100 in fiscal year 2023-2024 to provide facilities equalization funding pursuant to KRS 157.440 and 157.620 for districts meeting the eligibility requirements of KRS 157.621(1) and (4). Notwithstanding KRS 157.621(1)(b)2., a school district that imposes the levy authorized by KRS 157.621(1)(b)1. shall be equalized for that levy, in addition to the equalization funding appropriated in accordance with KRS 157.621(1)(b)2., and all funds for this purpose shall be committed to debt service, new facilities, or major renovations in accordance with KRS 157.440(1)(b). It is the intent of the 2022 General Assembly that any local school district receiving equalization under this subsection shall receive full calculated equalization until the earlier of 20 years of the effective date of this Act, or the date the bonds for the local school district supported by this equalization are retired, in accordance with KRS 157.621(2).

**(12) Retroactive Equalized Facility Funding:** Included in the above General Fund appropriation is \$46,147,700 in fiscal year 2022-2023 and \$44,580,700 in fiscal year 2023-2024 to provide equalized facility funding pursuant to KRS 157.440 and 157.620 to districts meeting the eligibility requirements of KRS 157.621(2) and (4). In addition, a local board of education that levied a tax rate subject to recall by January 1, 2014, in addition to the five cents levied pursuant to KRS 157.440(1)(b) and that committed the receipts to debt service, new facilities, or major renovations of existing facilities shall be eligible for equalization funds from the state at 150 percent of the statewide average per pupil assessment. Revenue to generate the five cent equivalent levy may be obtained from levies on property, motor vehicles, or the taxes authorized by KRS 160.593 to 160.597, 160.601 to 160.633, and 160.635 to 160.648 if the levy was dedicated to facilities funding at the time of the levy. The equalization funds shall be used as provided in KRS 157.440(1)(b). Notwithstanding KRS 157.621(2)(a) and (4), for the 2022-2024 fiscal biennium, school districts that levied the tax rate subject to recall prior to January 1, 2021, shall be equalized at 100 percent of the calculated equalization funding, school districts that levied the tax rate subject to recall after January 1, 2021, and before January 30, 2022, shall be equalized at 25 percent of the calculated equalization funding, and all funds for this purpose shall be committed to debt service, new facilities, or major renovations in accordance with KRS 157.440(1)(b). It is the intent of the 2022 General Assembly that any local school district receiving partial equalization under this subsection in the 2022-2024 fiscal biennium shall receive full calculated equalization in the 2024-2026 fiscal biennium and thereafter, until the earlier of 20 years of the effective date of this Act, or the date the bonds for the local school district supported by this equalization are retired, in accordance with KRS 157.621(2).

**(13) Equalized Facility Funding:** Included in the above General Fund appropriation is \$15,435,900 in fiscal year 2022-2023 and \$14,833,300 in fiscal year 2023-2024 to provide equalized facility funding pursuant to KRS 157.440 and 157.620 to districts meeting the eligibility requirements of KRS 157.621(3) and (4). Notwithstanding KRS 157.621(3)(c), a school district meeting the criteria of KRS 157.621(3)(a) and (b) shall be equalized at 100 percent of the calculated equalization funding in each fiscal year, and all funds for this purpose shall be committed to debt service, new facilities, or major renovations in accordance with KRS 157.440(1)(b). In addition, notwithstanding KRS 157.621(1) and (3), a school district that has levied a five-cent equivalent rate authorized by KRS 157.621(1)(a) and is not receiving state equalization funding for that levy under KRS 157.621(1)(b), 157.621(3), or any other provision of this Act, shall be equalized at 100 percent of the calculated equalization funding in each fiscal year, and all funds for this purpose shall be committed to debt service, new facilities, or major renovations in accordance with KRS 157.440(1)(b). It is the intent of the 2022 General Assembly that any local school district receiving equalization under this subsection shall receive full calculated equalization until the earlier of 20 years of the effective date of this Act, or the date the bonds for the local school district supported by this equalization are retired, in accordance with KRS 157.621(3).

**(14) BRAC Equalized Facility Funding:** Notwithstanding KRS 157.621(1)(c)2., included in the above General Fund appropriation is \$2,908,800 in fiscal year 2022-2023 and \$2,843,300 in fiscal year 2023-2024 to provide equalized facility funding to school districts meeting the eligibility requirements of KRS 157.621(1)(c)1. pursuant to KRS 157.440 and 157.620.

**(15) Equalization Funding for Critical Construction Needs Schools:** Included in the above General Fund appropriation is \$8,735,500 in fiscal year 2022-2023 and \$8,376,000 in fiscal year 2023-2024 to school districts in accordance with KRS 157.621(5).

**(16) Hold-Harmless Guarantee:** A modified hold-harmless guarantee is established in each fiscal year which provides that every local school district shall receive at least the same amount of SEEK state funding per pupil as was received in fiscal year 1991-1992. If funds appropriated to the SEEK Program are insufficient to provide the amount of money required under KRS 157.310 to 157.440, and allotments to local school districts are reduced in accordance with KRS 157.430, allocations to school districts subject to this provision shall not be reduced.

**(17) Residential Youth-at-Risk Programs:** In accordance with KRS 157.360, no funds from the SEEK Program shall be distributed to the programs operated by the Kentucky Guard Youth Challenge Division of the Department of Military Affairs. Notwithstanding KRS 157.350, 157.360, 157.410, and any other statute to the contrary, any school district providing educational services to students enrolled in programs operated by the Kentucky Guard Youth Challenge Division of the Department of Military Affairs shall be paid for those services solely from the General Fund appropriation in Part I, A., 6. of this Act, and students enrolled in such programs shall not be included in the average daily attendance for purposes of SEEK Program funding.

**(18) Salary Supplements for Certified Audiologists and Speech Language Pathologists:** Included in the above General Fund appropriation is \$2,312,000 in each fiscal year for the purpose of providing a \$2,000 salary supplement each year for full-time public school Audiologists and Speech Language Pathologists that have active Certificates of Clinical Competence, as offered by the American Speech-Language-Hearing Association. Notwithstanding any statute to the contrary, if the appropriation is insufficient to provide all full-time public school American Speech-Language-Hearing Association certified Audiologists and Speech Language Pathologists with the \$2,000 stipend, then the Department of Education is authorized to pro rata reduce the supplement.

**(19) Additional SEEK Resources:** Additional funds are made available to local school districts through an increase in the SEEK resources. The 2022 General Assembly encourages local school districts to provide certified and classified staff a salary or compensation increase.

**(20) Full-Day Kindergarten:** Notwithstanding KRS 157.320 or any other statute or regulation to the contrary, the Department of Education shall count each kindergarten pupil in full for that respective school year, for the purpose of determining SEEK funds and any other state funding based in whole or in part on average daily attendance for the district, except that a district shall receive an amount equal to one-half of the state portion of the average statewide per pupil guaranteed base funding level for each student who graduated early under the provisions of KRS 158.142.

**(21) SEEK Transportation:** Notwithstanding KRS 157.370 and 157.360(2)(c), included in the above General Fund appropriation is \$274,446,300 in each fiscal year to support pupil transportation.

~~\*\*[(22) — District Administration Expenditure Limitations: No local school district shall expend funds above the percentage level published in the Legislative Research Commission’s Office of Education Accountability’s Kentucky District Data Profiles for School Year 2020 in the categories of District Administration Support, School Administration Support, or Business Support. It is the intent of the 2022 General Assembly to reduce a school district’s transportation funding in the 2024-2026 fiscal biennium should a district violate this provision.]\*\*~~

~~\*\*[(23) — Residential Academic Academies: Notwithstanding KRS 157.350, 157.360, 157.410, and any other statute to the contrary, the Department of Education shall transfer to each residential academic academy the state share of SEEK funds for the average daily attendance and add on factors for students enrolled in the Craft Academy for Excellence in Science and Mathematics or Gatton Academy of Mathematics and Science in Kentucky.]\*\*~~

**2. OPERATIONS AND SUPPORT SERVICES**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		603,800	63,901,300	64,606,600
Restricted Funds		91,400	8,179,100	8,200,100
Federal Funds		130,400	465,364,900	465,407,300
<b>TOTAL</b>		<b>825,600</b>	<b>537,445,300</b>	<b>538,214,000</b>

**(1) 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 those employees’ compensation comparable to the competitive market.

(2) **Debt Service:** Included in the above General Fund appropriation is \$584,000 in fiscal year 2022-2023 and \$1,168,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) **Blind/Deaf Residential Travel Program:** Included in the above General Fund appropriation is \$492,300 in each fiscal year for the Blind/Deaf Residential Travel Program.

(4) **School Food Services:** Included in the above General Fund appropriation is \$3,827,000 in each fiscal year for the School Food Services Program.

(5) **Advanced Placement and International Baccalaureate Exams:** Notwithstanding KRS 160.348(3), included in the above General Fund appropriation is \$1,000,000 in each fiscal year to pay the cost of Advanced Placement and International Baccalaureate examinations for those students who meet the eligibility requirements for free or reduced-price meals. Notwithstanding KRS 154A.130(4) and 160.348(3), included in the above General Fund appropriation is \$2,600,000 in each fiscal year to pay the cost of Advanced Placement examinations for students on a first-come, first-served basis.

(6) **Review of the Classification of Primary and Secondary School Buildings:** Included in the above General Fund appropriation is \$600,000 in each fiscal year to implement KRS 157.420(9) and (10). Notwithstanding KRS 45.229, any portion of the \$600,000 that has not been expended by the end of fiscal year 2022-2023 shall not lapse and shall carry forward into fiscal year 2023-2024. Notwithstanding KRS 157.420(9) and (10), only schools classified as A1, A2, A3, A4, A5, A6, C2, and D1 shall be included in the evaluation process. Notwithstanding KRS 157.420(9) and (10), the Department of Education may limit the school buildings included in the evaluation process based on the time elapsed since the building's construction or last major renovation as defined in 702 KAR 4:160. The Department of Education shall provide an updated list of school buildings evaluated by the process pursuant to KRS 157.420(9) and (10) to the Legislative Research Commission by October 1, 2023.

(7) **District Facility Plan Modifications:** Notwithstanding any statute to the contrary, a district may modify its district facility plan without convening the local planning committee for the sole purpose of complying with KRS 158.162(3)(d). Any modification shall identify an unmet requirement of KRS 158.162(3)(d) as the highest priority on the modified district facility plan, subject to approval by the local board of education and the Commissioner of Education.

(8) **Kentucky Dataseam Initiative:** Included in the above General Fund appropriation is a one-time allocation of \$3,500,000 in each fiscal year for the Kentucky Dataseam Initiative.

**3. LEARNING AND RESULTS SERVICES**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	2,210,800	1,191,944,300	1,267,839,300
Restricted Funds	703,100	35,392,400	35,571,300
Federal Funds	299,200	1,363,689,900	1,362,754,700
<b>TOTAL</b>	<b>3,213,100</b>	<b>2,591,026,600</b>	<b>2,666,165,300</b>

(1) **Kentucky Education Technology System:** Notwithstanding KRS 157.650 to 157.665, the School for the Deaf and the School for the Blind shall be fully eligible, along with local school districts, to participate in the Kentucky Education Technology System in a manner that takes into account the special needs of the students of these two schools.

(2) **Family Resource and Youth Services Centers:** Funds appropriated to establish and support Family Resource and Youth Services Centers shall be transferred in each fiscal year to the Cabinet for Health and Family Services consistent with KRS 156.496. The Cabinet for Health and Family Services is authorized to use, for administrative purposes, no more than three percent of the total funds transferred from the Department of Education for the Family Resource and Youth Services Centers. If a certified person is employed as a director or coordinator of a Family Resource and Youth Services Center, that person shall retain his or her status as a certified employee of the school district.

(3) **Health Insurance:** Included in the above General Fund appropriation is \$776,548,700 in fiscal year 2022-2023 and \$849,223,600 in fiscal year 2023-2024 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage.

(4) **Program Flexibility:** Notwithstanding KRS 158.070(8) and 158.446, local school districts shall be provided additional flexibility in the utilization of funds for Extended School Services and Safe Schools. Local

school districts shall continue to address the governing statutes and serve the intended student population but may utilize funds from these programs for general operating expenses in each year of the fiscal biennium. Local school districts that utilize these funds for general operating expenses shall report to the Kentucky Department of Education and the Interim Joint Committee on Education the amount of funding from each program utilized for general operating expenses.

**(5) Center for School Safety:** Included in the above General Fund appropriation is \$13,000,000 in each fiscal year for the Center for School Safety. Notwithstanding KRS 158.446, the Center for School Safety shall develop and implement allotment policies for all moneys received for the purposes of KRS 158.440, 158.441, 158.4415, 158.4416, 158.442, 158.445, and 158.446, except that no more than \$1,300,000 in each fiscal year may be retained for administrative purposes.

**(6) Allocations to School-Based Decision Making Councils:** Notwithstanding KRS 160.345(8), for each fiscal year, a local board of education may reduce the allocations to individual schools within the district as outlined in 702 KAR 3:246, secs. 6, 7, and 8. The allocation under 702 KAR 3:246, sec. 6, shall not be less than \$100 per pupil in average daily attendance.

**(7) Kentucky School for the Blind and Kentucky School for the Deaf:** Included in the above General Fund appropriation is \$8,091,600 in fiscal year 2022-2023 and \$8,097,800 in fiscal year 2023-2024 for the Kentucky School for the Blind and \$10,876,100 in fiscal year 2022-2023 and \$10,885,800 in fiscal year 2023-2024 for the Kentucky School for the Deaf. Of this amount, \$534,000 in fiscal year 2022-2023 and \$549,900 in fiscal year 2023-2024 is provided to support step and rank increases. Notwithstanding KRS 45.229, any portion of General Fund not expended for this purpose shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705).

**(8) Career and Technical Education:** Included in the above General Fund appropriation is \$126,887,800 in fiscal year 2022-2023 and \$126,890,900 in fiscal year 2023-2024 for career and technical education. Notwithstanding KRS 157.069, of this amount, \$70,063,400 in each fiscal year shall be distributed as supplemental funding to local area vocational education centers and \$424,400 in fiscal year 2022-2023 and \$443,900 in fiscal year 2023-2024 is provided to support step and rank increases for state-operated Area Technology Center employees.

Notwithstanding KRS 157.069, Category II and III programs in districts established after June 21, 2001, shall be included in the distribution. The Department of Education shall classify each comprehensive high school with five or more career and technical education program areas as a local area vocational education center and shall also include any comprehensive high school with less than five career and technical education programs in the supplemental funding. The Department of Education shall communicate the updated status with the superintendent of each local school district no later than June 30, 2022.

**(9) Advisory Council for Gifted and Talented Education:** Notwithstanding KRS 158.648(1), a member of the State Advisory Council for Gifted and Talented Education may be reappointed but shall not serve more than six consecutive terms. Notwithstanding KRS 158.648(1), a member of the Kentucky Association for Gifted Education shall be a voting member of the State Advisory Council for Gifted and Talented Education.

**(10) Redistribution of Resources:** Notwithstanding KRS 156.095, 156.553, 156.555, 157.390, 158.070, 158.770, 158.775, 158.805, 161.027 to 161.030, 161.165, and 161.167, no General Fund is provided for the Professional Development Program, the Commonwealth School Improvement Fund, the Leadership and Mentor Fund, the Middle School Academic Center, the Teacher's Professional Growth Fund, the Teacher Academies Program, the Writing Program, the Kentucky Principal Internship Program, the Kentucky Teacher Internship Program, and the Kentucky Academy for Equity in Teaching in order to increase funding for school-based mental health services providers.

**(11) Learning and Results Services Programs:** Included in the above General Fund appropriation are the following allocations for the 2022-2024 fiscal biennium, but no portion of these funds shall be utilized for state-level administrative purposes:

- (a) \$1,900,000 in each fiscal year for AdvanceKentucky;
- (b) \$1,200,000 in each fiscal year for the Collaborative Center for Literacy Development;
- (c) \$1,850,000 in each fiscal year for the Community Education Program;
- (d) \$1,400,000 in fiscal year 2022-2023 and \$2,500,000 in fiscal year 2023-2024 for Dolly Parton's Imagination Library;
- (e) \$23,916,300 in each fiscal year for the Extended School Services Program;

- (f) \$48,889,000 in each fiscal year for the Family Resource and Youth Services Centers Program;
- (g) \$10,000,000 in each fiscal year for the Gifted and Talented Program;
- (h) \$100,000 in each fiscal year for the Hearing and Speech Center;
- (i) \$100,000 in each fiscal year for the Heuser Hearing and Language Academy;
- (j) Notwithstanding KRS 154A.130(4), \$1,000,000 in each fiscal year for the Jobs for America’s Graduates Program;
- (k) \$500,000 in each fiscal year for the Kentucky Alliance of Boys & Girls Clubs;
- (l) \$11,000,000 in fiscal year 2022-2023 and \$12,500,000 in fiscal year 2023-2024 for the Kentucky Educational Collaborative for State Agency Children;
- (m) \$1,391,000 in each fiscal year for Local School District Life Insurance;
- (n) \$5,019,000 in each fiscal year for the Mathematics Achievement Fund;
- (o) \$84,481,100 in each fiscal year for the Preschool Program;
- (p) \$15,936,600 in each fiscal year for the Read to Achieve Program;
- (q) \$2,000,000 in each fiscal year for Save the Children;
- (r) \$700,000 in each fiscal year for Teach for America. Teach for America shall submit a report on the outcomes of the program to the Interim Joint Committee on Education by August 1, 2023; and
- (s) \$500,000 in each fiscal year for the Visually Impaired Preschool Services Program.

The Kentucky Department of Education shall perform a comprehensive review and evaluation of all Learning and Results Services programs and shall provide a report and recommendation of changes to the Interim Joint Committees on Education and Appropriations and Revenue by August 1, 2023, for action by the 2024 General Assembly.

**(12) Early Learning Initiative:** Included in the above General Fund appropriation is \$11,000,000 in each fiscal year for the Early Learning Initiative.

**(13) Locally Operated Vocational Centers Allocation:** Notwithstanding KRS 157.069, the allocation under 705 KAR 2:140, sec. 5, (2) for the school year 2021-2022, shall be determined by the school year 2018-2019 full-time equivalent student enrollment.

**(14) School-Based Mental Health Services Providers:** Included in the above General Fund appropriation is \$7,412,500 in each fiscal year to fund school-based mental health services provider full-time equivalent positions on a reimbursement basis. The Kentucky Center for School Safety, in consultation with the Office of the State School Security Marshal, shall develop criteria to determine which districts shall receive funding to meet the requirements of KRS 158.4416(3)(a). The criteria shall include:

- (a) A local district’s use of Medicaid funding to supplement General Fund;
- (b) An equitable and balanced statewide distribution; and
- (c) Any other criteria to support a trauma-informed approach in schools.

**(15) Math Nation:** Included in the above Federal Funds appropriation is \$3,000,000 in fiscal year 2022-2023 and \$2,000,000 in fiscal year 2023-2024 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for the Math Nation Program.

**TOTAL - DEPARTMENT OF EDUCATION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		2,814,600	4,460,922,700	4,528,254,500
Restricted Funds		794,500	43,571,500	43,771,400
Federal Funds		429,600	1,829,054,800	1,828,162,000
<b>TOTAL</b>		<b>4,038,700</b>	<b>6,333,549,000</b>	<b>6,400,187,900</b>

**D. EDUCATION AND LABOR CABINET**

## Budget Units

### 1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT

	2021-22	2022-23	2023-24	
General Fund (Tobacco)		-0-	1,400,000	1,400,000
General Fund		125,600	18,156,400	18,005,900
Restricted Funds		728,400	25,095,900	25,215,700
Federal Funds		24,000	6,636,800	6,636,000
TOTAL		878,000	51,289,100	51,257,600

(1) **Early Childhood Development:** Included in the above General Fund (Tobacco) appropriation is \$1,400,000 in each fiscal year for the Early Childhood Advisory Council.

(2) **Governor's Scholars Program:** Included in the above General Fund appropriation is \$1,758,700 in each fiscal year for the Governor's Scholars Program.

(3) **Governor's School for Entrepreneurs:** Included in the above General Fund appropriation is \$895,000 in each fiscal year for the Governor's School for Entrepreneurs.

(4) **Kentucky Center for Statistics:** (a) Included in the above General Fund appropriation is \$1,200,000 in fiscal year 2022-2023 and \$1,733,300 in fiscal year 2023-2024 to sustain the State Longitudinal Data System.

(b) Included in the above General Fund appropriation is \$1,363,200 in each fiscal year for the Workforce Data Quality Initiative and Supplemental Nutrition Assistance Program data collection and analysis.

(5) **The Hope Center:** Included in the above General Fund appropriation is \$100,000 in each fiscal year for the Hope Center. Included in the above General Fund appropriation is an additional one-time allocation of \$250,000 in fiscal year 2022-2023 for the Hope Center.

(6) **Kentucky Adult Learner Program:** Included in the above General Fund appropriation is \$2,000,000 in each fiscal year for the Kentucky Adult Learner Program. The purpose of the program is to provide adults 18 years of age or older who have not graduated high school the opportunity to earn a high school diploma. The Education and Labor Cabinet (ELC) and the Kentucky Department of Education shall authorize a single eligible entity to operate the program for not more than 350 adult learners. The eligible entity shall be a Kentucky-based non-profit organization, agree to commit at least \$1,000,000 to the program, and staff the program with certified teachers teaching core academic subjects.

Notwithstanding any statute to the contrary, the Kentucky Adult Learner Program shall have authorization to issue a Kentucky high school diploma to an adult learner participant if all of the minimum graduation requirements under Kentucky law are met.

The Kentucky Board of Education and the ELC shall develop metrics that will appropriately assess the expected performance outcomes of the program.

(7) **Heuser Hearing Institute:** Included in the above General Fund appropriation is \$1,500,000 in each fiscal year for the Heuser Hearing Institute to develop a program to close the education and achievement gaps for deaf and hard-of-hearing individuals.

(8) **Workforce Development Program Analysis:** Included in the above General Fund appropriation is \$500,000 in fiscal year 2022-2023 to study the effectiveness of Kentucky's state-sponsored workforce development programs. The Cabinet shall collaborate with the Center for Business and Economic Research at the University of Kentucky to establish the scope of the study. The Cabinet shall provide a report regarding the outcome of the study to the Interim Joint Committee on Economic Development and Workforce Investment by December 1, 2023.

(9) **Everybody Counts Program:** Included in the above General Fund appropriation is \$5,000,000 in each fiscal year for the Everybody Counts Program.

### 2. PROPRIETARY EDUCATION

	2021-22	2022-23	2023-24	
Restricted Funds		9,100	534,700	537,600



**3. DEAF AND HARD OF HEARING**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		40,600	1,037,100	1,051,500
Restricted Funds		12,100	1,391,000	1,391,000
<b>TOTAL</b>		<b>52,700</b>	<b>2,428,100</b>	<b>2,442,500</b>

**4. KENTUCKY EDUCATIONAL TELEVISION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		572,600	16,090,800	16,200,000
Restricted Funds		-0-	2,037,000	2,037,000
<b>TOTAL</b>		<b>572,600</b>	<b>18,127,800</b>	<b>18,237,000</b>

**5. ENVIRONMENTAL EDUCATION COUNCIL**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		8,800	516,500	517,400
Federal Funds		-0-	429,900	429,900
<b>TOTAL</b>		<b>8,800</b>	<b>946,400</b>	<b>947,300</b>

(1) **Environmental Education Council:** Notwithstanding KRS 224.43-505(2)(b), the Council may use interest received to support the operations of the Council.

**6. LIBRARIES AND ARCHIVES**

**a. General Operations**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		170,200	6,561,100	6,615,300
Restricted Funds		-0-	1,613,500	1,406,700
Federal Funds		50,200	3,482,600	3,017,200
<b>TOTAL</b>		<b>220,400</b>	<b>11,657,200</b>	<b>11,039,200</b>

**b. Direct Local Aid**

	<b>2022-23</b>	<b>2023-24</b>	
General Fund		4,329,600	4,329,600
Restricted Funds		1,046,900	1,046,900
<b>TOTAL</b>		<b>5,376,500</b>	<b>5,376,500</b>

(1) **Per Capita Grants:** Notwithstanding KRS 171.201, no General Fund is provided for non-construction state aid.

(2) **Public Libraries Facilities Construction:** Included in the above General Fund appropriation is \$4,329,600 in each fiscal year for the Public Libraries Facilities Construction Fund. Notwithstanding KRS 45.229 and 171.027 to 171.223, any expired debt service payments shall lapse to the General Fund.

**TOTAL - LIBRARIES AND ARCHIVES**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		170,200	10,890,700	10,944,900
Restricted Funds		-0-	2,660,400	2,453,600
Federal Funds		50,200	3,482,600	3,017,200
<b>TOTAL</b>		<b>220,400</b>	<b>17,033,700</b>	<b>16,415,700</b>

**7. WORKFORCE DEVELOPMENT**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		635,100	36,717,300	36,878,600
Restricted Funds		1,909,900	12,915,300	12,950,600
Federal Funds		1,819,100	499,851,200	475,761,500
<b>TOTAL</b>		<b>4,364,100</b>	<b>549,483,800</b>	<b>525,590,700</b>

**(1) Carry Forward of General Fund Appropriation:** Notwithstanding KRS 45.229, the General Fund balance for the Office of Adult Education in each fiscal year shall not lapse and shall carry forward.

**(2) Cafeteria Service Contracts:** No state agency shall enter into any contract with a nongovernmental entity for the operation of food services provided in the cafeterias located in the Kentucky Transportation Cabinet office building and/or the Cabinet for Human Resources office building in Frankfort unless the Office of Vocational Rehabilitation has declined in writing to provide such services.

**(3) Adult Education:** Included in the above General Fund appropriation is \$18,407,600 in each fiscal year for the Office of Adult Education.

**(4) Employer and Apprenticeship Services:** Included in the above General Fund appropriation is \$581,100 in each fiscal year for the Office of Employer and Apprenticeship Services. The Education and Labor Cabinet shall provide a report by December 1 of each year to the Interim Joint Committee on State Government detailing the use of these funds.

**(5) Sale of Properties:** Notwithstanding KRS 45A.045(4), the Finance and Administration Cabinet may sell, trade, or otherwise dispose of the three properties used by the Labor Cabinet located in the cities of Winchester, Morehead, and Hazard at a selling price that is below the appraised value. Notwithstanding KRS 45.777, up to \$3,000,000 of proceeds from the disposal of the above-mentioned properties shall be used to reduce the Wagner-Peyser deficit.

**(6) Overpayment of Unemployment Insurance Benefits Waiver:** Notwithstanding KRS 341.413, the Secretary may waive an overpayment of benefits for unemployment insurance claims filed between January 27, 2020, and September 6, 2021.

**8. WORKPLACE STANDARDS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		62,900	1,898,100	1,911,900
Restricted Funds		215,400	8,698,200	9,070,500
Federal Funds		191,500	4,467,300	4,466,600
<b>TOTAL</b>		<b>469,800</b>	<b>15,063,600</b>	<b>15,449,000</b>

**9. WORKERS' CLAIMS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		520,400	61,552,300	61,677,800

**10. OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		19,100	790,800	794,300

**11. WORKERS' COMPENSATION FUNDING COMMISSION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		1,393,400	114,163,600	91,509,900

**(1) Bankrupt Workers' Compensation Plans and Self-Insurance Fund Shortfall:** Included in the above Restricted Funds appropriation is \$23,000,000 in fiscal year 2022-2023 to account for bankrupt plans and shortfalls under the Workers' Compensation Funding Commission. Of this amount, \$20,000,000 is to support bankrupt

workers' compensation plans and \$3,000,000 is to cover an expected shortfall in the Self-Insurance Fund established in KRS 342.920. Notwithstanding KRS 304.2-300 and 304.2-400, excess Restricted Funds may be transferred from the Department of Insurance to the Workers' Compensation Funding Commission to support the additional Restricted Funds required.

**12. WORKERS' COMPENSATION NOMINATING COMMITTEE**

	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		1,100	1,100

**TOTAL - EDUCATION AND LABOR CABINET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund (Tobacco)		-0-	1,400,000	1,400,000
General Fund		1,607,000	84,790,400	84,992,800
Restricted Funds		4,816,600	230,356,800	208,156,500
Federal Funds		2,084,800	514,867,800	490,311,200
<b>TOTAL</b>		<b>8,508,400</b>	<b>831,415,000</b>	<b>784,860,500</b>

**E. ENERGY AND ENVIRONMENT CABINET**

**Budget Units**

**1. SECRETARY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		180,200	4,155,900	4,202,700
Restricted Funds		85,600	2,065,600	2,063,500
Federal Funds		57,000	1,858,800	1,858,500
<b>TOTAL</b>		<b>322,800</b>	<b>8,080,300</b>	<b>8,124,700</b>

(1) **Volkswagen Settlement:** Notwithstanding Part III, 2. of this Act, unexpended Restricted Funds appropriated to administer the Consent Decrees in Volkswagen "Clean Diesel" Marketing, Sales 14 Practices, and Products Liability litigation shall become available for expenditure in the 2022-2024 fiscal biennium.

**2. ADMINISTRATIVE SERVICES**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		187,000	5,621,300	5,698,300
Restricted Funds		969,200	4,868,500	4,864,200
Federal Funds		52,100	2,441,400	2,441,200
<b>TOTAL</b>		<b>1,208,300</b>	<b>12,931,200</b>	<b>13,003,700</b>

**3. ENVIRONMENTAL PROTECTION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		1,640,500	27,672,200	28,851,300
Restricted Funds		778,000	78,130,500	78,309,100
Federal Funds		476,200	28,354,300	28,563,600
<b>TOTAL</b>		<b>2,894,700</b>	<b>134,157,000</b>	<b>135,724,000</b>

(1) **Replacement Vehicles and Equipment:** Included in the above General Fund appropriation is \$247,000 in fiscal year 2023-2024 to support the replacement of fleet vehicles and monitoring equipment. A preference for vehicles manufactured in Kentucky shall be considered.

(2) **Debt Service:** Included in the above General Fund appropriation is \$492,500 in fiscal year 2022-2023 and \$985,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) **Brownfield Program:** Included in the above Federal Funds appropriation is \$450,000 in fiscal year 2022-2023 and \$650,000 in fiscal year 2023-2024 from the Infrastructure Investment and Jobs Act to support the Brownfield Program.

(4) **Gulf Hypoxia Program:** Included in the above Federal Funds appropriation is \$1,000,000 in each fiscal year from the Infrastructure Investment and Jobs Act to support the Gulf Hypoxia Program.

**4. NATURAL RESOURCES**

	2021-22	2022-23	2023-24
General Fund (Tobacco)		-0-	3,400,000
General Fund	1,208,100	47,081,900	42,882,600
Restricted Funds	265,000	12,370,800	12,190,100
Federal Funds	630,700	144,748,300	176,855,300
<b>TOTAL</b>	<b>2,103,800</b>	<b>207,601,000</b>	<b>235,328,000</b>

(1) **Emergency Forest Fire Suppression:** Not less than \$2,500,000 of the above General Fund appropriation in each fiscal year shall be set aside for emergency forest fire suppression. Any portion of the \$2,500,000 not expended for emergency forest fire suppression shall lapse to the General Fund at the end of each fiscal year. There is appropriated from the General Fund the necessary funds, subject to the conditions and procedures provided in this Act, which are required as a result of emergency fire suppression activities in excess of \$2,500,000 in each fiscal year. Fire suppression costs in excess of \$2,500,000 annually shall be deemed necessary government expenses and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

(2) **Environmental Stewardship Program:** Included in the above General Fund (Tobacco) appropriation is \$2,500,000 in each fiscal year for the Environmental Stewardship Program.

(3) **Conservation District Local Aid:** Included in the above General Fund (Tobacco) appropriation is \$900,000 in each fiscal year for the Division of Conservation to provide direct aid to local conservation districts.

(4) **Forestry Equipment and Seasonal Firefighters:** Included in the above General Fund appropriation is \$833,900 in fiscal year 2022-2023 and \$1,088,000 in fiscal year 2023-2024 to support forestry equipment replacement and a \$2 per hour pay increase for seasonal firefighters.

(5) **Watershed Dam Infrastructure Revolving Fund:** Included in the above General Fund appropriation is \$5,000,000 in fiscal year 2022-2023 for the Soil and Water Conservation Commission (KRS 146.110) to leverage federal and local funds to establish a Watershed Dam Infrastructure Revolving Fund for the purpose of rehabilitating non-compliant or high hazard Kentucky watershed dams.

(6) **Wildfire Management:** Included in the above Federal Funds appropriation is \$3,800,000 in each fiscal year from the Infrastructure Investment and Jobs Act to support wildfire management.

(7) **Orphan Well and Tank Cleanup:** Included in the above Federal Funds appropriation is \$21,000,000 in fiscal year 2022-2023 and \$37,000,000 in fiscal year 2023-2024 from the Infrastructure Investment and Jobs Act to support orphan well and tank cleanup.

(8) **Abandoned Mine Land Reclamation:** Included in the above Federal Funds appropriation is \$60,000,000 in fiscal year 2022-2023 and \$76,000,000 in fiscal year 2023-2024 from the Infrastructure Investment and Jobs Act to support the Abandoned Mine Land Reclamation Program. The Department for Natural Resources shall submit a report to the Interim Joint Committee on Appropriations and Revenue by December 1 of each fiscal year detailing the progress and cost of projects within the program.

**5. ENERGY POLICY**

	2021-22	2022-23	2023-24
General Fund		12,500	877,500
			877,400

Restricted Funds	28,800	605,300	617,800
Federal Funds	-0-	8,356,000	6,263,900
TOTAL	41,300	9,838,800	7,759,100

(1) **UK STEM Education Program:** Included in the above Restricted Funds appropriation is \$201,900 in fiscal year 2022-2023 and \$207,600 in fiscal year 2023-2024 to support the University of Kentucky Science, Technology, Engineering, and Math education program.

(2) **State Energy Program:** Included in the above Federal Funds appropriation is \$4,050,000 in each fiscal year from the Infrastructure Investment and Jobs Act to support the State Energy Program.

(3) **Energy Efficiency Block Grant Program:** Included in the above Federal Funds appropriation is \$2,092,000 in fiscal year 2022-2023 from the Infrastructure Investment and Jobs Act to support the Energy Efficiency Block Grant Program.

(4) **Energy Efficiency Revolving Loan - Capitalization Program:** Included in the above Federal Funds appropriation is \$1,450,000 in each fiscal year from the Infrastructure Investment and Jobs Act to support the Energy Efficiency Revolving Loan Fund-Capitalization Program.

**6. KENTUCKY NATURE PRESERVES**

	2021-22	2022-23	2023-24
General Fund	33,700	1,449,100	1,563,400
Restricted Funds	62,100	2,871,900	2,881,000
Federal Funds	5,700	119,300	119,300
TOTAL	101,500	4,440,300	4,563,700

**7. PUBLIC SERVICE COMMISSION**

	2021-22	2022-23	2023-24
General Fund	387,500	12,529,100	12,862,500
Restricted Funds	225,500	3,259,100	3,042,200
Federal Funds	3,400	889,800	889,500
TOTAL	616,400	16,678,000	16,794,200

(1) **Kentucky State Board on Electric Generation and Transmission Siting:** Notwithstanding Part III, 2. of this Act, unexpended Restricted Funds appropriated for the purposes of administering KRS 278.700 to 278.716 shall become available for expenditure in the 2022-2024 fiscal biennium.

**TOTAL - ENERGY AND ENVIRONMENT CABINET**

	2021-22	2022-23	2023-24
General Fund (Tobacco)	-0-	3,400,000	3,400,000
General Fund	3,649,500	99,387,000	96,938,200
Restricted Funds	2,414,200	104,171,700	103,967,900
Federal Funds	1,225,100	186,767,900	216,991,300
TOTAL	7,288,800	393,726,600	421,297,400

**F. FINANCE AND ADMINISTRATION CABINET**

**Budget Units**

**1. GENERAL ADMINISTRATION**

	2021-22	2022-23	2023-24
General Fund	365,300	8,035,300	8,337,400
Restricted Funds	108,300	36,817,000	36,834,100

Federal Funds	132,302,100	60,000,000	56,115,600
TOTAL	132,775,700	104,852,300	101,287,100

(1) **Fleet Management Vehicle Replacement:** Included in the above Restricted Funds appropriation is \$6,400,000 in each fiscal year to support replacing, leasing, or renting state fleet vehicles.

(2) **Postal Equipment Replacement and Maintenance:** Included in the above Restricted Funds appropriation is \$525,000 in each fiscal year to replace and perform required maintenance on postal equipment.

(3) **Emergency Rental Assistance Program:** Included in the above Federal Funds appropriation is \$132,302,100 in fiscal year 2021-2022, \$60,000,000 in fiscal year 2022-2023 and \$56,115,600 in fiscal year 2023-2024 for the Emergency Rental Assistance Program.

## 2. CONTROLLER

	2021-22	2022-23	2023-24
General Fund		388,900	7,859,600
Restricted Funds		450,500	14,759,600
TOTAL		839,400	22,619,200

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

(2) **System Organization Controls Audit:** Included in the above Restricted Funds appropriation is \$80,000 in each fiscal year to conduct a System Organization Controls audit.

(3) **Debt Service:** Included in the above General Fund appropriation is \$844,000 in fiscal year 2022-2023 and \$1,688,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

## 3. DEBT SERVICE

	2022-23	2023-24
General Fund (Tobacco)		25,268,800
General Fund		384,997,200
TOTAL		410,266,000

(1) **General Fund (Tobacco) Debt Service Lapse:** Notwithstanding Part X, (4) of this Act, \$1,666,700 in fiscal year 2022-2023 and \$1,498,900 in fiscal year 2023-2024 shall lapse to the General Fund.

## 4. FACILITIES AND SUPPORT SERVICES

	2021-22	2022-23	2023-24
General Fund		2,783,600	17,184,600
Restricted Funds		793,100	55,977,500
TOTAL		3,576,700	73,162,100

(1) **Capitol Annex Building Property:** Notwithstanding any statute, administrative regulation, executive order, or any other Executive Branch order or directive to the contrary, any furniture, fixtures, or other property remaining in the Capitol Annex Building on or after January 1, 2022, which was left on the premises by any Executive Branch agency relocating office space, shall be automatically transferred to the Legislative Research Commission, provided that any lease payments or other financial obligation or encumbrance on any of the furniture, fixtures, or other property that was not removed shall remain the sole responsibility of the Executive Branch agency that left it. The Legislative Research Commission, in its sole discretion, may utilize any of the furniture, fixtures, or other property by incorporating all or part into its inventory, or it may dispose of said furniture, fixtures, or other property by any means, including but not limited to the surplus inventory procedures in KRS Chapter 45A.

(2) **Debt Service:** Included in the above General Fund appropriation is \$10,321,500 in fiscal year 2022-2023 and \$20,643,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**5. COUNTY COSTS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		25,400	29,243,500	29,243,500
Restricted Funds		-0-	1,702,500	1,702,500
<b>TOTAL</b>		<b>25,400</b>	<b>30,946,000</b>	<b>30,946,000</b>

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

(2) **Reimbursement to Sheriffs’ Offices for Court Security Services:** Notwithstanding KRS 64.092(6), the sheriff or other law enforcement officer serving a Circuit or District Court shall be compensated at the rate of \$15 per hour of service. To be eligible for this enhanced rate, deputies providing services must be paid at least \$10 per hour.

(3) **Compensation of Jurors:** Notwithstanding KRS 29A.170(1), all jurors in Circuit and District Court shall be paid \$7.50 per day for jury service. In addition thereto, they shall be paid \$7.50 per day as reimbursement of expenses incurred.

**6. COMMONWEALTH OFFICE OF TECHNOLOGY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		-0-	8,574,400	8,793,800
Restricted Funds		1,394,000	144,880,600	145,160,400
Federal Funds		-0-	894,400	1,619,200
<b>TOTAL</b>		<b>1,394,000</b>	<b>154,349,400</b>	<b>155,573,400</b>

(1) **Computer Services Fund Receipts:** The Secretary of the Finance and Administration Cabinet shall provide a listing of fee receipts from the Executive, Judicial, and Legislative Branches of government itemized by appropriation units, cost allocation methodology, and a report detailing the rebate of excess fee receipts to the agencies to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year.

(2) **Security Modernization:** Included in the above Restricted Funds appropriation is \$2,000,000 in each fiscal year to support up to three new Systems Consultant IT positions and expand IT security training.

(3) **Microsoft Licensing:** Included in the above Restricted Funds appropriation is \$3,000,000 in each fiscal year to support upgrading to Microsoft Office 365 for Government.

(4) **Aerial Mapping Project:** Included in the above General Fund appropriation is \$8,500,000 in each fiscal year for an aerial mapping project. The Commonwealth Office of Technology shall work with the Office of Property Valuation to develop a common digital mapping base that can be used by property valuation administrators and all other state agencies and local governments. The Commonwealth Office of Technology shall provide a report by December 1 of each year to the Legislative Oversight and Investigations Committee detailing the use of these funds.

(5) **State Cybersecurity Grant Program:** Included in the above appropriation is \$74,400 in General Fund and \$744,000 in Federal Funds in fiscal year 2022-2023 and \$293,800 in General Fund and \$1,468,800 in Federal Funds in 2023-2024 to support the State Cybersecurity Grant program from the Infrastructure Investment and Jobs Act.

**7. REVENUE**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund (Tobacco)		-0-	250,000	250,000
General Fund		5,950,300	117,130,800	121,304,300

Restricted Funds	315,900	13,133,500	13,132,600
TOTAL	6,266,200	130,514,300	134,686,900

(1) **Operations of Revenue:** Notwithstanding KRS 132.672, 134.552(2), 136.652, and 365.390(2), funds may be expended in support of the operations of the Department of Revenue.

(2) **State Enforcement:** Notwithstanding KRS 248.654 and 248.703(4), a total of \$250,000 of the Tobacco Settlement payments received in each fiscal year is appropriated to the Finance and Administration Cabinet, Department of Revenue for the state's diligent enforcement of noncompliant nonparticipating manufacturers.

(3) **Office of Property Valuation Technical Equipment:** Included in the above General Fund appropriation is \$3,188,000 in fiscal year 2023-2024 to purchase computers, tablets, scanners, and other technical equipment needed to modernize the county property valuation offices. The Office of Property Valuation shall work with the Commonwealth Office of Technology to ensure the technical equipment is compatible with the digital mapping base that is being developed.

**8. PROPERTY VALUATION ADMINISTRATORS**

	2021-22	2022-23	2023-24
General Fund	2,767,500	63,823,200	64,518,800
Restricted Funds	286,300	4,786,300	4,786,300
TOTAL	3,053,800	68,609,500	69,305,100

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

(2) **Mandatory Services:** Included in the above General Fund appropriation is \$1,635,900 in fiscal year 2022-2023 and \$1,664,700 in fiscal year 2023-2024 to support the continuation of mandatory services in the property valuation administrators' offices.

(3) **Salary Increment:** Notwithstanding KRS 132.590, the increment provided on the base salary or wages of each eligible property valuation administrator shall be the same as that provided for eligible state employees in Part IV of this Act.

**TOTAL - FINANCE AND ADMINISTRATION CABINET**

	2021-22	2022-23	2023-24
General Fund (Tobacco)	-0-	25,518,800	23,916,200
General Fund	12,281,000	636,848,600	661,360,200
Restricted Funds	3,348,100	272,057,000	272,581,300
Federal Funds	132,302,100	60,894,400	57,734,800
TOTAL	147,931,200	995,318,800	1,015,592,500

**G. HEALTH AND FAMILY SERVICES CABINET**

**Budget Units**

**1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT**

	2021-22	2022-23	2023-24
General Fund	178,200	10,640,300	10,640,200
Restricted Funds	1,876,400	57,039,700	57,428,200
Federal Funds	798,200	50,499,000	50,668,200
TOTAL	2,852,800	118,179,000	118,736,600



(1) **Human Services Transportation Delivery:** Notwithstanding KRS 281.010(27), the Kentucky Works Program shall not participate in the Human Services Transportation Delivery Program or the Coordinated Transportation Advisory Committee.

(2) **Federally Funded Positions:** Notwithstanding KRS 18A.010(2) and any provisions of this Act to the contrary, direct service units of the Office of Inspector General, Department for Income Support, Office for Children with Special Health Care Needs, Department for Community Based Services, Department for Behavioral Health, Developmental and Intellectual Disabilities, Family Resource Centers and Volunteer Services, Department for Aging and Independent Living, and the Department for Public Health shall be authorized to establish and fill such positions that are 100 percent federally funded for salary and fringe benefits.

(3) **Special Olympics:** Included in the above General Fund appropriation is \$150,000 in each fiscal year to support the operations of Special Olympics Kentucky.

(4) **Electronic Health Records System Implementation:** The Cabinet for Health and Family Services shall implement a single, comprehensive, and integrated electronic health records system within the Cabinet which shall be utilized by all Cabinet departments.

**2. OFFICE FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		286,600	7,568,200	7,379,200
Restricted Funds		91,800	9,385,700	9,322,000
Federal Funds		117,200	4,753,900	4,754,300
<b>TOTAL</b>		<b>495,600</b>	<b>21,707,800</b>	<b>21,455,500</b>

(1) **Office for Children with Special Health Care Needs Operating Expenses:** Included in the above appropriation is \$863,000 in General Fund and \$100,000 in Restricted Funds in fiscal year 2022-2023 and \$798,500 in General Fund and \$35,600 in Restricted Funds in fiscal year 2023-2024 to support increased operating expenses.

(2) **Kids Center for Pediatric Therapies:** Included in the above General Fund appropriation is \$250,000 in fiscal year 2022-2023 to support program operations.

(3) **Electronic Health Records System Implementation:** Any funds expended for the implementation of an electronic health records system within the Office for Children with Special Health Care Needs shall be coordinated as specified in Part I, G., 1., (4) of this Act.

**3. MEDICAID SERVICES**

**a. Medicaid Administration**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		5,700	69,695,000	70,437,500
Restricted Funds		411,500	57,157,600	52,020,600
Federal Funds		196,000	289,555,900	302,093,100
<b>TOTAL</b>		<b>613,200</b>	<b>416,408,500</b>	<b>424,551,200</b>

(1) **Transfer of Excess Administrative Funds for Medicaid Benefits:** If any portion of the above General Fund appropriation in either fiscal year is deemed to be in excess of the necessary expenses for administration of the Department, the amount may be used for Medicaid Benefits in accordance with statutes governing the functions and activities of the Department for Medicaid Services. In no instance shall these excess funds be used without prior written approval of the State Budget Director to:

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

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

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

(3) **Medicaid Information Technology Development:** Included in the above appropriation is \$2,660,100 in General Fund, \$4,713,300 in Restricted Funds, and \$60,856,200 in Federal Funds in fiscal year 2022-2023 and \$5,837,300 in General Fund, \$3,635,800 in Restricted Funds, and \$74,898,200 in Federal Funds in fiscal year 2023-2024 to support information technology projects for Medicaid claims administration, electronic visit verification, utilization management, and data analytics.

(4) **Electronic Health Record System:** Included in the above appropriation is \$607,300 in Restricted Funds and \$5,465,400 in Federal Funds in fiscal year 2022-2023 and \$2,095,600 in Restricted Funds and \$18,860,100 in Federal Funds in fiscal year 2023-2024 to support enhancements to the electronic health record system.

(5) **Home and Community Based Services (HCBS) Enhanced FMAP Reinvestment:** Included in the above appropriation is \$37,810,800 in Restricted Funds and \$52,502,500 in Federal Funds in fiscal year 2022-2023 and \$32,264,200 in Restricted Funds and \$40,022,600 in Federal Funds in fiscal year 2023-2024 to support activities to enhance, expand, and strengthen HCBS waiver services as provided in Section 9817 of the American Rescue Plan Act of 2021. Any additional nonclinical and clinical staff hired to perform duties funded through the above appropriation shall be federally funded time limited positions which shall expire as of March 31, 2024, notwithstanding federally provided extensions of funding timelines.

(6) **Medicaid Eligibility Determination Services:** Included in the above General Fund appropriation is \$4,000,000 in each fiscal year to support services performed by the Department for Community Based Services to determine eligibility for Medicaid benefits.

(7) **Program of All-Inclusive Care for the Elderly (PACE):** Included in the above appropriation is \$1,000,000 in Restricted Funds and \$1,000,000 in Federal Funds in each fiscal year to support the coordination of PACE services for eligible recipients.

(8) **Basic Health Program Information Technology System:** Included in the above appropriation is \$3,500,000 in General Fund and \$3,500,000 in Federal Funds in fiscal year 2022-2023 and \$1,000,000 in General Fund and \$1,000,000 in Federal Funds in fiscal year 2023-2024 to support enhancements to the Medicaid Management Information System (MMIS) for implementation of a Basic Health Program to provide a bridge health insurance plan for eligible recipients.

(9) **Electronic Health Records System Implementation:** Any funds expended for the implementation of an electronic health records system within the Department for Medicaid Services shall be coordinated as specified in Part I, G., 1., (4) of this Act.

**b. Medicaid Benefits**

	2021-22	2022-23	2023-24
General Fund		-0-	1,962,892,300
Restricted Funds		4,550,000	1,586,012,300
Federal Funds		721,214,300	11,723,695,600
TOTAL		725,764,300	15,272,600,200

(1) **Transfer of Medicaid Benefits Funds:** Any portion of the General Fund appropriation in either fiscal year that is deemed to be necessary for the administration of the Medicaid Program may be transferred from the Medicaid Benefits budget unit to the Medicaid Administration budget unit in accordance with statutes governing the functions and activities of the Department for Medicaid Services. The Secretary shall recommend any proposed

transfer to the State Budget Director for approval prior to transfer. Such action shall be reported by the Cabinet for Health and Family Services to the Interim Joint Committee on Appropriations and Revenue.

(2) **Intergovernmental Transfers (IGTs):** Any funds received through an Intergovernmental Transfer (IGT) agreement between the Department for Medicaid Services and other governmental entities, in accordance with a federally approved State Plan amendment, shall be used to provide for the health and welfare of the citizens of the Commonwealth through the provision of Medicaid Benefits. Revenues from IGTs are contingent upon agreement by the parties, including but not limited to the Cabinet for Health and Family Services, Department for Medicaid Services, and the appropriate providers. The Secretary of the Cabinet for Health and Family Services shall make the appropriate interim appropriations increase requests pursuant to KRS 48.630.

(3) **Medicaid Benefits Budget Deficit:** If Medicaid Benefits expenditures are projected to exceed available funds, the Secretary of the Cabinet for Health and Family Services may recommend and implement that reimbursement rates, optional services, eligibles, or programs be reduced or maintained at levels existing at the time of the projected deficit in order to avoid a budget deficit. The projected deficit shall be confirmed and approved by the Office of State Budget Director. No rate, service, eligible, or program reductions shall be implemented by the Cabinet for Health and Family Services without written notice of such action to the Interim Joint Committee on Appropriations and Revenue and the State Budget Director. Such actions taken by the Cabinet for Health and Family Services shall be reported, upon request, at the next meeting of the Interim Joint Committee on Appropriations and Revenue.

(4) **Kentucky Access Fund:** Notwithstanding KRS 304.17B-021, funds are transferred from this source to Medicaid Benefits in each fiscal year.

(5) **Disproportionate Share Hospital (DSH) Program:** Hospitals shall report the uncompensated care for which, under federal law, the hospital is eligible to receive disproportionate share payments. Disproportionate share payments shall equal the maximum amounts established under federal law.

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

(7) **Provider Tax Information:** Any provider who posts a sign or includes information on customer receipts or any material distributed for public consumption indicating that it has paid provider tax shall also post, in the same size typeset as the provider tax information, the amount of payment received from the Department for Medicaid Services during the same period the provider tax was paid. Providers who fail to meet this requirement shall be excluded from the Disproportionate Share Hospital and Medicaid Programs. The Cabinet for Health and Family Services shall include this provision in facilities' annual licensure inspections.

(8) **Medicaid Budget Analysis Reports:** The Department for Medicaid Services shall submit a quarterly budget analysis report to the Interim Joint Committee on Appropriations and Revenue no later than 75 days after the quarter's end. The report shall provide monthly detail of actual expenditures, eligibles, and average monthly cost per eligible by eligibility category along with current trailing 12-month averages for each of these figures. The report shall also provide actual figures for all categories of noneligible-specific expenditures such as Supplemental Medical Insurance premiums, Kentucky Patient Access to Care, nonemergency transportation, drug rebates, cost settlements, and Disproportionate Share Hospital payments by type of hospital. The report shall compare the actual expenditure experience with those underlying the enacted or revised enacted budget and explain any significant variances which may occur.

(9) **Medicaid Managed Care Organization Reporting:** Except as provided by KRS 61.878, all records and correspondence relating to Kentucky Medicaid, revenues derived from Kentucky Medicaid funds, and expenditures utilizing Kentucky Medicaid funds of a Medicaid managed care company operating within the Commonwealth shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. All records and correspondence relating to Medicaid specifically prohibited from disclosure by the federal Health Insurance Portability and Accountability Act privacy rules shall not be provided under this Act.

No later than 60 days after the end of a quarter, each Medicaid managed care company operating within the Commonwealth shall prepare and submit to the Department for Medicaid Services sufficient information to allow the department to meet the following requirements 90 days after the end of the quarter. The Department shall forward to the Legislative Research Commission Budget Review Office a quarterly report detailing monthly actual expenditures by service category, monthly eligibles, and average monthly cost per eligible for Medicaid and the Kentucky Children's Health Insurance Program (KCHIP) along with current trailing 12-month averages for each of these figures. The report shall also provide actual figures for other categories such as pharmacy rebates and reinsurance. Finally, the Department shall include in this report the most recent information or report available regarding the

amount withheld to meet Department of Insurance reserve requirements, and any distribution of moneys received or retained in excess of these reserve requirements.

**(10) Critical Access Hospitals:** Beginning with the effective date of this Act through June 30, 2024, no acute care hospital shall convert to a critical access hospital unless the hospital has either received funding for a feasibility study from the Kentucky State Office of Rural Health or filed a written request by January 1, 2022, with the Kentucky State Office of Rural Health requesting funding for conducting a feasibility study.

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

**(12) Medicaid Prescription Benefits Reporting:** Notwithstanding KRS 205.647, the Department for Medicaid Services shall submit a report to the Interim Joint Committee on Appropriations and Revenue and the Medicaid Oversight and Advisory Committee by December 1 of each fiscal year on the dispensing of prescription medications to persons eligible under KRS 205.560. The report shall include:

- (a) The total Medicaid dollars paid to the state pharmacy benefit manager by a managed care organization;
- (b) The total amount of Medicaid dollars paid to the state pharmacy benefit manager by a managed care organization which were not subsequently paid to a pharmacy licensed in Kentucky;
- (c) The average reimbursement by drug ingredient cost, dispensing fee, and any other fee paid by the state pharmacy benefit manager to licensed pharmacies with which the state pharmacy benefit manager shares common ownership, management, or control; or which are owned, managed, or controlled by any of the state pharmacy benefit manager's management companies, parent companies, subsidiary companies, jointly held companies, or companies otherwise affiliated by a common owner, manager, or holding company; or which share any common members on the board of directors; or which share managers in common;
- (d) The average reimbursement by drug ingredient cost, dispensing fee, or any other fee paid by the state pharmacy benefit manager to pharmacies licensed in Kentucky which operate ten locations, ten or fewer locations, or ten or more locations; and
- (e) All common ownership, management, common members of a board of directors, shared managers, or control of the state pharmacy benefit manager, or any of the state pharmacy benefit manager's management companies, parent companies, subsidiary companies, jointly held companies, or companies otherwise affiliated by a common owner, manager, or holding company with any managed care organization contracted to administer Kentucky Medicaid benefits, any entity which contracts on behalf of a pharmacy, or any pharmacy services administration organization, or any common ownership management, common members of a board of directors, shared managers, or control of a pharmacy services administration organization that is contracted with the state pharmacy benefit manager, with any drug wholesaler or distributor or any of the pharmacy services administration organizations, management companies, parent companies, subsidiary companies, jointly held companies, or companies otherwise affiliated by a common owner, common members of a board of directors, manager, or holding company.

**(13) Kentucky Children's Health Insurance Program (KCHIP):** Included in the above appropriation is \$86,492,800 in General Fund, \$400,000 in Restricted Funds, and \$362,367,900 in Federal Funds in fiscal year 2022-2023 and \$91,336,100 in General Fund, \$400,000 in Restricted Funds, and \$380,029,200 in Federal Funds in fiscal year 2023-2024 to support the continuation of KCHIP services.

**(14) Supports for Community Living Waiver Program Rates:** If the Supports for Community Living Waiver Program experiences a material change in funding based upon a new or amended waiver that is approved by the Centers for Medicare and Medicaid Services, the Department for Medicaid Services may adjust the upper payment limit amount for a Supports for Community Living Waiver Program service as long as the upper payment limit for each service is not less than the upper payment limit in effect on January 1, 2020.

**(15) Substance Abuse Treatment for Incarcerated Individuals - Medicaid Demonstration Waiver:** Upon approval of the Section 1115 demonstration waiver to provide substance use disorder treatment services to

individuals incarcerated for conviction under KRS Chapter 218A, the cost of treatment for a substance use disorder or patient navigation provided by a licensed clinical social worker shall be a covered Medicaid benefit for an incarcerated individual.

**(16) Nursing Home Pandemic Relief Reimbursement Increase:** Included in the above appropriation is \$41,527,500 in General Fund and \$108,472,500 in Federal Funds in fiscal year 2022-2023 and \$41,745,000 in General Fund and \$108,255,000 in Federal Funds in fiscal year 2023-2024 to support an additional reimbursement of \$29.00 per resident day for Medicaid eligible nursing home residents.

**(17) Medicaid Benefits Program Support:** Included in the above appropriation is \$709,067,100 in Federal Funds in fiscal year 2021-2022, \$116,100,000 in Restricted Funds and \$31,489,200 in Federal Funds in fiscal year 2022-2023, and \$438,009,300 in General Fund, \$232,200,000 in Restricted Funds, and \$354,170,400 in Federal Funds in fiscal year 2023-2024 to support estimated program needs.

**(18) Michelle P. Waiver Slots:** Included in the above appropriation is \$464,700 in General Fund and \$1,194,900 in Federal Funds in fiscal year 2022-2023 to support 50 additional slots and \$929,400 in General Fund and \$2,389,800 in Federal Funds in fiscal year 2023-2024 to support 50 additional slots for a total of 100 slots over the 2022-2024 fiscal biennium.

**(19) Supports for Community Living Waiver Slots:** Included in the above appropriation is \$1,104,900 in General Fund and \$2,841,200 in Federal Funds in fiscal year 2022-2023 to support 50 additional slots and \$2,209,800 in General Fund and \$5,682,400 in Federal Funds in fiscal year 2023-2024 to support 50 additional slots for a total of 100 slots over the 2022-2024 fiscal biennium.

**(20) Home and Community Based Waiver Services Funding Initiatives:** (a) Pending approval from the Centers for Medicare and Medicaid Services, included in the above Federal Funds appropriation is \$48,311,000 in fiscal year 2022-2023 and \$71,505,000 in fiscal year 2023-2024 from the enhanced FMAP funds for Home and Community Based Services authorized by Section 9817 of the American Rescue Plan Act of 2021. The Cabinet for Health and Family Services shall use these funds to strengthen and improve Kentucky's Acquired Brain Injury (ABI), Acquired Brain Injury Long Term Care (ABI-LTC), Home and Community Based (HCB), Model II Waiver (MIIW), Supports for Community Living (SCL), and Michelle P. waiver programs through the following initiatives:

1. In fiscal year 2022-2023, the reimbursement rate for SCL Level I and ABI residential services shall be increased by 50 percent over the rate in effect on December 31, 2019. This reimbursement increase shall remain in effect in fiscal year 2023-2024. The Cabinet for Health and Family Services shall not implement exclusions to this reimbursement rate increase for day service attendance.

2. In fiscal year 2022-2023, the reimbursement rate for all services in the ABI, ABI-LTC, HCB, SCL, and Michelle P. waiver programs shall be increased by 10 percent, excluding the services described in subparagraph 1. of this paragraph.

3. In fiscal year 2023-2024, the reimbursement rate increase as provided in subparagraph 2. of this paragraph shall remain in effect, and the reimbursement rate for all services in the ABI, ABI-LTC, HCB, SCL, and Michelle P. waiver programs shall be increased by an additional 10 percent, excluding the services described in subparagraph 1. of this paragraph.

(b) It is the intent of the 2022 General Assembly that General Fund dollars will be appropriated to maintain the funding initiatives outlined in paragraph (a) of this subsection after the funds from the enhanced FMAP for Home and Community Based Services authorized by Section 9817 of the American Rescue Plan Act of 2021 are no longer available.

**(21) Medicaid Managed Care Chronic Disease Management Pilot Program:** The Department for Medicaid Services shall implement a pilot program to manage and reduce the adverse outcomes of chronic diseases such as diabetes experienced by individuals enrolled in the Medicaid program. The pilot program shall include strategies to effectuate behavioral change such as real-time monitoring via cellphones and additional evidence-based measures. The Department for Medicaid services shall require each Medicaid managed care organization participating in the Kentucky Medicaid program to provide the chronic disease management services as implemented through the pilot program as part of the contracted services.

**(22) Basic Health Program:** Notwithstanding any provision of law to the contrary, the Cabinet for Health and Family Services shall not exercise the state's option to develop a basic health program as permitted under 42 U.S.C. sec. 18051 without first obtaining specific authorization from the General Assembly to do so.

**TOTAL - MEDICAID SERVICES**

	2021-22	2022-23	2023-24	
General Fund		5,700	2,032,587,300	2,473,126,200
Restricted Funds		4,961,500	1,643,169,900	1,435,101,500
Federal Funds		721,410,300	12,013,251,500	12,363,335,300
TOTAL		726,377,500	15,689,008,700	16,271,563,000

**4. BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES**

	2021-22	2022-23	2023-24	
General Fund (Tobacco)		-0-	1,400,000	1,400,000
General Fund		1,215,500	177,840,100	186,810,300
Restricted Funds		249,300	217,643,800	219,142,900
Federal Funds		161,400	117,259,600	107,459,000
TOTAL		1,626,200	514,143,500	514,812,200

**(1) Disproportionate Share Hospital Funds:** Pursuant to KRS 205.640(3)(a)2., mental health disproportionate share funds are budgeted at the maximum amounts permitted by Section 1923(h) of the Social Security Act. Upon publication in the Federal Register of the Annual Institutions for Mental Disease (IMD) Disproportionate Share Hospital (DSH) limit, 92.3 percent of the federal IMD DSH limit goes to the state-operated mental hospitals. If there are remaining funds within the psychiatric pool after all private psychiatric hospitals reach their hospital-specific DSH limit, state mental hospitals may exceed the 92.3 percent limit but may not exceed their hospital-specific DSH limit

**(2) Lease Payments for Eastern State Hospital:** Included in the above General Fund appropriation is \$9,811,200 in fiscal year 2022-2023 and \$9,810,000 in fiscal year 2023-2024 to make lease payments to the Lexington-Fayette Urban County Government to retire its debt for the construction of the new facility.

**(3) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$1,400,000 in each fiscal year for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

**(4) Debt Service:** Included in the above General Fund appropriation is \$590,000 in fiscal year 2022-2023 and \$1,180,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(5) The Healing Place:** Included in the above General Fund appropriation is \$900,000 in each fiscal year to support direct services to clients provided by The Healing Place.

**(6) Tim's Law Pilot Program Expansion:** Included in the above General Fund appropriation is \$500,000 in fiscal year 2022-2023 and \$1,000,000 in fiscal year 2023-2024 to support expansion of a pilot program for individuals with severe mental illness to additional locations to ensure statewide access to services offered through the pilot program.

**(7) Mobile Crisis Services Expansion and 988 Suicide Hotline Support:** Included in the above General Fund appropriation is \$6,170,700 in fiscal year 2022-2023 and \$13,437,000 in fiscal year 2023-2024 to support the establishment of additional mobile crisis units and implementation of the 988 federally designated suicide hotline.

**(8) Lee Specialty Clinic:** Included in the above General Fund appropriation is an additional \$1,495,000 in each fiscal year to support specialty medical services for individuals with moderate developmental and intellectual disabilities living in residential and community settings.

**(9) Appalachian Regional Hospital:** Included in the above General Fund appropriation is \$14,600,000 in each fiscal year to support contracted inpatient psychiatric services provided within Hospital District IV under KRS 210.300. The Secretary of the Cabinet for Health and Family Services shall provide a report on total expenditures by fund source and program area for fiscal year 2022-2023 and estimated funding required for a continuation of services in fiscal year 2023-2024 to the Interim Joint Committees on Health and Family Services and Appropriations and Revenue by September 1, 2023.

**(10) Substance Abuse Funding Report:** The Department for Behavioral Health, Developmental and Intellectual Disabilities shall compile for each fiscal year a report on the funding received by the Cabinet for Health and Family Services to provide substance abuse prevention, treatment, and recovery services in the Commonwealth. The report shall include the amount, source, and duration of the funding, the purpose of the funding, the number of individuals served, and any available information on outcomes demonstrated as a result of the funding provided for substance abuse prevention, treatment, and recovery services. The report shall be submitted to the Legislative Research Commission, Office of Budget Review, by September 1 of each fiscal year.

**(11) Electronic Health Records System Implementation:** Any funds expended for the implementation of an electronic health records system within the Department for Behavioral Health, Developmental and Intellectual Disabilities shall be coordinated as specified in Part I, G., 1., (4) of this Act.

**(12) Harbor House:** Included in the above Federal Funds appropriation is \$5,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to support the operations of the Harbor House.

**(13) Mental Health Workforce Development:** The Cabinet for Health and Family Services shall develop a pilot project to provide training for primary care providers relating to the diagnosis and treatment of common psychiatric disorders in order to strengthen the mental health workforce in rural and underserved areas and to expand the access to psychiatric services. The Cabinet shall develop the pilot project in coordination with the Train New Trainers Primary Care program at the University of California, Irvine.

**5. PUBLIC HEALTH**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund (Tobacco)		-0-	12,200,000
General Fund		690,400	76,890,300
Restricted Funds		351,000	94,200,700
Federal Funds		700,100	439,878,200
<b>TOTAL</b>		<b>1,741,500</b>	<b>623,169,200</b>

**(1) Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$7,000,000 in each fiscal year for the Health Access Nurturing Development Services (HANDS) Program, \$900,000 in each fiscal year for the Healthy Start initiatives, \$900,000 in each fiscal year for Early Childhood Mental Health, \$900,000 in each fiscal year for Early Childhood Oral Health, \$500,000 in each fiscal year for the Lung Cancer Screening Program, and \$2,000,000 in each fiscal year for Smoking Cessation.

**(2) Local and District Health Department Fees:** Notwithstanding KRS 211.170 and 211.186, local and district health departments shall retain 90 percent of the fees collected for delivering foundational public health program services to fund the costs of operations, services, and the employer contributions for the Kentucky Employees Retirement System.

**(3) Kentucky Poison Control Center:** Included in the above General Fund appropriation is \$750,000 in each fiscal year for the Kentucky Poison Control Center. If federal emergency relief funds become available for COVID-19 related poison control expenditures, those Federal Funds shall be used to support the Kentucky Poison Control Center, and any unexpended General Fund balance from the appropriations set forth in this subsection shall lapse to the General Fund.

**(4) Kentucky Colon Cancer Screening Program:** Included in the above General Fund appropriation is \$500,000 in each fiscal year to support the Kentucky Colon Cancer Screening Program.

**(5) Kentucky Pediatric Cancer Research Trust Fund:** Included in the above General Fund appropriation is \$2,500,000 in each fiscal year to the Kentucky Pediatric Cancer Research Trust Fund for general pediatric cancer research and support of expansion of clinical trials at the University of Kentucky and the University of Louisville. Included in the above General Fund appropriation is an additional one-time allocation of \$3,750,000 in each fiscal year to the Kentucky Pediatric Cancer Research Trust Fund.

**(6) Folic Acid Program:** General Fund (Tobacco) continuing appropriation reserves allotted to the Folic Acid Program shall be utilized by the Department for Public Health during the 2022-2024 fiscal biennium to continue the Folic Acid Program.

(7) **Public Health Transformation:** Included in the above General Fund appropriation is \$17,688,000 in fiscal year 2022-2023 and \$19,068,000 in fiscal year 2023-2024 to support the costs of workforce and operations for the local health departments.

(8) **Health Access Nurturing Development Services:** Included in the above Restricted Funds appropriation is \$6,068,900 in fiscal year 2022-2023 and \$13,972,900 in fiscal year 2023-2024 to support direct services for eligible clients of the Health Access Nurturing Development Services Program for the Department for Public Health.

(9) **Area Health Education Centers:** Included in the above Federal Funds appropriation is \$2,500,000 in each fiscal year from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to support the operations of the eight regional Area Health Education Centers in the Commonwealth.

(10) **Electronic Health Record System:** Included in the above General Fund appropriation is \$1,207,900 in fiscal year 2022-2023 and \$22,950,100 in fiscal year 2023-2024 to support the purchase and implementation cost of an Electronic Health Record system for the Department for Public Health.

(11) **Lung Cancer Screening MCO:** Each Medicaid Managed Care Organization that has a participating contract with the Commonwealth for the next contract renewal cycle shall provide services for lung cancer screenings.

(12) **Electronic Health Records System Implementation:** Any funds expended for the implementation of an electronic health records system within the Department for Public Health shall be coordinated as specified in Part I, G., 1., (4) of this Act.

**6. FAMILY RESOURCE CENTERS AND VOLUNTEER SERVICES**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		54,900	22,557,300	22,566,200
Federal Funds		19,200	9,114,300	9,118,900
<b>TOTAL</b>		<b>74,100</b>	<b>31,671,600</b>	<b>31,685,100</b>

(1) **Family Resource and Youth Services Centers Funds:** No more than three percent of the total funds transferred from the Department of Education to the Family Resource and Youth Services Centers, as consistent with KRS 156.496, shall be used for administrative purposes in each fiscal year.

(2) **Per Eligible Student Amount:** Included in the above General Fund appropriation is \$9,400,000 in each fiscal year to support an increase in the per eligible student amount from \$183.86 to \$210.00 for the Family Resource and Youth Service Centers.

(3) **AmeriCorps Match:** Included in the above General Fund appropriation is \$500,000 in each fiscal year to support the matching requirements of Federal Funds for the Division of Serve Kentucky.

**7. INCOME SUPPORT**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		-0-	14,293,100	14,969,600
Restricted Funds		164,100	16,633,600	16,663,500
Federal Funds		1,424,400	100,206,100	100,567,100
<b>TOTAL</b>		<b>1,588,500</b>	<b>131,132,800</b>	<b>132,200,200</b>

(1) **Contractual Services:** Included in the above appropriation is \$2,725,200 in Restricted Funds and \$5,290,300 in Federal Funds in each fiscal year to support the cost of contractual services for the Division of Child Support Enforcement.

(2) **Staffing Vacancies:** Included in the above appropriation is \$429,600 in Restricted Funds and \$1,002,300 in Federal Funds in each fiscal year to support hiring an additional 12 full-time staff positions, which include seven full-time positions for the creation of a Division of Fiscal Management and five Child Support Specialist positions for the Division of Child Support Enforcement.



(3) **Debt Service:** Included in the above General Fund appropriation is \$676,500 in fiscal year 2022-2023 and \$1,353,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**8. COMMUNITY BASED SERVICES**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund (Tobacco)		-0-	12,400,000
General Fund		13,859,100	631,088,600
Restricted Funds		771,900	209,841,100
Federal Funds		3,064,100	1,035,567,300
<b>TOTAL</b>		<b>17,695,100</b>	<b>1,888,897,000</b>

(1) **Tobacco Settlement Funds:** Included in the above General Fund (Tobacco) appropriation is \$9,900,000 in each fiscal year for the Early Childhood Development Program. Included in the above General Fund (Tobacco) appropriation is \$2,500,000 in each fiscal year for the Early Childhood Adoption and Foster Care Supports Program.

(2) **CCAP Reimbursement Rate Increase:** Included in the above Federal Funds appropriation is \$12,000,000 in each fiscal year from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to continue the \$2 per child increase in the Child Care Assistance Program provider reimbursement rate.

(3) **Fostering Success:** Included in the above General Fund appropriation is \$500,000 in each fiscal year for the Fostering Success Program. The Cabinet for Health and Family Services shall submit a report containing the results of the program, including but not limited to the number of participants, number and type of job placements, job training provided, and any available information pertaining to individual outcomes to the Interim Joint Committee on Appropriations and Revenue by July 1 of each fiscal year.

(4) **Relative Placement Support Benefit:** Included in the above General Fund appropriation is \$1,000,000 in each fiscal year for start-up costs associated with placing children with non-parental relatives.

(5) **Domestic Violence Shelters:** Included in the above General Fund appropriation is \$500,000 in each fiscal year for operational costs.

(6) **Rape Crisis Centers:** Included in the above General Fund appropriation is \$500,000 in each fiscal year for operational costs.

(7) **Dually Licensed Pediatric Facilities:** Included in the above General Fund appropriation is \$550,000 in each fiscal year to provide supplemental payments to dually licensed pediatric facilities for emergency shelter services for children.

(8) **Child Care Assistance Program:** Included in the above General Fund appropriation is \$10,600,000 in each fiscal year to provide services to families at or below 160 percent of the federal poverty level as determined annually by the U.S. Department of Health and Human Services.

(9) **Family Counseling and Trauma Remediation:** Included in the above General Fund appropriation is \$50,000 in each fiscal year to provide forensic interviews, family counseling, and trauma remediation services primarily in Jefferson County and surrounding Kentucky counties.

(10) **Child Advocacy Centers:** Included in the above General Fund appropriation is \$500,000 in each fiscal year to support the operations of the child advocacy centers.

(11) **Family Scholar House:** Included in the above General Fund appropriation is \$1,000,000 in each fiscal year to support the operations of the Family Scholar House.

(12) **Personal Care Homes:** Included in the above General Fund appropriation is \$12,000,000 in each fiscal year to support reimbursements provided to personal care homes.

(13) **Children's Services Contractors:** Notwithstanding KRS Chapter 45A, no contracts awarded for the use and benefit of the Department for Community Based Services shall interfere with the contractor's freedom of religion as set forth in KRS 446.350. Any such contracts shall contain a provision allowing a contractor to allow a substitute contractor who is also licensed or approved by the Cabinet to deliver the contracted services if the contractor cannot perform a contracted service because of religiously held beliefs as outlined in KRS 446.350.

**(14) Additional Social Service Workers:** Included in the above appropriation is \$7,450,200 in General Fund, \$335,300 in Restricted Funds, and \$703,800 in Federal Funds in fiscal year 2022-2023 to support an additional 100 Social Service Worker \*\*H\*\* positions and \$14,900,400 in General Fund, \$670,600 in Restricted Funds, and \$1,407,600 in Federal Funds in fiscal year 2023-2024 to support an additional 100 Social Service Worker \*\*H\*\* positions for a total of 200 Social Service Worker \*\*H\*\* positions over the 2022-2024 fiscal biennium. The Cabinet for Health and Family Services shall submit a quarterly report containing the number of Social Service Worker, Social Service Clinician, Social Service Specialist, and Family Services Office Supervisor filled positions to the Interim Joint Committee on Appropriations and Revenue, with the first report due July 1, 2022.

**(15) Social Service Worker Recruitment:** Included in the above General Fund appropriation is \$1,500,000 in fiscal year 2022-2023 and \$2,400,000 in fiscal year 2023-2024 to support the recruitment initiative. Notwithstanding any statute to the contrary, by July 1, 2022, the Secretary of the Personnel Cabinet shall increase the entry rate salary of the Social Service Worker I, Social Service Worker II, Social Service Clinician I, Social Service Clinician II, Social Service Specialist, and Family Services Office Supervisor classified positions in the Department for Community Based Services within the Cabinet for Health and Family Services by ten percent. Notwithstanding any statute to the contrary, to effectuate the salary increases as specified, the Secretary of the Personnel Cabinet shall establish a special entry rate for the classifications above in the Department for Community Based Services, raise the grade levels of the above classifications, or establish a new classification reserved for use by the Department for Community Based Services.

**(16) Prevention Services Expansion:** Included in the above appropriation is \$10,000,000 in General Fund and \$9,600,000 in Federal Funds in each fiscal year of the 2022-2024 biennium to support the development of programs included in Kentucky's Title IV-E Prevention Plan as approved by the U.S. Department of Health and Human Services and to expand Kentucky Strengthening Ties and Empowering Parents (K-STEP) to additional regions in the Commonwealth.

**(17) Residential and Therapeutic Foster Care Rates:** Included in the above appropriation is \$25,000,000 in General Fund, \$5,000,000 in Restricted Funds, and \$6,000,000 in Federal Funds in each fiscal year to support an increase in the reimbursement rates for private residential and therapeutic providers to meet the requirements of the Family First Prevention Services Act of 2018 in the Department for Community Based Services.

**(18) Victims Advocacy Programs:** Included in the above General Fund appropriation is an additional \$5,000,000 for the Children's Advocacy Centers, an additional \$3,500,000 for the Domestic Violence Shelters, and an additional \$1,500,000 for the Rape Crisis Centers in each fiscal year. These appropriations shall support direct service costs only, and no administrative overhead costs shall be paid with these appropriations. The Cabinet for Health and Family Services shall submit a report containing the number of participants served and the details of items expended from these funds to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year.

**(19) Debt Service:** Included in the above General Fund appropriation is \$572,500 in fiscal year 2022-2023 and \$1,145,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(20) Social Worker Alternative Work Program:** The General Assembly recognizes the vital role, responsibilities, and the resulting stress experienced by social workers in meeting the needs of their clients and the citizens of the Commonwealth. To address the retention of social workers, the Department for Community Based Services shall examine the feasibility of establishing an alternative work program for Social Service Worker classifications within the Department for Community Based Services. The alternative work program is intended to provide Social Service Worker classification personnel who have completed a minimum of four years of service, a period of respite from their regular duties while remaining employees of the Commonwealth. These activities may include service as a classroom substitute teacher, volunteerism, or other approved activities. The Department for Community Based Services shall provide recommendations to the Interim Joint Committee on Appropriations and Revenue by December 1, 2022, on the eligibility criteria for participating in the program, allowable activities, duration of the respite period, process for resumption of regular duties within the Department for Community Based Services, and other factors as deemed pertinent.

**(21) Family Recovery Court:** Included in the above General Fund appropriation is \$375,000 in each fiscal year to support the operations of the Jefferson County Family Recovery Court to assist families involved with the child welfare system.

**(22) Maryhurst:** Included in the above General Fund appropriation is \$1,350,000 in each fiscal year to provide a reimbursement rate increase for children in the 5 Specialized Program.

**(23) Buckhorn Children and Family Services:** Included in the above Federal Funds appropriation is \$1,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to support COVID-19 staffing issues.

**(24) Norton Children's Pediatric Protection Specialists:** Included in the above General Fund appropriation is \$6,000,000 in fiscal year 2022-2023 to support a team of doctors and specially trained staff to accept cases for children suspected to be victims of child abuse or neglect and at risk of harm. The funds shall be used to create a Center of Excellence in the Commonwealth.

**(25) Kentucky Alliance of Boys and Girls Clubs:** Included in the above Federal Funds appropriation from the Child Care Development Block Grant of the American Rescue Plan Act of 2021 is \$10,000,000 in fiscal year 2022-2023 for non-licensed providers caring for children ages six to 18 years of age to be used for one-time capital projects specific to each local club's needs.

**(26) Bellwood Presbyterian Home for Children:** Included in the above General Fund appropriation is a one-time allocation of \$325,000 in fiscal year 2023-2024 to the Bellwood Presbyterian Home for Children to support operations.

**(27) Children's Alliance:** Included in the above General Fund appropriation is a one-time allocation of \$1,000,000 in each fiscal year to the Children's Alliance to support operations.

**(28) Hospice Centers Support:** Included in the above General Fund appropriation is a one-time allocation of \$1,000,000 in each fiscal year which shall be distributed equally to all hospice centers across the Commonwealth to support operations.

**(29) Foster Care Independent Living:** Included in the above General Fund appropriation is \$2,000,000 in each fiscal year for independent living supports to children aging out of the foster care system.

**(30) Employee Child-Care Assistance Partnership:** Included in the above General Fund appropriation is \$15,000,000 in fiscal year 2023-2024 to the Employee Child-Care Assistance Partnership for matching contributions. There shall be a seven percent cap on administrative costs for the oversight of this program.

**9. AGING AND INDEPENDENT LIVING**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		694,700	47,783,800	47,903,500
Restricted Funds		19,900	2,883,400	3,013,600
Federal Funds		7,276,600	67,667,300	67,668,500
<b>TOTAL</b>		<b>7,991,200</b>	<b>118,334,500</b>	<b>118,585,600</b>

**(1) Local Match Requirements:** Notwithstanding KRS 205.460, entities contracting with the Cabinet for Health and Family Services to provide essential services under KRS 205.455 and 205.460 shall provide local match equal to or greater than the amount in effect during fiscal year 2021-2022. Local match may include any combination of materials, commodities, transportation, office space, personal services, or other types of facility services or funds. The Secretary of the Cabinet for Health and Family Services shall prescribe the procedures to certify the local match compliance.

**(2) Expansion of Senior Meals:** Included in the above Federal Funds appropriation is \$7,240,000 in fiscal year 2021-2022 and \$14,480,000 in each fiscal year of the 2022-2024 fiscal biennium from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for the expansion of meals to senior citizens in the community.

**(3) Electronic Health Records System Implementation:** Any funds expended for the implementation of an electronic health records system within the Department for Public Health shall be coordinated as specified in Part I, G., 1., (4) of this Act.

**10. HEALTH DATA AND ANALYTICS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		8,300	497,400	500,200
Restricted Funds		83,700	23,461,800	23,472,400
Federal Funds		7,500	18,106,000	18,110,500
<b>TOTAL</b>		<b>99,500</b>	<b>42,065,200</b>	<b>42,083,100</b>

(1) **Kentucky Access Fund:** Notwithstanding KRS 304.17B-021, funds from this source are transferred to the Health Benefit Exchange in each fiscal year.

**TOTAL - HEALTH AND FAMILY SERVICES CABINET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund (Tobacco)		-0-	26,000,000	26,000,000
General Fund		16,993,400	3,021,746,400	3,516,649,000
Restricted Funds		8,569,600	2,274,259,700	2,076,792,300
Federal Funds		734,979,000	13,856,303,200	13,803,160,300
<b>TOTAL</b>		<b>760,542,000</b>	<b>19,178,309,300</b>	<b>19,422,601,600</b>

**H. JUSTICE AND PUBLIC SAFETY CABINET**

**Budget Units**

**1. JUSTICE ADMINISTRATION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund (Tobacco)		-0-	3,250,000	3,250,000
General Fund		636,600	49,307,800	48,296,700
Restricted Funds		-0-	5,265,800	5,595,000
Federal Funds		49,800	55,230,600	55,239,800
<b>TOTAL</b>		<b>686,400</b>	<b>113,054,200</b>	<b>112,381,500</b>

(1) **Operation UNITE:** (a) Notwithstanding KRS 48.005(4), included in the above Restricted Funds appropriation is \$1,500,000 in each fiscal year for the Operation UNITE Program from settlement funds resulting from the suit against Purdue Pharma, et al.. Included in the above General Fund appropriation is \$500,000 in each fiscal year for the Operation UNITE Program.

(b) For the periods ending June 30, 2022, and June 30, 2023, the Secretary of the Justice and Public Safety Cabinet, in coordination with the Chief Executive Officer of Operation UNITE, shall prepare reports detailing for what purpose and function the funds were utilized. The reports shall be submitted to the Interim Joint Committee on Appropriations and Revenue by September 1 of each fiscal year.

(2) **Office of Drug Control Policy:** Included in the above General Fund (Tobacco) appropriation is \$3,000,000 in each fiscal year for the Office of Drug Control Policy.

(3) **Access to Justice:** Included in the above General Fund appropriation is \$500,000 in each fiscal year to support the Access to Justice Program.

(4) **Court Appointed Special Advocate Funding:** (a) Included in the above General Fund appropriation is \$3,000,000 in each fiscal year for grants to support Court Appointed Special Advocate (CASA) funding programs.

(b) No administrative costs shall be paid from the appropriation provided in paragraph (a) of this subsection.

(5) **Restorative Justice:** Included in the above General Fund (Tobacco) appropriation is \$250,000 in each fiscal year to support the Restorative Justice Program administered by the Volunteers of America.

(6) **Medical Examiner Personnel:** Included in the above General Fund appropriation is \$3,774,800 in each fiscal year to support additional positions within the Office of the Kentucky State Medical Examiner and provide salary increases for forensic autopsy technicians, medical examiners, and the Chief Medical Examiner.

(7) **Office of the Kentucky State Medical Examiner:** (a) Included in the above General Fund appropriation is \$6,349,700 in each fiscal year to support the operations of the Office of the Kentucky State Medical Examiner.

(b) Included in the above Restricted Funds appropriation is \$1,157,500 in fiscal year 2022-2023 and \$1,182,000 in fiscal year 2023-2024 to support the operations of the Office of the Kentucky State Medical Examiner.

**(8) Substance Abuse Treatment Programs Evaluation:** (a) The Secretary of the Justice and Public Safety Cabinet shall compile for each fiscal year a report on funding received by the Cabinet to provide substance abuse treatment, prevention, and recovery programs in the Commonwealth. The report shall include the amount, source, and duration of the funding, the purpose of the funding, the number of individuals served, and any available information on program outcomes. The Secretary shall submit the report to the Interim Joint Committee on Appropriations and Revenue by September 1 of each year.

(b) Included in the above General Fund appropriation is \$1,000,000 in fiscal year 2022-2023 to support external performance reviews of substance abuse treatment, prevention, and recovery programs administered or funded by the Cabinet. The Secretary of the Justice and Public Safety Cabinet shall contract for these external performance reviews which shall, at a minimum, describe the program, key performance indicators, the evidence base for program interventions, and rates of relapse and recidivism for individuals served by each program. The Administrative Office of the Courts and the Cabinet for Health and Family Services shall be consulted in developing the framework for the performance reviews. The Secretary shall report the findings of the performance reviews to the Interim Joint Committee on Appropriations and Revenue by June 1, 2023.

**(9) Volunteers of America - Freedom House:** Included in the above General Fund appropriation is \$4,250,000 in each fiscal year to support the Freedom House administered by Volunteers of America. Included in the above General Fund appropriation is an additional one-time allocation of \$100,000 in each fiscal year to support the Freedom House administered by Volunteers of America.

**(10) Child Fatality Review Panel:** Included in the above General Fund appropriation is \$420,000 in each fiscal year to support the operations of the Child Fatality and Near Fatality External Review Panel.

**(11) Northern Kentucky Regional Medical Examiners Office:** Notwithstanding KRS 45.229, any unexpended funds from the \$1,800,000 included in the fiscal year 2021-2022 General Fund appropriation balance for one-time costs to re-establish the Northern Kentucky Regional Medical Examiners Office shall not lapse and shall carry forward.

**(12) Supporting Heroes:** Included in the above General Fund appropriation is \$100,000 in fiscal year 2022-2023 to support the mission of Supporting Heroes.

**(13) Victims of Crime Act Support:** Included in the above Federal Funds appropriation is \$10,000,000 in each fiscal year from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to offset reduced Victims of Crime Act funding.

**2. CRIMINAL JUSTICE TRAINING**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		-0-	1,028,500	2,057,000
Restricted Funds		3,383,000	92,193,300	92,471,800
Federal Funds		-0-	2,000	2,000
<b>TOTAL</b>		<b>3,383,000</b>	<b>93,223,800</b>	<b>94,530,800</b>

**(1) Kentucky Law Enforcement Foundation Program Fund:** Included in the above Restricted Funds appropriation is \$88,680,100 in fiscal year 2022-2023 and \$89,987,300 in fiscal year 2023-2024 for the Kentucky Law Enforcement Foundation Program Fund.

**(2) Training Incentive Payments:** (a) Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$4,300 in each fiscal year for each participant for training incentive payments. KRS 15.460(1)(b) to (f) shall remain applicable, except that the administrative expense reimbursement cap under KRS 15.460(1)(c)(3) shall not exceed \$1,000,000.

(b) Notwithstanding Part III, 2. of this Act, Restricted Funds appropriations may be increased to ensure sufficient funding to support this provision.

**(3) Administrative Reimbursement:** Notwithstanding KRS 15.450(3), the Department of Criminal Justice Training shall not receive reimbursement for the salaries and other costs of administering the fund, to include the Kentucky Law Enforcement Council operations and expenses, Peace Officers Professional Standards Office, attorney positions in the Department of Justice Administration, the Professional Development and Wellness Branch, Office of

the State School Security Marshal, debt service, capital outlay, and Department personnel costs and expenses in excess of \$34,395,100 in fiscal year 2022-2023 and \$34,902,100 in fiscal year 2023-2024. The Department shall submit a report detailing reimbursed expenditures for the prior fiscal year to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year.

**(4) Criminal Justice Council:** Pursuant to KRS 15.410 to 15.518, the Department of Criminal Justice Training shall not transfer funds from the Kentucky Law Enforcement Foundation Program Fund to support the Criminal Justice Council.

**(5) Full Maintenance Contract:** Included in the above Restricted Funds appropriation is \$350,000 in each fiscal year to support a full facilities maintenance contract.

**(6) Critical Staffing:** Included in the above Restricted Funds appropriation is \$538,400 in each fiscal year to support additional training positions and costs associated with a reclassification of current instructors.

**(7) Kentucky Law Enforcement Council Funding:** Notwithstanding KRS 15.450 and any other statute to the contrary, funding to support the operations of the Kentucky Law Enforcement Council shall not exceed \$648,900 in each fiscal year.

**(8) Debt Service:** Included in the above General Fund appropriation is \$1,028,500 in fiscal year 2022-2023 and \$2,057,000 in fiscal year 2023-2024 to support debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(9) Western Kentucky Regional Training Center:** (a) Included in the above Restricted Funds appropriation is \$2,500,000 in fiscal year 2021-2022 to conduct a comprehensive site and feasibility study of establishing a law enforcement training facility in Madisonville, Kentucky. This report shall be submitted to the Interim Joint Committee on Appropriations and Revenue by October 1, 2022. Notwithstanding KRS 45.229, any unexpended funds from the \$2,500,000 included in the fiscal year 2021-2022 Restricted Funds appropriation balance for a comprehensive site and feasibility study shall not lapse and shall carry forward.

(b) Subject to the results of the site and feasibility study referenced in paragraph (a) of this subsection, it is the intent of the General Assembly to authorize a capital project for law enforcement professionals receiving training at the Western Kentucky Regional Training Center in Madisonville, Kentucky.

**(10) McKinney Firing Range:** The Department of Criminal Justice Training shall investigate the potential for architectural malpractice as it relates to the planning, designing, and overseeing of the construction of the McKinney Firing Range.

**(11) Blackboard Learning Management System:** Included in the above Restricted Funds appropriation is \$120,000 in each fiscal year to support online training software.

**(12) Statutory Offices:** Included in the above Restricted Funds appropriation is \$298,900 in fiscal year 2022-2023 and \$305,500 in fiscal year 2023-2024 to support statutory offices from the Kentucky Law Enforcement Foundation Program Fund.

**3. JUVENILE JUSTICE**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		3,630,100	113,379,300	114,529,200
Restricted Funds		-0-	13,961,500	13,961,500
Federal Funds		13,300	10,106,600	10,112,200
<b>TOTAL</b>		<b>3,643,400</b>	<b>137,447,400</b>	<b>138,602,900</b>

**4. STATE POLICE**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		7,800,000	221,414,900	220,554,800
Restricted Funds		743,900	35,282,400	35,413,300
Federal Funds		426,100	14,826,500	14,879,700
Road Fund	-0-	59,436,600	59,262,500	

TOTAL 8,970,000 330,960,400 330,110,300

(1) **Call to Extraordinary Duty:** There is appropriated from the General Fund to the Department of Kentucky State Police, subject to the conditions and procedures provided in this Act, funds which are required as a result of the Governor's call of the Kentucky State Police to extraordinary duty when an emergency situation has been declared to exist by the Governor. Funding is authorized to be provided from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705).

(2) **Restricted Funds Uses:** Notwithstanding KRS 24A.179, 42.320(2)(h), 65.7631, 189A.050(3)(a), 237.110(18), and 281A.160(2)(b), funds are included in the above Restricted Funds appropriation to maintain the operations and administration of the Kentucky State Police.

(3) **Telecommunicator Training Incentive:** Included in the above General Fund appropriation is sufficient funding for a \$3,100 annual training incentive stipend for telecommunicators.

(4) **Debt Service:** Included in the above General Fund appropriation is \$3,338,000 in fiscal year 2022-2023 and \$8,521,000 in fiscal year 2023-2024 to support debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(5) **Capitol Campus Security Personnel:** Included in the above General Fund appropriation is \$125,600 in each fiscal year to support two Trooper R contracts designated specifically for the Capitol campus.

(6) **Billing for Security Services:** Notwithstanding any statute to the contrary, the Department of Kentucky State Police shall bill and accept payment from non-state operated event sponsors for security services provided by the Department.

(7) **Lab Equipment:** Included in the above General Fund appropriation is \$951,000 in fiscal year 2022-2023 for the purchase of various pieces of laboratory equipment including firearm imaging systems, DNA collections systems, and microscopes.

(8) **Pension and Sick Leave Service Credit Obligation:** Included in the above General Fund appropriation is \$7,462,100 in fiscal year 2022-2023 and \$4,000,000 in fiscal year 2023-2024 to fund costs associated with the conversion of sick leave to service credit upon an employee's retirement.

(9) **Tier III Retirement Sick Leave Buy Back Program:** Included in the above General Fund appropriation is \$900,000 in fiscal year 2023-2024 to support the purchase of excess sick leave balance for members participating in Tier III of the State Police Retirement System.

(10) **Body Worn Camera Integrated System:** Included in the above General Fund appropriation is \$9,759,200 in fiscal year 2022-2023 and \$2,475,800 in fiscal year 2023-2024 to support costs associated with a implementing a body worn camera integrated system.

(11) **Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$4,300 in each fiscal year for each participant for training incentive payments.

(12) **Background Check Fees:** Pursuant to KRS 7.111, 7.112, and 11.160(1)(e), the Department of Kentucky State Police shall not charge a fee for the cost of background checks requested by the Legislative Research Commission during investigation processes related to confirmations of appointments or reappointments to boards and commissions and administrative law judges.

(13) **Feasibility Study:** The Department of Kentucky State Police shall conduct a comprehensive site and feasibility analysis on relocating its current headquarters to the State Police Academy location, shall research the potential for the current headquarters to be sold, and shall provide a report regarding the findings to the Interim Joint Committee on Appropriations and Revenue by October 1, 2022.

(14) **Electronic Crimes Laboratories:** (a) The Attorney General and the Commissioner of the Kentucky State Police shall work collaboratively to identify a pathway for consolidation of the Commonwealth's electronic crimes laboratories.

(b) The Attorney General and the Commissioner of the Kentucky State Police shall work collaboratively to develop a report of all cases at the Commonwealth's electronic crimes laboratories and shall submit this report to the Interim Joint Committee on Appropriations and Revenue by December 1, 2022.

(15) **Driver Testing Branch Expansion:** Included in the above Road Fund appropriation is \$4,082,900 in fiscal year 2022-2023 and \$4,123,800 in fiscal year 2023-2024 to support additional positions within the Driver Testing Branch of the Department of Kentucky State Police.

**5. CORRECTIONS**

**a. Corrections Management**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	550,500	16,014,200	16,038,300
Restricted Funds	-0-	150,000	150,000
Federal Funds	-0-	173,500	124,800
<b>TOTAL</b>	<b>550,500</b>	<b>16,337,700</b>	<b>16,313,100</b>

(1) **Local Correctional Facilities:** Notwithstanding KRS 441.420, no funds are provided for reimbursement to counties for design fees for architectural and engineering services associated with any new local correctional facility approved by the Local Correctional Facilities Construction Authority.

(2) **Facility Reporting:** (a) The Department of Corrections shall continuously monitor its bed utilization of county jails, halfway houses, Recovery Kentucky drug treatment centers, and all other community correctional residential facilities that are under contract with the Department. This monitoring shall include periodic review of its classification system to ensure that all offenders are placed in the least restrictive housing that provides appropriate security to protect public safety and provide ample opportunity for treatment and successful re-entry.

(b) On a quarterly basis, the Department shall submit a report detailing the average occupancy rate for each of these facility types outlined in paragraph (a) of this subsection to the Legislative Research Commission.

(3) **Offender Information Specialist I Positions:** Included in the above General Fund appropriation is \$427,700 in fiscal year 2022-2023 and \$435,000 in fiscal year 2023-2024 to support the addition of up to six Offender Information Specialist I positions.

(4) **Strategic Plan for Correctional Facilities:** Included in the above General Fund appropriation is \$100,000 in fiscal year 2022-2023 to support a strategic master plan for correctional facilities. The plan shall include details for each adult correctional facility, and the system as a whole, over the next ten years including capacity, services and facilities, a priority ranking of repairs, maintenance and new construction, as well as how each facility integrates into the Department’s overall strategic plan and operational objectives. The report shall be submitted to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Judiciary by July 1, 2023.

(5) **Educational Assistance Program:** Included in the above General Fund appropriation is \$200,000 in each fiscal year to support an educational assistance program.

**b. Adult Correctional Institutions**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	7,932,600	362,632,400	425,982,200
Restricted Funds	150,700	16,546,300	16,583,900
Federal Funds	-0-	46,098,000	98,000
<b>TOTAL</b>	<b>8,083,300</b>	<b>425,276,700</b>	<b>442,664,100</b>

(1) **Debt Service:** Included in the above General Fund appropriation is \$9,996,000 in fiscal year 2022-2023 and \$19,992,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **Transfer to State Institutions:** Notwithstanding KRS 532.100(8), state prisoners, excluding the Class C and Class D felons qualifying to serve time in county jails, may be transferred to a state institution within 90 days of final sentencing, if the county jail does not object to the additional 45 days.

(3) **Operational Costs for Inmate Population:** In the event that actual operational costs exceed the amounts appropriated to support the budgeted average daily population of state felons for each fiscal year, the additional payments shall be deemed necessary government expenses and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to notification as to necessity and amount by the State Budget Director who shall report any certified expenditure to the Interim Joint Committee on Appropriations and Revenue.



**(4) Substance Abuse Treatment and Job Training Pilot Project:** (a) It is the intent of the General Assembly to reduce recidivism, enhance public safety, reduce overcrowding across the Commonwealth’s correctional institutions and jails, promote workforce preparedness within the justice-involved population, and encourage successful re-entry of offenders.

(b) No later than September 1, 2022, the Department shall, in conformance with the provisions of KRS Chapter 45A, issue a solicitation for a Substance Abuse Treatment and Job Training pilot project that will include inpatient/residential treatment services for offenders with substance use disorders to receive evidence-based treatment, provide job training services, and coordinate work assignments for offenders within a centrally located facility.

(c) Any cost avoidance pursuant to the provisions of this subsection shall be reported on a quarterly basis to the Legislative Research Commission in each fiscal year. This report shall include but not be limited to the costs associated with the pilot project, the number of offenders participating in the pilot project, and the total number of days of sentence credit awarded by program type for offenders participating in the pilot project.

(d) Within ninety days after the effective date of this Act, the Department for Medicaid Services shall develop and submit an application for a Section 1115 demonstration waiver under 42 U.S.C. sec. 1315 to provide Medicaid coverage for substance use disorder treatment, including peer support services, to individuals incarcerated for a conviction under KRS Chapter 218A. Upon approval of the waiver, the cost of treatment for a substance use disorder or patient navigation provided by a licensed clinical social worker shall be a covered Medicaid benefit for an incarcerated individual.

**(5) Correctional Facilities Growth:** Included in the above General Fund appropriation is \$1,248,800 in fiscal year 2022-2023 and \$2,497,800 in fiscal year 2023-2024 to support additional corrections officer positions and anticipated increases in utility and food service costs.

**(6) Medical Services:** Included in the above General Fund appropriation is \$5,823,700 in fiscal year 2022-2023 and \$8,647,400 in fiscal year 2023-2024 to support increased medical services costs and Hepatitis C pharmaceutical treatment.

**(7) Correctional Facilities Support:** Included in the above Federal Funds appropriation is \$46,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to support the operations of congregate facilities within the Department of Corrections.

**(8) Environmental Impact and Feasibility Study:** Included in the above General Fund appropriation is \$1,000,000 in fiscal year 2023-2024 to support an environmental impact and feasibility study of Kentucky State Reformatory to evaluate the campus’s environmental and structural safety, utility subsequent to the transition of medical services to other prison institutions, and potential costs of necessary remediation activities.

**c. Community Services and Local Facilities**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		3,008,400	262,329,000	263,564,900
Restricted Funds		1,000,100	9,510,400	8,370,400
Federal Funds		12,800	854,700	854,800
<b>TOTAL</b>		<b>4,021,300</b>	<b>272,694,100</b>	<b>272,790,100</b>

**(1) Excess Local Jail Per Diem Costs:** In the event that actual local jail per diem payments exceed the amounts appropriated to support the budgeted average daily population of state felons in county jails for each fiscal year, the payments shall be deemed necessary government expenses and may be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to notification as to necessity and amount by the State Budget Director who shall report any certified expenditure to the Interim Joint Committee on Appropriations and Revenue.

**(2) Local Jails Funding:** Notwithstanding KRS 441.605 to 441.695, funds in the amount of \$3,000,000 in each fiscal year shall be expended from the Kentucky Local Correctional Facilities Construction Authority for local correctional facility and operational support.

**(3) Parole for Infirm Inmates:** (a) The Commissioner of the Department of Corrections shall certify and notify the Parole Board when a prisoner meets the requirements of paragraph (c) of this subsection for parole.

(b) Notwithstanding any statute to the contrary, within 30 days of receiving notification as prescribed by paragraph (a) of this subsection, the Parole Board shall grant parole.

(c) A prisoner who has been determined by the Department of Corrections to be physically or mentally debilitated, incapacitated, or infirm as a result of advanced age, chronic illness, disease, or any other qualifying criteria that constitutes an infirm prisoner shall be eligible for parole if:

1. The prisoner was not convicted of a capital offense and sentenced to death or was not convicted of a sex crime as defined in KRS 17.500;

2. The prisoner has reached his or her parole eligibility date or has served one-half of his or her sentence, whichever occurs first;

3. The prisoner is substantially dependent on others for the activities of daily living; and

4. There is a low risk of the prisoner presenting a threat to society if paroled.

(d) Unless a new offense is committed that results in a new conviction subsequent to a prisoner being paroled, paroled prisoners shall not be considered to be under the custody of the state in any way.

(e) Prisoners paroled under this subsection shall be paroled to a licensed long-term-care facility, nursing home, or family placement in the Commonwealth.

(f) The Cabinet for Health and Family Services and the Justice and Public Safety Cabinet shall provide all needed assistance and support in seeking and securing approval from the United States Department of Health and Human Services for federal assistance, including Medicaid funds, for the provision of long-term-care services to those eligible for parole under paragraph (c) of this subsection.

(g) The Cabinet for Health and Family Services and the Justice and Public Safety Cabinet shall have the authority to contract with community providers that meet the requirements of paragraph (e) of this subsection and that are willing to house any inmates deemed to meet the requirements of this subsection so long as contracted rates do not exceed current expenditures related to the provisions of this subsection.

(h) The Cabinet for Health and Family Services and the Justice and Public Safety Cabinet are encouraged to collaborate with other states that are engaged in similar efforts so as to achieve the mandates of this subsection.

(i) The Cabinet for Health and Family Services and the Justice and Public Safety Cabinet shall provide a report to the Interim Joint Committee on Appropriations and Revenue by December 15 of each fiscal year concerning these provisions. The report shall include the number of persons paroled, the identification of the residential facilities utilized, an estimate of cost savings as a result of the project, and any other relevant material to assist the General Assembly in assessing the value of continuing and expanding the project.

**(4) Participation in Transparent Governing - Full Disclosure of Inmate Population Forecasts and Related Materials:** The Office of State Budget Director shall provide the methodology, assumptions, data, and all other related materials used to project biennial offender population forecasts conducted by the Office of State Budget Director, the Kentucky Department of Corrections, and any consulting firms, to the Interim Joint Committee on Appropriations and Revenue by November 1, 2023. This submission shall include but not be limited to the projected state, county, and community offender populations for the 2024-2026 fiscal biennium and must coincide with the budgeted amount for these populations. This submission shall clearly divulge the methodology and reasoning behind the budgeted and projected offender population in a commitment to participate in transparent governing.

**(5) Calculating Avoided Costs Relating to Legislative Action:** Notwithstanding KRS 196.288(5)(a), \$4,630,200 has been determined to meet the intent of the statute for the amount of avoided costs to be provided to the Local Corrections Assistance Fund. The actions implemented pursuant to the implementation of 2011 Ky. Acts ch. 2 now are no longer able to be calculated validly due to the length of time they have been embedded in the criminal justice system.

**(6) Probation and Parole Expansion:** Included in the above General Fund appropriation is \$2,585,900 in fiscal year 2022-2023 and \$2,490,900 in fiscal year 2023-2024 to support 25 probation and parole officer positions and an anticipated increase in janitorial service contracts.

**(7) Substance Abuse Program Staffing Expansion:** Included in the above General Fund appropriation is \$471,400 in fiscal year 2022-2023 and \$476,000 in fiscal year 2023-2024 to support seven social service clinician positions.

**(8) Probation and Parole Fleet Vehicles:** Included in the above General Fund appropriation is \$1,027,800 in fiscal year 2022-2023 to support the purchase and lease of vehicles for the Division of Probation and Parole. A preference for vehicles manufactured in Kentucky shall be considered. Notwithstanding KRS 45.229, for fiscal year 2022-2023, any portion of these funds not expended shall not lapse and shall carry forward.

**(9) Reentry Expansion - Kentucky Opioid Response Effort:** Included in the above Restricted Funds appropriation is \$1,000,000 in fiscal year 2021-2022 and \$1,000,000 in each fiscal year of the 2022-2024 fiscal biennium to support additional positions in the Reentry Division.

**(10) County Jail Per Diem Increase:** Included in the above General Fund appropriation is \$13,182,300 in fiscal year 2022-2023 and \$13,243,700 in fiscal year 2023-2024 to support a \$4.00 increase to the per diem payments to county jails that house state inmates.

**(11) Substance Abuse, Mental Health, and Reentry Service Centers:** (a) Notwithstanding any statute to the contrary, for each fiscal year, the Department of Corrections shall pay each contracted provider of substance abuse, mental health, and reentry centers a minimum of 65 percent of the contracted beds monthly. Any contracted, but unfilled contracted beds as of the effective date of this Act may, at the discretion of the provider, be terminated.

(b) Each contracted provider, as provided for in paragraph (a) of this subsection, shall report 100 percent of their occupancy to the Department of Corrections. The report shall detail the total number of beds, the number of beds available, the type of individual occupying bed space, and shall be submitted in a method and at a frequency established by the Department's discretion.

(c) Notwithstanding any statute to the contrary, the Department of Corrections shall be permitted to negotiate an inflationary price increase for contracted providers of substance abuse, mental health, and reentry centers during the COVID-19 state of emergency.

**(12) Jail Inspector Fleet Vehicles:** Included in the above General Fund appropriation is \$211,500 in fiscal year 2022-2023 to support the purchase of nine vehicles for jail inspectors. A preference for vehicles manufactured in Kentucky shall be considered. Notwithstanding KRS 45.229, for fiscal year 2022-2023, any portion of these funds not expended shall not lapse and shall carry forward.

**d. Local Jail Support**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund		23,100	16,788,600
			16,788,600

**(1) Local Corrections Assistance Fund Allocation:** Notwithstanding KRS 196.288(5)(a), included in the above General Fund appropriation is \$4,630,200 in each fiscal year for the Local Corrections Assistance Fund. Moneys in the fund shall be distributed to the counties each year. Amounts distributed from the fund shall be used to support local correctional facilities and programs, including the transportation of prisoners, as follows:

(a) In each fiscal year, the first \$3,000,000 received by the fund, or, if the fund receives less than \$3,000,000, the entire balance of the fund, shall be divided equally among all counties; and

(b) Any moneys remaining after making the distributions required by paragraph (a) of this subsection shall be distributed to each county based on a ratio, the numerator of which shall be the county's county inmate population on the second Thursday in January during the prior fiscal year, and the denominator of which shall be the total counties' county inmate population for the entire state on the second Thursday in January during the prior fiscal year.

**(2) Life Safety or Closed Jails:** Included in the above General Fund appropriation is \$860,000 in each fiscal year to provide a monthly payment of an annual amount of \$20,000 to each county with a life safety jail or closed jail. The payment shall be in addition to the payment required by KRS 441.206(2).

**(3) Inmate Medical Care Expenses:** Included in the above General Fund appropriation is \$792,800 in each fiscal year for medical care contracts to be distributed, upon approval of the Department of Corrections, to counties by the formula codified in KRS 441.206, and \$851,800 in each fiscal year, on a partial reimbursement basis, for medical claims in excess of the statutory threshold pursuant to KRS 441.045. The funding support for medical contracts and catastrophic medical expenses for indigents shall be maintained in discrete accounts. Any medical claim that exceeds the statutory threshold may be reimbursed for that amount in excess of the statutory threshold.

**TOTAL - CORRECTIONS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund		11,514,600	657,764,200
			722,374,000

Restricted Funds	1,150,800	26,206,700	25,104,300
Federal Funds	12,800	47,126,200	1,077,600
TOTAL	12,678,200	731,097,100	748,555,900

**6. PUBLIC ADVOCACY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	2,423,100	81,917,300	82,432,900
Restricted Funds	78,200	4,504,300	4,504,300
Federal Funds	70,700	2,138,000	2,088,000
TOTAL	2,572,000	88,559,600	89,025,200

(1) **Pension and Sick Leave Service Credit Obligation:** Included in the above General Fund appropriation is \$54,000 in each fiscal year to fund costs associated with the conversion of sick leave to service credit upon an employee's retirement.

(2) **Protection and Advocacy Continuation of Services:** Included in the above General Fund appropriation is \$596,900 in each fiscal year for the Division of Protection and Advocacy to maintain current services and compliance with federal grant obligations.

(3) **Public Defender Salary Increases:** (a) Included in the above General Fund appropriation is \$7,078,900 in each fiscal year to support salary increases for public defender attorneys and staff, including the following positions: Law Clerk, Staff Attorney I, Staff Attorney II, Staff Attorney III, Staff Attorney Supervisor, and Staff Attorney Manager.

(b) Any increase in creditable compensation resulting from the pay raises provided by this subsection shall be exempt from reduction under KRS 61.598, and the pay raises shall be fully used to determine the member's creditable compensation, final compensation, and resulting retirement benefits, regardless of the member's actual retirement date or the system from which the member retires.

(4) **Conflict Case Reimbursements:** Included in the above General Fund appropriation is \$700,000 in each fiscal year to support an increase in reimbursement amounts for conflict case payments.

(5) **Certification of Indigency:** Notwithstanding KRS 31.120, no public defense attorney shall be ordered to represent any individual in criminal matters without receiving, in writing, a sworn certification of indigency. The provisions of this subsection do not apply to the appointment of counsel at the earliest necessary proceeding at which the person is entitled to counsel, upon declaration by the person that they are indigent; however, if later determined not to be indigent, the Department of Public Advocacy is to be reimbursed for its representation pursuant to KRS 31.120(1)(b).

**TOTAL - JUSTICE AND PUBLIC SAFETY CABINET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund (Tobacco)	-0-	3,250,000	3,250,000
General Fund	26,004,400	1,124,812,000	1,190,244,600
Restricted Funds	5,355,900	177,414,000	177,050,200
Federal Funds	572,700	129,429,900	83,399,300
Road Fund -0-	59,436,600	59,262,500	
TOTAL	31,933,000	1,494,342,500	1,513,206,600

**I. PERSONNEL CABINET**

**Budget Units**

**1. GENERAL OPERATIONS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds	746,500	32,750,800	32,871,600

TOTAL	746,500	32,750,800	32,871,600
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**(1) Classification and Compensation Report:** The Personnel Cabinet Secretary shall perform a comprehensive review of the KRS Chapter 18A Classification and Compensation Plan, specifically the current salary schedule, and shall provide a report and recommendations for changes to the Interim Joint Committees on State Government and Appropriations and Revenue by July 7, 2022, for action by the 2023 General Assembly. The recommendations for changes shall include but not be limited to locality pay, seniority, job classification, and other factors as deemed necessary by the Secretary to provide competitive pay for Executive Branch employees. The Secretary shall work with the Office of State Budget Director to develop cost projections by fund source for their recommendations and include the projections in their report. Failure to provide the recommendation by July 7, 2022, shall result in the reduction of the Restricted Funds appropriation by \$2,000,000 in fiscal year 2022-2023 and an additional reduction of \$2,000,000 for each month the recommendation is delayed.

**(2) KRS Chapter 18A Review and Recommendations Report:** The Personnel Cabinet Secretary shall perform a comprehensive review of KRS Chapter 18A and provide a report with recommendations for changes to the Interim Joint Committees on State Government and Appropriations and Revenue by November 1, 2022. The recommendations for changes shall include but not be limited to probationary periods, lay-off rules, exemptions from classified service, and employee evaluations.

**(3) Public Employee Health Insurance Trust Fund Actuarial Projections:** The Department of Employee Insurance shall prepare a report that includes actuarial projections of the operating net gain or loss, recommended reserves, and remaining balance after reserves, by plan year, for all active plan years and a minimum of two upcoming plan years for the Public Employee Health Insurance Trust Fund, as of September 30 of each fiscal year. This report shall be submitted to the Interim Joint Committee on Appropriations and Revenue by December 1 of each fiscal year.

**2. PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY**

	2021-22	2022-23	2023-24	
Restricted Funds		79,800	8,386,700	8,401,000

**3. WORKERS' COMPENSATION BENEFITS AND RESERVE**

	2021-22	2022-23	2023-24	
Restricted Funds		31,500	24,358,900	24,358,800

**(1) Workers' Compensation Payments:** Notwithstanding Part III, 2. of this Act, Restricted Funds appropriations may be increased to ensure sufficient funding to support workers' compensation payments.

**4. FIXED ALLOCATION NON-HAZARDOUS PENSION FUND**

	2022-23	2023-24	
General Fund		89,090,400	84,617,800

**(1) Quasi-State Agency Subsidy Distributions:** (a) Included in the above General Fund appropriation is \$332,100 in each fiscal year to maintain each Non-P1 state agency's fiscal year 2019-2020 baseline subsidy as adjusted and posted under the 2022 Budget Bills tile on the Legislative Research Commission's Web site.

(b) Included in the above General Fund appropriation is \$18,882,100 in each fiscal year to maintain each Regional Mental Health Unit's fiscal year 2019-2020 baseline subsidy as adjusted and posted under the 2022 Budget Bills tile on the Legislative Research Commission's Web site.

(c) Included in the above General Fund appropriation is \$25,151,300 in each fiscal year to maintain each health department's fiscal year 2019-2020 baseline subsidy as adjusted and posted under the 2022 Budget Bills tile on the Legislative Research Commission's Web site.

(d) The distribution of the baseline subsidy to each employer classification identified in paragraphs (a), (b), and (c) of this subsection shall be distributed in the following manner: In July and January of each year, the Office of State Budget Director shall obtain the total creditable compensation reported by each employer to the Kentucky Public Pensions Authority and utilize that number to determine how much of each total appropriation shall be distributed to each employer within its own unique employer classification. Payments to each employer shall be made on September 1 and April 1 of each fiscal year. The Office of State Budget Director shall provide a report to the Interim Joint Committee on Appropriations and Revenue by May 1 of each fiscal year. The report shall detail the

disbursement of funds in this subsection and include the creditable compensation, by employer, for which disbursements are made.

(e) Notwithstanding KRS 61.5991(6)(b), included in the above General Fund appropriation is \$44,724,900 in fiscal year 2022-2023 and \$40,252,300 in fiscal year 2023-2024 to support each employer's share of the anticipated increase in retirement costs over each employer's fiscal year 2019-2020 baseline contribution as adjusted and posted under the 2022 Budget Bills tile on the Legislative Research Commission's Web site.

**5. STATE SALARY AND COMPENSATION FUND**

	<b>2022-23</b>	<b>2023-24</b>	
General Fund		-0-	5,307,000
Restricted Funds		-0-	1,632,000
Federal Funds		-0-	1,259,000
Road Fund	-0-	1,129,000	
<b>TOTAL</b>		-0-	<b>9,327,000</b>

(1) **State Salary and Compensation Fund:** The State Budget Director shall determine the necessary amount of funds from the appropriations included above, by budget unit, to provide for supplemental funds for fiscal year 2023-2024 employer contributions for state agency health insurance benefits. The State Budget Director shall notify the Secretary of the Finance and Administration Cabinet of the respective amounts from the Fund to transfer to each affected budget unit. The State Budget Director shall report to the Interim Joint Committee on Appropriations and Revenue on the implementation of this provision by August 1, 2023.

**TOTAL - PERSONNEL CABINET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		-0-	89,090,400	89,924,800
Restricted Funds		857,800	65,496,400	67,263,400
Federal Funds		-0-	-0-	1,259,000
Road Fund	-0-	-0-	1,129,000	
<b>TOTAL</b>		<b>857,800</b>	<b>154,586,800</b>	<b>159,576,200</b>

**J. POSTSECONDARY EDUCATION**

**Budget Units**

**1. COUNCIL ON POSTSECONDARY EDUCATION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund (Tobacco)		-0-	6,250,000	6,250,000
General Fund		222,900	18,436,500	17,871,800
Restricted Funds		17,400	5,020,000	5,023,000
Federal Funds		86,400	26,040,700	5,621,100
<b>TOTAL</b>		<b>326,700</b>	<b>55,747,200</b>	<b>34,765,900</b>

(1) **Interest Earnings Transfer from the Strategic Investment and Incentive Trust Fund Accounts:** Notwithstanding KRS 164.7911 to 164.7927, any expenditures from the Strategic Investment and Incentive Trust Fund accounts in excess of appropriated amounts by the Council on Postsecondary Education shall be subject to KRS 48.630.

(2) **Cancer Research and Screening:** Included in the above General Fund (Tobacco) appropriation is \$6,250,000 in each fiscal year for cancer research and screening. The appropriation in each fiscal year shall be equally shared between the University of Kentucky and the University of Louisville.

**(3) Southern Regional Education Board Dues:** Included in the above General Fund appropriation is \$214,800 in each fiscal year for Southern Regional Education Board dues.

**(4) Doctoral Scholars:** Included in the above General Fund appropriation is \$50,000 in each fiscal year for the Southern Regional Education Board Doctoral Scholars Program.

**(5) Ovarian Cancer Screening:** Included in the above General Fund appropriation is \$1,000,000 in each fiscal year for the Ovarian Cancer Screening Outreach Program at the University of Kentucky.

**(6) Redistribution of Resources:** Notwithstanding KRS 164.028 to 164.0282, no General Fund is provided for Professional Education Preparation.

**(7) Postsecondary Education Debt:** Notwithstanding KRS 45.750 to 45.810, in order to lower the cost of borrowing, any university that has issued or caused to be issued debt obligations through a not-for-profit corporation or a municipality or county government for which the rental or use payments of the university substantially meet the debt service requirements of those debt obligations is authorized to refinance those debt obligations if the principal amount of the debt obligations is not increased and the rental payments of the university are not increased. Any funds used by a university to meet debt obligations issued by a university pursuant to this subsection shall be subject to interception of state-appropriated funds pursuant to KRS 164A.608.

**(8) Disposition of Postsecondary Institution Property:** Notwithstanding KRS 45.777, a postsecondary institution’s governing board may elect to sell or dispose of real property or major items of equipment and proceeds from the sale shall be designated to the funding sources, on a proportionate basis, used for acquisition of the equipment or property to be sold.

**(9) Spinal Cord and Head Injury Research:** Included in the above General Fund appropriation is \$2,000,000 in each fiscal year for spinal cord and head injury research. In accordance with KRS 211.500 to 211.504, the appropriation in each fiscal year shall be shared between the University of Kentucky and the University of Louisville.

**(10) Debt Service:** Included in the above General Fund appropriation is \$1,612,000 in fiscal year 2022-2023 and \$3,224,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(11) Healthcare Workforce Initiative:** Included in the above Federal Funds appropriation is \$10,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for establishing the Healthcare Workforce Initiative Program to help grow and strengthen the education and training pipeline of healthcare professions within Kentucky’s public two and four-year colleges and universities.

**(12) Workforce Development Trust Fund:** Included in the above General Fund appropriation is \$2,225,000 in fiscal year 2022-2023 to support the Workforce Development Trust Fund. The Council on Postsecondary Education shall submit a report to the Interim Joint Committee on Appropriations and Revenue by September 1, 2023, detailing the expenditure of funds and how the funds were utilized to increase credential production capacity for identified supply gaps and support program offerings in targeted industry sectors within the Kentucky Community and Technical College System.

**(13) Simmons College:** Included in the above Federal Funds appropriation is \$4,200,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for the Teacher Education Initiative. Included in the above Federal Funds appropriation is \$1,800,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to expand academic offerings to include the areas of psychology to produce more licensed mental health practitioners, quality control technology, and logistics and supply chain management.

**2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		-0-	339,217,100	345,982,100
Restricted Funds		69,600	37,929,300	29,347,000
Federal Funds		-0-	8,040,000	8,040,000
<b>TOTAL</b>		<b>69,600</b>	<b>385,186,400</b>	<b>383,369,100</b>

(1) **College Access Program:** Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$134,075,000 in fiscal year 2022-2023 and \$139,025,000 in fiscal year 2023-2024 for the College Access Program.

(2) **Kentucky Tuition Grant Program:** Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$44,325,000 in fiscal year 2022-2023 and \$45,975,000 in fiscal year 2023-2024 for the Kentucky Tuition Grant Program.

(3) **Kentucky National Guard Tuition Award Program:** Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$7,398,100 in each fiscal year for the National Guard Tuition Award Program.

(4) **Kentucky Educational Excellence Scholarships (KEES):** Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$116,126,600 in each fiscal year for the Kentucky Educational Excellence Scholarships (KEES). Included in the above Restricted Funds appropriation is \$4,773,400 in fiscal year 2022-2023 and \$5,873,400 in fiscal year 2023-2024 for KEES.

(5) **Work Ready Kentucky Scholarship Program:** Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$10,800,000 in each fiscal year for the Work Ready Kentucky Scholarship Program. Notwithstanding KRS 164.787, the dual credit component of the Work Ready Kentucky Scholarship Program for high school students shall be funded and administered through the Dual Credit Scholarship Program.

(6) **Dual Credit Scholarship Program:** (a) Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$13,150,000 in each fiscal year for the Dual Credit Scholarship Program.

(b) Excluding any unclaimed prize money received under Part III, 20. of this Act, there is hereby appropriated from the KEES Program Reserve Account Restricted Funds in the amount of \$5,987,400 for fiscal year 2022-2023 and \$6,290,100 for fiscal year 2023-2024 for the purposes set forth in paragraph (c) of this subsection from fiscal year 2020-2021 excess lottery receipts.

(c) Notwithstanding KRS 164.786(1)(f) and 164.787(2)(d), the dual credit tuition rate ceiling shall be one-half of the per credit hour tuition amount charged by the Kentucky Community and Technical College System for in-state students. Notwithstanding KRS 164.786(1)(g)2. and (4)(b), priority for awarding scholarships shall be given in order to high school seniors, juniors, sophomores, and freshmen. Notwithstanding KRS 164.786(4)(c), eligible high school students may receive a dual credit scholarship for two career and technical education dual credit courses per academic year and four general education dual credit courses over the junior and senior years, up to a maximum of 12 approved dual credit courses.

(d) Notwithstanding KRS 45.229, any portion of funds provided for in paragraph (b) of this subsection that has not been expended by the end of fiscal year 2022-2023 shall not lapse and shall carry forward into fiscal year 2023-2024.

(7) **Veterinary Medicine Contract Spaces:** Included in the above General Fund appropriation is \$5,494,000 in fiscal year 2022-2023 and \$5,659,000 in fiscal year 2023-2024 to fund 164 veterinary slots.

(8) **Optometry Scholarship Program:** Included in the above General Fund appropriation is \$848,400 in each fiscal year for the Optometry Scholarship Program.

(9) **Use of Lottery Revenues:** Notwithstanding KRS 154A.130(3) and (4), lottery revenues in the amount of \$326,874,700 in fiscal year 2022-2023 and \$333,474,700 in fiscal year 2023-2024 are appropriated to the Kentucky Higher Education Assistance Authority. Notwithstanding KRS 154A.130(4) and any provisions of this Act to the contrary, if lottery receipts received by the Commonwealth, excluding any unclaimed prize money received under Part III, 20. of this Act, exceed \$292,000,000 in fiscal year 2021-2022, \$333,974,700 in fiscal year 2022-2023, or \$340,574,700 in fiscal year 2023-2024, the first \$3,000,000 of excess funds in each fiscal year shall be transferred to the Kentucky Higher Education Assistance Authority and appropriated in accordance with KRS 154A.130(4)(b), and any additional excess shall be transferred to a trust and agency account and shall not be expended or appropriated without the express authority of the General Assembly.

(10) **Redistribution of Resources:** Notwithstanding KRS 164.518, 164.740 to 164.764, 164.7890(11)(c), 164.7891(11)(b), and 164.7894, no General Fund is provided for Early Childhood Development Scholarships, Work Study, Coal County Pharmacy Scholarships, Osteopathic Medicine Scholarships, and Coal County College Completion Scholarships in order to provide additional funding to the College Access Program and Kentucky Tuition Grant Program.



**(11) Teacher Scholarship Program:** Notwithstanding KRS 154A.130(4), included in the above General Fund appropriation is \$1,000,000 in each fiscal year for the Teacher Scholarship Program. The Kentucky Higher Education Assistance Authority, in coordination with the Council on Postsecondary Education, shall submit a report on the number of teacher scholarships provided in each fiscal year, the program of study in which recipients are enrolled, recipient retention rates, total number of applications, and the impact of the scholarships on recruitment. This report shall be submitted to the Interim Joint Committee on Education by September 1 of each fiscal year.

**(12) Early Childhood Development Scholarship Program:** Included in the above Federal Funds appropriation is \$4,000,000 in each fiscal year for the Early Childhood Development Scholarship Program.

**(13) General Administration and Support:** Included in the above General Fund appropriation is \$6,000,000 in each fiscal year to support general administration and support services.

**(14) Innovative Scholarship Pilot Project:** Excluding any unclaimed prize money received under Part III, 20. of this Act, there is hereby appropriated from the KEES Program Reserve Account Restricted Funds in the amount of \$10,000,000 in fiscal year 2022-2023 for the Innovative Scholarship pilot project from fiscal year 2020-2021 excess lottery receipts. The Kentucky Higher Education Assistance Authority shall work in coordination with the Council on Postsecondary Education to develop and implement the Innovative Scholarship pilot project. Notwithstanding KRS 45.229, any portion of funds that have not been expended by the end of fiscal year 2022-2023 shall not lapse and shall carry forward into fiscal year 2023-2024.

**3. EASTERN KENTUCKY UNIVERSITY**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	76,640,900	81,901,300
Restricted Funds	210,611,400	210,611,400
Federal Funds	135,500,000	135,500,000
<b>TOTAL</b>	<b>422,752,300</b>	<b>428,012,700</b>

**(1) Mandated Programs:** Included in the above General Fund appropriation are the following:

(a) \$4,571,900 in each fiscal year for the Model Laboratory School;

(b) Notwithstanding KRS 61.5991(6)(b)1.a. and b., \$8,909,700 in fiscal year 2022-2023 and \$8,023,100 in fiscal year 2023-2024 for the university’s fiscal year 2019-2020 baseline subsidy as adjusted and located under the 2022 Budget Bills tile on the Legislative Research Commission’s Web site; and

(c) \$200,000 in fiscal year 2022-2023 for the Center for the Arts.

**(2) Debt Service:** Included in the above General Fund appropriation is \$2,117,000 in fiscal year 2022-2023 and \$8,464,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(3) Advancement of Childhood Education:** Eastern Kentucky University and the Model Laboratory School shall collaborate on advancing childhood education in the Commonwealth.

**4. KENTUCKY STATE UNIVERSITY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund		671,500	28,165,600
Restricted Funds		-0-	20,624,400
Federal Funds		-0-	29,451,900
<b>TOTAL</b>		<b>671,500</b>	<b>78,241,900</b>

**(1) Mandated Programs:** Included in the above General Fund appropriation are the following:

(a) \$8,881,900 in each fiscal year to fund the state match payments required of land-grant universities under federal law;

(b) Notwithstanding KRS 61.5991(6)(b)1.a. and b., \$558,200 in fiscal year 2022-2023 and \$503,400 in fiscal year 2023-2024 for the university’s fiscal year 2019-2020 baseline subsidy as adjusted and located under the 2022 Budget Bills tile on the Legislative Research Commission’s Web site; and

(c) \$200,000 in each fiscal year to support the West Louisville Historically Black Colleges and Universities pilot projects.

(2) **Debt Service:** Included in the above General Fund appropriation is \$290,000 in fiscal year 2022-2023 and \$870,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**5. MOREHEAD STATE UNIVERSITY**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	45,714,100	49,762,400
Restricted Funds	121,153,900	124,536,700
Federal Funds	36,805,800	36,805,800
<b>TOTAL</b>	<b>203,673,800</b>	<b>211,104,900</b>

(1) **Mandated Programs:** Included in the above General Fund appropriation are the following:

(a) \$4,985,100 in each fiscal year for the Craft Academy for Excellence in Science and Mathematics;

(b) Notwithstanding KRS 61.5991(6)(b)1.a. and b., \$4,913,000 in fiscal year 2022-2023 and \$4,411,800 in fiscal year 2023-2024 for the university’s fiscal year 2019-2020 baseline subsidy as adjusted and located under the 2022 Budget Bills tile on the Legislative Research Commission’s Web site; and

(c) \$250,000 in fiscal year 2022-2023 to erect a second satellite dish.

(2) **Debt Service:** Included in the above General Fund appropriation is \$634,500 in fiscal year 2022-2023 and \$5,434,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**6. MURRAY STATE UNIVERSITY**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	48,708,900	51,707,100
Restricted Funds	103,967,100	104,294,200
Federal Funds	34,812,400	34,812,400
<b>TOTAL</b>	<b>187,488,400</b>	<b>190,813,700</b>

(1) **Mandated Programs:** Included in the above General Fund appropriation are the following:

(a) \$4,034,200 in each fiscal year for the Breathitt Veterinary Center; and

(b) Notwithstanding KRS 61.5991(6)(b)1.a. and b., \$3,270,900 in fiscal year 2022-2023 and \$2,929,600 in fiscal year 2023-2024 for the university’s fiscal year 2019-2020 baseline subsidy as adjusted and located under the 2022 Budget Bills tile on the Legislative Research Commission’s Web site.

(2) **Debt Service:** Included in the above General Fund appropriation is \$850,000 in fiscal year 2022-2023 and \$4,189,500 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**7. NORTHERN KENTUCKY UNIVERSITY**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	53,090,500	57,655,000
Restricted Funds	199,178,300	199,178,300
Federal Funds	13,075,600	13,075,600
<b>TOTAL</b>	<b>265,344,400</b>	<b>269,908,900</b>

(1) **Mandated Programs:** Included in the above General Fund appropriation is \$1,323,900 in each fiscal year for the Kentucky Center for Mathematics.

(2) **Debt Service:** Included in the above General Fund appropriation is \$843,000 in fiscal year 2022-2023 and \$5,407,500 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**8. UNIVERSITY OF KENTUCKY**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	289,108,300	303,669,300
Restricted Funds	5,906,559,000	8,271,355,400
Federal Funds	424,800,000	452,037,700
<b>TOTAL</b>	<b>6,620,467,300</b>	<b>9,027,062,400</b>

(1) **Mandated Programs:** Included in the above General Fund appropriation are the following:

(a) \$35,420,800 in each fiscal year for the College of Agriculture, Food and Environment’s Cooperative Extension Service. Of this amount, \$4,145,500 in each fiscal year is provided to support extension agent compensation;

(b) \$31,434,100 in each fiscal year for the Kentucky Agricultural Experiment Station. Of this amount, \$1,954,500 is provided to support program increases;

(c) \$10,176,200 in each fiscal year for the Center for Applied Energy Research. Of this amount, \$5,000,000 in each fiscal year is provided to support federal grant match requirements;

(d) \$4,076,300 in each fiscal year for the Kentucky Geological Survey;

(e) \$4,034,200 in each fiscal year for the Veterinary Diagnostic Laboratory;

(f) \$2,040,500 in each fiscal year for the Sanders-Brown Center on Aging;

(g) \$1,800,000 in each fiscal year for the College of Agriculture, Food and Environment’s Division of Regulatory Services;

(h) \$600,000 in each fiscal year for the College of Agriculture, Food and Environment’s Kentucky Small Business Development Center;

(i) \$586,300 in each fiscal year for the University Press of Kentucky;

(j) Notwithstanding KRS 154A.130(4), \$500,000 in each fiscal year for the Human Development Institute for the Supported Higher Education Project;

(k) \$450,200 in each fiscal year for the Center of Excellence in Rural Health;

(l) \$450,200 in each fiscal year for the Kentucky Cancer Registry; and

(m) \$100,000 in each fiscal year for the Sports Medicine Research Institute.

(2) **Debt Service:** Included in the above General Fund appropriation is \$2,777,500 in fiscal year 2022-2023 and \$17,338,500 in fiscal year 2023-2024 to provide new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) **Restricted Funds Transfer:** Notwithstanding any statute to the contrary, \$9,000,000 in Restricted Funds shall be transferred in fiscal year 2022-2023 from the West Kentucky State Aid Funding for Emergencies (SAFE) Fund administered by the Department of Military Affairs, Division of Emergency Management, to the University of Kentucky to support disaster recovery and relief efforts at the Grain and Forage Center of Excellence located in Princeton.

(4) **Markey Cancer Center:** Included in the above General Fund appropriation is \$10,000,000 in each fiscal year for the Markey Cancer Center in pursuit of a National Cancer Institute designation as a Comprehensive Cancer Center. These funds shall be excluded from the public postsecondary comprehensive funding model and shall be contingent upon the Markey Cancer Center receiving the Comprehensive Cancer Center designation. When the designation is received, the University of Kentucky shall submit the letter of designation to the Interim Joint Committee on Education and the Secretary of the Finance and Administration Cabinet. If the designation is not received, the full appropriation shall lapse to the General Fund.

(5) **Healthcare Worker Loan Relief Program:** Included in the above Federal Funds appropriation is \$2,000,000 in each fiscal year from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to

support the Healthcare Worker Loan Relief Program that is to be aligned with the Kentucky State Loan Repayment Program currently administered by the Kentucky Office of Rural Health.

**9. UNIVERSITY OF LOUISVILLE**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	129,031,800	134,223,800
Restricted Funds	1,042,682,700	1,077,738,100
Federal Funds	205,060,300	211,713,300
<b>TOTAL</b>	<b>1,376,774,800</b>	<b>1,423,675,200</b>

**(1) Mandated Programs:** Included in the above General Fund appropriation are the following:

- (a) \$695,200 in each fiscal year for the Rural Health Education Program;
- (b) \$150,000 in each fiscal year for the Kentucky Autism Training Center;
- (c) \$100,000 in each fiscal year for the School of Dentistry to provide dental care to patients with dental issues related to drug use;
- (d) \$300,000 in each fiscal year for the Center for Military-Connected Students; and
- (e) \$100,000 in fiscal year 2022-2023 for dental equipment to support clinical rotations in rural areas.

**(2) Debt Service:** Included in the above General Fund appropriation is \$1,475,000 in fiscal year 2022-2023 and \$6,767,000 in fiscal year 2023-2024 to provide new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**10. WESTERN KENTUCKY UNIVERSITY**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	79,173,100	83,951,300
Restricted Funds	268,683,500	268,683,500
Federal Funds	35,140,000	32,340,000
<b>TOTAL</b>	<b>382,996,600</b>	<b>384,974,800</b>

**(1) Mandated Programs:** Included in the above General Fund appropriation are the following:

- (a) \$4,985,100 in each fiscal year for the Gatton Academy of Mathematics and Science in Kentucky;
- (b) \$1,750,000 in each fiscal year for the Kentucky Mesonet; and
- (c) Notwithstanding KRS 61.5991(6)(b)1.a. and b., \$3,592,500 in fiscal year 2022-2023 and \$3,237,200 in fiscal year 2023-2024 for the university’s fiscal year 2019-2020 baseline subsidy as adjusted and located under the 2022 Budget Bills tile on the Legislative Research Commission’s Web site.

**(2) Debt Service:** Included in the above General Fund appropriation is \$1,226,500 in fiscal year 2022-2023 and \$6,360,000 in fiscal year 2023-2024 to provide new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

**(3) LifeWorks at WKU:** Included in the above Federal Funds appropriation is \$2,800,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to support the LifeWorks at WKU Program.

**11. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	180,464,900	187,833,700
Restricted Funds	501,724,000	507,027,300
Federal Funds	429,780,700	391,780,700
<b>TOTAL</b>	<b>1,111,969,600</b>	<b>1,086,641,700</b>

(1) **Mandated Programs:** Included in the above General Fund appropriation are the following:

(a) \$4,149,800 in each fiscal year for KCTCS-TRAINS;

(b) \$1,869,900 in each fiscal year for the Kentucky Fire Commission;

(c) \$1,799,700 in each fiscal year for the Kentucky Board of Emergency Medical Services;

(d) \$1,000,000 in each fiscal year for Adult Agriculture Education;

(e) Notwithstanding KRS 61.5991(6)(b)1.a. and b., \$854,900 in fiscal year 2022-2023 and \$765,200 in fiscal year 2023-2024 for the college system’s fiscal year 2019-2020 baseline subsidy as adjusted and located under the 2022 Budget Bills tile on the Legislative Research Commission’s Web site;

(f) \$900,000 in fiscal year 2022-2023 to establish an aviation program at Western Kentucky Community and Technical College in partnership with Barkley Regional Airport in Paducah; and

(g) \$900,000 in fiscal year 2022-2023 to support the aviation programs at Madisonville Community College.

(2) **Firefighters Foundation Program Fund:** (a) Included in the above Restricted Funds appropriation is \$51,218,100 in fiscal year 2022-2023 and \$51,809,000 in fiscal year 2023-2024 for the Firefighters Foundation Program Fund.

(b) Notwithstanding KRS 95A.250(1)(a), included in the above Restricted Funds appropriation are sufficient funds for an incentive payment of \$4,300, plus an amount equal to the required employer’s contribution on the supplement, in each fiscal year for each qualified professional firefighter under the Firefighters Foundation Program Fund. KRS 95A.250(1)(b) to (e) shall remain applicable, except that the administrative expense reimbursement cap under KRS 95A.250(1)(e)(3) shall not exceed \$500,000.

(c) Notwithstanding KRS 95A.262(2), included in the above Restricted Funds appropriation is \$11,500 in each fiscal year for aid payments for each qualified volunteer fire department.

(d) Notwithstanding KRS 95A.200 to 95A.300, \$5,800,000 in fiscal year 2022-2023 shall be transferred to support projects as set forth in Part II, Capital Projects Budget, of this Act.

(e) Notwithstanding Part III, 2. of this Act, Restricted Funds appropriations may be increased to ensure sufficient funding to support the provision of training incentive payments.

(3) **Firefighters Training Center Fund:** Notwithstanding KRS 95A.262(3), \$500,000 in Restricted Funds is provided in each fiscal year for the Firefighters Training Center Fund.

(4) **Guaranteed Energy Savings Performance Contracts:** Notwithstanding KRS 56.770 and 56.774, guaranteed energy savings performance contracts may be executed for buildings operated by the Kentucky Community and Technical College System under agreements governed by KRS 164.593.

(5) **Debt Service:** Included in the above General Fund appropriation is \$3,229,000 in fiscal year 2022-2023 and \$12,487,500 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(6) **Commonwealth West Healthcare Workforce Innovation Center:** Included in the above Federal Funds appropriation is \$38,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for operations and start-up costs to establish the Commonwealth West Healthcare Workforce Innovation Center as a collaborative partnership between the Kentucky Community and Technical College System and healthcare providers. Notwithstanding KRS 45.229, these funds shall not lapse and shall carry forward.

**12. POSTSECONDARY EDUCATION PERFORMANCE FUND**

	<b>2022-23</b>	<b>2023-24</b>	
General Fund		97,307,100	97,307,100
<b>TOTAL - POSTSECONDARY EDUCATION</b>			
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund (Tobacco)	-0-	6,250,000	6,250,000
General Fund	894,400	1,385,058,800	1,440,555,700

Restricted Funds	87,000	8,418,133,600	10,821,586,200
Federal Funds	86,400	1,378,507,400	1,348,178,500
TOTAL	1,067,800	11,187,949,800	13,616,570,400

**K. PUBLIC PROTECTION CABINET**

**Budget Units**

**1. SECRETARY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds	330,300	9,916,400	9,969,200
Federal Funds	-0-	75,300,000	-0-
TOTAL	330,300	85,216,400	9,969,200

**(1) Nonprofit Assistance:** (a) Included in the above Federal Funds appropriation is \$75,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to provide direct relief payments to eligible nonprofit organizations. Notwithstanding KRS 45.229, any unexpended Federal Funds from the American Rescue Plan Act of 2021 Federal Funds appropriations shall not lapse and shall carry forward. Eligible nonprofit organizations will be entitled to apply for a one-time assistance grant of a maximum amount of \$100,000 per organization, not to exceed the net negative revenue difference between the organization’s calendar year 2020 and calendar year 2021 financial statements.

1. One-time assistance grants will be reviewed in the order in which they are received and eligible grants will be provided until the appropriate amount is exhausted.

2. The process for determining an applicant’s eligibility and awarding the grants will be determined by the Secretary of the Public Protection Cabinet.

(b) Eligible nonprofit organization means organizations meeting all of the following criteria:

1. A nonprofit that has been granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(c)(3), (6), or (8) or as veterans' organizations described in Section 501(c) of the United States Internal Revenue Code of 1986 and subject to the provisions of the Nonprofit Corporation Act;

2. A nonprofit based in Kentucky providing services to Kentuckians;

3. Excluding nonprofit arts organizations, a nonprofit providing services to the following populations most affected by COVID-19:

- a. People living at or below the federal poverty level;
- b. People experiencing homelessness;
- c. Communities of Color;
- d. Minimum or low-wage employees displaced by business closures;
- e. Older adults living at or below the federal poverty level;
- f. People who are immunocompromised or medically fragile;
- g. Immigrant and refugee communities;
- h. People with limited English proficiency;
- i. People with disabilities;
- j. People without health insurance;
- k. Victims of domestic violence or child abuse;
- l. Children in need of services; and
- m. Workers without access to paid sick leave; and

4. A nonprofit that has not already received direct financial assistance, excluding loans, through the federal CARES Act (Pub. L. No. 116-136), the Consolidated Appropriations Act, 2021 (H.R. 133), or any subsequent federal relief package enacted prior to the nonprofit's grant application being considered.

(2) **State Fiscal Recovery Fund Administration:** Included in the above Federal Funds appropriation is \$300,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for administrative, monitoring, and reporting costs of the Nonprofit Assistance Program.

**2. PROFESSIONAL LICENSING**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		133,200	5,277,900	5,305,100
Federal Funds		-0-	204,700	204,700
<b>TOTAL</b>		<b>133,200</b>	<b>5,482,600</b>	<b>5,509,800</b>

**3. BOXING AND WRESTLING AUTHORITY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		5,100	187,100	187,900

**4. ALCOHOLIC BEVERAGE CONTROL**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		206,400	6,706,500	6,732,600
Federal Funds		6,200	454,800	454,800
<b>TOTAL</b>		<b>212,600</b>	<b>7,161,300</b>	<b>7,187,400</b>

~~\*\*[(1) Training Incentive Payments: Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$15,100 in each fiscal year for each participant for training incentive payments.]\*\*~~

**5. CHARITABLE GAMING**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		140,600	4,048,700	4,075,400
<b>TOTAL</b>		<b>140,600</b>	<b>4,048,700</b>	<b>4,075,400</b>

~~\*\*[(1) Training Incentive Payments: Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$2,300 in each fiscal year for each participant for training incentive payments.]\*\*~~

**6. FINANCIAL INSTITUTIONS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
Restricted Funds		507,200	15,187,900	15,266,500
<b>TOTAL</b>		<b>507,200</b>	<b>15,187,900</b>	<b>15,266,500</b>

**7. HORSE RACING COMMISSION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		133,300	3,794,900	3,794,600
Restricted Funds		2,086,200	48,550,200	48,591,400
<b>TOTAL</b>		<b>2,219,500</b>	<b>52,345,100</b>	<b>52,386,000</b>

(1) **Kentucky Thoroughbred Development Fund Purse:** Included in the above Restricted Funds appropriation is \$2,000,000 in fiscal year 2021-2022 and \$4,500,000 in fiscal years 2022-2023 and 2023-2024 to support the Kentucky Thoroughbred Development Fund supplemental purse money.

**8. HOUSING, BUILDINGS AND CONSTRUCTION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		71,600	3,694,400	3,419,900

Restricted Funds	815,500	23,876,600	23,744,500
TOTAL	887,100	27,571,000	27,164,400

(1) **School Building Plan Reviews and Inspections:** Notwithstanding KRS 198B.060, local governments may have jurisdiction for plan review, inspection, and enforcement responsibilities over buildings intended for educational purposes, other than licensed day-care centers, at the discretion of the local school districts.

(2) **Fire Marshals and Inspector Vehicles:** Included in the above General Fund appropriation is \$640,000 in fiscal year 2022-2023 and \$440,000 in fiscal year 2023-2024 to support additional Fire Marshal positions and inspector vehicles. A preference for vehicles manufactured in Kentucky shall be considered. Notwithstanding KRS 45.229, for fiscal year 2022-2023, any portion of these funds not expended shall not lapse and shall carry forward.

(3) **Additional Positions:** Included in the above Restricted Funds appropriation is \$1,367,600 in fiscal year 2022-2023 and \$1,061,600 in fiscal year 2023-2024 to support additional inspector and reviewer positions and vehicles. A preference for vehicles manufactured in Kentucky shall be considered. Notwithstanding KRS 45.229, for fiscal year 2022-2023, any portion of these funds not expended shall not lapse and shall carry forward. The Department of Housing, Buildings and Construction shall submit a report to the Interim Joint Committee on Appropriations and Revenue by December 1 of each fiscal year detailing the number of full-time inspectors and reviewers, in addition to the number of completed inspections and plan reviews.

(4) **Vehicle Replacement:** Included in the above General Fund appropriation is \$405,000 in each fiscal year to support the replacement of fleet vehicles. A preference for vehicles manufactured in Kentucky shall be considered. Notwithstanding KRS 45.229, for fiscal year 2022-2023, any portion of these funds not expended shall not lapse and shall carry forward.

(5) **Industrial or Business Project Plan Reviews and Inspections:** Notwithstanding KRS 198B.060, permit applicants may request local or state governments to perform plan review, inspection, and enforcement responsibilities related to industrial or business projects.

**9. INSURANCE**

	2021-22	2022-23	2023-24
Restricted Funds		383,600	16,940,700
TOTAL		383,600	17,013,000

~~\*\*[(1) Training Incentive Payments: Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$5,400 in each fiscal year for each participant for training incentive payments.]\*\*~~

**10. CLAIMS AND APPEALS**

	2021-22	2022-23	2023-24
General Fund		6,100	1,082,900
Restricted Funds		32,400	917,900
Federal Funds		-0-	357,200
TOTAL		38,500	2,358,000

**TOTAL - PUBLIC PROTECTION CABINET**

	2021-22	2022-23	2023-24
General Fund		211,000	8,572,200
Restricted Funds		4,640,500	131,609,900
Federal Funds		6,200	76,316,700
TOTAL		4,857,700	216,498,800

**L. TOURISM, ARTS AND HERITAGE CABINET**

**Budget Units**

**1. SECRETARY**



	2021-22	2022-23	2023-24	
General Fund		106,100	3,868,900	3,583,100
Restricted Funds		-0-	17,500,000	17,500,000
Federal Funds		75,000,000	17,500,000	-0-
TOTAL		75,106,100	38,868,900	21,083,100

(1) **Kentucky Center for African American Heritage:** Included in the above General Fund appropriation is \$150,000 in each fiscal year for the Kentucky Center for African American Heritage.

(2) **Friends of the Holt House:** Included in the above General Fund appropriation is \$300,000 in fiscal year 2022-2023 to support the Friends of the Holt House.

(3) **Tourism Recovery and Investment:** (a) Included in the above Federal Funds appropriation is \$15,000,000 in fiscal year 2021-2022 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 for marketing and promoting tourism in Kentucky, including but not limited to marketing for meetings, conventions, trade shows, cultural activities, historical sites, and recreational sites. Grant recipients shall provide a report to the Department of Tourism and the Legislative Research Commission detailing expenditures and outcomes including return on investment for affected areas by September 1 of each year.

(b) Included in the above Federal Funds appropriation is \$25,000,000 in fiscal year 2021-2022 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to be distributed to tourism commissions for marketing communities. The Commissioner of Tourism shall develop and administer the grant program. Recipients shall provide at least ten percent of matching funds per project and provide a report to the Department of Tourism and the Legislative Research Commission detailing expenditures and outcomes including return on investment for affected areas by September 1 of each year. The uses of funds and the formula for allocations of the funding shall be similar to the Tourism Marketing Incentive Program, and the formula shall utilize 2019 county tourism economic impact data.

(c) Included in the above Federal Funds appropriation is \$25,000,000 in fiscal year 2021-2022 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to be distributed to tourism commissions for attracting meetings and conventions. The Commissioner of Tourism shall develop and administer the grant program for the purpose of more intensely recruiting meetings and conventions. Grant recipients shall provide a report to the Department of Tourism and the Legislative Research Commission detailing expenditures and outcomes including return on investment for affected areas by September 1 of each year.

(d) Included in the above Federal Funds appropriation is \$10,000,000 in fiscal year 2021-2022 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to be distributed to tourism commissions for multi-jurisdiction collaborative destination marketing. The Commissioner of Tourism shall develop and administer a competitive grant program that requires a designated primary grantee and at least four tourist commissions applying for these grants. A grant application shall include a multi-county marketing plan and budget. Priority shall be given to initiatives that have the potential for long-term transformational impacts. Recipients shall provide at least ten percent of matching funds per project and provide a report to the Department of Tourism and the Legislative Research Commission detailing expenditures and outcomes including return on investment for affected areas by September 1 of each year. The uses of funds shall be similar to the Tourism Marketing Incentive Program.

(e) For the Federal Funds appropriated in paragraphs (a), (b), (c), and (d) of this subsection, the appropriations shall be made as soon as the funding is available pursuant to the American Rescue Plan Act of 2021.

(4) **Kentucky Science Center:** Included in the above Federal Funds appropriation is \$500,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to support the Kentucky Science Center.

(5) **Kentucky 4-H Foundation:** Included in the above Federal Funds appropriation is \$5,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to support the Kentucky 4-H Foundation to construct swimming pools at 4-H camps.

(6) **Louisville Arena Authority:** Included in the above Federal Funds appropriation is \$12,000,000 in fiscal year 2022-2023 from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 to support the Louisville Arena Authority. The receipt of these funds shall be conditional upon the City of Louisville providing a dollar-for-dollar match.

## 2. ARTISANS CENTER

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		49,600	1,145,800	1,163,000
Restricted Funds		5,000	1,620,100	1,620,000
<b>TOTAL</b>		<b>54,600</b>	<b>2,765,900</b>	<b>2,783,000</b>

**3. TOURISM**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		104,300	3,433,700	3,458,200
Restricted Funds		-0-	22,700	22,700
<b>TOTAL</b>		<b>104,300</b>	<b>3,456,400</b>	<b>3,480,900</b>

(1) **Whitehaven Welcome Center:** Included in the above General Fund appropriation is \$130,000 in each fiscal year to support the Whitehaven Welcome Center.

**4. PARKS**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	
General Fund		2,154,800	58,142,400	64,232,500
Restricted Funds		-0-	52,503,000	52,502,500
<b>TOTAL</b>		<b>2,154,800</b>	<b>110,645,400</b>	<b>116,735,000</b>

(1) **Park Capital Maintenance and Renovation Fund:** Notwithstanding KRS 148.810, no transfer to the Park Capital Maintenance and Renovation Fund shall be made.

(2) **Debt Service:** Included in the above General Fund appropriation is \$5,404,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(3) **Capitol Annex Cafeteria:** Included in the above General Fund appropriation is sufficient funds in each fiscal year to support the Capitol Annex cafeteria operated by the Department of Parks.

(4) **Jefferson Davis State Historic Site:** Included in the above General Fund appropriation is \$300,000 in fiscal year 2022-2023 to restore and maintain the damaged and raised pavilions at the Jefferson Davis State Historic Site. Included in the above General Fund appropriation is an additional one-time allocation of \$150,000 in each fiscal year to restore and maintain the damaged and raised pavilions at the Jefferson Davis State Historic Site.

(5) **Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$4,300 in each fiscal year for each participant for training incentive payments.

(6) **State Parks Improvement:** The General Assembly recognizes the need to secure the future of Kentucky State Parks for generations to come. To address this need, the project authorization set out in Part II, Capital Projects Budget, of this Act is contingent on the Department of Parks' submission and approval by the General Assembly of a comprehensive statewide proposal. The proposal shall include the following:

- (a) Recommendations for private and/or local government partnerships;
- (b) Detailed financial information regarding return on investment resulting from partnerships;
- (c) A 50 percent match of the state contribution from private and/or local government partners; and
- (d) Detailed plans for broadband deployment/connectivity.

The proposal may also include a plan of action regarding disposal of property to local governments. The Department shall develop the proposal and present it to the Interim Joint Committee on Appropriations and Revenue by December 1, 2022.

(7) **Rough River Dam:** Included in the above General Fund appropriation is a one-time allocation of \$150,000 in fiscal year 2022-2023 to support the Rough River Dam to provide accessibility to the marina and demolition of the abandoned intake structure.

**5. HORSE PARK COMMISSION**

	2021-22	2022-23	2023-24
General Fund		-0-	2,199,100
Restricted Funds		265,400	11,718,200
TOTAL		265,400	13,917,300

(1) **Debt Service:** Included in the above General Fund appropriation is \$146,000 in fiscal year 2022-2023 and \$292,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **Training Incentive Payments:** Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$4,300 in each fiscal year for each participant for training incentive payments.

**6. STATE FAIR BOARD**

	2021-22	2022-23	2023-24
General Fund		18,939,500	5,446,000
Restricted Funds		3,000,000	52,397,000
TOTAL		21,939,500	57,843,000

(1) **Debt Service:** Included in the above General Fund appropriation is \$7,205,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(2) **State Fair Board Property Improvements:** The General Assembly recognizes the need to secure the future of Kentucky State Fair Board properties. To address this need, the project authorization set out in Part II, Capital Projects Budget, of this Act is contingent on the State Fair Board’s submission and approval by the General Assembly of a comprehensive statewide proposal regarding improvements to the properties. The proposal shall include the following:

(a) Recommendations for private and/or local government partnerships. In developing its proposal regarding private partnerships, the Board shall recommend the participation of Kentucky-based businesses with which it has existing relationships and shall also recommend the participation of other Kentucky-based businesses offering solutions to accomplish the goal of improving Board properties. For the purposes of this paragraph, "Kentucky-based business" means a business that has employees working in Kentucky and that operates a principle executive office in Kentucky from which those employees, other offices, and affiliated entities are directed and controlled;

(b) Detailed financial information regarding return on investment resulting from partnerships; and

(c) A 50 percent match of the state contribution from private and/or local government partners.

The proposal may also include a plan of action regarding disposal of property to local governments. The State Fair Board shall develop the proposal and present it to the Interim Joint Committee on Appropriations and Revenue by December 1, 2022.

(3) **Independent Land-Use Survey:** Included in the above appropriations are \$2,000,000 in General Fund and \$3,000,000 in Restricted Funds in fiscal year 2021-2022 to support an independent land-use survey on all State Fair Board properties.

**7. FISH AND WILDLIFE RESOURCES**

	2021-22	2022-23	2023-24
General Fund		-0-	3,875,000
Restricted Funds		5,214,000	64,629,700
Federal Funds		585,700	23,183,100
TOTAL		5,799,700	91,687,800

(1) **Fish and Wildlife Resources Peace Officers' Stipend:** (a) Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$4,300 in each fiscal year for each participant for training incentive payments.

(b) Notwithstanding Part III, 2. of this Act, Restricted Funds appropriations may be increased to ensure sufficient funding to support the provision of training incentive payments.

(2) **Fees-in-Lieu-of Stream Mitigation Reporting:** The Department of Fish and Wildlife Resources shall develop a report of all projects managed by the Fees-in-Lieu-of Stream Mitigation Program. The Department shall present this report to the Interim Joint Committee on Tourism, Small Business, and Information Technology by August 1 of each fiscal year.

(3) **Save Our West Kentucky Lakes and Rivers Task Force:** Included in the above Restricted Funds appropriation are \$2,000,000 in fiscal year 2022-2023 to support the Save Our West Kentucky Lakes and Rivers Task Force to minimize the threat from Asian Carp.

(4) **Kentucky Cumberland Forest Conservation Program:** Included in the above General Fund appropriation is a one-time allocation of \$3,875,000 in fiscal year 2022-2023 to support the Kentucky Cumberland Forest Conservation Program.

**8. HISTORICAL SOCIETY**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	152,400	7,821,500	7,887,700
Restricted Funds	-0-	479,600	490,800
Federal Funds	-0-	170,000	170,000
<b>TOTAL</b>	<b>152,400</b>	<b>8,471,100</b>	<b>8,548,500</b>

**9. ARTS COUNCIL**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	47,600	1,797,100	1,810,000
Restricted Funds	-0-	107,300	107,200
Federal Funds	-0-	809,200	809,100
<b>TOTAL</b>	<b>47,600</b>	<b>2,713,600</b>	<b>2,726,300</b>

**10. HERITAGE COUNCIL**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	27,500	4,917,500	1,632,100
Restricted Funds	23,000	849,700	690,800
Federal Funds	33,300	983,800	975,000
<b>TOTAL</b>	<b>83,800</b>	<b>6,751,000</b>	<b>3,297,900</b>

(1) **Kentucky African American Heritage Commission:** Included in the above General Fund appropriation is \$50,000 in each fiscal year to support the Kentucky African American Heritage Commission.

(2) **American Battlefield Trust:** Included in the above General Fund appropriation is \$3,300,000 in fiscal year 2022-2023 to provide matching funds for the American Battlefield Trust.

**11. KENTUCKY CENTER FOR THE ARTS**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	558,300	558,300

**TOTAL - TOURISM, ARTS AND HERITAGE CABINET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	21,581,800	93,205,300	99,620,500
Restricted Funds	8,507,400	201,827,300	205,614,500
Federal Funds	75,619,000	42,646,100	25,135,700

TOTAL	105,708,200	337,678,700	330,370,700
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**M. BUDGET RESERVE TRUST FUND**

**Budget Unit**

**1. BUDGET RESERVE TRUST FUND**

	2022-23	2023-24	
General Fund		250,000,000	-0-

**N. KENTUCKY PERMANENT PENSION FUND**

**Budget Unit**

**1. KENTUCKY PERMANENT PENSION FUND**

	2022-23	2023-24	
General Fund		-0-	200,000,000

**PART II**

**CAPITAL PROJECTS BUDGET**

**(1) Capital Construction Fund Appropriations and Reauthorizations:** Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2022-2024 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.

**(2) Expiration of Existing Line-Item Capital Construction Projects:** All appropriations to existing line-item capital construction projects expire on June 30, 2022, unless reauthorized in this Act with the following exceptions: (a) A construction or purchase contract for the project shall have been awarded by June 30, 2022; (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, if the authorized project completes an initial draw on the line of credit within the fiscal biennium immediately subsequent to the original authorization; and (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties by June 30, 2022. Notwithstanding the criteria set forth in this subsection and KRS 45.229 and 45.770(5)(d), funds appropriated to 2022-2024 fiscal biennium nonstatutory maintenance pools shall not lapse and shall carry forward.

**(3) Bond Proceeds Investment Income:** Investment income earned from bond proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage rebates and penalties and excess bond proceeds upon the completion of a bond-financed capital project shall be used to pay debt service according to the Internal Revenue Service Code and accompanying regulations.

**(4) Appropriations for Projects Not Line-Itemized:** Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer projects; Flood Control projects; Repair of State-Owned Dams; Guaranteed Energy Savings Performance Contract projects; Wetland and Stream Mitigation projects; General Fund, Restricted Fund, Federal Fund, Bond-funded, and Aircraft maintenance pools; Postsecondary Education pools; Commonwealth Office of Technology Infrastructure Upgrades; Legacy System Retirement Pool; the Wastewater Treatment Upgrades pool; the State Schools Roof Repair and Replacement pool; the State Schools HVAC pool; the State Schools Safety and Security pool; State Parks Improvement; and State Fair Board Property Improvements. Notwithstanding any statute to the contrary, projects estimated to cost \$1,000,000 and over and equipment estimated to cost \$200,000 and over shall be reported to the Capital Projects and Bond Oversight Committee.

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

**(6) Emergency Repair, Maintenance, and Replacement Account:** If funds in the Emergency Repair, Maintenance, and Replacement Account are not sufficient, then expenditures of the fund are to be paid first from the

General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

**(7) Appropriation-Supported Debt:** To lower the cost of borrowing, the agencies identified in KRS 45A.850(1)(a) and (2)(a) are authorized to refinance appropriation supported debt obligations that have previously been issued and for which the Commonwealth is currently making lease-rental payments to meet the current debt service requirements. Such action is authorized provided that the principal amount of any such debt obligation is not increased and the term of the debt obligation is not extended. Any such refinancing shall still be subject to the requirements of KRS 45.750 to 45.810 for reporting to the Capital Projects and Bond Oversight Committee.

**(8) Cash Defeasance:** State agencies identified in KRS 45A.850(1)(a) and (2)(a) are authorized to economically or legally defease debt obligations that have previously been issued by the agency, or through a third party but for which the Commonwealth or the agency is currently making lease-rental payments to meet the current debt service requirements. If Restricted Funds are used for the defeasance of bonds, the agency may use a prior Agency Bond authorization for a new debt obligation so long as the debt service for the new debt obligation is not greater than the debt service of the defeased bonds and the term of the new debt obligation is not greater than the term of the defeased bonds. Any such refinancing shall still be subject to the requirements of KRS 45.750 to 45.810 for reporting to the Capital Projects and Bond Oversight Committee.

**A. GENERAL GOVERNMENT**

<b>Budget Units</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>1. VETERANS' AFFAIRS</b>			
<b>001. Maintenance Pool - 2022-2024</b>			
General Fund-0-	800,000	-0-	
Investment Income	-0-	-0-	800,000
<b>TOTAL -0-</b>	<b>800,000</b>	<b>800,000</b>	
<b>002. Heating and Cooling Systems - Western Kentucky Veterans Center</b>			
General Fund-0-	2,100,000	-0-	
<b>003. Expansion of Lawn Crypts - Kentucky Veterans Cemetery West</b>			
Federal Funds	-0-	-0-	2,600,000
<b>004. Bowling Green Veterans Center</b>			
Restricted Funds	-0-	2,000,000	-0-
Federal Funds	-0-	1,950,000	-0-
<b>TOTAL -0-</b>	<b>3,950,000</b>	<b>-0-</b>	
<b>005. Cooling Towers and Domestic Water System - Eastern Kentucky Veterans Center</b>			
Restricted Funds	-0-	1,154,000	-0-
<b>2. KENTUCKY INFRASTRUCTURE AUTHORITY</b>			
<b>001. KIA Fund A - Federally Assisted Wastewater Program</b>			
Federal Funds	-0-	44,261,000	49,688,000
Bond Funds -0-	6,329,000	6,718,000	
<b>TOTAL -0-</b>	<b>50,590,000</b>	<b>56,406,000</b>	
<b>002. KIA Fund F - Drinking Water Revolving Loan Program</b>			
Federal Funds	-0-	106,732,000	112,385,000
Bond Funds -0-	6,584,000	7,087,000	
<b>TOTAL -0-</b>	<b>113,316,000</b>	<b>119,472,000</b>	
<b>003. KIA Fund B - Infrastructure Revolving Fund</b>			

Bond Funds	-0-	-0-	25,000,000
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**004. Greenup Rt. 1 Line Upgrade - Reauthorization and Reallocation (\$177,000 Bond Funds)**

**(1) Reauthorization and Reallocation:** The above project is authorized from a reallocation of the projects set forth in 2006 Ky. Acts ch. 252, Part II, N., 1., a., Greenup County, 004..

**3. MILITARY AFFAIRS**

**001. Construct Readiness Center Somerset**

Federal Funds	-0-	19,312,000	-0-
Bond Funds	-0-	4,227,000	-0-
<b>TOTAL</b>	<b>-0-</b>	<b>23,539,000</b>	<b>-0-</b>

**002. Armory Installation Facility Maintenance Pool**

General Fund-0-	4,000,000	4,000,000	
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**003. Bluegrass Station Facility Maintenance Pool - 2022-2024**

Restricted Funds	-0-	1,000,000	1,000,000
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**004. Construct Conditioned Storage Facility - Kentucky Emergency Management**

General Fund-0-	1,600,000	-0-	
Federal Funds	-0-	1,600,000	-0-
<b>TOTAL</b>	<b>-0-</b>	<b>3,200,000</b>	<b>-0-</b>

**005. Install Solar Energy Photovoltaic Panels**

Federal Funds	-0-	6,000,000	-0-
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**006. Construct Field Maintenance Shop - Ashland**

Federal Funds	-0-	-0-	3,300,000
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**007. Construct Field Maintenance Shop - Louisville**

Federal Funds	-0-	-0-	3,300,000
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**008. Install Solar Panels at Armories Statewide**

Restricted Funds	-0-	500,000	-0-
Federal Funds	-0-	1,500,000	-0-
<b>TOTAL</b>	<b>-0-</b>	<b>2,000,000</b>	<b>-0-</b>

**009. Construct Support Building WHFRTC**

Federal Funds	-0-	-0-	2,000,000
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**010. Replace and Repair Roofs Bluegrass Station**

Restricted Funds	-0-	6,500,000	-0-
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**011. Modernization Pool - National Guard**

General Fund-0-	2,000,000	-0-	
Federal Funds	-0-	6,000,000	-0-
<b>TOTAL</b>	<b>-0-</b>	<b>8,000,000</b>	<b>-0-</b>

**012. Construct Chargeable Housing Facility WHFRTC**

Federal Funds	-0-	-0-	2,000,000
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**013. Construct Civil Support Team Facility**

Federal Funds	-0-	-0-	6,000,000
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	<b>014.</b>	Youth Challenge Academies Maintenance Pool - 2022-2024			
		General Fund-0-	1,000,000	1,000,000	
	<b>015.</b>	Construct New Barracks at HLDTS			
		Federal Funds	-0-	-0-	3,000,000
	<b>016.</b>	Construct New Barracks at WHFRTC			
		Federal Funds	-0-	-0-	3,000,000
	<b>017.</b>	Construct HLDTS Athletic Field			
		Federal Funds	-0-	-0-	2,000,000
<b>4.</b>		<b>DEPARTMENT FOR LOCAL GOVERNMENT</b>			
	<b>001.</b>	Flood Control Local Match			
		Bond Funds -0-	6,000,000	6,000,000	
<b>5.</b>		<b>ATTORNEY GENERAL</b>			
	<b>001.</b>	Lease Capital Complex East			
	<b>002.</b>	Upgrade Technology Reauthorization (\$2,000,000 Bond Funds)			
<b>6.</b>		<b>TREASURY</b>			
	<b>001.</b>	Lease-Purchase Check Printer and Fold Sealers Reauthorization			
		General Fund66,000	132,000	-0-	
		Investment Income	-0-	-0-	132,000
		<b>TOTAL</b>	<b>66,000</b>	<b>132,000</b>	<b>132,000</b>
<b>7.</b>		<b>COMMONWEALTH'S ATTORNEYS</b>			
	<b>001.</b>	Jefferson County - Lease			
<b>8.</b>		<b>AGRICULTURE</b>			
	<b>001.</b>	AGR Inspection and Licensing Project			
		Restricted Funds	-0-	1,052,000	1,066,000
	<b>002.</b>	Franklin County - Lease			
<b>9.</b>		<b>OCCUPATIONAL AND PROFESSIONAL BOARDS AND COMMISSIONS</b>			
	<b>a.</b>	<b>Nursing</b>			
	<b>001.</b>	Jefferson County - Lease			
<b>10.</b>		<b>KENTUCKY RIVER AUTHORITY</b>			
	<b>001.</b>	Design Lock 5			
		Restricted Funds	-0-	-0-	800,000
	<b>002.</b>	Locks 2 and 3 Upper Guide Wall Repairs			
		Restricted Funds	-0-	4,131,000	-0-
	<b>003.</b>	Design and Repair Dam 7			
		Restricted Funds	-0-	6,400,000	-0-
<b>11.</b>		<b>SCHOOL FACILITIES CONSTRUCTION COMMISSION</b>			
	<b>001.</b>	Offers of Assistance - 2020-2022			
		Bond Funds -0-	58,000,000	-0-	



**002.** School Facilities Construction Commission Reauthorization (\$152,000,000 Bond Funds)

**003.** Special Offers of Assistance - 2022-2023

General Fund-0-	27,642,000	-0-	
Federal Funds	-0-	168,695,000	-0-
TOTAL -0-	196,337,000	-0-	

**(1) State Fiscal Recovery Fund:** The above Federal Funds are authorized from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021.

**004.** Local Area Vocational Education Center Pool - 2022-2023

General Fund-0-	155,633,000	-0-
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**005.** Pike County Millard Area Vocational Center Replacement

General Fund-0-	14,661,000	-0-
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**B. ECONOMIC DEVELOPMENT CABINET**

**(1) Economic Development Bond Issues:** Before any economic development bonds are issued, the proposed bond issue shall be approved by the Secretary of the Finance and Administration Cabinet and the State Property and Buildings Commission under KRS 56.440 to 56.590. In addition to the terms and conditions of KRS 154.12-100, administration of the Economic Development Bond Program by the Secretary of the Cabinet for Economic Development is subject to the following guideline: project selection shall be documented when presented to the Secretary of the Finance and Administration Cabinet. Included in the documentation shall be the rationale for selection and expected economic development impact.

**(2) Use of New Economy Funds:** Notwithstanding KRS 154.12-100, 154.12-278(4) and (5), and 154.20.035, the Secretary of the Cabinet for Economic Development may use funds appropriated in the Economic Development Fund Program, High-Tech Construction/Investment Pool, and the Kentucky Economic Development Finance Authority Loan Pool interchangeably for economic development projects.

Budget Unit	2022-23	2023-24
<b>1. ECONOMIC DEVELOPMENT</b>		
<b>001.</b> Economic Development Bond Programs - 2022-2024		
Bond Funds	5,000,000	5,000,000
<b>002.</b> High-Tech Construction/Investment Pool - 2022-2024		
Bond Funds	5,000,000	5,000,000
<b>003.</b> KY Economic Development Finance Authority Loan Pool - 2022-2024		
Bond Funds	5,000,000	5,000,000

**C. DEPARTMENT OF EDUCATION**

Budget Unit	2022-23	2023-24
<b>1. OPERATIONS AND SUPPORT SERVICES</b>		
<b>001.</b> Maintenance Pool - 2022-2024		
General Fund	3,100,000	-0-
<b>002.</b> State Schools Roof Repair and Replacement Pool - 2022-2024		
General Fund	2,695,000	-0-
<b>003.</b> State Schools HVAC Pool - 2022-2024		
Federal Funds		33,016,000 -0-

**(1) State Fiscal Recovery Fund:** The above Federal Funds are authorized from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021.

**004.** State Schools Safety and Security Pool - 2022-2024

Bond Funds	3,100,000	-0-
<b>005. State Schools Dormitory and Cottage Renovation</b>		
Bond Funds	7,000,000	-0-
<b>006. Construct Leadership Training Center Classrooms and Activity Center</b>		
Bond Funds	6,000,000	-0-
<b>007. Lee Hall Renovation</b>		
General Fund	1,000,000	-0-
<b>008. Education Finance Application</b>		
General Fund	500,000	2,000,000

**D. EDUCATION AND LABOR CABINET**

Budget Units	2022-23	2023-24
<b>1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT</b>		
<b>001. Maintenance Pool - 2022-2024</b>		
General Fund	500,000	-0-
Investment Income	-0-	500,000
TOTAL	500,000	500,000
<b>002. Labor Market Data Technologies for Job Matching</b>		
Federal Funds	3,318,000	3,318,000
<b>003. Renovate Carl D Perkins Medical Wing</b>		
Federal Funds	1,300,000	350,000
<b>004. Renovate/Replace Carl D Perkins Fire Monitoring Panel</b>		
Federal Funds	750,000	150,000
<b>005. Construct Carl D Perkins Fork Truck Storage and Training Building</b>		
Federal Funds	750,000	750,000
<b>006. Repair Carl D Perkins Storm Water Drainage System</b>		
Federal Funds	500,000	400,000
<b>007. Renovate McDowell Vocational Rehabilitation Center</b>		
Federal Funds	3,000,000	1,500,000
<b>2. KENTUCKY EDUCATIONAL TELEVISION</b>		
<b>001. Maintenance Pool - 2022-2024</b>		
General Fund	750,000	-0-
Investment Income	-0-	750,000
TOTAL	750,000	750,000
<b>002. Public Safety Emergency Warning and Alerting</b>		
General Fund	1,500,000	-0-
<b>3. LIBRARIES AND ARCHIVES</b>		
<b>a. General Operations</b>		
<b>001. Franklin County - Lease</b>		

**4. WORKFORCE DEVELOPMENT**

**001.** Replace Unemployment Insurance System Reauthorization (\$7,500,000 General Fund, \$30,000,000 Restricted Funds, \$10,000,000 Bond Funds)

**002.** Maintenance Pool - 2022-2024

General Fund	700,000	-0-	
Investment Income		-0-	700,000
<b>TOTAL</b>	<b>700,000</b>	<b>700,000</b>	

**003.** Kenton County - Lease

**004.** Hardin County - Lease

**E. ENERGY AND ENVIRONMENT CABINET**

<b>Budget Units</b>		<b>2022-23</b>	<b>2023-24</b>
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**1. SECRETARY**

**001.** Maintenance Pool - 2022-2024

General Fund	385,000	-0-	
Investment Income		-0-	583,000
<b>TOTAL</b>	<b>385,000</b>	<b>583,000</b>	

**2. ENVIRONMENTAL PROTECTION**

**001.** State-Owned Dam Repair - 2022-2024

Bond Funds 8,000,000 -0-

**002.** Southern Wood Treatment Site

Bond Funds 5,604,000 -0-

**003.** Superfund Sites

General Fund 1,824,000 1,000,000

**3. NATURAL RESOURCES**

**001.** Wildland Fire Equipment Replacement

General Fund 1,043,000 -0-

**002.** Kentucky Abandoned Storage Tank and Orphan Well Program

General Fund 500,000 500,000

**F. FINANCE AND ADMINISTRATION CABINET**

<b>Budget Units</b>		<b>2022-23</b>	<b>2023-24</b>
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**1. CONTROLLER**

**001.** eMARS Upgrade & Systems Enhancements

Bond Funds 14,000,000 -0-

**2. FACILITIES AND SUPPORT SERVICES**

**001.** Guaranteed Energy Savings Performance Contracts

**002.** Maintenance Pool - 2022-2024

General Fund	7,500,000	3,713,000	
Investment Income		-0-	3,787,000
<b>TOTAL</b>	<b>7,500,000</b>	<b>7,500,000</b>	

<b>003.</b>	Historic Properties Deferred Maintenance		
	Bond Funds	5,000,000	-0-
<b>004.</b>	Capitol Campus Renovation-Phase 2		
	Bond Funds	260,000,000	-0-
<b>005.</b>	HVAC Replacement/Rebuild-Various		
	Bond Funds	7,400,000	-0-
<b>006.</b>	Asphalt Pool		
	General Fund	1,500,000	-0-
<b>007.</b>	Roof Pool		
	General Fund	2,000,000	-0-
<b>008.</b>	L & N Building Exterior Upgrade		
	Bond Funds	6,500,000	-0-
<b>009.</b>	Cabinet for Human Services Building-Escalators Replacement/Elevators Upgrade		
	Bond Funds	7,500,000	-0-
<b>010.</b>	Capitol Annex Maintenance Pool 2022-2024		
	General Fund	1,000,000	1,000,000
<b>011.</b>	Capitol Campus Renovation Reauthorization and Reallocation (\$5,000,000 Bond Funds)		

(1) **Reauthorization and Reallocation:** The above project is authorized from a reallocation of the projects set forth in 2021 Ky. Acts ch. 169, Part II, F., 1., 007..

<b>012.</b>	Capital Construction and Equipment Purchase Contingency Fund		
	General Fund	15,000,000	15,000,000

**3. COMMONWEALTH OFFICE OF TECHNOLOGY**

<b>001.</b>	Kentucky Business OneStop (KyBOS) Phase IV		
	General Fund	2,064,000	2,064,000
<b>002.</b>	Hybrid-Cloud Service Architecture		
	Restricted Funds	1,500,000	1,500,000
<b>003.</b>	Boone County-Lease		

**4. REVENUE**

<b>001.</b>	Boone County - Lease		
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**G. HEALTH AND FAMILY SERVICES CABINET**

Budget Units	2021-22	2022-23	2023-24
<b>1. GENERAL ADMINISTRATION AND PROGRAM SUPPORT</b>			
<b>001.</b> Maintenance Pool - 2022-2024			
	General Fund-0-	9,522,000	9,522,000
<b>2. OFFICE FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS</b>			
<b>001.</b> Jefferson County - Lease			
<b>3. MEDICAID SERVICES</b>			
<b>a. Medicaid Administration</b>			
<b>001.</b> Renovate CHR Complex Sixth Floor			

Restricted Funds	-0-	100,000	100,000
Federal Funds	-0-	400,000	400,000
TOTAL	-0-	500,000	500,000
<b>4. BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES</b>			
<b>001. Oakwood-Renovate/Replace Cottages, Phase III</b>			
Bond Funds	-0-	9,998,000	-0-
<b>002. Western State Nursing Facility - Renovations</b>			
Bond Funds	-0-	6,336,000	-0-
<b>003. Oakwood Replace, Upgrade, and Enhance Generators - Additional General Fund</b>	675,000	-0-	-0-
<b>5. INCOME SUPPORT</b>			
<b>001. Kentucky Child Support Enforcement System (KASES III)</b>			
Federal Funds	-0-	21,780,000	-0-
Bond Funds	-0-	11,220,000	-0-
TOTAL	-0-	33,000,000	-0-
<b>002. Franklin County - Lease</b>			
<b>6. COMMUNITY BASED SERVICES</b>			
<b>001. The Workers Information System (TWIST) Modernization</b>			
Federal Funds	-0-	9,496,000	-0-
Bond Funds	-0-	9,497,000	-0-
TOTAL	-0-	18,993,000	-0-
<b>002. The Workers Information System (TWIST) Case File Digitization</b>			
Restricted Funds	-0-	5,000,000	5,000,000
<b>003. Franklin County - Lease</b>			
<b>004. Kenton County - Lease</b>			
<b>005. Fayette County - Lease</b>			
<b>006. Warren County - Lease</b>			
<b>007. Daviess County - Lease</b>			
<b>008. Perry County - Lease</b>			
<b>009. Boone County - Lease</b>			
<b>010. Hardin County - Lease</b>			
<b>011. Boyd County - Lease</b>			
<b>012. Campbell County - Lease</b>			
<b>013. Johnson County - Lease</b>			
<b>014. Shelby County - Lease</b>			
<b>015. Muhlenberg County - Lease</b>			
<b>016. Madison County - Lease</b>			
<b>017. Marshall County - Lease</b>			

- 018. Greenup County - Lease
- 019. Clark County - Lease
- 020. Letcher County - Lease

**H. JUSTICE AND PUBLIC SAFETY CABINET**

<b>Budget Units</b>	<b>2022-23</b>	<b>2023-24</b>
<b>1. JUSTICE ADMINISTRATION</b>		
001. Lease - Northern Kentucky Medical Examiner Office		
<b>2. CRIMINAL JUSTICE TRAINING</b>		
001. Miscellaneous Maintenance Pool - 2022-2024		
Restricted Funds	2,963,000	2,963,000
002. New Indoor Firing Range		
Bond Funds	28,536,000	-0-
<b>3. JUVENILE JUSTICE</b>		
001. Maintenance Pool - 2022-2024		
General Fund	1,570,000	-0-
Investment Income	-0-	1,770,000
TOTAL	1,570,000	1,770,000
<b>4. STATE POLICE</b>		
001. Maintenance Pool - 2022-2024		
General Fund	5,964,000	2,265,000
Investment Income	-0-	1,500,000
TOTAL	5,964,000	3,765,000
002. Emergency Radio System Replacement - Phase III		
Bond Funds	52,874,000	28,035,000
003. Posts 7 (Richmond) & 10 (Harlan) Construction		
Bond Funds	4,180,000	4,276,000
004. Gas Chromatography/Mass Selective Detector Instruments for Drug Analysis		
General Fund	784,000	-0-
005. Mobile Data Terminal Refresh		
General Fund	1,045,000	-0-
006. State Police Cruiser Equipment		
General Fund	1,045,000	-0-
007. KY Emergency Warning System (KEWS) Fiberglass Shelter Replacement		
Bond Funds	5,307,000	-0-
<b>5. CORRECTIONS</b>		
<b>a. Adult Correctional Institutions</b>		
001. Maintenance Pool - 2022-2024		
General Fund	22,018,000	22,018,000

<b>002.</b>	Various - Water Tower Painting/Repairs		
	General Fund	1,820,000	-0-
<b>003.</b>	Kentucky State Penitentiary - Security Fence Addition		
	General Fund	1,517,000	-0-
<b>004.</b>	Generator Replacement - Various Facilities Reauthorization and Reallocation (\$5,700,000 Bond Funds)		
	General Fund	1,680,000	-0-

(1) **Reauthorization and Reallocation:** The above project is authorized from a reallocation of the project set forth in 2021 Ky. Acts ch. 169, Part II, H., 5., 004..

<b>005.</b>	Lease - Southeast State Correctional Complex		
<b>006.</b>	Lease - Lee Adjustment Center		
<b>007.</b>	Relocate Medical Services		
	Bond Funds	171,126,000	-0-
<b>008.</b>	Little Sandy Correctional Complex-Expansion-Replace Reformat		
	Bond Funds	106,340,000	-0-

**b. Community Services and Local Facilities**

- 001.** Lease - Bellevue Probation and Parole
- 002.** Lease - Lexington Probation and Parole
- 003.** Lease - Jefferson County

**6. PUBLIC ADVOCACY**

<b>001.</b>	Case Management System		
	General Fund	1,500,000	150,000
<b>002.</b>	Franklin County - Lease		
<b>003.</b>	Fayette County - Lease		

**I. POSTSECONDARY EDUCATION**

(1) **Postsecondary Education Asset Preservation Pool:** The Postsecondary Education Asset Preservation Pool provides funding for individual asset preservation, renovation, and maintenance projects at Kentucky’s public postsecondary institutions in Education, General, and state-owned and operated residential housing facilities. For fiscal years 2022-2023 and 2023-2024, each project for research institutions shall be matched at 30 percent from funds provided by each research institution, and each project for comprehensive institutions and the Kentucky Community and Technical College System shall be matched at 15 percent from funds provided by each comprehensive institution and the Kentucky Community and Technical College System. Capital projects as defined in KRS 45.750(1)(f) are hereby authorized from these funds or combination of funds thereof and shall be reported to the Capital Projects and Bond Oversight Committee.

<b>Budget Units</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
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**1. COUNCIL ON POSTSECONDARY EDUCATION**

(1) **Bucks for Brains:** The funding authorized in this section for Bucks for Brains shall support efforts to grow endowments for initiatives in the fields of science, technology, engineering, mathematics, and health.

<b>001.</b>	Bucks for Brains Research University Trust Fund		
	Bond Funds -0-	30,000,000	-0-
<b>002.</b>	Bucks for Brains Comprehensive University Trust Fund		
	Bond Funds -0-	10,000,000	-0-
<b>003.</b>	Upgrade Kentucky Regional Optical Network Infrastructure		

Enhancement

General Fund-0- 1,000,000 -0-

**2. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY**

**001. KHEAA Building - HVAC and Roof Repair**

Restricted Funds -0- 2,800,000 -0-

(1) **Transfer of Restricted Funds:** The funds for the above project shall be transferred from the KEES Program Reserve Account from fiscal year 2020-2021 excess lottery receipts.

**3. KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION**

**001. Jefferson County - Lease**

**4. EASTERN KENTUCKY UNIVERSITY**

**001. Asset Preservation Pool - 2022-2024**

Bond Funds -0- 27,403,000 27,403,000

Agency Bonds -0- 4,111,000 4,111,000

TOTAL -0- 31,514,000 31,514,000

**002. Renovate Alumni Coliseum**

Restricted Funds -0- 5,000,000 -0-

Bond Funds -0- 31,350,000 -0-

Agency Bonds -0- 25,000,000 -0-

Other Funds -0- 11,000,000 -0-

TOTAL -0- 72,350,000 -0-

**003. Construct New Model Laboratory School**

Bond Funds -0- -0- 90,000,000

**004. Construct Academic Complex**

Other Funds -0- 3,000,000 -0-

**005. Construct Aviation/Aerospace Instructional Facility Additional Reauthorization and Reallocation (\$1,890,800 Bond Funds)**

Restricted Funds -0- 250,000 -0-

Federal Funds -0- 400,000 -0-

Other Funds -0- 2,000,000 -0-

TOTAL -0- 2,650,000 -0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

(2) **Reauthorization and Reallocation:** The above project is authorized from a reauthorization and reallocation of the projects set forth in 2021 Ky. Acts ch. 169, Part II, J., 032. and 033..

**006. Renovate Whalen Complex**

Other Funds -0- 2,000,000 -0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

**007. Renovate and Upgrade Heat Plant**

Restricted Funds -0- 7,000,000 -0-

**008. Renovate Mechanical Systems Pool 2022-2024**



Restricted Funds	-0-	10,000,000	-0-
<b>009. Repair/Replace Infrastructure/Building System Pool</b>			
Restricted Funds	-0-	20,000,000	-0-
<b>010. Campus Data Network Pool</b>			
Restricted Funds	-0-	13,000,000	-0-
<b>011. Administrative Computing Pool</b>			
Restricted Funds	-0-	6,500,000	-0-
<b>012. Property Acquisitions Pool</b>			
Restricted Funds	-0-	5,000,000	-0-
Other Funds	-0-	3,000,000	-0-
TOTAL	-0-	8,000,000	-0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

<b>013. Academic Computing Pool</b>			
Restricted Funds	-0-	8,000,000	-0-
<b>014. Miscellaneous Maintenance Pool - 2022-2024</b>			
Restricted Funds	-0-	20,000,000	-0-
<b>015. Aviation Acquisition Pool</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>016. Construct ECU Early Childhood Center</b>			
Restricted Funds	-0-	10,000,000	-0-
<b>017. Commonwealth Hall Partial Repurposing and Renovation</b>			
Restricted Funds	-0-	6,000,000	-0-
<b>018. Construct Student Health Center</b>			
Other Funds	-0-	2,705,000	-0-
<b>019. Construct Alumni and Welcome Center</b>			
Other Funds	-0-	20,000,000	-0-
<b>020. Demolish Building Pool</b>			
Restricted Funds	-0-	20,000,000	-0-
Other Funds	-0-	20,000,000	-0-
TOTAL	-0-	40,000,000	-0-

<b>021. Steam Line Upgrades</b>			
Other Funds	-0-	10,000,000	-0-
<b>022. Innovation and Commercialization Pool</b>			
Restricted Funds	-0-	5,000,000	-0-
Other Funds	-0-	10,000,000	-0-
TOTAL	-0-	15,000,000	-0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

<b>023. Scientific and Research Equipment Pool</b>			
Restricted Funds	-0-	3,000,000	-0-

Federal Funds	-0-	2,200,000	-0-
Other Funds	-0-	2,200,000	-0-
TOTAL	-0-	7,400,000	-0-
<b>024. Natural Areas Improvement Pool</b>			
Restricted Funds	-0-	825,000	-0-
<b>025. Chemistry and Translational Research Pool</b>			
Restricted Funds	-0-	675,000	-0-
Other Funds	-0-	350,000	-0-
TOTAL	-0-	1,025,000	-0-
<b>026. Guaranteed Energy Savings Performance Contracts</b>			
<b>027. Campus Infrastructure Upgrade</b>			
Other Funds	-0-	35,000,000	-0-
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>028. Additional University Services Space</b>			
Restricted Funds	-0-	2,000,000	-0-
Other Funds	-0-	500,000	-0-
TOTAL	-0-	2,500,000	-0-
<b>029. Aviation - Lease</b>			
<b>030. New Housing Space - Lease</b>			
<b>031. Madison County - Student Housing - Lease</b>			
<b>032. Madison County - Land - Lease</b>			
<b>033. Multi-Property-Multi-Use - Lease 1</b>			
<b>034. Multi-Property-Multi-Use - Lease 2</b>			
<b>035. Residence Hall Renovation Pool Additional Reauthorization (\$24,800,000 Agency Bonds)</b>			
Agency Bonds	-0-	30,200,000	-0-
<b>5. KENTUCKY STATE UNIVERSITY</b>			
<b>001. Asset Preservation Pool - 2022-2024</b>			
Bond Funds	-0-	8,039,000	8,039,000
Agency Bonds	-0-	1,206,000	1,206,000
TOTAL	-0-	9,245,000	9,245,000
<b>002. Renovation and Renewal Projects Pool - 2022-2024</b>			
Restricted Funds	-0-	17,000	-0-
<b>003. Guaranteed Energy Savings Performance Contracts</b>			
<b>004. Acquire Land/Campus Master Plan - 2022-2024</b>			
Restricted Funds	-0-	2,000,000	-0-
<b>6. MOREHEAD STATE UNIVERSITY</b>			
<b>001. Asset Preservation Pool - 2022-2024</b>			
Bond Funds	-0-	17,611,000	17,611,000

Agency Bonds	-0-	2,642,000	2,642,000
TOTAL	-0-	20,253,000	20,253,000

**002. Construct Science and Engineering Building**

Bond Funds	-0-	98,000,000	
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**003. Capital Renewal and Maintenance Pool - Auxiliary Additional Reauthorization (\$4,539,000 Agency Bonds)**

Agency Bonds	-0-	100,000	-0-
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**004. Comply with ADA - Auxiliary**

Agency Bonds	-0-	2,079,000	-0-
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**005. Construct New Residence Hall**

Agency Bonds	-0-	38,792,000	-0-
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**006. Renovate Alumni Tower Ground Floor Additional Reauthorization (\$3,812,000 Agency Bonds)**

Agency Bonds	-0-	85,000	-0-
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**007. Renovate Cartmell Residence Hall**

Agency Bonds	-0-	15,521,000	-0-
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**008. Renovate and Replace Exterior Precast Panels - Nunn Hall Reauthorization (\$3,148,000 Agency Bonds)**

**009. Replace Turf on Jacobs Field**

Agency Bonds	-0-	1,127,000	-0-
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**010. Renovate Normal Residence Hall**

Agency Bonds	-0-	3,840,000	-0-
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**011. Renovate Fields Residence Hall**

Agency Bonds	-0-	4,920,000	-0-
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**012. Renovate Grote-Thompson Residence Hall**

Agency Bonds	-0-	4,920,000	-0-
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**013. Renovate Cooper Residence Hall**

Agency Bonds	-0-	9,000,000	-0-
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**014. Guaranteed Energy Savings Performance Contracts**

**7. MURRAY STATE UNIVERSITY**

**001. Asset Preservation Pool - 2022-2024**

Bond Funds	-0-	23,588,000	23,588,000
Agency Bonds	-0-	3,539,000	3,539,000
TOTAL	-0-	27,127,000	27,127,000

**002. Construct/Renovate Alternate Dining Facility - Additional Reauthorization (\$12,000,000 Other Funds)**

Other Funds	-0-	540,000	-0-
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(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

**003. Construct Residential Housing - Additional Reauthorization (\$66,000,000 Other Funds)**

Agency Bonds	-0-	68,970,000	-0-
Other Funds	-0-	2,970,000	-0-
TOTAL	-0-	71,940,000	-0-

(1) **Authorization:** In lieu of agency bonds, Murray State University is authorized to enter into a public-private partnership, built-to-suit agreement, or lease-purchase for the above projects, not to exceed the above authorized amount. This authorization includes the authorization under KRS 45.763 and 45A.077.

**004. Enhance Dining Facility**

Restricted Funds	4,673,000	211,000	-0-
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**005. Renovate Residence Hall HVAC System - Additional Reauthorization (\$3,503,000 Agency Bonds)**

Agency Bonds	-0-	158,000	-0-
Other Funds -0-	3,661,000	-0-	
TOTAL -0-	3,819,000	-0-	

(1) **Authorization:** In lieu of agency bonds, Murray State University is authorized to enter into a public-private partnership, built-to-suit agreement, or lease-purchase for the above projects, not to exceed the above authorized amount. This authorization includes the authorization under KRS 45.763 and 45A.077.

**006. Replace Residence Hall Domestic Water Piping - Additional Reauthorization (\$1,143,000 Agency Bonds)**

Agency Bonds	-0-	52,000	-0-
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(1) **Authorization:** In lieu of agency bonds, Murray State University is authorized to enter into a public-private partnership, built-to-suit agreement, or lease-purchase for the above projects, not to exceed the above authorized amount. This authorization includes the authorization under KRS 45.763 and 45A.077.

**007. Renovate Residence Hall Electrical System - Additional Reauthorization (\$4,180,000 Agency Bonds)**

Agency Bonds	-0-	189,000	-0-
Other Funds -0-	4,369,000	-0-	
TOTAL -0-	4,558,000	-0-	

(1) **Authorization:** In lieu of agency bonds, Murray State University is authorized to enter into a public-private partnership, built-to-suit agreement, or lease-purchase for the above projects, not to exceed the above authorized amount. This authorization includes the authorization under KRS 45.763 and 45A.077.

**008. Renovate Residence Hall Interior - Additional Reauthorization (\$1,601,000 Agency Bonds)**

Agency Bonds	-0-	73,000	-0-
Other Funds -0-	1,674,000	-0-	
TOTAL -0-	1,747,000	-0-	

(1) **Authorization:** In lieu of agency bonds, Murray State University is authorized to enter into a public-private partnership, built-to-suit agreement, or lease-purchase for the above projects, not to exceed the above authorized amount. This authorization includes the authorization under KRS 45.763 and 45A.077.

**009. Replace Expo Center Roof**

Restricted Funds	-0-	1,500,000	-0-
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**010. Acquire Property**

Restricted Funds	-0-	4,180,000	-0-
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**011. Acquire Agriculture Research Farm Land**

Restricted Funds	-0-	1,254,000	-0-
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**012. Broadcasting Education Lab Equipment**

Other Funds -0-	236,000	-0-	
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**013. Agriculture Instructional Lab and Technology Equipment**

Other Funds -0-	836,000	-0-	
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**014.** Guaranteed Energy Savings Performance Contracts

**015.** Construct School of Nursing and Health Professional Building

Bond Funds	-0-	-0-	45,500,000
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**8. NORTHERN KENTUCKY UNIVERSITY**

**001.** Asset Preservation Pool - 2022-2024

Bond Funds	-0-	23,397,000	23,397,000
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Agency Bonds		-0-	3,510,000	3,510,000
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TOTAL	-0-	26,907,000	26,907,000
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**002.** Expand Herrmann Science Center

Bond Funds	-0-	-0-	79,900,000
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Other Funds	-0-	-0-	5,000,000
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TOTAL	-0-	-0-	84,900,000
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**003.** Renew/Renovate Fine Arts Center Phase II

Restricted Funds		-0-	5,000,000	-0-
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Other Funds	-0-	5,000,000	-0-
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TOTAL	-0-	10,000,000	-0-
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**004.** Renew/Renovate Steely Library

Restricted Funds		-0-	5,000,000	-0-
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Other Funds	-0-	5,000,000	-0-
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TOTAL	-0-	10,000,000	-0-
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**005.** Renew E&G Building Systems Projects Pool Reauthorization (\$20,000,000 Restricted Funds)

**006.** Replace Underground Utility Infrastructure

Restricted Funds		-0-	4,400,000	-0-
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**007.** Scientific/Technology Equipment Pool

Restricted Funds		-0-	10,000,000	-0-
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**008.** Upgrade Admin/IT Infrastructure Pool Additional Reauthorization (\$15,500,000 Restricted Funds, \$6,000,000 Other Funds)

Restricted Funds		-0-	450,000	-0-
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**(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

**009.** Renovate Residence Halls Additional Reauthorization (\$10,000,000 Agency Bonds)

Agency Bonds		-0-	5,000,000	-0-
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**(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

**010.** Renovate/Construct Campbell Hall Reauthorization (\$9,000,000 Restricted Funds, \$9,000,000 Other Funds)

**(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

**011.** Renew/Renovate Nunn Hall

Restricted Funds		-0-	5,000,000	-0-
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Other Funds	-0-	5,000,000	-0-
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TOTAL	-0-	10,000,000	-0-
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**012.** Renovate/Construct Civic Center Building

Other Funds	-0-	14,000,000	-0-
TOTAL	-0-	14,000,000	-0-

**013.** Acquire Land/Master Plan 2010-2012 Reauthorization (\$17,500,000 Agency Bonds, \$4,000,000 Restricted Funds, \$4,000,000 Other Funds)

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

**014.** Expand/Renovate Regents Hall

Other Funds	-0-	2,000,000	-0-
TOTAL	-0-	2,000,000	-0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

**015.** Construct Indoor Tennis Facility

Other Funds	12,000,000	-0-	-0-
TOTAL	12,000,000	-0-	-0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

**016.** Replace Recreation Field Turf

Restricted Funds	-0-	2,000,000	-0-
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**017.** Construct Research/Innovation Building

Other Funds	-0-	30,000,000	-0-
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(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

**018.** Guaranteed Energy Savings Performance Contracts

**019.** Reconstruct West Side Parking Additional Reauthorization (\$6,529,000 Agency Bonds)

Agency Bonds	-0-	7,000,000	-0-
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(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

**020.** Renovate/Expand Baseball Field

Other Funds	-0-	6,700,000	-0-
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**021.** Replace Event Center Technology Additional Reauthorization (\$4,000,000 Other Funds)

Other Funds	-0-	500,000	-0-
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(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

**022.** Kenton County - Lease

**9. UNIVERSITY OF KENTUCKY**

(1) **Royal Blue Health Acquisitions:** Notwithstanding any statute to the contrary, the University of Kentucky, for the benefit of UK HealthCare’s clinical mission to increase access for patients, shall be permitted to assume any and all leases, debt instruments, and liabilities associated with any mergers, acquisitions, or partnerships that are hereby authorized in the 2022-2024 Budget of the Commonwealth. Assumption of leases and debt instruments shall be reported to the Capital Projects and Bond Oversight Committee.

**001.** Acquire/Partnership Hospital/Medical System 1 - Royal Blue Health (Restricted Funds)

**002.** Acquire/Partnership Hospital/Medical System 2 - Royal Blue Health (Restricted Funds)

**003.** Acquire/Partnership Hospital/Medical System 3 - Royal Blue Health (Restricted Funds)

**004.** Asset Preservation Pool - 2022-2024

Bond Funds	-0-	77,098,000	77,098,000
Agency Bonds	-0-	23,130,000	23,130,000

TOTAL	-0-	100,228,000	100,228,000	
<b>005. Facilities Renewal and Modernization 2</b>				
Agency Bonds		-0-	125,000,000	-0-
<b>006. Construct Health Education Building</b>				
Restricted Funds		-0-	-0-	30,000,000
Bond Funds	-0-	-0-	250,000,000	
Agency Bonds		-0-	-0-	50,000,000
Other Funds	-0-	-0-	50,000,000	
TOTAL	-0-	-0-	380,000,000	
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.				
<b>007. Improve Funkhouser Building</b>				
Restricted Funds		-0-	15,000,000	-0-
Other Funds	-0-	15,000,000	-0-	
TOTAL	-0-	30,000,000	-0-	
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.				
<b>008. Construct Ambulatory Facility - UK Healthcare Additional Reauthorization (\$50,000,000 Restricted Funds)</b>				
Restricted Funds		-0-	300,000,000	-0-
Agency Bonds		-0-	50,000,000	-0-
Other Funds	-0-	50,000,000	-0-	
TOTAL	-0-	400,000,000	-0-	
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.				
<b>009. Improve Barnhart Building 1</b>				
Restricted Funds		-0-	15,000,000	-0-
<b>010. Improve Barnhart Building 2</b>				
Other Funds	-0-	45,000,000	-0-	
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.				
<b>011. Improve Life Safety</b>				
Restricted Funds		-0-	15,000,000	-0-
<b>012. ADA Compliance Pool</b>				
Restricted Funds		-0-	10,000,000	-0-
<b>013. Construct Student Housing</b>				
Restricted Funds		-0-	50,000,000	-0-
<b>014. Upgrade/Renovate/Expand Research Labs</b>				
Restricted Funds		-0-	50,000,000	-0-
<b>015. Improve Memorial Coliseum</b>				
Restricted Funds		-0-	65,000,000	-0-
<b>016. Construct Indoor Track</b>				
Restricted Funds		-0-	10,000,000	-0-

Other Funds	-0-	10,000,000	-0-
TOTAL	-0-	20,000,000	-0-

**(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

**017. Construct/Improve Recreation Quad 1**

Restricted Funds	-0-	15,000,000	-0-
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**018. Improve Whalen Building and Bay Facility - Kentucky Advanced**

Manufacturing

Restricted Funds	-0-	5,000,000	-0-
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**019. Construct Agriculture Research Facility 1**

Restricted Funds	-0-	20,000,000	-0-
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**020. Construct Agriculture Research Facility 2**

Restricted Funds	-0-	10,000,000	-0-
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**021. Construct Tennis Facility**

Restricted Funds	-0-	17,500,000	-0-
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Other Funds	-0-	17,500,000	-0-
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TOTAL	-0-	35,000,000	-0-
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**(1) Authorization:** The above authorization is approved pursuant to KRS 45.763.

**022. Construct Beam Institute 1**

Restricted Funds	-0-	10,000,000	-0-
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**023. Construct Engineering Building**

Restricted Funds	-0-	110,000,000	-0-
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**024. Construct Equine Campus Phase 2**

Restricted Funds	-0-	11,000,000	-0-
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**025. Construct Library Depository Facility**

Restricted Funds	-0-	20,000,000	-0-
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**026. Construct Metal Arts/Digital Media Building**

Restricted Funds	-0-	10,000,000	-0-
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**027. Construct North Farm Agricultural Research Facility**

Restricted Funds	-0-	2,000,000	-0-
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**028. Construct Teaching Pavilion**

Restricted Funds	-0-	28,000,000	-0-
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**029. Improve Johnson Center**

Restricted Funds	-0-	30,000,000	-0-
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**030. Improve Kastle Hall**

Restricted Funds	-0-	43,000,000	-0-
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**031. Improve Cooper House**

Restricted Funds	-0-	4,000,000	-0-
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**032. Improve Lexington Theological Seminary Facilities**



Restricted Funds	-0-	20,000,000	-0-
<b>033. Improve Anderson Tower</b>			
Restricted Funds	-0-	6,000,000	-0-
<b>034. Improve Dentistry Facility</b>			
Restricted Funds	-0-	30,000,000	-0-
<b>035. Improve Jacobs Science Building</b>			
Restricted Funds	-0-	35,000,000	-0-
<b>036. Improve Library Facility</b>			
Restricted Funds	-0-	20,000,000	-0-
<b>037. Improve McVey Hall</b>			
Restricted Funds	-0-	35,000,000	-0-
<b>038. Improve Medical Plaza</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>039. Improve Pence Hall</b>			
Restricted Funds	-0-	30,000,000	-0-
<b>040. Improve Reynolds Building 1</b>			
Restricted Funds	-0-	41,000,000	-0-
<b>041. Improve Sanders-Brown Center on Aging/Neuroscience Facilities Reauthorization (\$14,000,000 Bond Funds, \$35,000,000 Restricted Funds, \$14,000,000 Other Funds)</b>			
<b>(1) Authorization:</b>			
The above authorization is approved pursuant to KRS 45.763.			
<b>042. Improve Academic/Administrative Space 2</b>			
Restricted Funds	-0-	10,000,000	-0-
<b>043. Improve Scovell Hall</b>			
Restricted Funds	-0-	45,000,000	-0-
<b>044. Improve Seaton Center</b>			
Restricted Funds	-0-	6,000,000	-0-
<b>045. Improve Taylor Education Building</b>			
Restricted Funds	-0-	72,000,000	-0-
<b>046. Improve W.T. Young Facility</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>047. Improve Willard Medical Education Building</b>			
Restricted Funds	-0-	20,000,000	-0-
<b>048. Improve College of Agriculture, Food, and Environment Motor Pool Building</b>			
Restricted Funds	-0-	10,000,000	-0-
<b>049. Construct/Relocate/Replace Greenhouses</b>			
Restricted Funds	-0-	3,000,000	-0-
<b>050. Improve Medical Center Library</b>			
Restricted Funds	-0-	12,000,000	-0-

<b>051.</b>	Improve Memorial Hall			
	Restricted Funds	-0-	25,000,000	-0-
<b>052.</b>	Improve King Library			
	Restricted Funds	-0-	5,000,000	-0-
<b>053.</b>	Renovate Space for a Testing Center			
	Restricted Funds	-0-	5,000,000	-0-
<b>054.</b>	Improve Campus Core Quadrangle Facilities			
	Restricted Funds	-0-	40,000,000	-0-
<b>055.</b>	Improve Chemistry/Physics Building Phase 3			
	Restricted Funds	-0-	65,000,000	-0-
<b>056.</b>	Improve Nursing Building			
	Restricted Funds	-0-	5,000,000	-0-
<b>057.</b>	Improve Multi-Disciplinary Science Building			
	Restricted Funds	-0-	10,000,000	-0-
<b>058.</b>	Construct Digital Village Building 3A			
	Other Funds	-0-	70,000,000	-0-
<b>(1)</b>	<b>Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>059.</b>	Construct Digital Village Building 3B			
	Restricted Funds	-0-	70,000,000	-0-
<b>060.</b>	Construct Agriculture Federal Research Facility I			
	Federal Funds	-0-	80,000,000	-0-
<b>061.</b>	Construct Agriculture Federal Research Facility II			
	Federal Funds	-0-	10,000,000	-0-
<b>062.</b>	Acquire/Renovate Clinical Research Facility			
	Restricted Funds	-0-	8,000,000	-0-
<b>063.</b>	Improve White Hall Classroom Building			
	Restricted Funds	-0-	120,000,000	-0-
<b>064.</b>	Expand Kentucky Geographical Survey Well Sample and Core Repository			
	Restricted Funds	-0-	6,000,000	-0-
<b>065.</b>	Improve Center for Applied Energy Research Facilities			
	Restricted Funds	-0-	75,000,000	-0-
<b>066.</b>	Improve Division of Laboratory Animal Resources Facilities			
	Restricted Funds	-0-	10,000,000	-0-
<b>067.</b>	Purchase/Construct CO2 Capture Process Plant			
	Restricted Funds	-0-	1,500,000	-0-
	Federal Funds	-0-	40,000,000	-0-
	Other Funds	-0-	8,500,000	-0-
<b>TOTAL</b>		-0-	50,000,000	-0-

<b>068. Improve Mineral Industries Building</b>			
Restricted Funds	-0-	6,000,000	-0-
<b>069. Research Equipment Pool</b>			
Restricted Funds	-0-	30,000,000	-0-
<b>070. Construct Retail/Parking Facility 2</b>			
Other Funds -0-	75,000,000	-0-	
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>071. Construct/Improve Greek Housing</b>			
Restricted Funds	-0-	36,000,000	-0-
Other Funds -0-	36,000,000	-0-	
TOTAL -0-	72,000,000	-0-	
<b>072. Acquire Land</b>			
Restricted Funds	-0-	50,000,000	-0-
<b>073. Acquire Transportation Buses</b>			
Restricted Funds	-0-	3,000,000	-0-
<b>074. Acquire/Improve Administrative Facility</b>			
Restricted Funds	-0-	10,000,000	-0-
<b>075. Improve Elevator Systems</b>			
Restricted Funds	-0-	10,000,000	-0-
<b>076. Construct Childcare Center Facility</b>			
Restricted Funds	-0-	10,000,000	-0-
<b>077. Construct Facilities Shops and Storage Facility</b>			
Restricted Funds	-0-	27,000,000	-0-
<b>078. Construct New Alumni Center</b>			
Other Funds -0-	38,000,000	-0-	
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>079. Construct Police Headquarters</b>			
Restricted Funds	-0-	27,000,000	-0-
<b>080. Construct/Fit-up Retail Space</b>			
Restricted Funds	-0-	10,000,000	-0-
Other Funds -0-	5,000,000	-0-	
TOTAL -0-	15,000,000	-0-	
<b>081. Construct/Improve Office Building</b>			
Restricted Funds	-0-	55,000,000	-0-
<b>082. Construct Office Park at Coldstream</b>			
Other Funds -0-	65,000,000	-0-	
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>083. Construct/Improve Parking I</b>			
Restricted Funds	-0-	30,000,000	-0-

<b>084.</b>	Construct/Improve Parking II			
	Restricted Funds	-0-	30,000,000	-0-
<b>085.</b>	Improve Sturgill Development Building			
	Restricted Funds	-0-	4,000,000	-0-
<b>086.</b>	Improve Academic Facility 1			
	Restricted Funds	-0-	16,000,000	-0-
<b>087.</b>	Improve Academic/Administrative Space 1			
	Restricted Funds	-0-	10,000,000	-0-
<b>088.</b>	Improve Academic/Administrative Space 3			
	Restricted Funds	-0-	10,000,000	-0-
<b>089.</b>	Improve Academic/Administrative Space 4			
	Restricted Funds	-0-	10,000,000	-0-
<b>090.</b>	Improve Building Electrical Systems			
	Restricted Funds	-0-	10,000,000	-0-
<b>091.</b>	Improve Building Mechanical Systems			
	Restricted Funds	-0-	35,000,000	-0-
<b>092.</b>	Improve Building Shell Systems			
	Restricted Funds	-0-	40,000,000	-0-
<b>093.</b>	Improve Campus Infrastructure Upgrade			
	Restricted Funds	-0-	10,000,000	-0-
<b>094.</b>	Improve Campus Parking and Transportation System			
	Restricted Funds	-0-	75,000,000	-0-
	Other Funds	-0-	75,000,000	-0-
<b>TOTAL</b>		-0-	150,000,000	-0-

(1) **Authorization:** The above authorization is approved pursuant to KRS 45.763.

<b>095.</b>	Improve Coldstream Research Campus			
	Restricted Funds	-0-	50,000,000	-0-
<b>096.</b>	Improve Electrical Infrastructure			
	Restricted Funds	-0-	28,000,000	-0-
<b>097.</b>	Improve Mechanical Infrastructure			
	Restricted Funds	-0-	26,000,000	-0-
<b>098.</b>	Improve Parking Garage 1			
	Restricted Funds	-0-	30,000,000	-0-
<b>099.</b>	Improve Parking Garage 2			
	Restricted Funds	-0-	30,000,000	-0-
<b>100.</b>	Improve Peterson Service Building			
	Restricted Funds	-0-	14,000,000	-0-
<b>101.</b>	Improve Senior Center			

Restricted Funds	-0-	2,000,000	-0-
<b>102. Improve Civil/Site Infrastructure</b>			
Restricted Funds	-0-	50,000,000	-0-
<b>103. Improve Spindletop Hall Facilities</b>			
Restricted Funds	-0-	15,000,000	-0-
<b>104. Improve Student Center Space 2</b>			
Restricted Funds	-0-	20,000,000	-0-
<b>105. Improve Student Center Space 3</b>			
Restricted Funds	-0-	25,000,000	-0-
<b>106. Improve University Storage Facility</b>			
Restricted Funds	-0-	12,000,000	-0-
<b>107. Renovate Carnahan House</b>			
Restricted Funds	-0-	8,000,000	-0-
<b>108. Repair Emergency Infrastructure/Building Systems</b>			
Agency Bonds	-0-	25,000,000	-0-
<b>109. Repair/Replace Campus Cable Infrastructure</b>			
Restricted Funds	-0-	4,000,000	-0-
<b>110. Construct/Improve Dining Facilities</b>			
Restricted Funds	-0-	10,000,000	-0-
<b>111. Improve Fume Hood Systems</b>			
Restricted Funds	-0-	10,000,000	-0-
<b>112. Improve Housing</b>			
Agency Bonds	-0-	40,000,000	-0-
Other Funds	-0-	35,000,000	-0-
TOTAL	-0-	75,000,000	-0-
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>113. Construct Retail/Parking Facility 1</b>			
Other Funds	-0-	75,000,000	-0-
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>114. Decommission Facilities</b>			
Restricted Funds	-0-	30,000,000	-0-
<b>115. Improve Central Plants</b>			
Restricted Funds	-0-	112,000,000	-0-
<b>116. Construct/Improve Innovation Facility</b>			
Other Funds	-0-	70,000,000	-0-
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>117. Guaranteed Energy Savings Performance Contracts</b>			
<b>118. Construct/Relocate Data Center</b>			
Restricted Funds	-0-	50,000,000	-0-

<b>119.</b>	Improve Enterprise Networking 1			
	Restricted Funds	-0-	5,000,000	-0-
<b>120.</b>	Improve Enterprise Networking 2			
	Restricted Funds	-0-	5,000,000	-0-
<b>121.</b>	Lease/Purchase Campus Call Center System			
	Restricted Funds	-0-	5,000,000	-0-
<b>122.</b>	Lease/Purchase Campus Information Technology Systems			
	Restricted Funds	-0-	10,000,000	-0-
<b>123.</b>	Lease/Purchase High-Performance Computer			
	Restricted Funds	-0-	7,000,000	-0-
<b>124.</b>	Lease/Purchase Network Security			
	Restricted Funds	-0-	5,000,000	-0-
<b>125.</b>	Lease/Purchase Voice Infrastructure			
	Restricted Funds	-0-	3,000,000	-0-
<b>126.</b>	Acquire Information Technology Systems			
	Other Funds	-0-	2,000,000	-0-
<b>127.</b>	Acquire Equipment/Furnishings Pool			
	Other Funds	-0-	5,000,000	-0-
<b>128.</b>	Acquire/Improve Golf Facility			
	Other Funds	-0-	8,000,000	-0-
<b>129.</b>	Construct Cross Country Trail			
	Other Funds	-0-	3,000,000	-0-
<b>130.</b>	Construct/Improve Athletics Facility			
	Other Funds	-0-	5,000,000	-0-
<b>131.</b>	Construct/Improve Athletics Playing Fields 1			
	Other Funds	-0-	3,000,000	-0-
<b>132.</b>	Construct/Improve Athletics Playing Fields 2			
	Other Funds	-0-	3,000,000	-0-
<b>133.</b>	Construct/Improve Athletics Playing Fields 3			
	Other Funds	-0-	2,000,000	-0-
<b>134.</b>	Construct/Improve Gymnastic Practice Facility			
	Other Funds	-0-	10,000,000	-0-
<b>135.</b>	Improve Wildcat Coal Lodge			
	Other Funds	-0-	20,000,000	-0-
<b>136.</b>	Improve Athletics Facilities 1			
	Other Funds	-0-	15,000,000	-0-
<b>137.</b>	Improve Athletics Facilities 2			
	Other Funds	-0-	10,000,000	-0-

<b>138.</b>	Improve Athletics Facilities 3			
	Other Funds -0-	6,000,000		-0-
<b>139.</b>	Improve Athletics Facilities 4			
	Other Funds -0-	5,000,000		-0-
<b>140.</b>	Improve Athletics Facilities 5			
	Other Funds -0-	5,000,000		-0-
<b>141.</b>	Improve Baseball Facility Phase II			
	Other Funds -0-	7,000,000		-0-
<b>142.</b>	Improve Joe Craft Center			
	Other Funds -0-	5,000,000		-0-
<b>143.</b>	Improve Joe Craft Football Practice Facility			
	Other Funds -0-	3,000,000		-0-
<b>144.</b>	Improve Kroger Field Stadium			
	Other Funds -0-	15,000,000		-0-
<b>145.</b>	Improve Lancaster Aquatic Center 1			
	Other Funds -0-	14,000,000		-0-
<b>146.</b>	Improve Lancaster Aquatic Center 2			
	Other Funds -0-	8,000,000		-0-
<b>147.</b>	Improve Nutter Field House			
	Other Funds -0-	15,000,000		-0-
<b>148.</b>	Improve Nutter Training Facility			
	Other Funds -0-	7,000,000		-0-
<b>149.</b>	Improve Soccer/Softball Facility			
	Other Funds -0-	7,000,000		-0-
<b>150.</b>	Improve Boone Tennis Center			
	Other Funds -0-	15,000,000		-0-
<b>151.</b>	Replace Basketball Playing Floors			
	Other Funds -0-	3,000,000		-0-
<b>152.</b>	Guaranteed Energy Savings Performance Contracts - UK HealthCare			
<b>153.</b>	Replace UK HealthCare Information Technology Systems 1			
	Restricted Funds	-0-	320,000,000	-0-
<b>154.</b>	Improve Good Samaritan Hospital Facilities - UK HealthCare			
	Restricted Funds	-0-	25,000,000	-0-
<b>155.</b>	Improve Clinical/Ambulatory Services Facilities - UK HealthCare			
	Restricted Funds	-0-	50,000,000	-0-
<b>156.</b>	Improve Markey Cancer Center - UK HealthCare			
	Restricted Funds	-0-	20,000,000	-0-
<b>157.</b>	Construct State Street Medical Facilities - UK HealthCare			
	Restricted Funds	-0-	100,000,000	-0-

<b>158. Improve State Street Medical Facilities - UK HealthCare</b>			
Restricted Funds	-0-	100,000,000	-0-
<b>159. Acquire Medical Facility 1 - UK HealthCare</b>			
Restricted Funds	-0-	75,000,000	-0-
<b>160. Acquire Medical Facility 2 - UK HealthCare</b>			
Restricted Funds	-0-	75,000,000	-0-
<b>161. Improve Medical Facility 1 - UK HealthCare</b>			
Restricted Funds	-0-	25,000,000	-0-
<b>162. Improve Medical Facility 2 - UK HealthCare</b>			
Restricted Funds	-0-	25,000,000	-0-
<b>163. Acquire/Improve Medical/Administration Facility 1 - UK HealthCare</b>			
Restricted Funds	-0-	150,000,000	-0-
Agency Bonds	-0-	50,000,000	-0-
Other Funds	-0-	50,000,000	-0-
TOTAL	-0-	250,000,000	-0-
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>164. Construct/Improve Medical/Administration Facility 1 - UK HealthCare</b>			
Restricted Funds	-0-	250,000,000	-0-
<b>165. Acquire/Improve Medical/Administration Facility 2 - UK HealthCare</b>			
Restricted Funds	-0-	125,000,000	-0-
<b>166. Construct/Improve Medical/Administration Facility 2 - UK HealthCare</b>			
Restricted Funds	-0-	75,000,000	-0-
<b>167. Acquire/Improve Medical/Administration Facility 3 - UK HealthCare</b>			
Restricted Funds	-0-	250,000,000	-0-
Other Funds	-0-	50,000,000	-0-
TOTAL	-0-	300,000,000	-0-
<b>168. Construct/Improve Medical/Administration Facility 3 - UK HealthCare</b>			
Restricted Funds	-0-	200,000,000	-0-
<b>169. Construct Medical/Administration Facility 3 - UK HealthCare</b>			
Restricted Funds	-0-	150,000,000	-0-
<b>170. Construct Medical/Administration Facility 1 - UK HealthCare</b>			
Restricted Funds	-0-	100,000,000	-0-
<b>171. Construct Medical/Administration Facility 2 - UK HealthCare</b>			
Restricted Funds	-0-	75,000,000	-0-
<b>172. Acquire Data Center Hardware - UK HealthCare</b>			
Restricted Funds	-0-	15,000,000	-0-
<b>173. Acquire Telemedicine/Virtual ICU - UK HealthCare</b>			
Restricted Funds	-0-	10,000,000	-0-



<b>174. Acquire/Improve Elevator Systems - UK HealthCare</b>			
Restricted Funds	-0-	15,000,000	-0-
<b>175. Acquire Partnership Medical System - UK HealthCare</b>			
Restricted Funds	-0-	300,000,000	-0-
Agency Bonds	-0-	50,000,000	-0-
TOTAL	-0-	350,000,000	-0-
<b>176. Acquire/Upgrade Information Technology System - UK HealthCare</b>			
Restricted Funds	-0-	10,000,000	-0-
<b>177. Improve UK HealthCare Facilities - UK Chandler Hospital</b>			
Restricted Funds	-0-	260,000,000	-0-
Agency Bonds	-0-	50,000,000	-0-
TOTAL	-0-	310,000,000	-0-
<b>178. Construct Data Center - UK HealthCare</b>			
Other Funds	-0-	45,000,000	-0-
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>179. Construct Hospice Facility - UK HealthCare</b>			
Restricted Funds	-0-	25,000,000	-0-
<b>180. Construct/Expand/Improve Ambulatory Care - UK HealthCare</b>			
Restricted Funds	-0-	30,000,000	-0-
Other Funds	-0-	20,000,000	-0-
TOTAL	-0-	50,000,000	-0-
<b>181. Construct/Improve Medical/Administration Facilities - UK HealthCare</b>			
Restricted Funds	-0-	50,000,000	-0-
<b>182. Implement Land Use Plan - UK HealthCare</b>			
Restricted Funds	-0-	150,000,000	-0-
<b>183. Implement Patient Communication System - UK HealthCare</b>			
Restricted Funds	-0-	25,000,000	-0-
<b>184. Improve Building Systems - UK HealthCare</b>			
Restricted Funds	-0-	50,000,000	-0-
<b>185. Improve Parking/Transportation Systems 1 - UK HealthCare</b>			
Restricted Funds	-0-	75,000,000	-0-
<b>186. Improve Parking/Transportation Systems 2 - UK HealthCare</b>			
Other Funds	-0-	75,000,000	-0-
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>187. Improve Site/Civil Infrastructure - UK HealthCare</b>			
Restricted Funds	-0-	25,000,000	-0-
<b>188. Improve Utilities Infrastructure</b>			
Restricted Funds	-0-	80,000,000	-0-
<b>189. Renovate/Improve Nursing Units - UK HealthCare</b>			

Restricted Funds	-0-	7,000,000	-0-
<b>190. Improve Medical Facility 1 - Royal Blue Health</b>			
Restricted Funds	-0-	100,000,000	-0-
<b>191. Improve Medical Facility 2 - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>192. Improve Administrative/Office Facility - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>193. Construct Medical Facility 1 - Royal Blue Health</b>			
Restricted Funds	-0-	30,000,000	-0-
<b>194. Construct Medical Facility 2 - Royal Blue Health</b>			
Restricted Funds	-0-	10,000,000	-0-
<b>195. Construct Medical Facility 3 - Royal Blue Health</b>			
Restricted Funds	-0-	70,000,000	-0-
<b>196. Improve Parking/Transportation System - Royal Blue Health</b>			
Restricted Funds	-0-	75,000,000	-0-
<b>197. Improve Utilities Infrastructure - Royal Blue Health</b>			
Restricted Funds	-0-	50,000,000	-0-
<b>198. Improve Child Development Center - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>199. Improve Kingsbrook Lifecare Center - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>200. Improve Medical Facility 3 - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>201. Improve Medical Facility 4 - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>202. Improve Medical Facility 5 - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>203. Improve Medical Facility 6 - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>204. Improve Medical Facility 7 - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>205. Improve Medical Facility 8 - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>206. Improve Medical Facility 9 - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>207. Improve Medical Facility 10 - Royal Blue Health</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>208. Improve Medical Facility 11 - Royal Blue Health</b>			

Restricted Funds	-0-	5,000,000	-0-
<b>209.</b> Improve Medical Facility 12 - Royal Blue Health			
Restricted Funds	-0-	5,000,000	-0-
<b>210.</b> Improve Medical Facility 13 - Royal Blue Health			
Restricted Funds	-0-	5,000,000	-0-
<b>211.</b> Improve Medical Facility 14 - Royal Blue Health			
Restricted Funds	-0-	5,000,000	-0-
<b>212.</b> Improve Medical Facility 15 - Royal Blue Health			
Restricted Funds	-0-	5,000,000	-0-
<b>213.</b> Improve Medical Facility 16 - Royal Blue Health			
Restricted Funds	-0-	5,000,000	-0-
<b>214.</b> Improve Medical Facility 17 - Royal Blue Health			
Restricted Funds	-0-	5,000,000	-0-
<b>215.</b> Lease - Off Campus 1			
<b>216.</b> Lease - Off Campus 2			
<b>217.</b> Lease - Off Campus 3			
<b>218.</b> Lease - Off Campus 4			
<b>219.</b> Lease - Off Campus 5			
<b>220.</b> Lease - Off Campus 6			
<b>221.</b> Lease - Off Campus 7			
<b>222.</b> Lease - Off Campus 8			
<b>223.</b> Lease - Off Campus 9			
<b>224.</b> Lease - Off Campus 10			
<b>225.</b> Lease - Off Campus 11			
<b>226.</b> Lease - Off Campus 12			
<b>227.</b> Lease - Off Campus 13			
<b>228.</b> Lease - Off Campus 14			
<b>229.</b> Lease - Off Campus 15			
<b>230.</b> Lease - Off Campus 16			
<b>231.</b> Lease - Off Campus 17			
<b>232.</b> Lease - Off Campus 18			
<b>233.</b> Lease - Off Campus 19			
<b>234.</b> Lease - Off Campus 20			
<b>235.</b> Lease - Off Campus Housing 1			
<b>236.</b> Lease - Off Campus Housing 2			
<b>237.</b> Lease - Off Campus Athletics 1			
<b>238.</b> Lease - Off Campus Athletics 2			
<b>239.</b> Lease - Health Affairs Office 1			
<b>240.</b> Lease - Health Affairs Office 2			

- 241. Lease - Health Affairs Office 3
- 242. Lease - Health Affairs Office 4
- 243. Lease - Health Affairs Office 5
- 244. Lease - Health Affairs Office 6
- 245. Lease - Health Affairs Office 7
- 246. Lease - Health Affairs Office 8
- 247. Lease - Health Affairs Office 9
- 248. Lease - Health Affairs Office 10
- 249. Lease - Health Affairs Office 11
- 250. Lease - Health Affairs Office 12
- 251. Lease - Health Affairs Office 13
- 252. Lease - Health Affairs Office 14
- 253. Lease - Health Affairs Office 15
- 254. Lease - Health Affairs Office 16
- 255. Lease - Health Affairs Office 17
- 256. Lease - Good Samaritan - UK HealthCare
- 257. Lease - College of Medicine 1
- 258. Lease - College of Medicine 2
- 259. Lease - College of Medicine 3
- 260. Lease - College of Medicine 4
- 261. Lease - College of Medicine 5
- 262. Lease - UK HealthCare Off Campus Facility 1
- 263. Lease - UK HealthCare Off Campus Facility 2
- 264. Lease - UK HealthCare Off Campus Facility 3
- 265. Lease - UK HealthCare Off Campus Facility 4
- 266. Lease - UK HealthCare Off Campus Facility 5
- 267. Lease - UK HealthCare Off Campus Facility 6
- 268. Lease - UK HealthCare Off Campus Facility 7
- 269. Lease - UK HealthCare Off Campus Facility 8
- 270. Lease - UK HealthCare Off Campus Facility 9
- 271. Lease - UK HealthCare Off Campus Facility 10
- 272. Lease - UK HealthCare Off Campus Facility 11
- 273. Lease - UK HealthCare Off Campus Facility 12
- 274. Lease - UK HealthCare Off Campus Facility 13
- 275. Lease - UK HealthCare Off Campus Facility 14
- 276. Lease - UK HealthCare Off Campus Facility 15
- 277. Lease - UK HealthCare Off Campus Facility 16
- 278. Lease - UK HealthCare Off Campus Facility 17

<b>279.</b>	Lease - UK HealthCare Off Campus Facility 18			
<b>280.</b>	Lease - UK HealthCare Off Campus Facility 19			
<b>281.</b>	Lease - UK HealthCare - Royal Blue Health 1			
<b>282.</b>	Lease - UK HealthCare - Royal Blue Health 2			
<b>283.</b>	Lease - UK HealthCare - Royal Blue Health 3			
<b>284.</b>	Lease - UK HealthCare - Royal Blue Health 4			
<b>285.</b>	Lease - UK HealthCare - Royal Blue Health 5			
<b>286.</b>	Lease - UK HealthCare - Royal Blue Health 6			
<b>287.</b>	Lease - UK HealthCare - Royal Blue Health 7			
<b>288.</b>	Lease - UK HealthCare - Royal Blue Health 8			
<b>289.</b>	Lease - UK HealthCare - Royal Blue Health 9			
<b>290.</b>	Lease - UK HealthCare - Royal Blue Health 10			
<b>291.</b>	Lease - UK HealthCare - Royal Blue Health 11			
<b>292.</b>	Lease - UK HealthCare - Royal Blue Health 12			
<b>293.</b>	Lease - UK HealthCare - Royal Blue Health 13			
<b>294.</b>	Lease - UK HealthCare - Royal Blue Health 14			
<b>295.</b>	Lease - UK HealthCare - Royal Blue Health 15			
<b>296.</b>	Lease - UK HealthCare - Royal Blue Health 16			
<b>297.</b>	Lease - UK HealthCare - Royal Blue Health 17			
<b>298.</b>	Lease - UK HealthCare - Royal Blue Health 18			
<b>299.</b>	Lease - UK HealthCare - Royal Blue Health 19			
<b>300.</b>	Lease - UK HealthCare - Royal Blue Health 20			
<b>301.</b>	Lease - UK HealthCare - Royal Blue Health 21			
<b>302.</b>	Lease - UK HealthCare - Royal Blue Health 22			
<b>303.</b>	Lease - UK HealthCare - Royal Blue Health 23			
<b>304.</b>	Lease - UK HealthCare - Royal Blue Health 24			
<b>305.</b>	Lease - UK HealthCare - Royal Blue Health 25			
<b>306.</b>	Lease - UK HealthCare - Royal Blue Health 26			
<b>307.</b>	Lease - UK HealthCare - Royal Blue Health 27			
<b>308.</b>	Lease - UK HealthCare - Royal Blue Health 28			
<b>309.</b>	Facilities Renewal and Modernization Additional Reauthorization (\$125,000,000 Agency Bonds)			
	Restricted Funds	-0-	125,000,000	-0-

**10. UNIVERSITY OF LOUISVILLE**

<b>001.</b>	Asset Preservation Pool - 2022-2024			
	Bond Funds	-0-	40,943,000	40,943,000
	Agency Bonds	-0-	12,283,000	12,283,000
	<b>TOTAL</b>	-0-	53,226,000	53,226,000
<b>002.</b>	Upgrade STEM Instruction Building			
	Agency Bonds	-0-	50,000,000	-0-

<b>003. Capital Renewal Replace and Upgrade Pool - 2022-2024</b>			
Agency Bonds	-0-	50,000,000	-0-
<b>004. Construct College of Business Building</b>			
Agency Bonds	-0-	40,000,000	-0-
Other Funds -0-	80,000,000	-0-	
TOTAL -0-	120,000,000	-0-	
<b>005. Renovate School of Medicine Building 55A</b>			
Restricted Funds	-0-	20,000,000	-0-
<b>006. Renovation and Adaption Projects for Various Buildings</b>			
Restricted Funds	-0-	50,000,000	-0-
<b>007. Construct Medical Office/Lab Building</b>			
Restricted Funds	-0-	90,000,000	-0-
<b>008. Construct Belknap 3rd Street Improvements</b>			
Restricted Funds	-0-	2,180,000	-0-
<b>009. Construct Belknap Brandeis Corridor Improvement</b>			
Restricted Funds	-0-	3,100,000	-0-
<b>010. Renovation Vivarium Facilities</b>			
Restricted Funds	-0-	75,000,000	-0-
<b>011. Vivarium Equipment Pool - 2022-2024</b>			
Restricted Funds	-0-	20,000,000	-0-
<b>012. Public/Private Partnership - LARRI Building - Speed School</b>			
Other Funds -0-	5,500,000	-0-	
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>013. Renovate Fresh Tissue Culture and Morgue</b>			
Restricted Funds	-0-	2,200,000	-0-
<b>014. Improve Housing Facilities Pool - 2022-2024</b>			
Restricted Funds	-0-	10,000,000	-0-
<b>015. Renovate Chemistry Fume Hood Redesign Phase II</b>			
Restricted Funds	-0-	9,750,000	-0-
<b>016. Renovate Chemistry Teaching Labs/Auditorium</b>			
Restricted Funds	-0-	3,960,000	-0-
<b>017. Renovate Parking Structures</b>			
Restricted Funds	-0-	3,600,000	-0-
<b>018. Renovate Resurface and Repair Parking Lot</b>			
Restricted Funds	-0-	2,500,000	-0-
<b>019. Belknap Campus Parking Garage</b>			
Restricted Funds	-0-	34,229,000	-0-
<b>020. Renovate College of Business Classrooms</b>			

Restricted Funds	-0-	24,000,000	-0-
<b>021. Renovate College of Education HVAC Upgrade</b>			
Restricted Funds	-0-	2,200,000	-0-
<b>022. Law School HVAC</b>			
Restricted Funds	-0-	6,916,000	-0-
<b>023. Purchase Networking System</b>			
Restricted Funds	-0-	8,000,000	-0-
<b>024. Purchase Fiber Infrastructure</b>			
Restricted Funds	-0-	3,500,000	-0-
<b>025. Renovate Cardinal Park</b>			
Other Funds	-0-	8,000,000	-0-
<b>026. Purchase Computing for Research Infrastructure</b>			
Restricted Funds	-0-	7,000,000	-0-
<b>027. Purchase Identity Management</b>			
Restricted Funds	-0-	2,000,000	-0-
<b>028. Purchase Computer Processing System and Storage</b>			
Restricted Funds	-0-	3,500,000	-0-
<b>029. Purchase Content Management System</b>			
Restricted Funds	-0-	4,000,000	-0-
<b>030. Renovate Law School</b>			
Restricted Funds	-0-	50,000,000	-0-
<b>031. Public/Private Partnership Resident Hall</b>			
Other Funds	-0-	52,000,000	-0-
<b>(1) Authorization:</b> The above authorization is approved pursuant to KRS 45.763.			
<b>032. Purchase Housing Facilities</b>			
Restricted Funds	-0-	75,000,000	-0-
<b>033. Renovate Gross Anatomy Lab</b>			
Restricted Funds	-0-	3,000,000	-0-
<b>034. Renovate Dental School Administrative Space</b>			
Restricted Funds	-0-	1,000,000	-0-
<b>035. Replacement Building HVAC</b>			
Restricted Funds	-0-	25,000,000	-0-
<b>036. Construct Utility Infrastructure Upgrade</b>			
Restricted Funds	-0-	21,975,000	-0-
<b>037. Construct Administrative Office Building</b>			
Restricted Funds	-0-	9,000,000	-0-
<b>038. Exterior Envelope Replacement School of Medicine Building 55A</b>			
Restricted Funds	-0-	15,000,000	-0-
<b>039. Purchase Land</b>			

Restricted Funds	-0-	15,000,000	-0-
<b>040.</b> Guaranteed Energy Savings Performance Contracts			
<b>041.</b> Renovate Health Sciences Center Instructional and Student Services Space			
Restricted Funds	-0-	42,000,000	-0-
<b>042.</b> Upgrade HVAC for Dental School			
Restricted Funds	-0-	2,200,000	-0-
<b>043.</b> Acquisition of Dormitories			
Restricted Funds	-0-	41,149,000	-0-
<b>044.</b> Construct Multidisciplinary Engineering Building 1 - Speed School Addition			
Restricted Funds	-0-	-0-	10,000,000
Bond Funds -0-	-0-	65,000,000	
TOTAL -0-	-0-	75,000,000	
<b>045.</b> Renovate Speed School Research Building			
Restricted Funds	-0-	5,500,000	-0-
<b>046.</b> Renovate Unitas Resident Hall			
Restricted Funds	-0-	22,300,000	-0-
<b>047.</b> Renovate Natural Science Building			
Restricted Funds	-0-	30,000,000	-0-
<b>048.</b> Renovate Life Sciences Building Vivarium			
Restricted Funds	-0-	3,471,000	-0-
<b>049.</b> Renovate Gottschalk Hall			
Restricted Funds	-0-	2,004,000	-0-
<b>050.</b> Renovate Humanities Building			
Restricted Funds	-0-	2,500,000	-0-
<b>051.</b> Construct Belknap Century Corridor Improvement			
Restricted Funds	-0-	1,250,000	-0-
<b>052.</b> Construct Belknap Stormwater Improvements			
Restricted Funds	-0-	5,000,000	-0-
<b>053.</b> Renovate Belknap Physical Plant Building			
Restricted Funds	-0-	2,000,000	-0-
<b>054.</b> Renovate Flexner Way Mall			
Restricted Funds	-0-	2,500,000	-0-
<b>055.</b> Renovation Office Building			
Restricted Funds	-0-	5,000,000	-0-
<b>056.</b> Construct Artificial Turf Field for Intramural			
Restricted Funds	-0-	1,215,000	-0-
<b>057.</b> Renovate University Tower Apartments			
Restricted Funds	-0-	2,700,000	-0-



<b>058.</b>	Renovate Music School Building			
	Restricted Funds	-0-	3,500,000	-0-
<b>059.</b>	Replace Physical Access Control System			
	Restricted Funds	-0-	3,500,000	-0-
<b>060.</b>	Lease Housing Facilities			
	Restricted Funds	-0-	10,000,000	-0-
<b>061.</b>	Expand College of Business Addition			
	Restricted Funds	-0-	10,000,000	-0-
<b>062.</b>	Renovation Kentucky Lions Eye Lab			
	Restricted Funds	-0-	7,000,000	-0-
<b>063.</b>	Expand Patterson Stadium/Construct Indoor Facilities			
	Other Funds -0-	16,000,000	-0-	
<b>064.</b>	Replace Electronic Video Boards			
	Other Funds -0-	10,000,000	-0-	
<b>065.</b>	Construct Athletics Office Building			
	Other Funds -0-	7,500,000	-0-	
<b>066.</b>	Construct Athletic Grounds Building			
	Other Funds -0-	1,550,000	-0-	
<b>067.</b>	Football Practice Field Lighting			
	Other Funds -0-	2,000,000	-0-	
<b>068.</b>	Replace Artificial Turf Field III			
	Other Funds -0-	1,250,000	-0-	
<b>069.</b>	Replace Artificial Turf Field IV			
	Other Funds -0-	1,250,000	-0-	
<b>070.</b>	Expand Ulmer Softball Stadium/Construct Indoor Facility			
	Other Funds -0-	8,000,000	-0-	
<b>071.</b>	Construct Natatorium			
	Other Funds -0-	25,000,000	-0-	
<b>072.</b>	Basketball/Lacrosse Practice Facility Expansion			
	Other Funds -0-	25,000,000	-0-	
<b>073.</b>	Expand Marshall Center Complex			
	Other Funds -0-	5,000,000	-0-	
<b>074.</b>	Renovate Cardinal Football Stadium			
	Other Funds -0-	25,000,000	-0-	
<b>075.</b>	Renovate Bass Rudd Tennis Center			
	Other Funds -0-	3,000,000	-0-	
<b>076.</b>	Renovate Garvin Brown Boathouse			
	Other Funds -0-	2,000,000	-0-	
<b>077.</b>	Renovate Marshall Center			

Other Funds -0-	1,000,000	-0-	
<b>078. Renovation Golf Club Shelby County</b>			
Other Funds -0-	1,000,000	-0-	
<b>079. Renovation Lynn Soccer Stadium</b>			
Other Funds -0-	1,000,000	-0-	
<b>080. Renovation Thornton's Academic Center</b>			
Other Funds -0-	1,000,000	-0-	
<b>081. Renovation Trager Football Practice Facility</b>			
Other Funds -0-	1,000,000	-0-	
<b>082. Renovation Patterson Baseball Stadium</b>			
Other Funds -0-	1,000,000	-0-	
<b>083. Capital Renewal for Athletic Venues</b>			
Other Funds -0-	7,500,000	-0-	
<b>084. Construct Practice Bubble</b>			
Other Funds -0-	4,000,000	-0-	
<b>085. Construction Indoor Facility</b>			
Other Funds -0-	15,000,000	-0-	
<b>086. Renovation Cardinal Stadium Club Upgrades</b>			
Other Funds -0-	5,000,000	-0-	
<b>087. Demolish and Construct Golf Maintenance/Chemical Building</b>			
Other Funds -0-	2,000,000	-0-	
<b>088. Construct Athletics Village</b>			
Other Funds -0-	90,000,000	-0-	
<b>089. Replace Seats in Athletic Venues</b>			
Other Funds -0-	7,000,000	-0-	
<b>090. Athletics Enhancements in New Dormitory</b>			
Other Funds -0-	6,000,000	-0-	
<b>091. Expand and Renovate Wright Natatorium</b>			
Other Funds -0-	10,000,000	-0-	
<b>092. Replace Cardinal Stadium Seats</b>			
Other Funds -0-	6,000,000	-0-	
<b>093. Shelbyhurst Academic Building and Conference Center</b>			
Restricted Funds	-0-	50,596,000	-0-
<b>094. Steam Plant Modernization Implementation</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>(1) Authorization:</b>	The above authorization is approved pursuant to KRS 45.763.		
<b>095. Renovate School of Nursing</b>			
Restricted Funds	-0-	14,000,000	-0-

- 096. Academic Space 1 - Lease
  - 097. Academic Space 2 - Lease
  - 098. Arthur Street - Lease
  - 099. Athletic/Student Dormitory - Lease
  - 100. Housing Facilities - Lease
  - 101. Housing Lease - 1
  - 102. Housing Lease - 2
  - 103. Housing Lease - 3
  - 104. Housing Lease - 4
  - 105. Jefferson County - Clinic Space - State of Kentucky - Lease
  - 106. Jefferson County - Clinic Space 1 - Lease
  - 107. Jefferson County - Clinic Space 2 - Lease
  - 108. Jefferson County - Clinic Space 3 - Lease
  - 109. Jefferson County - Office Space 1 - Lease
  - 110. Jefferson County - Office Space 2 - Lease
  - 111. Jefferson County - Office Space 3 - Lease
  - 112. Jefferson County - Office Space 4 - Lease
  - 113. Medical Center One - Lease
  - 114. Medical Center 2 - Lease
  - 115. Nucleus 1 Building - Lease
  - 116. Nucleus 1 Building 2 - Lease
  - 117. Support Space 1 - Lease
  - 118. Trager Institute - Lease
  - 119. University Pointe and Cardinal Towne - Lease
  - 120. Steam Plant Modernization Reauthorization
- (1) **Authorization:** The above authorization is approved pursuant to KRS 45.763 and 45A.077.

**11. WESTERN KENTUCKY UNIVERSITY**

<b>001. Asset Preservation Pool - 2022-2024</b>			
Bond Funds -0-	34,040,000	34,040,000	
Agency Bonds	-0-	5,106,000	5,106,000
TOTAL -0-	39,146,000	39,146,000	
<b>002. Construct New Gordon Ford College of Business</b>			
Bond Funds -0-	-0-	74,400,000	
<b>003. Guaranteed Energy Savings Performance Contracts</b>			
<b>004. Add Club Seating at Diddle Arena</b>			
Other Funds -0-	3,600,000	-0-	
<b>005. Construct Football Pressbox</b>			
Other Funds -0-	5,200,000	-0-	
<b>006. Purchase Property/Parking and Street Improvement</b>			

Restricted Funds	-0-	3,000,000	-0-
<b>007. Purchase Property for Campus Expansion</b>			
Restricted Funds	-0-	3,000,000	-0-
<b>008. Renovate South Campus</b>			
Restricted Funds	-0-	5,000,000	-0-
<b>009. Expand Track and Field Facilities</b>			
Other Funds -0-	4,700,000	-0-	
<b>010. Construct Baseball Grandstand</b>			
Other Funds -0-	4,500,000	-0-	
<b>011. Acquire Fixtures, Furniture, and Equipment Diddle Arena</b>			
Other Funds -0-	3,000,000	-0-	
<b>012. Construct South Plaza</b>			
Other Funds -0-	3,600,000	-0-	
<b>013. Renovate State/Normal Street Properties</b>			
Restricted Funds	-0-	1,500,000	-0-
<b>014. Renovate Center for Research and Development Phase I</b>			
Restricted Funds	-0-	6,000,000	-0-
<b>015. Renovate and Expand Innovation Campus (Center for Research and Development)</b>			
Restricted Funds	-0-	7,000,000	-0-
Federal Funds	-0-	15,000,000	-0-
Other Funds -0-	58,000,000	-0-	
TOTAL -0-	80,000,000	-0-	
<b>016. Renovate and Expand Clinical Education Complex</b>			
Other Funds -0-	8,000,000	-0-	
<b>017. Acquire Fixtures, Furniture, and Equipment Pool - 2022-2024</b>			
Restricted Funds	-0-	3,000,000	-0-
<b>018. Construct Parking Structure IV</b>			
Agency Bonds	-0-	25,000,000	-0-
<b>019. Construct Indoor Athletic Training Facility</b>			
Other Funds -0-	25,000,000	-0-	
<b>020. Remove and Replace Student Housing at Farm</b>			
Other Funds -0-	2,500,000	-0-	
<b>021. Improve Softball and Soccer Complex</b>			
Other Funds -0-	5,500,000	-0-	
<b>022. Alumni Center - Lease</b>			
<b>023. Parking Garage - Lease</b>			
<b>024. Nursing/Physical Therapy - Lease</b>			
<b>025. Construct, Renovate and Improve Athletic Facilities Reauthorization (\$50,000,000 Agency Bonds)</b>			

**12. KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM**

**001. Asset Preservation Pool - 2022-2024**

Restricted Funds	-0-	13,445,000	13,445,000
Bond Funds	-0-	89,631,000	89,631,000
TOTAL	-0-	103,076,000	103,076,000

**002. Renovate Occupational Technical Building Phase I - Elizabethtown CTC**

Bond Funds	-0-	16,500,000	
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**003. Replace Hartford Building Phase I - Jefferson CTC**

Restricted Funds	-0-	5,000,000	-0-
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**004. Renovate Laurel South Campus Phase I - Somerset CC**

Restricted Funds	-0-	1,200,000	-0-
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**005. Renovate Main Campus Buildings - Southcentral Kentucky CTC**

Restricted Funds	-0-	5,000,000	-0-
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**006. Construct Student/Classroom - Bluegrass CTC Newtown**

Restricted Funds	-0-	-0-	5,800,000
Bond Funds	-0-	-0-	52,200,000
TOTAL	-0-	-0-	58,000,000

**007. Renovate Pineville Campus - Southeast Kentucky CTC**

Restricted Funds	-0-	500,000	-0-
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**008. Expand Leitchfield Campus - Elizabethtown CTC**

Bond Funds	-0-	9,000,000	
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**009. Roof Replacements - Ashland CTC**

Restricted Funds	-0-	2,200,000	-0-
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**010. Renovate Newtown North Additional - Bluegrass CTC - Reauthorization (\$4,900,000 Restricted Funds)**

Restricted Funds	-0-	7,500,000	-0-
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**011. Renovate Administration Building - Bluegrass CTC Newtown**

Restricted Funds	-0-	9,700,000	-0-
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**012. Renovate Science Building Labs - Elizabethtown CTC**

Restricted Funds	-0-	6,400,000	-0-
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**013. Relocate and Demolish Student Center - Henderson CC**

Restricted Funds	-0-	2,400,000	-0-
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**014. Property Acquisition - Hopkinsville CC**

Restricted Funds	-0-	3,000,000	-0-
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**015. Construct Parking Garage - Jefferson CTC**

Restricted Funds	-0-	12,500,000	-0-
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**016. Procure Postsecondary Education Center Phase II - Maysville CTC**

Restricted Funds	-0-	6,500,000	-0-
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**017. Upgrade ADA - Somerset CC**

Restricted Funds	-0-	1,600,000	-0-
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<b>018.</b>	Purchase Construction Grade 3D Printer - Somerset CC			
	Restricted Funds	-0-	600,000	-0-
<b>019.</b>	Replace Windows and Doors - Somerset CC			
	Restricted Funds	-0-	1,200,000	-0-
<b>020.</b>	Guaranteed Energy Savings Performance Contracts			
<b>021.</b>	KCTCS Equipment Pool - 2022-2024			
	Restricted Funds	-0-	5,000,000	-0-
<b>022.</b>	KCTCS Property Acquisition Pool - 2022-2024			
	Restricted Funds	-0-	5,000,000	-0-
<b>023.</b>	Upgrade Welding Shop - Big Sandy CTC Mayo - Reauthorization (\$1,500,000 Restricted Funds)			
<b>024.</b>	Construct/Procure Transportation - Elizabethtown CTC - Reauthorization (\$5,000,000 Restricted Funds)			
<b>025.</b>	Upgrade IT Infrastructure - Gateway CTC - Reauthorization (\$1,500,000 Restricted Funds)			
<b>026.</b>	Renovate Advance Manufacturing and Construction - Hazard CTC - Reauthorization (\$1,000,000 Restricted Funds, \$3,900,000 Federal Funds)			
<b>027.</b>	Renovate Industrial Education Building - Hazard CTC - Reauthorization (\$2,500,000 Federal Funds)			
<b>028.</b>	Construct Fire Commission NRPC Classroom Building Additional - Reauthorization (\$5,200,000 Restricted Funds)			
	Restricted Funds	-0-	1,800,000	-0-
<b>029.</b>	Property Acquisition - Fire Commission			
	Restricted Funds	-0-	2,000,000	-0-
<b>030.</b>	Procure Fire Pumpers - Fire Commission			
	Restricted Funds	-0-	2,000,000	-0-
<b>031.</b>	Construct Fire Commission Training Drill Tower - Reauthorization (\$1,200,000 Restricted Funds)			
<b>032.</b>	Elizabethtown CTC - Hardin County - Lease			
<b>033.</b>	Jefferson CTC - Bullitt County Campus - Lease			
<b>034.</b>	Jefferson CTC - Jefferson Education Center - Lease			
<b>035.</b>	Maysville CTC - Rowan County - Lease			
<b>036.</b>	KCTCS System Office - Lease			

**J. TOURISM, ARTS AND HERITAGE CABINET**

<b>Budget Units</b>		<b>2022-23</b>	<b>2023-24</b>
<b>1. ARTISANS CENTER</b>			
<b>001.</b>	Maintenance Pool - 2022-2024		
	General Fund	1,000,000	-0-
<b>2. PARKS</b>			
<b>001.</b>	Maintenance Pool - 2022-2024		
	General Fund	10,000,000	10,000,000
<b>002.</b>	State Parks Improvement		
	Bond Funds	-0-	150,000,000

**3. HORSE PARK COMMISSION**

**001. Maintenance Pool - 2022-2024**

General Fund	1,500,000	1,500,000
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**002. Renovate International Museum of the Horse**

Bond Funds	4,000,000	-0-
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**003. Replace Roof: Museum, Gatehouse, VIC**

General Fund	2,000,000	-0-
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**004. Covered Arena and Rolex Stadium**

General Fund	2,000,000	-0-
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**005. Barn Repair and Upgrades**

General Fund	10,000,000	-0-
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**4. STATE FAIR BOARD**

**001. State Fair Board Property Improvements**

Bond Funds	-0-	200,000,000
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**5. FISH AND WILDLIFE RESOURCES**

**001. Fees-in-Lieu-of Stream Mitigation Projects Pool**

Restricted Funds	64,500,000	48,600,000
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**002. Camp Earl Wallace Dining Hall Construction**

Restricted Funds	129,000	1,376,000
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Federal Funds	171,000	1,824,000
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TOTAL	300,000	3,200,000
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**6. KENTUCKY CENTER FOR THE ARTS**

**001. Maintenance Pool - 2022-2024**

General Fund	550,000	550,000
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**PART III**

**GENERAL PROVISIONS**

**1. Funds Designations:** Restricted Funds designated in the biennial budget bills are classified in the state financial records and reports as the Agency Revenue Fund, State Enterprise Funds (State Parks, State Fair Board, Insurance Administration, and Kentucky Horse Park), Internal Services Funds (Fleet Management, Computer Services, Correctional Industries, Central Printing, Risk Management, and Property Management), and selected Fiduciary Funds (Other Expendable Trust Funds). Separate fund records and reports shall be maintained in a manner consistent with the branch budget bills.

The sources of Restricted Funds appropriations in this Act shall include all fees (which includes fees for room and board, athletics, and student activities) and rentals, admittances, sales, bond proceeds, licenses collected by law, gifts, subventions, contributions, income from investments, and other miscellaneous receipts produced or received by a budget unit, except as otherwise specifically provided, for the purposes, use, and benefit of the budget unit as authorized by law. Restricted Funds receipts shall be credited and allotted to the respective fund or account out of which a specified appropriation is made in this Act. All receipts of Restricted Funds shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

The sources of Federal Funds appropriations in this Act shall include federal subventions, grants, contracts, or other Federal Funds received, income from investments, other miscellaneous federal receipts received by a budget unit, and the Unemployment Compensation Fund, except as otherwise provided, for the purposes, use, and benefit of the budget unit as authorized by law. Federal Funds receipts shall be credited and allotted to the respective fund account out of which a specified appropriation is made in this Act. All Federal Funds receipts shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

**2. Expenditure of Excess Federal Funds Receipts:** If receipts received or credited to the Federal Funds accounts of a budget unit during fiscal year 2022-2023 or fiscal year 2023-2024, and any balance forwarded to the credit of these same accounts from the previous fiscal year, exceed the appropriation made by a specific sum for these accounts of the budget unit as provided in Part I, Operating Budget, of this Act, for the fiscal year in which the excess occurs, the excess funds in the accounts of the budget unit shall become available for expenditure for the purpose of the account during the fiscal year only upon compliance with the conditions and procedures specified in KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.730, and 48.800, and with the authorization of the State Budget Director and approval of the Secretary of the Finance and Administration Cabinet.

Any request made by a budget unit pursuant to KRS 48.630 that relates to Federal Funds shall include documentation showing a comparative statement of revised estimated receipts by fund source and the proposed expenditures by proposed use, with the appropriated sums specified in the Budget of the Commonwealth, and statements which explain the cause, source, and use for any variances which may exist.

Each budget unit shall submit its reports in print and electronic format consistent with the Federal Funds records contained in the fiscal biennium 2022-2024 Branch Budget Request Manual and according to the following schedule in each fiscal year: (a) on or before the beginning of each fiscal year; (b) on or before October 1; (c) on or before January 1; and (d) on or before April 1.

Notwithstanding KRS 48.630, no unbudgeted Restricted Funds shall be allotted or expended without the express authority of the General Assembly, with the exceptions of the Public Service Commission, institutions of higher education, workers' compensation payments paid by the Personnel Cabinet, and KRS 150.255 trust and agency stream and wetland mitigation funds.

**3. Interim Appropriation Increases:** No appropriation from any fund source shall exceed the sum specified in this Act until the agency has documented the necessity, purpose, use, and source, and the documentation has been submitted to the Interim Joint Committee on Appropriations and Revenue for its review and action in accordance with KRS 48.630 and Section 2. of this Part. Proposed revisions to an appropriation contained in the enacted Executive Budget or allotment of an unbudgeted appropriation shall conform to the conditions and procedures of KRS 48.630 and this Act.

Notwithstanding KRS 48.630(3), (4), and (5), any proposed and recommended actions to increase appropriations for funds specified in Section 2. of this Part shall be scheduled consistent with the timetable contained in that section in order to provide continuous and timely budget information.

**4. Revision of Appropriation Allotments:** Allotments within appropriated sums for the activities and purposes contained in the enacted Executive Budget shall conform to KRS 48.610 and may be revised pursuant to KRS 48.605 and this Act.

**5. Permitted Appropriation Obligations:** No state agency, cabinet, department, office, or program shall incur any obligation against the General Fund or Road Fund appropriations contained in this Act unless the obligation may be reasonably determined to have been contemplated in the enacted budget and is based upon supporting documentation considered by the General Assembly and legislative and executive records.

**6. Lapse of General Fund or Road Fund Appropriations Supplanted by Federal Funds:** Any General Fund or Road Fund appropriation made in anticipation of a lack, loss, or reduction of Federal Funds shall lapse to the General Fund or Road Fund Surplus Account, respectively, to the extent the Federal Funds otherwise become available.

**7. Federally Funded Agencies:** A state agency entitled to Federal Funds, which would represent 100 percent of the cost of a program, shall conform to KRS 48.730.

**8. Lapse of General Fund or Road Fund Excess Debt Service Appropriations:** Pursuant to KRS 48.720, any excess General Fund or Road Fund debt service shall lapse to the respective surplus account unless otherwise directed in this Act.

**9. Statutes in Conflict:** All statutes and portions of statutes in conflict with any of the provisions of this Act, to the extent of the conflict, are suspended unless otherwise provided by this Act.

**10. Interpretation of Appropriations:** Notwithstanding KRS 48.500, all questions that arise in interpreting this Act and the Transportation Cabinet budget shall be decided by the Attorney General, and the decision of the Attorney General shall be final and conclusive.



**11. Publication of the Budget of the Commonwealth:** The State Budget Director shall cause the Governor's Office for Policy and Management, within 60 days of adjournment of the 2022 Regular Session of the General Assembly, to publish a final enacted budget document, styled the Budget of the Commonwealth, based upon the Legislative Budget, Executive Budget, Transportation Cabinet Budget, and Judicial Budget as enacted by the 2022 Regular Session, as well as other Acts which contain appropriation provisions for the 2022-2024 fiscal biennium, and based upon supporting documentation and legislative records as considered by the 2022 Regular Session. This document shall include, for each agency and budget unit, a consolidated budget summary statement of available regular and continuing appropriated revenue by fund source, corresponding appropriation allocations by program or subprogram as appropriate, budget expenditures by principal budget class, and any other fiscal data and commentary considered necessary for budget execution by the Governor's Office for Policy and Management and oversight by the Interim Joint Committee on Appropriations and Revenue. The enacted Executive Budget and Transportation Cabinet Budget shall be revised or adjusted only upon approval by the Governor's Office for Policy and Management as provided in each Part of this Act and by KRS 48.400 to 48.810, and upon review and approval by the Interim Joint Committee on Appropriations and Revenue.

**12. State Financial Condition:** Pursuant to KRS 48.400, the State Budget Director shall monitor and report on the financial condition of the Commonwealth.

**13. Prorating Administrative Costs:** The Secretary of the Finance and Administration Cabinet is authorized to establish a system or formula or a combination of both for prorating the administrative costs of the Finance and Administration Cabinet, the Department of the Treasury, and the Office of the Attorney General relative to the administration of programs in which there is joint participation by the state and federal governments for the purpose of receiving the maximum amount of participation permitted under the appropriate federal laws and regulations governing the programs. The receipts and allotments under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue prior to any transfer of funds.

**14. Construction of Budget Provisions Regarding Executive Reorganization Orders:** Nothing in this Act shall be construed to confirm or ratify, under KRS 12.028, any executive reorganization order unless the executive order was confirmed or ratified by appropriate amendment to the Kentucky Revised Statutes in another Act of the 2022 Regular Session of the General Assembly.

**15. Budget Planning Report:** By August 15, 2023, the State Budget Director, in conjunction with the Consensus Forecasting Group, shall provide to each branch of government, pursuant to KRS 48.120, a budget planning report.

**16. Tax Expenditure Revenue Loss Estimates:** By October 15, 2023, the Office of State Budget Director shall provide to each branch of government detailed estimates for the General Fund and Road Fund for the current and next two fiscal years of the revenue loss resulting from tax expenditures. The Department of Revenue shall provide assistance and furnish data, which is not restricted by KRS 131.190. "Tax expenditure" as used in this section means an exemption, exclusion, or deduction from the base of a tax, a credit against the tax, a deferral of a tax, or a preferential tax rate. The estimates shall include for each tax expenditure the amount of revenue loss, a citation of the legal authority for the tax expenditure, the year in which it was enacted, and the tax year in which it became effective.

**17. Duplicate Appropriations:** Any appropriation item and sum in Parts I to X of this Act and in an appropriation provision in any Act of the 2022 Regular Session which constitutes a duplicate appropriation shall be governed by KRS 48.312.

**18. Priority of Individual Appropriations:** KRS 48.313 shall control when a total or subtotal figure in this Act conflicts with the sum of the appropriations of which it consists.

**19. Severability of Budget Provisions:** Appropriation items and sums in Parts I to X of this Act shall conform to KRS 48.311. If any section, any subsection, or any provision is found by a court of competent jurisdiction in a final, unappealable order to be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

**20. Unclaimed Lottery Prize Money:** For fiscal year 2022-2023 and fiscal year 2023-2024, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a subsidiary account within the Finance and Administration Cabinet for the purpose of funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education Assistance Authority certifies to the State Budget Director that the appropriations in this Act for the KEES Program under the existing award schedule are insufficient to meet funds required for eligible applicants, then the State Budget Director shall provide the necessary allotment of funds in the balance of the KEES Reserve Account to fund the KEES Program.

Actions taken under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue on a timely basis.

**21. Workers' Compensation:** Notwithstanding KRS 342.340(1) and 803 KAR 25:021, Section 4, the Personnel Cabinet shall be exempt from procuring excess risk insurance in fiscal year 2022-2023 and fiscal year 2023-2024 for the Workers' Compensation Benefits and Reserve Program administered by the Cabinet.

**22. Carry Forward and Undesignated General Fund and Road Fund Carry Forward:** Notwithstanding KRS 48.700 and 48.705, and other Parts of this Act, the Secretary of the Finance and Administration Cabinet shall determine and certify, within 30 days of the close of fiscal year 2021-2022 and fiscal year 2022-2023, the actual amount of undesignated balance of the General Fund and the Road Fund for the year just ended. The amounts from the undesignated fiscal year 2021-2022 and fiscal year 2022-2023 General Fund and Road Fund balances that are designated and carried forward for budgeted purposes in the 2022-2024 fiscal biennium shall be determined by the State Budget Director during the close of the respective fiscal year and shall be reported to the Interim Joint Committee on Appropriations and Revenue within 30 days of the close of the fiscal year. Any General Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the General Fund Surplus Expenditure Plan contained in Part VII of this Act unless otherwise provided in this Act. The Road Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the Road Fund Surplus Expenditure Plan contained in Part IX of this Act unless otherwise provided in this Act.

**23. Reallocation of Appropriations Among Budget Units:** Notwithstanding any statute to the contrary, or provisions of this Act, the Secretary of a Cabinet, the Commissioner of the Department of Education, and other agency heads may request a reallocation among budget units under his or her administrative authority up to ten percent of General Fund appropriations contained in Part I, Operating Budget, of this Act for fiscal years 2021-2022, 2022-2023, and 2023-2024 for approval by the State Budget Director. A request shall explain the need and use for the transfer authority under this section. The amount of transfer of General Fund appropriations shall be separately recorded and reported in the system of financial accounts and reports provided in KRS Chapter 45. The State Budget Director shall report a transfer made under this section, in writing, to the Interim Joint Committee on Appropriations and Revenue.

**24. Local School District Expenditure Flexibility:** Notwithstanding KRS 160.470(6) or any statute to the contrary, during fiscal year 2022-2023 and fiscal year 2023-2024, local school districts may adopt and the Kentucky Board of Education may approve a working budget that includes a minimum reserve of less than two percent of the total budget. The Kentucky Department of Education shall monitor the financial position of any district that receives approval for a working budget with a reserve of less than two percent and shall provide a financial report for those districts at each meeting of the Kentucky Board of Education.

**25. Appropriations Expenditure Purpose and Transfer Restrictions:** Funds appropriated in this Act shall not be expended for any purpose not specifically authorized by the General Assembly in this Act nor shall funds appropriated in this Act be transferred to or between any cabinet, department, board, commission, institution, agency, or budget unit of state government unless specifically authorized by the General Assembly in this Act and KRS 48.400 to 48.810. Compliance with the provisions of this section shall be reviewed and determined by the Interim Joint Committee on Appropriations and Revenue.

**26. Budget Implementation:** The General Assembly directs that the Executive Branch shall carry out all appropriations and budgetary language provisions as contained in the State/Executive Budget. The Legislative Research Commission shall review quarterly expenditure data to determine if an agency is out of compliance with this directive. If the Legislative Research Commission suspects that any entity has acted in non-conformity with this section, the Legislative Research Commission may order an audit or review at the agency's expense. Such audit findings, reviews, and reports shall be subject to the Kentucky Open Records Law.

**27. Information Technology:** All authorized computer information technology projects shall submit a semiannual progress report to the Capital Projects and Bond Oversight Committee. The reporting process shall begin six months after the project is authorized and shall continue through completion of the project. The initial report shall establish a timeline for completion and cash disbursement schedule. Each subsequent report shall update the timeline and budgetary status of the project and explain in detail any issues with completion date and funding.

**28. Equipment Service Contracts and Energy Efficiency Measures:** The General Assembly mandates that the Finance and Administration Cabinet review all equipment service contracts to maximize savings to the Commonwealth to strictly adhere to the provisions of KRS 56.772, 56.782, and 56.784 in maximizing the use of energy efficiency measures.

**29. Debt Restructuring:** Notwithstanding any other provision of the Kentucky Revised Statutes, no General Fund or Road Fund debt restructuring transactions shall be undertaken during the 2022-2024 fiscal biennium.

**30. Effects of Subsequent Legislation:** If any measure enacted during the 2022 Regular Session of the General Assembly subsequent to this Act contains an appropriation or is projected to increase or decrease General Fund revenues, the amount in the Budget Reserve Trust Fund shall be revised to accommodate the appropriation or the reduction or increase in projected revenues. Notwithstanding any provision of KRS 48.120(4) and (5) to the contrary, the official enacted revenue estimates of the Commonwealth described in KRS 48.120(5) shall be adjusted at the conclusion of the 2022 Regular Session of the General Assembly, respectively, to incorporate any projected revenue increases or decreases that will occur as a result of actions taken by the General Assembly subsequent to the passage of this Act by both chambers.

**31. Permitted Use of Water and Sewer Bond Funds:** Notwithstanding Part II, (3) of this Act and any statute to the contrary, any balances remaining for either closed or open project grant agreements authorized pursuant to bond pools set forth in 2003 Ky. Acts ch. 156, Part II, A., 3., d. Water and Sewer Resources Development Fund for Tobacco Counties and e. Water and Sewer Resources Development Fund For Coal Producing Counties; 2005 Ky. Acts ch. 173, Part II, A., 3., 003. Infrastructure for Economic Development Fund for Coal-Producing Counties and 004. Infrastructure for Economic Development Fund for Tobacco Counties; 2006 Ky. Acts ch. 252, Part II, A., 2., 003. Infrastructure for Economic Development Fund for Non-Coal Producing Counties and 004. Infrastructure for Economic Development Fund for Coal-Producing Counties; 2008 Ky. Acts ch. 123, Section 3., 004. Infrastructure for Economic Development Fund for Coal-Producing Counties and 005. Infrastructure for Economic Development Fund for Non-Coal Producing Counties; and 2008 Ky. Acts ch. 174, Section 2.; and 2009 Ky. Acts ch. 87, Section 2. shall not lapse and shall remain to the credit of projects previously authorized by the General Assembly unless expressly reauthorized and reallocated by action of the General Assembly.

**32. Jailer Canteen Accounts:** Notwithstanding KRS 67.0802(6)(a), any compensation resulting from the disposal of real or personal property that was purchased from a canteen account under KRS 441.135 shall be returned to the canteen account from which the real or personal property was originally purchased. All proceeds resulting from the disposal of real or personal property purchased from a canteen account shall be reported to the Interim Joint Committee on Appropriations and Revenue by December 1 of each fiscal year.

**33. COVID-19 Federal Funds:** No Federal Funds received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act or any other Federal Funds related to the COVID-19 emergency response shall be used to establish any new programs unless those new programs can be fully supported from existing appropriation amounts once all of the Federal Funds have been expended. No new positions shall be established unless those new positions are established as federally funded time-limited positions. The Office of State Budget Director shall submit a report to the Interim Joint Committee on Appropriations and Revenue by December 1 of each fiscal year on the expenditure of all Federal Funds and associated matching funds related to the COVID-19 emergency response.

**34. Approval of State Aircraft Travel:** Notwithstanding KRS 44.060, 45.101, 174.508, and any other statute or administrative regulation to the contrary, the use of state aircraft by any secretary of any Executive Branch cabinet for out-of-state travel shall be approved by the State Treasurer. The State Treasurer shall only approve requests which document that the use of state aircraft is the lowest cost option as measured by both travel costs and travel time. The State Treasurer shall not designate approval authority for out-of-state travel on state aircraft by Executive Branch cabinet secretaries to any other person. Any requests and documentation regarding the use of state aircraft collected by the State Treasurer shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884.

**35. Employee Layoffs, Furloughs, and Reduced Hours:** Notwithstanding any statute to the contrary, the following process and procedure is established for July 1, 2022, through June 30, 2024, in the event that the Commonwealth or any agency determines that it is desirable for the Executive Branch to layoff, furlough, or reduce hours of employees:

(1) For the purposes of this section:

(a) "Appointing authority" means the agency head or any person whom he or she has authorized by law to designate to act on behalf of the agency with respect to employee appointments, position establishments, payroll documents, register requests, waiver requests, requests for certification, or other position actions;

(b) "Secretary" means the Secretary of the Personnel Cabinet as provided for in KRS 18A.015;

(c) "Furlough" or "reduction in hours" means the temporary reduction of hours an employee is scheduled to work by the appointing authority within a pay period;

(d) "Layoff" means discharge of employment subject to the rights contained in this section; and

(e) "Employees" includes all persons employed by the Executive Branch, including but not limited to employees of KRS Chapter 18A, KRS Chapter 16, KRS Chapter 156, the Kentucky Teachers' Retirement System, the Kentucky Higher Education Student Loan Corporation, the Kentucky Housing Corporation, and the Kentucky Lottery Corporation;

(2) An appointing authority has the authority to layoff or furlough employees or reduce hours of employment for any of the following reasons:

- (a) Lack of funds or budgetary constraints;
- (b) A reduction in the agency's spending authorization;
- (c) Lack of work;
- (d) Abolishment of a position; or
- (e) Other material change in duties or organization;

(3) The appointing authority shall determine the job classifications affected and the number of employees laid-off in each classification and each county to which a layoff applies. In the same department or office, county, and job classification, interim and probationary employees shall be laid-off before any full-time or part-time employees with status are laid-off. For purposes of layoff, "probationary employee" does not include an employee with status serving a promotional probation;

(4) The Secretary shall approve all actions taken under subsection (2) of this section and no such layoff, furlough, or reduction of hours may begin until such approval has been granted. The appointing authority with the approval of the Secretary has the authority to determine the extent, effective dates, and length of any action taken under subsection (2) of this section;

(5) In determining the employees to be laid-off, the appointing authority shall consider all employees under the same appointing authority, within the job classification affected, and within the county affected. Consideration shall be given to the following relevant factors:

- (a) Job performance evaluations;
- (b) Seniority;
- (c) Education, training, and experience; and
- (d) Disciplinary record;

(6) Any employee whose position is subject to layoff, furlough, or reduction of hours shall be provided written notice containing the reason for the action as set forth in subsection (2) of this section at least 15 days in advance of the effective date of the action;

(7) Any employee with status who is laid-off shall be eligible to apply as a reemployment applicant for positions with the same job classification from which he or she was laid-off, in the cabinet from which he or she was laid-off. For a period of two years, a reemployment applicant shall be hired before any applicant except another reemployment applicant with greater seniority who is on the same register. A reemployment applicant shall not be removed from any register except as provided by KRS 18A.032. When a reemployment applicant is removed from a register, he or she shall be notified in writing. A reemployment applicant who accepts any classified position, or who retires through the Kentucky Retirement Systems or Kentucky Teachers' Retirement System, shall cease to have eligibility rights as a reemployment applicant;

(8) With the approval of the Secretary, the Personnel Cabinet may place employees subject to a reduction in force;

(9) Furloughs or reduction of hours during a pay period shall not result in the loss of eligibility for any benefit otherwise due the employee;

(10) The Secretary shall have the authority to promulgate comprehensive administrative regulations governing this section; and

(11) A layoff, furlough, or reduction of hours implemented in accordance with this section shall not be considered a penalization of the employee for the purposes of KRS Chapters 16, 18A, and 156, and shall be appealable to the State Personnel Board, the Kentucky Technical Education Personnel Board, the Department of Kentucky State Police Personnel Board, or other applicable administrative body.

**36. Lapse of General Fund or Road Fund Appropriations Supplanted by Pandemic Relief Funds:** Notwithstanding KRS 45.229, any General Fund appropriations that become available due to supplantation of Federal Funds related to COVID-19 emergency response or pandemic relief shall lapse to the Budget Reserve Trust Fund Account (KRS 48.705). Any Road Fund appropriations that become available due to supplantation of Federal Funds related to the COVID-19 emergency response or pandemic relief shall lapse to the Emergency Disaster Relief Account.

**37. Executive Orders:** For the purpose of ensuring transparent government, the Governor shall provide a comprehensive report to the Legislative Research Commission simultaneously with each and every executive order issued. The comprehensive report shall contain the following items:

- (1) A complete statement of each essential fact upon which the order is based;
- (2) A complete statement of each goal sought through issuance of the order;
- (3) A comprehensive analysis explaining how the executive order achieves each stated goal with the least burden placed upon the constitutional rights of the citizens of the Commonwealth of Kentucky and how each stated goal is accomplished with the most efficient use of tax payer money;
- (4) A detailed estimate of the anticipated expenditures of all state funds and all state employee time required for implementation or enforcement itemized in the smallest categories reasonably identifiable and stated in weekly increments; and
- (5) A detailed statement of all state funds and all state employee time actually expended for implementation or enforcement of each and every prior executive order upon the same issue or event, or substantially similar issue or event itemized in the smallest categories reasonably identifiable and stated in weekly increments.

Each comprehensive report shall be updated every 30 days subsequent to issuance of an executive order and shall be provided to the Legislative Research Commission.

Notwithstanding any statute to the contrary, except as provided in this Act, no state funds or state employee time shall be expended by any person or agency to implement or enforce any executive order issued other than as authorized by KRS Chapter 39A through 39F, as amended by 2021 Regular Session SB 1 and further amended by subsequent acts of the 2021 General Assembly, or other than as may be implemented or enforced for a total sum not exceeding \$10,000, inclusive of all state employee time and costs, or other than as may relate to an emergency order issued relative to a natural disaster, or other than as may be approved by the General Assembly.

**38. Federal Acts:** Notwithstanding KRS 48.630, Section 2. of this Part, and any statute to the contrary, the state portion of the Coronavirus State and Local Fiscal Recovery Fund and the Coronavirus Capital Projects Fund of the American Rescue Plan Act of 2021 shall not be expended or appropriated without the express authority of the General Assembly.

**39. Pandemic Relief Funds:** No Federal Funds received related to COVID-19 emergency response or pandemic relief shall be used to establish any new programs unless those new programs can be fully supported from existing appropriation amounts once all of the Federal Funds have been expended. No new positions shall be established unless those new positions are established as federally funded time-limited positions. The Office of State Budget Director shall prepare a monthly report for all federal pandemic relief funds. The report shall include, at a minimum, the federal grant program name, the recipient, the purpose of the funding, the total award amount, monthly detail of actual expenditures by object code, and the fund source and amounts of any state funds that have been supplanted. The report shall be submitted to the Legislative Research Commission, Office of Budget Review, by the 15th of each month during the 2022-2024 fiscal biennium.

**40. Fiscal Year 2023-2024 Funds Expenditure Restriction:** Except in the case of a declared emergency, the Governor, all agency heads, and all other constitutional officers shall not expend or encumber in the aggregate more than 55 percent of the funds appropriated by this Act during the first half of fiscal year 2023-2024.

**41. Electronic Access to Budget Information:** In accordance with KRS 48.950, the State Budget Director shall continue to work cooperatively with the Legislative Research Commission to provide relevant budgetary information in a timely manner. To ensure that this information is transmitted in its most useful format, the State Budget Director shall provide electronic versions of all documents requested by the Legislative Research Commission in an editable format in order for documents to be manipulated without the use of specialized software. Electronic access shall also include the ability to access and view, but not edit, documents contained in KBUD and all related or successor budgetary systems of record.

**42. Critical Shortage - Return to Work:** (1) Notwithstanding any provision of 2022 RS SB 25, sec. 13, Ky. Acts ch. 4, sec. 13, and notwithstanding any provision of KRS 161.605 or 161.612 to the contrary, for the time period occurring on or after the effective date of this Act and until June 30, 2024, the following shall apply to retirees who retired from the Teachers' Retirement System, and who subsequently return to employment for a local board of education in a full-time or part-time certified or classified position, or in a position providing substitute certified or classified services:

(a) The separation of service required shall be a bona fide separation of at least one month for retirees returning to work in a full-time, part-time, or substitute certified or classified position with a local board of education. The system shall not be able to extend the break in employment as provided by this paragraph unless an extension is needed due to a conflict with federal law as described in subsection (4) of this section;

(b) The critical shortage program limitations on the number of retirees reemployed under the program by a local school district as provided by KRS 161.605(8)(a) shall be increased to a maximum number of 10 percent of the total active members employed by the local school district on a full-time basis as defined under KRS 161.220(21); and

(c) Other than the temporary adjustments provided in this subsection, all other provisions of KRS 161.220 to 161.716 and 161.990 shall apply.

(2) The provisions of subsection (1) of this section shall expire on June 30, 2024. Upon expiration of these temporary provisions, any future reemployment or ongoing reemployment of retirees subject to the provisions of subsection (1) of this section shall, for such future or ongoing reemployment occurring after June 30, 2024, be subject to KRS 161.605, including the existing limitations on the critical shortage program, except that a retiree who is reemployed according to the provisions of subsection (1) of this section shall not be required to observe any additional separation of service beyond the one month specified by subsection (1)(a) of this section if he or she remains employed or is reemployed on or after June 30, 2024.

(3) Additional costs incurred to school districts under this section for the hiring of critical shortage teachers to meet the educational challenges of the COVID-19 pandemic are deemed a qualified expense by the General Assembly for purposes of utilizing federal pandemic funds and shall be authorized for use by school districts for this purpose unless in conflict with federal law.

(4) Any provision of subsection (1) and (2) of this section in conflict with federal law as determined by the system shall be void. The school districts shall be notified of any provision in conflict that is voided.

#### **PART IV**

#### **STATE SALARY/COMPENSATION, BENEFIT, AND EMPLOYMENT POLICY**

**1. Authorized Personnel Complement:** On July 1, 2022, and July 1, 2023, the Personnel Cabinet and the Office of State Budget Director shall establish a record for each budget unit of authorized permanent full-time and other positions based upon the enacted Executive Budget of the Commonwealth and any adjustments authorized by provisions in this Act. The total number of filled permanent full-time and all other positions shall not exceed the authorized complements pursuant to this section. An agency head may request an increase in the number of authorized positions to the State Budget Director. Upon approval of the State Budget Director, the Secretary of the Personnel Cabinet may authorize the employment of individuals in addition to the authorized complement. A report of the actions authorized in this section shall be provided to the Legislative Research Commission on a monthly basis.

**2. Salary Increment:** (1) Notwithstanding KRS 18A.355, relating to anniversary date, and notwithstanding KRS 156.808(6)(e) and 163.032(1), an eight percent salary increase is provided, effective July 1, 2022, on the base salary or wages of each eligible state employee not referenced in subsection (2) of this section.

(2) Notwithstanding KRS 18A.355, relating to anniversary date, and notwithstanding KRS 156.808(6)(e) and 163.032(1), an increment of \$2,400 is provided, effective May 1, 2022, followed by an eight percent salary increase effective July 1, 2022, on the base salary or wages of each of the following classifications:

- (a) Case Management Specialist I, II, and III;
- (b) Family Services Office Supervisor;
- (c) Family Support Specialist I, II, and III;
- (d) Field Services Supervisor;

- (e) Public Assistance Program Specialist;
- (f) Service Region Administrator;
- (g) Service Region Administrator Associate;
- (h) Service Region Clinical Associate;
- (i) Social Services Aide I and II;
- (j) Social Services Clinician I and II;
- (k) Social Services Specialist; and
- (l) Social Services Worker I and II.

(3) Notwithstanding KRS 18A.355 and 156.808(6)(e) and (12), no increment is provided on the base salary or wages of each eligible employee in fiscal year 2023-2024.

(4) It is the intent of the General Assembly to provide a salary increment in fiscal year 2023-2024, subject to the completion of the classification and compensation report required under Part I, I., (1) of this Act.

**3. Employee Cross-Reference:** The Personnel Cabinet may permit married couples who are both eligible to participate in the state health insurance plan to be covered under one family health benefit plan.

**4. Full-Time Positions:** Notwithstanding KRS 18A.005(18)(a), full-time positions in the state parks, where the work assigned is dependent upon fluctuation in tourism, may be assigned work hours from 25 hours per week and remain in full-time positions.

**5. Employer Retirement Contribution Rates:** Notwithstanding KRS 61.565 and 61.702, the employer contribution rates for Kentucky Employees Retirement System from July 1, 2022, through June 30, 2024, and except as otherwise provided in this Act, shall be 31.82 percent, consisting of 31.82 percent for pension for hazardous duty employees; for the same period, the employer contribution for employees of the State Police Retirement System shall be 99.43 percent, consisting of 85.32 percent for pension and 14.11 percent for health insurance. Notwithstanding any other provision of this Act or KRS 61.565 or 61.702 to the contrary, the initial actuarially accrued liability employer contribution rate from July 1, 2022, through June 30, 2024, for nonhazardous employees in the Executive Branch departments shall be determined by the State Budget Director by May 1, 2022. The employer contribution rate shall include the normal cost contribution of 9.97 percent and be sufficient to adhere to the prorated amount of the actuarially accrued liability to each individual nonhazardous employer as determined by the Kentucky Employees Retirement System. The rates in this section apply to wages and salaries earned for work performed during the described period regardless of when the employee is paid for the time worked.

**6. Health Care Spending Account:** Notwithstanding KRS 18A.2254(2)(a) and (b), if a public employee waives coverage provided by his or her employer under the Public Employee Health Insurance Program, the employer shall forward a monthly amount to be determined by the Secretary of the Personnel Cabinet for that employee as an employer contribution to a health reimbursement account or a health flexible spending account, but not less than \$175 per month, subject to any conditions or limitations imposed by the Secretary of the Personnel Cabinet to comply with applicable federal law. The administrative fees associated with a health reimbursement account or health flexible spending account shall be an authorized expense to be charged to the Public Employee Health Insurance Trust Fund.

**7. State Group Health Insurance Plan - Transfer Between Plan Years:** Notwithstanding KRS 18A.2254, the Secretary of the Finance and Administration Cabinet and the Secretary of the Personnel Cabinet are authorized to use the excess funds from any prior plan year to satisfy claims or expenses in Plan Year 2021, Plan Year 2022, Plan Year 2023, and Plan Year 2024.

**8. State Group Health Insurance Plan – Plan Year Closure:** Notwithstanding KRS 18A.2254, Plan Years 2016, 2017, 2018, and 2019 shall be considered closed as of June 30, 2022, and all balances from those Plan Years shall be transferred to Plan Year 2020. All other income and expenses attributable to the closed Plan Years shall be deposited in or charged to the Plan Year 2020 account after that date.

**9. Deferred Payroll:** Included in the fiscal year 2021-2022 appropriations in Part I of this Act are sufficient funds to issue the state payroll that had previously been deferred.

**10. Full-Time Work Schedules:** In an effort to attract, develop, motivate, and retain a talented, diverse workforce, while achieving government efficiency and quality services to the public, the Secretary of the Personnel Cabinet is directed to collaborate with the State Budget Director to prepare a report detailing an overall plan,

including total cost, for converting Executive Branch employees who currently work 37.5 hour work weeks to 40 hour work weeks. The report shall be submitted to the Interim Joint Committee on Appropriations and Revenue by September 15, 2022.

**PART V  
FUNDS TRANSFER**

The General Assembly finds that the financial condition of state government requires the following action.

Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2022-2023 and fiscal year 2023-2024:

	<b>2022-23</b>	<b>2023-24</b>
<b>A. ENERGY AND ENVIRONMENT CABINET</b>		
<b>1. Secretary</b>		
Kentucky Pride Trust Fund (KRS 224.43-505(2)(a)3.)	2,006,300	2,006,300
Notwithstanding KRS 224.43-505(2)(a)3., these funds transfers to the General Fund support the General Fund debt service on the bonds sold as appropriated by 2003 Ky. Acts ch. 156, Part II, A., 3., c..		
<b>B. JUSTICE AND PUBLIC SAFETY CABINET</b>		
<b>1. Criminal Justice Training</b>		
Agency Revenue Fund (KRS 15.430 and 136.392(2))	1,028,500	2,057,000
Notwithstanding KRS 15.430 and 136.392(2), these funds transfers to the General Fund support the General Fund debt service for the capital project in Part II, H., 2., 002. of this Act.		
<b>TOTAL - FUNDS TRANSFER</b>	<b>3,034,800</b>	<b>4,063,300</b>

**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 revenue shortfall in General Fund revenue receipts, excluding Tobacco Settlement – Phase I receipts, of \$13,756,600,000 in fiscal year 2021-2022, \$13,887,000,000 in fiscal year 2022-2023, and \$13,865,300,000 in fiscal year 2023-2024, as modified pursuant to Part III, 31. of this Act and by related Acts and actions of the General Assembly in any subsequent extraordinary or regular session. Notwithstanding KRS 48.130, direct services, obligations essential to the minimum level of constitutional functions, and other items that may be specified in this Act, are exempt from the requirements of this Plan. Each branch head shall prepare a specific plan to address the proportionate share of the General Fund revenue shortfall applicable to the respective branch. No budget revision action shall be taken by a branch head in excess of the actual or projected revenue shortfall.

The Governor, the Secretary of State, the Attorney General, the Treasurer, the Commissioner of Agriculture, the Auditor of Public Accounts, the Chief Justice, and the Legislative Research Commission shall direct and implement reductions in allotments and appropriations only for their respective branch budget units as may be necessary, as well as take other measures which shall be consistent with the provisions of this Part and biennial branch budget bills.

Pursuant to KRS 48.130(4), in the event of a revenue shortfall of five percent or less, the following General Fund budget reduction actions shall be implemented:

- (1) The Local Government Economic Assistance and the Local Government Economic Development Funds shall be adjusted by the Secretary of the Finance and Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as modified by the provisions of this Act;
- (2) Transfers of excess unappropriated Restricted Funds, notwithstanding any statutes to the contrary, other than fiduciary funds, to the General Fund shall be applied as determined by the head of each branch for its respective budget units. No transfers to the General Fund shall be made from the following:



- (a) Local Government Economic Assistance and Local Government Economic Development Funds;
- (b) Unexpended debt service from the Tobacco-Settlement Phase I Funds, including but not limited to unexpended debt service and the Tobacco Unbudgeted Interest Income-Rural Development Trust Fund, in either fiscal year; and
- (c) The Kentucky Permanent Pension Fund;
- (3) Unexpended debt service;
- (4) Any unanticipated Phase I Master Settlement Agreement revenues in both fiscal years shall be appropriated according to Part X of this Act and shall not be transferred to the General Fund;
- (5) Use of the unappropriated balance of the General Fund surplus shall be applied;
- (6) Any language provision that expresses legislative intent regarding a specific appropriation shall not be reduced by a greater percentage than the reduction to the General Fund appropriation for that budget unit;
- (7) Contributions appropriated to pensions in excess of statutory requirements;
- (8) Contributions appropriated to pension insurance in excess of actuarially required contributions;
- (9) Reduce General Fund appropriations in Executive Branch agencies' operating budget units by a sufficient amount to balance either fiscal year. No reductions of General Fund appropriations shall be made from the Local Government Economic Assistance Fund or the Local Government Economic Development Fund;
- (10) Notwithstanding subsection (9) of this Part, no reductions shall be made to the Secretary of State, the Attorney General, the Treasurer, the Commissioner of Agriculture, or the Auditor of Public Accounts, or their offices, Commonwealth's Attorneys or their offices, or County Attorneys or their offices. The Governor may request their participation in a budget reduction; however, the level of participation shall be at the discretion of the Constitutional Officer or the Prosecutors Advisory Council, and shall not exceed the actual percentage of revenue shortfall;
- (11) Excess General Fund appropriations which accrue as a result of personnel vacancies and turnover, and reduced requirements for operating expenses, grants, and capital outlay shall be determined and applied by the heads of the executive, judicial, and legislative departments of state government for their respective branches. The branch heads shall certify the available amounts which shall be applied to budget units within the respective branches and shall promptly transmit the certification to the Secretary of the Finance and Administration Cabinet and the Legislative Research Commission. The Secretary of the Finance and Administration Cabinet shall execute the certified actions as transmitted by the branch heads.

Branch heads shall take care, by their respective actions, to protect, preserve, and advance the fundamental health, safety, legal and social welfare, and educational well-being of the citizens of the Commonwealth;

(12) Funds available in the Budget Reserve Trust Fund shall be applied in an amount not to exceed 50 percent of the Trust Fund balance in fiscal year 2021-2022, 25 percent in fiscal year 2022-2023, and 25 percent in fiscal year 2023-2024; and

(13) Pursuant to KRS 48.130 and 48.600, if the actions contained in subsections (1) to (12) of this Part are insufficient to eliminate an actual or projected General Fund revenue shortfall, then the Governor is empowered and directed to take necessary actions with respect to the Executive Branch budget units to balance the budget by such actions conforming with the criteria expressed in this Part.

## **PART VII**

### **GENERAL FUND SURPLUS EXPENDITURE PLAN**

(1) Notwithstanding KRS 48.130(7), 48.140(3), 48.700, and 48.705, there is established a plan for the expenditure of General Fund surplus moneys pursuant to a General Fund Surplus Expenditure Plan contained in this Part for fiscal years 2021-2022, 2022-2023, and 2023-2024. Pursuant to the enactment of the Surplus Expenditure Plan, General Fund moneys made available for the General Fund Surplus Expenditure Plan pursuant to Part III, General Provisions, Section 22. of this Act are appropriated to the following:

- (a) Authorized expenditures without a sum-specific appropriation amount, known as Necessary Government Expenses, including but not limited to Emergency Orders formally declared by the Governor in an Executive Order; and

- (b) The entire remaining amount to the Budget Reserve Trust Fund; and

(2) The Secretary of the Finance and Administration Cabinet shall determine, within 30 days after the close of each fiscal year, based on the official financial records of the Commonwealth, the amount of actual General Fund undesignated fund balance for the General Fund Surplus Account that may be available for expenditure pursuant to the Plan in fiscal year 2022-2023 and fiscal year 2023-2024. The Secretary of the Finance and Administration Cabinet shall certify the amount of actual General Fund undesignated fund balance available for expenditure to the Legislative Research Commission.

## PART VIII

### ROAD FUND BUDGET REDUCTION PLAN

There is established a Road Fund Budget Reduction Plan for fiscal years 2021-2022, 2022-2023, and 2023-2024. Notwithstanding KRS 48.130(1) and (3) relating to statutory appropriation adjustments related to the revenue sharing of motor fuels taxes, in the event of an actual or projected revenue shortfall in Road Fund revenue receipts of \$1,680,100,000 in fiscal year 2021-2022, \$1,722,100,000 in fiscal year 2022-2023, and \$1,678,900,000 in fiscal year 2023-2024, as modified by related Acts and actions of the General Assembly in an extraordinary or regular session, the Governor shall implement sufficient reductions as may be required to protect the highest possible level of service.

## PART IX

### ROAD FUND SURPLUS EXPENDITURE PLAN

Notwithstanding KRS 48.110, 48.140, and 48.710, there is established a plan for the expenditure of the Road Fund Surplus Account. All moneys in the Road Fund Surplus Account shall be appropriated to the State Construction Account within the Highways budget unit and utilized to support projects in the 2022-2024 Biennial Highway Construction Program.

## PART X

### PHASE I TOBACCO SETTLEMENT

(1) **General Purpose:** This Part prescribes the policy implementing aspects of the national settlement agreement between the tobacco industry and the collective states as described in KRS 248.701 to 248.727. In furtherance of that agreement, the General Assembly recognizes that the Commonwealth of Kentucky is a party to the Phase I Master Settlement Agreement (MSA) between the Participating Tobacco Manufacturers and 46 Settling States which provides reimbursement to states for smoking-related expenditures made over time.

(2) **State's MSA Share:** The Commonwealth's share of the MSA is equal to 1.7611586 percent of the total settlement amount. Payments under the MSA are made to the states annually in April of each year.

(3) **MSA Payment Amount Variables:** The total settlement amount to be distributed on each payment date is subject to change pursuant to several variables provided in the MSA, including inflation adjustments, volume adjustments, previously settled states adjustments, and the nonparticipating manufacturers adjustment.

(4) **Distinct Identity of MSA Payment Deposits:** The General Assembly has determined that it shall be the policy of the Commonwealth that all Phase I Tobacco Settlement payments shall be deposited to the credit of the General Fund and shall maintain a distinct identity as Phase I Tobacco Settlement payments that shall not lapse to the credit of the General Fund surplus but shall continue forward from each fiscal year to the next fiscal year to the extent that any balance is unexpended.

(5) **MSA Payment Estimates and Adjustments:** Based on the official estimates of the Consensus Forecasting Group, the amount of MSA payments expected to be received in fiscal year 2022-2023 is \$108,400,000 and in fiscal year 2023-2024 is \$102,200,000. It is recognized that payments to be received by the Commonwealth are estimated and are subject to change. If MSA payments received are less than the official estimates, appropriation reductions shall be applied as follows: after exempting appropriations for debt service, the Attorney General, and the Department of Revenue, 50 percent to the Agricultural Development Fund, 30 percent to the Early Childhood Development Fund, and 20 percent to the Health Care Improvement Fund. If MSA payments received exceed the official estimates, appropriation increases shall be applied as follows: after exempting appropriations for debt service, the Attorney General, and the Department of Revenue, 50 percent to the Agricultural Development Fund, 30 percent to the Early Childhood Development Fund, and 20 percent to the Health Care Improvement Fund.

a. **State Enforcement:** Notwithstanding KRS 248.654 and 248.703(4), a total of \$150,000 of the MSA payments in each fiscal year is appropriated to the Attorney General for the state's diligent enforcement of noncompliant nonparticipating manufacturers.

**b. State Enforcement:** Notwithstanding KRS 248.654 and 248.703(4), a total of \$250,000 of the MSA payments in each fiscal year is appropriated to the Finance and Administration Cabinet, Department of Revenue for the state's diligent enforcement of noncompliant nonparticipating manufacturers.

**c. Debt Service:** Notwithstanding KRS 248.654 and 248.703(4), \$25,268,800 in MSA payments in fiscal year 2022-2023 and \$23,666,200 in MSA payments in fiscal year 2023-2024 are appropriated to the Finance and Administration Cabinet, Debt Service budget unit.

**d. Agricultural Development Initiatives:** Notwithstanding KRS 248.654 and 248.703(4), \$45,118,600 in MSA payments in fiscal year 2022-2023 and \$45,112,000 in MSA payments in fiscal year 2023-2024 are appropriated to the Kentucky Agricultural Development Fund to be used for agricultural development initiatives as specified in this Part.

**e. Early Childhood Development Initiatives:** Notwithstanding KRS 248.654, \$25,400,000 in MSA payments in each fiscal year are appropriated to the Early Childhood Development Initiatives as specified in this Part.

**f. Health Care Initiatives:** Notwithstanding KRS 164.476, 248.654, and 304.17B-003(5), \$11,500,000 in MSA payments in each fiscal year are appropriated to the Health Care Improvement Fund for health care initiatives as specified in this Part.

**g. Unappropriated Funds:** An amount equal to \$2,379,300 of estimated MSA receipts shall remain unappropriated in fiscal year 2022-2023 for appropriation in fiscal year 2023-2024.

**A. STATE ENFORCEMENT**

**GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

Notwithstanding KRS 248.654 and 248.703(4), appropriations for state enforcement shall be as follows:

**1. GENERAL GOVERNMENT**

<b>Budget Unit</b>	<b>2022-23</b>	<b>2023-24</b>	
a. Attorney General		150,000	150,000

**2. FINANCE AND ADMINISTRATION CABINET**

<b>Budget Unit</b>	<b>2022-23</b>	<b>2023-24</b>	
a. Revenue		250,000	250,000

**B. DEBT SERVICE**

**GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

Notwithstanding KRS 248.654 and 248.703(4), appropriations for debt service shall be as follows:

**1. FINANCE AND ADMINISTRATION CABINET**

<b>Budget Unit</b>	<b>2022-23</b>	<b>2023-24</b>	
a. Debt Service		25,268,800	23,666,200

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

**(2) General Fund (Tobacco) Debt Service Lapse:** Notwithstanding Part X, (4) of this Act, \$1,666,700 in fiscal year 2022-2023 and \$1,498,900 in fiscal year 2023-2024 shall lapse to the General Fund.

**(3) Appropriation of Unexpended Tobacco Debt Service:** Any unexpended balance from the fiscal year 2022-2023 or fiscal year 2023-2024 General Fund (Tobacco) debt service appropriation in the Finance and Administration Cabinet, Debt Service budget unit, shall continue and be appropriated to the Department of Agriculture, Kentucky Office of Agricultural Policy.

**C. AGRICULTURAL DEVELOPMENT APPROPRIATIONS**

**GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

Notwithstanding KRS 248.654 and 248.703(4), appropriations for Agricultural Development shall be as follows:

**1. DEPARTMENT OF AGRICULTURE**

<b>Budget Unit</b>	<b>2022-23</b>	<b>2023-24</b>
a. Agriculture	41,718,600	41,712,000

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

(2) **Counties Account:** Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is \$14,478,000 in each fiscal year for the counties account as specified in KRS 248.703(1)(a).

(3) **State Account:** Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is \$26,140,600 in fiscal year 2022-2023 and \$26,134,000 in fiscal year 2023-2024 for the state account as specified in KRS 248.703(1)(b).

(4) **Farms to Food Banks:** Included in the above General Fund (Tobacco) appropriation is \$600,000 in each fiscal year to support the Farms to Food Banks Program. The use of the moneys provided by this appropriation shall be restricted to purchases of Kentucky-grown produce from Kentucky farmers who participate in the Farms to Food Banks Program.

(5) **Kentucky Rural Mental Health and Suicide Prevention Program:** Included in the above General Fund (Tobacco) appropriation is \$500,000 in each fiscal year to support the Kentucky Rural Mental Health and Suicide Prevention Program known as the Raising Hope Initiative. The Department for Behavioral Health, Developmental and Intellectual Disabilities shall coordinate with the Kentucky Department of Agriculture, the University of Kentucky Southeast Center for Agricultural Health and Injury Prevention, and other entities to enhance awareness of the National Suicide Prevention Lifeline (988) in rural communities in Kentucky and to improve access to information on mental health issues and available treatment services. The Department for Behavioral Health, Developmental and Intellectual Disabilities shall provide cultural competency training to staff to address the unique mental health challenges affecting the state’s rural communities. The Department for Behavioral Health, Developmental and Intellectual Disabilities shall also provide outreach, treatment, and other necessary services to improve the mental health outcomes of rural communities in Kentucky. The Department for Behavioral Health, Developmental and Intellectual Disabilities, in conjunction with the Kentucky Department of Agriculture and the University of Kentucky Southeast Center for Agricultural Health and Injury Prevention, shall apply for Federal Funds as provided by the Agriculture Improvement Act of 2018, 7 U.S.C. sec. 5936, to supplement the General Fund (Tobacco) appropriation provided above. The Department of Agriculture may utilize up to \$50,000 in each fiscal year for program administration purposes. The Department of Agriculture shall coordinate with the Raising Hope Initiative partners to take custody of and maintain any intellectual property assets that were created or developed by any state agency in connection with the Raising Hope Initiative.

**2. ENERGY AND ENVIRONMENT CABINET**

<b>Budget Unit</b>	<b>2022-23</b>	<b>2023-24</b>
a. Natural Resources	3,400,000	3,400,000

(1) **Environmental Stewardship Program:** Included in the above General Fund (Tobacco) appropriation is \$2,500,000 in each fiscal year for the Environmental Stewardship Program.

(2) **Conservation District Local Aid:** Included in the above General Fund (Tobacco) appropriation is \$900,000 in each fiscal year for the Division of Conservation to provide direct aid to local conservation districts.

TOTAL - AGRICULTURAL APPROPRIATIONS	45,118,600	45,112,000
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**D. EARLY CHILDHOOD DEVELOPMENT**

**GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

Notwithstanding KRS 248.654, appropriations for Early Childhood Development shall be as follows:

**1. EDUCATION AND WORKFORCE DEVELOPMENT CABINET**

<b>Budget Unit</b>	<b>2022-23</b>	<b>2023-24</b>
a. General Administration and Program Support	1,400,000	1,400,000

(1) **Early Childhood Development:** Included in the above General Fund (Tobacco) appropriation is \$1,400,000 in each fiscal year for the Early Childhood Advisory Council.

**2. CABINET FOR HEALTH AND FAMILY SERVICES**

<b>Budget Units</b>	<b>2022-23</b>	<b>2023-24</b>
a. Community Based Services	12,400,000	12,400,000

(1) **Early Childhood Development Program:** Included in the above General Fund (Tobacco) appropriation is \$9,900,000 in each fiscal year for the Early Childhood Development Program.

(2) **Early Childhood Adoption and Foster Care Supports:** Included in the above General Fund (Tobacco) appropriation is \$2,500,000 in each fiscal year for the Early Childhood Adoption and Foster Care Supports Program.

	<b>2022-23</b>	<b>2023-24</b>
b. Public Health	9,700,000	10,200,000

(1) **HANDS Program, Healthy Start, Early Childhood Mental Health, and Early Childhood Oral Health:** Included in the above General Fund (Tobacco) appropriation is \$7,000,000 in each fiscal year for the Health Access Nurturing Development Services (HANDS) Program, \$900,000 in each fiscal year for Healthy Start initiatives, \$900,000 in each fiscal year for Early Childhood Mental Health, \$900,000 in each fiscal year for Early Childhood Oral Health, and \$500,000 in each fiscal year for Lung Cancer Screening.

(2) **Folic Acid Program:** General Fund (Tobacco) continuing appropriation reserves allotted to the Folic Acid Program shall be utilized by the Department for Public Health in each fiscal year to continue the Folic Acid Program.

	<b>2022-23</b>	<b>2023-24</b>
c. Behavioral Health, Developmental and Intellectual Disabilities Services	1,400,000	1,400,000

(1) **Substance Abuse Prevention and Treatment:** Included in the above General Fund (Tobacco) appropriation is \$1,400,000 in each fiscal year for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems.

TOTAL - EARLY CHILDHOOD APPROPRIATIONS	25,400,000	25,400,000
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**E. HEALTH CARE IMPROVEMENT APPROPRIATIONS**

**GENERAL FUND - PHASE I TOBACCO SETTLEMENT FUNDS**

Notwithstanding KRS 164.476, 248.654 and 304.17B-003(5), appropriations for health care improvement shall be as follows:

**1. CABINET FOR HEALTH AND FAMILY SERVICES**

<b>Budget Unit</b>	<b>2022-23</b>	<b>2023-24</b>
a. Public Health	2,000,000	2,000,000

(1) **Smoking Cessation Program:** Included in the above General Fund (Tobacco) appropriation is \$2,000,000 in each fiscal year for Smoking Cessation.

**2. JUSTICE AND PUBLIC SAFETY CABINET**

<b>Budget Unit</b>	<b>2022-23</b>	<b>2023-24</b>
a. Justice Administration	3,250,000	3,250,000

(1) **Office of Drug Control Policy:** Included in the above General Fund (Tobacco) appropriation is \$3,000,000 in each fiscal year for the Office of Drug Control Policy.

(2) **Restorative Justice:** Included in the above General Fund (Tobacco) appropriation is \$250,000 in each fiscal year to support the Restorative Justice Program administered by the Volunteers of America.

**3. POSTSECONDARY EDUCATION**

<b>Budget Unit</b>	<b>2022-23</b>	<b>2023-24</b>
a. Council on Postsecondary Education	6,250,000	6,250,000
 (1) <b>Cancer Research and Screening:</b> Included in the above General Fund (Tobacco) appropriation is \$6,250,000 in each fiscal year for cancer research and screening. The appropriation in each fiscal year shall be equally shared between the University of Kentucky and the University of Louisville.		
TOTAL - HEALTH CARE	11,500,000	11,500,000
TOTAL - PHASE I TOBACCO SETTLEMENT FUNDING PROGRAM	107,687,400	106,078,300

**PART XI**

**STATE/EXECUTIVE BRANCH BUDGET SUMMARY**

**OPERATING BUDGET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund (Tobacco)		-0-	107,687,400
General Fund		845,571,600	13,090,615,100
Restricted Funds		48,597,100	12,224,963,900
Federal Funds		954,642,000	18,751,372,400
Road Fund		-0-	59,436,600
SUBTOTAL	1,848,810,700	44,234,075,400	46,100,815,900

**CAPITAL PROJECTS BUDGET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund		741,000	329,644,000
Restricted Funds		4,673,000	7,996,031,000
Federal Funds		-0-	578,131,000
Bond Funds	-0-	1,248,758,000	1,564,366,000
Agency Bonds		-0-	827,553,000
Investment Income	-0-	-0-	10,522,000
Other Funds	12,000,000	1,895,391,000	55,000,000
SUBTOTAL	17,414,000	12,875,508,000	2,131,312,000

**TOTAL - STATE/EXECUTIVE BUDGET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund (Tobacco)		-0-	107,687,400
General Fund		846,312,600	13,420,259,100
Restricted Funds		53,270,100	20,220,994,900
Federal Funds		954,642,000	19,329,503,400
Road Fund		-0-	59,436,600
Bond Funds	-0-	1,248,758,000	1,564,366,000

Agency Bonds		-0-	827,553,000	105,527,000
Investment Income	-0-		10,522,000	
Other Funds	12,000,000	1,895,391,000	55,000,000	
TOTAL FUNDS		1,866,224,700	57,109,583,400	48,232,127,900

**Vetoed in Part and Overridden in Part and Signed by Secretary of State April 13, 2022.**



COMMONWEALTH OF KENTUCKY  
OFFICE OF THE GOVERNOR

Andy Beshear  
GOVERNOR

Capitol Building, Suite 100  
700 Capitol Avenue  
Frankfort, KY 40601  
(502) 564-2611  
Fax: (502) 564-2517

**VETO MESSAGES FROM THE GOVERNOR OF THE**  
**COMMONWEALTH OF KENTUCKY**  
**REGARDING HOUSE BILL 241 OF THE**  
**2022 REGULAR SESSION**

**Highway Construction Contingency Account**

*I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:*

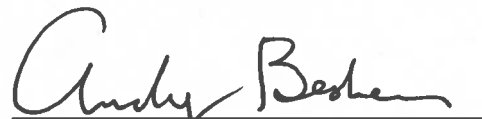
Page 5, line 1, after "Account.", delete the rest of the line.

Page 5, lines 2 through 4, in their entirety.

Page 5, line 5, delete "other states not utilizing their total federal obligations."

*I am vetoing this part because this part suspends the longstanding statute governing the use of the account by eliminating five of the eight statutorily permitted uses, including for economic or industrial development purposes and matching higher than expected federal funds.*

This, the 11<sup>th</sup> day of April, 2022.

  
\_\_\_\_\_  
Andy Beshear  
Governor



**CHAPTER 214**

**( HB 241 )**

AN ACT relating to appropriations providing financing and conditions for the operations, maintenance, support, and functioning of the Transportation Cabinet of the Commonwealth of Kentucky.

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

➔Section 1. Notwithstanding KRS 48.100 and 48.300, the Transportation Cabinet Budget is as follows:

**PART I**

**OPERATING BUDGET**

(1) **Funds Appropriations:** There is appropriated out of the General Fund, Road Fund, Restricted Funds accounts, Federal Funds accounts, or Bond Funds accounts for the fiscal year beginning July 1, 2021, and ending June 30, 2022, for the fiscal year beginning July 1, 2022, and ending June 30, 2023, and for the fiscal year beginning July 1, 2023, and ending June 30, 2024, 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 budget units of the Transportation Cabinet 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.

**A. TRANSPORTATION CABINET**

**Budget Units**

**1. GENERAL ADMINISTRATION AND SUPPORT**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	-0-	17,864,000	500,000
Restricted Funds	31,400	2,743,400	2,752,300
Federal Funds	-0-	69,456,000	-0-
Road Fund	1,088,200	81,374,000	81,626,400
<b>TOTAL</b>	<b>1,119,600</b>	<b>171,437,400</b>	<b>84,878,700</b>

(1) **Biennial Highway Construction Plan:** The Secretary of the Transportation Cabinet shall produce a single document that shall detail the enacted fiscal biennium 2022-2024 Biennial Highway Construction Program and the 2024-2028 Highway Preconstruction Program.

(2) **Debt Service:** Included in the above Road Fund appropriation is \$343,800 in fiscal year 2022-2023 and \$345,000 in fiscal year 2023-2024 for debt service on previously authorized bonds.

(3) **Adopt-A-Highway Litter Program:** The Transportation Cabinet and the Energy and Environment Cabinet may receive, accept, and solicit grants, contributions of money, property, labor, or other things of value from any governmental agency, individual, nonprofit organization, or private business to be used for the Adopt-a-Highway Litter Program or other statewide litter programs. Any contribution of this nature shall be deemed to be a contribution to a state agency for a public purpose and shall be treated as Restricted Funds under KRS Chapter 45 and reported according to KRS Chapter 48, and shall not be subject to restrictions set forth under KRS Chapter 11A.

(4) **Riverport Improvements:** Included in the above General Fund appropriation is \$500,000 in each fiscal year to improve public riverports within Kentucky. The Secretary of the Transportation Cabinet, in conjunction with the Kentucky Water Transportation Advisory Board, shall determine how the funds are distributed.

(5) **Electric Vehicle Charging Program:** Included in the above appropriations are \$17,364,000 in General Fund and \$69,456,000 in Federal Funds in fiscal year 2022-2023 for the Electric Vehicle Charging Program in the Infrastructure Investment and Jobs Act. Notwithstanding KRS 45.229, these funds shall not lapse and shall carry forward. The Transportation Cabinet shall submit an Electric Vehicle Infrastructure Development Plan to the Interim Joint Committee on Transportation on or before June 30, 2022.

**2. AVIATION**

	2021-22	2022-23	2023-24
General Fund	-0-	11,400,000	757,000
Restricted Funds	77,400	22,690,000	19,130,400
Federal Funds	-0-	500,500	500,500
Road Fund	30,700	1,866,400	1,875,700
TOTAL	108,100	36,456,900	22,263,600

(1) **Operational Costs:** Notwithstanding KRS 183.525(5), the above Restricted Funds appropriation includes operational costs of the program in each fiscal year.

(2) **Debt Service - Existing Projects:** Included in the above Road Fund appropriation is \$836,100 in fiscal year 2022-2023 and \$835,300 in fiscal year 2023-2024 for debt service on previously authorized bonds. Notwithstanding KRS 183.525, \$836,100 in fiscal year 2022-2023 and \$835,300 in fiscal year 2023-2024 is transferred to the Road Fund from the Kentucky Aviation Economic Development Fund to support debt service on those bonds.

(3) **Debt Service - New Projects:** Included in the above General Fund appropriation is \$757,000 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.

(4) **General Aviation Airports:** Included in the above General Fund appropriation is a one-time allocation of \$11,400,000 in fiscal year 2022-2023 to provide \$200,000 to each General Aviation airport.

### 3. DEBT SERVICE

	2022-23	2023-24
Road Fund	134,952,100	136,855,100

(1) **Economic Development Road Lease-Rental Payments:** Included in the above Road Fund appropriation is \$134,705,100 in fiscal year 2022-2023 and \$136,605,100 in fiscal year 2023-2024 for Economic Development Road lease-rental payments relating to projects financed by Economic Development Road Revenue Bonds previously authorized by the General Assembly and issued by the Kentucky Turnpike Authority.

(2) **Debt Payment Acceleration Fund Account:** Notwithstanding KRS 175.505, no portion of the revenues to the state Road Fund provided by the adjustments in KRS 138.220(2), excluding KRS 177.320 and 177.365, shall accrue to the Debt Payment Acceleration Fund account during the 2022-2024 fiscal biennium.

### 4. HIGHWAYS

	2021-22	2022-23	2023-24
General Fund	-0-	250,000,000	-0-
Restricted Funds	6,826,300	159,157,500	310,375,400
Federal Funds	176,904,800	1,391,741,900	1,245,769,800
Road Fund	11,583,700	996,115,300	974,783,400
TOTAL	195,314,800	2,797,014,700	2,530,928,600

(1) **Debt Service:** Included in the above Federal Funds appropriation is \$77,900,400 in fiscal year 2022-2023 and \$70,356,800 in fiscal year 2023-2024 for debt service on Grant Anticipation Revenue Vehicle (GARVEE) Bonds previously appropriated by the General Assembly.

(2) **State Supported Construction Program:** Included in the above Road Fund appropriation is \$477,924,700 in fiscal year 2022-2023 and \$475,689,500 in fiscal year 2023-2024 for the State Supported Construction Program.

(3) **Biennial Highway Construction Program:** Included in the Biennial Highway Construction Program is \$336,324,700 in fiscal year 2022-2023 and \$334,089,500 in fiscal year 2023-2024 from the Road Fund for state construction projects and the state match for federal projects in the 2022-2024 Biennial Highway Construction Program.

(4) **Highway Construction Contingency Account:** Included in the State Supported Construction Program is \$16,600,000 in each fiscal year for the Highway Construction Contingency Account. Notwithstanding KRS

45.247(2), (4), (6), (7), and (8), the Secretary shall only expend Highway Construction Contingency moneys for projects of an emergency nature, for projects that relieve a hazardous condition, or to provide the state match for unanticipated Federal Funds made available as a result of other states not utilizing their total federal obligations. Notwithstanding KRS 224.43-505(2), included in the Highway Construction Contingency Account is \$4,000,000 in each fiscal year to support the Kentucky Pride Fund created in KRS 224.43-505. Notwithstanding KRS 45.247 and 177.320(4), included in the Highway Construction Contingency Account is \$290,000 in each fiscal year for the Kentucky Transportation Center. Also included in the Highway Construction Contingency Account for Railroads is \$1,600,000 in each fiscal year for public safety and service improvements which shall not be expended unless matched with non-state funds equaling at least 20 percent of the total amount for any individual project. Additionally, in each fiscal year, up to \$350,000 of the \$1,600,000 appropriation may be used to establish and administer the Kentucky Rail Office in the Kentucky Transportation Cabinet.

**(5) 2020-2022 Biennial Highway Construction Plan:** Projects in the enacted 2020-2022 Biennial Highway Construction Plan are authorized to continue their current authorization into the 2022-2024 fiscal biennium. If projects in previously enacted highway construction plans conflict with the 2022-2024 Biennial Highway Construction Plan, the projects in the 2022-2024 Biennial Highway Construction Plan shall control. The Secretary shall make every effort to maintain highway program delivery by adhering to the timeframes included in the 2022-2024 Biennial Highway Construction Plan for those projects.

**(6) State Match Provisions:** The Transportation Cabinet is authorized to utilize Road Fund or General Fund state construction moneys or Toll Credits to match federal highway moneys.

**(7) Federal Aid Highway Funds:** If additional federal highway moneys are made available to Kentucky by the United States Congress, the funds shall be used according to the following priority: (a) Any demonstration-specific or project-specific moneys shall be used on the project identified; and (b) All other funds shall be used to ensure that projects in the fiscal biennium 2022-2024 Biennial Highway Construction Plan are funded. If additional federal moneys remain after these priorities are met, the Transportation Cabinet may select projects from the Highway Preconstruction Program.

**(8) Road Fund Cash Management:** The Secretary of the Transportation Cabinet may continue the Cash Management Plan to address the policy of the General Assembly to expeditiously initiate and complete projects in the fiscal biennium 2022-2024 Biennial Highway Construction Plan. Notwithstanding KRS Chapter 45, specifically including KRS 45.242 and 45.244, the Secretary may concurrently advance projects in the Biennial Highway Construction Plan by employing management techniques that maximize the Cabinet's ability to contract for and effectively administer the project work. Under the approved Cash Management Plan, the Secretary shall continuously ensure that the unspent project and Road Fund balances available to the Transportation Cabinet are sufficient to meet expenditures consistent with appropriations provided. The Transportation Cabinet shall provide quarterly reports to the Interim Joint Committee on Appropriations and Revenue when the General Assembly is not in session and the Standing Committees on Appropriations and Revenue when the General Assembly is in session beginning July 1, 2022.

**(9) Carry Forward of Appropriation Balances:** Notwithstanding KRS 45.229, unexpended Road Fund and General Fund appropriations in the Highways budget unit for the Construction program, the Maintenance program, and the Research program in fiscal year 2021-2022 and in fiscal year 2022-2023 shall not lapse but shall carry forward. Unexpended Federal Funds and Restricted Funds appropriations in the Highways budget unit for the Construction program, the Maintenance program, the Equipment Services program, and the Research program in fiscal year 2021-2022 and in fiscal year 2022-2023, up to the amount of ending cash balances and unissued Highway and GARVEE Bond Funds, to include any interest income earned on those bond funds, and grant balances shall not lapse but shall carry forward.

**(10) Federally Supported Construction Program:** Included in the above Federal Funds appropriation is \$1,026,136,100 in fiscal year 2022-2023 and \$867,771,400 in fiscal year 2023-2024 for federal construction projects.

**(11) Highways Maintenance:** Included in the above Highways Road Fund appropriation is \$439,456,200 in fiscal year 2022-2023 and \$423,427,500 in fiscal year 2023-2024 for Highways Maintenance.

**(12) Delayed Projects Status Report:** The Secretary of the Transportation Cabinet shall report by September 30 of each fiscal year to the Interim Joint Committee on Transportation any project included in the enacted Biennial Highway Construction Plan which has been delayed beyond the fiscal year for which the project was authorized. The report shall include:

- (a) The county name;

- (b) The Transportation Cabinet project identification number;
- (c) The route where the project is located;
- (d) The length of the project;
- (e) A description of the project and the scope of improvement;
- (f) The type of local, state, or federal funds to be used on the project;
- (g) The stage of development for the design, right-of-way, utility, and construction phases;
- (h) The fiscal year in which each phase of the project was scheduled to commence;
- (i) The estimated cost for each phase of the project;
- (j) A detailed description of the circumstances leading to the delay; and
- (k) The same information required in paragraphs (a) to (i) of this subsection for the project or projects advanced with funds initially scheduled for the delayed project.

**(13) Maintenance Reentry Employment Program:** Included in the above Road Fund appropriation is \$1,000,000 in each fiscal year to support contracting with a 501(c)(3) nonprofit organization that employs individuals on probation or parole supervision to perform crew-based maintenance services. These individuals shall be selected with input from the Department of Corrections and shall provide assistance with litter abatement, graffiti removal, and vegetation control in highway districts three, five, six, and seven.

**(14) Federal Highways Match:** Included in the above General Fund appropriation is \$250,000,000 in fiscal year 2022-2023 to match Federal Funds from the Infrastructure Investment and Jobs Act exclusively for the Brent Spence Bridge Project, the Mountain Parkway Widening Project, or the I-69 Ohio River Crossing Project. Notwithstanding KRS 45.229, the General Fund appropriation balance for Federal Highways Match for fiscal years 2021-2022 and 2022-2023 shall not lapse and shall carry forward.

**(15) Grant Anticipation Revenue Vehicle (GARVEE) Bonds:** Included in the above Restricted Funds appropriation is \$150,000,000 in fiscal year 2023-2024 for GARVEE Bond Funds to be issued for the Brent Spence Bridge Project.

**(16) New Grant Anticipation Revenue Vehicle (GARVEE) Debt Service:** Included in the above Federal Funds appropriation is \$2,106,300 in fiscal year 2023-2024 for GARVEE Bonds debt service payments relating to the Brent Spence Bridge Project.

**(17) River Crossing Study:** It is the intent of the General Assembly for the Transportation Cabinet to conduct a feasibility study for alternative crossings at the Cave-in-Rock ferry.

**5. JUDGMENTS**

**(1) Payment of Judgments:** Road Fund resources required to pay judgments shall be transferred from the State Construction Account at the time when actual payments must be disbursed from the State Treasury.

**6. PUBLIC TRANSPORTATION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	63,800	15,575,800	15,575,800
Restricted Funds	-0-	730,100	730,000
Federal Funds	53,200	82,622,700	80,586,000
<b>TOTAL</b>	<b>117,000</b>	<b>98,928,600</b>	<b>96,891,800</b>

**(1) Nonpublic School Transportation:** Included in the above General Fund appropriation is \$5,000,000 in each fiscal year for nonpublic school transportation.

**7. REVENUE SHARING**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Road Fund	214,500	372,763,000	364,783,000
<b>TOTAL</b>	<b>214,500</b>	<b>372,763,000</b>	<b>364,783,000</b>

(1) **County Road Aid Program:** Included in the above Road Fund appropriation is \$140,877,100 in fiscal year 2022-2023 and \$137,848,400 in fiscal year 2023-2024 for the County Road Aid Program in accordance with KRS 177.320, 179.410, 179.415, and 179.440.

(2) **Rural Secondary Program:** Included in the above Road Fund appropriation is \$170,900,000 in fiscal year 2022-2023 and \$167,225,900 in fiscal year 2023-2024 for the Rural Secondary Program in accordance with KRS 177.320, 177.330, 177.340, 177.350, and 177.360.

(3) **Municipal Road Aid Program:** Included in the above Road Fund appropriation is \$59,276,100 in fiscal year 2022-2023 and \$58,001,800 in fiscal year 2023-2024 for the Municipal Road Aid Program in accordance with KRS 177.365, 177.366, and 177.369.

(4) **Energy Recovery Road Fund:** Included in the above Road Fund appropriation is \$141,800 in fiscal year 2022-2023 and \$141,900 in fiscal year 2023-2024 for the Energy Recovery Road Fund in accordance with KRS 177.977, 177.9771, 177.978, 177.979, and 177.981.

(5) **Continuation of the Flex Funds and 80/20 Bridge Replacement Programs:** The Transportation Cabinet shall continue the Flex Funds and the 80/20 Bridge Replacement Programs within the Rural Secondary Program.

(6) **County Judge/Executive Expense Allowance:** Notwithstanding KRS 67.220, County Judge/Executives not serving in a consolidated local government that served as a County Judge/Executive prior to November 2022 shall receive an annual expense allowance of \$3,600. County Judge/Executives newly elected in November 2022 and those serving in counties with a consolidated local government shall not receive an annual expense allowance.

**8. VEHICLE REGULATION**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Restricted Funds	94,400	17,265,100	17,392,200
Federal Funds	-0-	4,127,100	4,627,100
Road Fund	588,800	46,728,300	47,052,200
<b>TOTAL</b>	<b>683,200</b>	<b>68,120,500</b>	<b>69,071,500</b>

(1) **Debt Service:** Included in the above Road Fund appropriation is \$1,507,000 in each fiscal year for debt service on previously authorized bonds.

(2) **Motor Vehicle Commission Additional Personnel:** Included in the above Restricted Funds appropriation is \$350,000 in each fiscal year to support four additional positions for the Motor Vehicle Commission.

**TOTAL - TRANSPORTATION CABINET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	63,800	294,839,800	16,832,800
Restricted Funds	7,029,500	202,586,100	350,380,300
Federal Funds	176,958,000	1,548,448,200	1,331,483,400
Road Fund	13,505,900	1,633,799,100	1,606,975,800
<b>TOTAL</b>	<b>197,557,200</b>	<b>3,679,673,200</b>	<b>3,305,672,300</b>

**PART II**

**CAPITAL PROJECTS BUDGET**

(1) **Capital Construction Fund Appropriations and Reauthorizations:** Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2022-2024 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.

**(2) Expiration of Existing Line-Item Capital Construction Projects:** All appropriations to existing line-item capital construction projects expire on June 30, 2022, unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2022; (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, if the authorized project completes an initial draw on the line of credit within the biennium immediately subsequent to the original authorization; and (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties. Notwithstanding the criteria set forth in this subsection, the disposition of 2020-2022 fiscal biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(5)(c).

**(3) Bond Proceeds Investment Income:** Investment income earned from bond proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage rebates and penalties and excess bond proceeds upon the completion of a bond-financed capital project shall be used to pay debt service according to the Internal Revenue Service Code and accompanying regulations.

**(4) Appropriations for Projects Not Line-Itemized:** Inasmuch as the identification of specific projects cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Aircraft Maintenance Pool, Barkley Regional Airport Improvement Projects Pool, Mt. Sterling/Montgomery County Airport Improvement Projects Pool, and Bardstown/Nelson County Airport Improvement Projects Pool. Notwithstanding any statute to the contrary, projects estimated to cost \$1,000,000 and over and equipment estimated to cost \$200,000 and over shall be reported to the Capital Projects and Bond Oversight Committee.

**A. TRANSPORTATION CABINET**

<b>Budget Units</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>1. GENERAL ADMINISTRATION AND SUPPORT</b>			
<b>001. Maintenance Pool - 2022-2024</b>			
Road Fund	-0-	4,000,000	4,000,000
<b>002. Construct Ballard County Maintenance Facility and Salt Storage Additional Reauthorization (\$2,284,000 Road Fund)</b>			
Road Fund	-0-	229,000	-0-
<b>003. Construct Clay County District Office Additional Reauthorization (\$7,445,000 Road Fund)</b>			
Road Fund	-0-	5,500,000	-0-
<b>004. AASHTOWare</b>			
Road Fund	-0-	1,000,000	1,000,000
<b>005. Construct Whitley County Maintenance Facility and Salt Structure Additional Reauthorization (\$1,050,000 Road Fund)</b>			
Road Fund	3,000,000	-0-	-0-
<b>006. District 6 Office and Materials Lab Additional Reauthorization (\$1,500,000 Road Fund)</b>			
Road Fund	-0-	9,500,000	-0-
<b>007. Construct Breckinridge County Maintenance and Salt Storage Facility</b>			
Road Fund	-0-	500,000	2,500,000
<b>008. Construct Regional Salt Structures</b>			
Road Fund	-0-	2,000,000	-0-
<b>009. Construct Union County Maintenance and Salt Storage Facility</b>			
Road Fund	-0-	500,000	2,500,000
<b>010. Construct District 2 Office and Materials Lab</b>			
Road Fund	-0-	2,000,000	-0-
<b>011. Construct Morgan County Maintenance and Salt Storage Facility</b>			

	Road Fund	-0-	500,000	-0-
<b>012.</b>	Construct Bath County Maintenance and Salt Storage Facility			
	Road Fund	-0-	500,000	-0-
<b>013.</b>	Construct Hart County Maintenance and Salt Storage Facility			
	Road Fund	-0-	500,000	-0-
<b>014.</b>	Construct Mercer County Maintenance and Salt Storage Facility			
	Road Fund	-0-	500,000	-0-
<b>015.</b>	Permanent Salt Conveyor System - Graves County			
	Road Fund	-0-	350,000	-0-
<b>016.</b>	Construct Boyle County Bridge Crew Facility			
	Road Fund	-0-	200,000	1,300,000
<b>2.</b>	<b>AVIATION</b>			
<b>001.</b>	Aircraft Maintenance Pool - 2022-2024			
	General Fund	-0-	800,000	100,000
	Investment Income	-0-	-0-	700,000
	TOTAL	-0-	800,000	800,000
<b>002.</b>	Purchase New Jet Fuel Truck			
	Restricted Funds	-0-	210,000	-0-
<b>003.</b>	Barkley Regional Airport Improvement Projects Pool			
	Bond Funds	-0-	-0-	5,300,000
<b>004.</b>	Mt. Sterling/Montgomery County Airport Improvement Projects Pool			
	Bond Funds	-0-	-0-	8,000,000
<b>005.</b>	Bardstown/Nelson County Airport Improvement Projects Pool			
	Bond Funds	-0-	-0-	7,700,000
<b>3.</b>	<b>HIGHWAYS</b>			
<b>001.</b>	Repair Loadometers and Rest Areas - 2022-2024			
	Road Fund	-0-	3,000,000	3,000,000
<b>002.</b>	Various Environmental Compliance - 2022-2024			
	Road Fund	-0-	500,000	500,000
<b>003.</b>	Road Maintenance Parks - 2022-2024			
	Road Fund	-0-	1,250,000	1,250,000
<b>004.</b>	Jefferson County - Lease			

### PART III

#### FUNDS TRANSFER

The General Assembly finds that the financial condition of state government requires the following action.

Notwithstanding the statutes or requirements of the Restricted Funds enumerated below, there is transferred to the General Fund the following amounts in fiscal year 2022-2023 and fiscal year 2023-2024:

2022-23	2023-24
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#### A. TRANSPORTATION CABINET

<b>1. Aviation</b>		
Agency Revenue Fund	421,100	453,000
(KRS 183.525(4) and (5))		
<b>2. Aviation</b>		
Agency Revenue Fund	-0-	757,000
(KRS 183.525(4) and (5))		
<b>TOTAL - FUNDS TRANSFER</b>	<b>421,100</b>	<b>1,210,000</b>

**PART IV  
TRANSPORTATION CABINET BUDGET SUMMARY**

**OPERATING BUDGET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	63,800	294,839,800	16,832,800
Restricted Funds	7,029,500	202,586,100	350,380,300
Federal Funds	176,958,000	1,548,448,200	1,331,483,400
Road Fund	13,505,900	1,633,799,100	1,606,975,800
<b>SUBTOTAL</b>	<b>197,557,200</b>	<b>3,679,673,200</b>	<b>3,305,672,300</b>

**CAPITAL PROJECTS BUDGET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	-0-	800,000	100,000
Restricted Funds	-0-	210,000	-0-
Road Fund	3,000,000	32,529,000	16,050,000
Bond Funds	-0-	-0-	21,000,000
Investment Income	-0-	-0-	700,000
<b>SUBTOTAL</b>	<b>3,000,000</b>	<b>33,539,000</b>	<b>37,850,000</b>

**TOTAL - TRANSPORTATION CABINET BUDGET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	63,800	295,639,800	16,932,800
Restricted Funds	7,029,500	202,796,100	350,380,300
Federal Funds	176,958,000	1,548,448,200	1,331,483,400
Road Fund	16,505,900	1,666,328,100	1,623,025,800
Bond Funds	-0-	-0-	21,000,000
Investment Income	-0-	-0-	700,000
<b>TOTAL FUNDS</b>	<b>200,557,200</b>	<b>3,713,212,200</b>	<b>3,343,522,300</b>

**Vetoed in Part and Overridden and Signed by Secretary of State April 14, 2022.**



CHAPTER 237

( HB 490 )

AN ACT relating to transportation, making an appropriation therefor, and declaring an emergency.

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

➔Section 1. KRS 434.415 is amended to read as follows:

(1) *As used in this section:*

(a) *"Airbag" means a motor vehicle inflatable occupant restraint system device that is part of a supplemental restraint system;*

(b) *"Counterfeit supplemental restraint system component" means a replacement supplemental restraint system component, including but not limited to an airbag, that displays a mark identical to, or substantially similar to, the genuine mark of a motor vehicle manufacturer or a supplier of parts to the manufacturer of a motor vehicle without authorization from that manufacturer or supplier, respectively;*

(c) *"Nonfunctional airbag" means a replacement airbag that meets any of the following criteria:*

1. *The airbag was previously deployed or damaged;*

2. *The airbag has an electric fault that is detected by the vehicle's airbag diagnostic system when the installation procedure is completed and the vehicle is returned to the customer who requested the work to be performed or when ownership is intended to be transferred;*

3. *The airbag includes a part or object, including a supplemental restraint system component, that is installed in a motor vehicle to mislead the owner or operator of the motor vehicle into believing that a functional airbag has been installed; or*

4. *The airbag is subject to the provisions of 49 U.S.C. sec. 30120(j); and*

(d) *"Supplemental restraint system" means a passive inflatable motor vehicle occupant crash protection system designed for use in conjunction with a seat belt assembly as defined in 49 C.F.R. sec. 571.209. A supplemental restraint system includes one (1) or more airbags and all components required to ensure that an airbag works as designed by the vehicle manufacturer, including both of the following:*

1. *The airbag operates as designed in the event of a crash; and*

2. *The airbag is designed to meet federal motor vehicle safety standards for the specific make, model, and year of the vehicle in which it is or will be installed.*

(2) *Notwithstanding KRS Chapter 534, a person who does any of the following shall be fined not more than five thousand dollars (\$5,000), or be confined in the county jail for not more than twelve (12) months, or both:*

(a) *Knowingly imports, manufactures, sells, offers for sale, installs, or reinstalls in a motor vehicle, a counterfeit supplemental restraint system component, a nonfunctional airbag, or an object that does not comply with Federal Motor Vehicle Safety Standard No. 208 provided in 49 C.F.R. sec. 571.208 for the make, model, and year of the motor vehicle;*

(b) *Knowingly sells, offers for sale, installs, or reinstalls in any motor vehicle a device that causes a motor vehicle's diagnostic system to inaccurately indicate that the motor vehicle is equipped with a properly functioning airbag; or*

(c) *Knowingly sells, leases, trades, or transfers a motor vehicle if the person knows that a counterfeit supplemental restraint system component, a nonfunctional airbag, or an object that does not comply with Federal Motor Vehicle Safety Standard No. 208 provided in 49 C.F.R. sec. 571.208 for the make, model, and year of the motor vehicle has been installed as part of the motor vehicle's inflatable restraint system.*

- (3) ***This section shall not apply to an owner or employee of a motor vehicle dealership or the owner of a vehicle, who, before the sale of the vehicle, does not have knowledge that the vehicle's airbag, or another component of the vehicle's supplemental restraint system, is counterfeit or nonfunctioning***

~~{Any person who knowingly installs or reinstalls in a vehicle any object, in lieu of an air bag that was designed in accordance with federal safety regulations for the make, model, and year of the vehicle, as part of a vehicle inflatable restraint system, shall be fined not more than five thousand dollars (\$5,000), or be confined in the county jail for not more than twelve (12) months, or both}.~~

➔Section 2. There is hereby allocated from the Road Fund appropriation in the Highways budget unit \$421,300 in fiscal year 2023-2024 for GARVEE Bonds debt service payments relating to the Brent Spence Bridge project.

➔Section 3. The provisions of 2022 Regular Session HB 241/EN are amended to read as follows:

On page 4, line 12, delete "996,115,300" and insert in lieu thereof "995,115,300";

On page 7, line 8, delete "\$439,456,200" and insert in lieu thereof "\$438,456,200";

On page 13, line 1, delete "9,500,000" and insert in lieu thereof "10,500,000"; and

Adjust subsequent subtotals and totals accordingly.

➔Section 4. The provisions of 2022 Regular Session HB 242/EN are amended to read as follows:

On page 50, after item number 4309, insert the following information under the column indicated consistent with the existing format:

County: "Clinton";

Item No.: "8600";

Route: "US-127";

Description: "RELOCATION OF US 127 FROM KY 90 INTERSECTION TO AARON RIDGE ROAD (MP 11.7 TO MP 16.315)";

Phase: "PL DN RW UT CN Project Cost:";

Insert "SPP" in the Fund column in each of the DN and RW rows;

Insert "4,800,000" under the FY 2023 column in the DN row; and

On page 55, item number 10004, delete "36,500" and insert "360,000" in lieu thereof under the FY 2024 column in the CN row; and

On page 64, after the item number 80207, insert the following information under the column indicated consistent with the existing format:

County: "Fayette";

Item No.: "80253";

Route: "US-25";

Description: "Improve intersection of Innovation Drive and US-25 Georgetown RD. Contingent on \$200,000 provided to the City of Lexington by Commerce Lexington to go toward construction costs.";

Phase: "PL DN RW UT CN Project Cost:";

Insert "SPP" in the Fund column in the CN row;

Insert "426,648" under the FY 2023 column in the CN row; and

On page 122, item number 80101, delete "SPP" and "7,950,000" in the DN row; and

Delete "SPP" and "7,212,000" in the RW row; and

On page 124, after item number 162.4000, insert the following information under the column indicated consistent with the existing format:

County: "Kenton";

Item No.: "359";

Route: "KY-17";

Description: "Convert Scott Street/Greenup Street (KY 17) one-way couplet to two-way streets and upgrade Madison Pike in Covington.";

Phase: "PL DN RW UT CN Project Cost:";

Insert "STPF" in the Fund column in the CN row;

Insert "2,500,000" under the FY 2023 column in the CN row; and

On page 160, item number 169, delete "5,300,000" and insert "1,000,000" in lieu thereof under the FY 2022 column; and

Insert "NH" in the Fund column in the RW, UT, and CN rows;

Insert "10,420,000" under the FY 2023 column in the RW row;

Insert "4,220,000" under the FY 2023 column in the UT row;

Insert "5,000,000" under the FY 2024 column in the CN row; and

On page 183, after item number 396.1000, insert the following information under the column indicated consistent with the existing format:

County: "Nelson";

Item No.: "8307.2000";

Route: "KY-245";

Description: "WIDEN KY-245 FROM FLAGET HOSPITAL (MP 7.722) THROUGH COUNTY LINE (MP12.261 NELSON/MP0.000 BULLITT) TO HAPPY HOLLOW RD (MP 4.425).";

Phase: "PL DN RW UT CN Project Cost:";

Insert "SPP" in the Fund column in the DN row;

Insert "3,000,000" under the FY 2023 column in the DN row; and

On page 192, after the Total for Owsley county, insert the following information under the column indicated consistent with the existing format:

County: "Pendleton";

Item No.: "80258";

Route: "KY-177";

Description: "RECONSTRUCTION FROM KY 3185 IN BUTLER TO KY 467";

Phase: "PL DN RW UT CN Project Cost:";

Insert "SPP" in the Fund column in the DN row;

Insert "1,996,800" under the FY 2023 column in the DN row; and

On page 200, item number 80250, delete "CONSTRUCT THE HAL ROGERS PARKWAY BRIDGE ON KY 11 (CAMPTON ROAD) MP 3.4 TO 3.85" and insert "Construct a bridge on KY 11 (Campton Rd MP 3.4 to 3.85) across the Bert T. Combs Mountain Parkway" in lieu thereof; and

On page 209, after item number 80102, insert the following information under the column indicated consistent with the existing format:

County: "Scott";

Item No.: "80254";

Route: "CR-1105";

Description: "Address condition of CR 1105 (MP 0.0 to MP 3.085) Project with Scott County Fiscal Court.";

Phase: "PL DN RW UT CN Project Cost:";

Insert "SPP" under the Fund column in the CN row;

Insert "400,000" under the FY 2023 column in the CN row; and

On page 222, item number 396.2000, insert "STPF" under the Fund column in the CN row;

Insert "1,000,000" under the FY 2024 column in the CN row; and

On page 240, item number 911.5000, delete ", AND SCHOOL SAFETY PROJECTS"; and

Adjust subsequent subtotals and totals accordingly.

➔Section 5. The provisions of 2022 Regular Session HJR 82/EN are amended to read as follows:

On page 48, after the Total for Clay county, insert the following information under the column indicated consistent with the existing format:

County: "Clinton";

Item No.: "8600";

Route: "US-127";

Description: "RELOCATION OF US 127 FROM KY 90 INTERSECTION TO AARON RIDGE ROAD (MP 11.7 TO MP 16.315)";

Phase: "PL DN RW UT CN Project Cost:";

Insert "SPP" under the Fund column in the RW row;

Insert "8,000,000" under the FY 2025 column in the RW row; and

On page 109, item number 80101, insert "SPP" under the Fund column in the DN and RW row;

Insert "7,950,000" under the FY 2025 column in the DN row;

Insert "7,212,000" under the FY 2026 column in the RW row; and

On page 111, delete item number 359 in its entirety; and

On page 145, item number 169, delete "NH" under the Fund column in the RW and UT rows;

Delete "10,420,000" under the FY 2025 column in the RW row;

Delete "4,220,000" under the FY 2025 column in the UT row;

Delete "99,770,000" under the FY 2027 column in the CN row;

Insert "15,000,000" under the FY 2025 column in the CN row;

Insert "15,000,000" under the FY 2026 column in the CN row; and

On page 171, after item number 4319, insert the following information under the column indicated consistent with the existing format:

County: "Nelson";

Item No.: "8307.2000";

Route: "KY-245";

Description: "WIDEN KY-245 FROM FLAGET HOSPITAL (MP 7.722) THROUGH COUNTY LINE (MP12.261 NELSON/MP0.000 BULLITT) TO HAPPY HOLLOW RD (MP 4.425).";

Phase: "PL DN RW UT CN Project Cost:";

Insert "SPP" under the Fund column in the RW, UT, and CN rows;

Insert "5,000,000" under the FY 2025 column in the RW row;

Insert "6,000,000" under the FY 2026 column in the UT row;

Insert "30,000,000" under the FY 2027 column in the CN row; and

On page 209, item number 396.2000, delete "10,000,000" and insert "9,000,000" in lieu thereof under the FY 2025 column in the CN row; and

On page 224, item number 911.5000, delete ", AND SCHOOL SAFETY PROJECTS"; and

Adjust subsequent subtotals and totals accordingly.

➔Section 6. Whereas budgetary changes need to take effect at the beginning of the fiscal year, an emergency is declared to exist, and Sections 2 to 5 of this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming law.

**Signed by Governor April 22, 2022.**

# **Judicial Branch Appropriations Bill**

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HB 244 - Judicial Branch Budget

**CHAPTER 162**

**( HB 244 )**

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:

➔Section 1. Notwithstanding KRS 48.100 and 48.300, the Judicial Branch Budget is as follows:

**PART I**

**OPERATING BUDGET**

**(1) Funds Appropriations:** There is appropriated out of the General Fund, Restricted Funds accounts, or Federal Funds accounts for the fiscal year beginning July 1, 2021, and ending June 30, 2022, and for the fiscal year beginning July 1, 2022, and ending June 30, 2023, and for the fiscal year beginning July 1, 2023, and ending June 30, 2024, 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 Court Clerks' offices, including both Circuit and District Court support.

**A. JUDICIAL BRANCH**

**Budget Units**

**1. COURT OF JUSTICE**

**a. Court Operations and Administration**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	10,928,500	283,834,700	288,849,900
Restricted Funds	771,300	51,468,200	49,369,800
Federal Funds	65,700	3,204,900	2,576,000
<b>TOTAL</b>	<b>11,765,500</b>	<b>338,507,800</b>	<b>340,795,700</b>

**(1) Civil Filing Fees:** Pursuant to its authority, if the Supreme Court retains the increases in civil filing fees that were effective in 2008 and 2018, the additional income resulting from the fee increases, not to exceed \$15,468,100 in each fiscal year, shall be deposited into a trust and agency account for court operations and salaries for non-elected personnel. Any revenue generated by these increases in excess of the \$15,468,100 in each fiscal year shall be deposited into the General Fund.

**(2) Certification of Indigency:** Notwithstanding KRS 31.120, no public defense attorney shall be ordered to represent any individual in criminal matters without receiving, in writing, a sworn certification of indigency. The provisions of this subsection do not apply to the appointment of counsel at the earliest necessary proceeding at which the person is entitled to counsel, upon declaration by the person that they are indigent; however, if later determined not to be indigent, the Department of Public Advocacy shall be reimbursed for its representation pursuant to KRS 31.120(1)(b).

**b. Local Facilities Fund**

	<b>2022-23</b>	<b>2023-24</b>
General Fund	123,915,900	127,509,200

**(1) Local Facility Projects:** Included in the above General Fund appropriation is \$5,328,500 fiscal year 2022-2023 and \$12,890,800 in fiscal year 2023-2024 to support the use allowance, operating, and non-recurring furniture and equipment costs for two judicial center projects authorized by the 2018 General Assembly and seven judicial center projects authorized by the 2021 General Assembly.

(2) **Maintenance Pool:** Included in the above General Fund appropriation is \$3,000,000 in each fiscal year to create a maintenance pool for planned and unanticipated non-capital projects for local courthouses and judicial centers.

(3) **Local Court Facility Compensation:** Included in the above General Fund appropriation are moneys to compensate local units of government for providing court space and for costs incurred in the development of local court facilities as defined in KRS Chapter 26A and provided in Part II of this Act, and to perform all other acts required or authorized by KRS Chapter 26A.

(4) **Use Allowance Payments to Counties:** Pursuant to KRS 26A.090(2), beginning with court facility construction or renovation projects authorized by the 2000 Regular Session of the General Assembly and all subsequent court facility projects, use allowance payments are restricted to the court's proportional share of the annual principal and interest costs in connection with the construction or renovation of the facility, not to exceed the authorized annual use allowance.

(5) **Court Facility Maintenance Fund:** (a) Notwithstanding KRS 26A.090(2), when there is no debt on court facility construction or renovation projects authorized prior to the 2000 Regular Session of the General Assembly, use allowance is restricted to compensation equal to two percent annually of capital costs to be paid to the county unit of government and two percent annually to be retained by the Administrative Office of the Courts and directed to a separate fund specifically for maintenance of court facilities.

(b) The fund created pursuant to paragraph (a) of this subsection shall be used for routine, ongoing, planned, and unanticipated maintenance for court facilities.

(6) **Graves County Temporary Courthouse:** Included in the above General Fund appropriation is \$3,000,000 in fiscal year 2022-2023 to support the renovation of private sector lease space in Graves County.

(7) **Graves County Records:** Included in the above General Fund appropriation is \$969,000 in fiscal year 2022-2023 for the cleaning, restoration, and digitization of court records.

**c. Local Facilities Use Allowance Contingency Fund**

(1) **Funds Carry Forward:** Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2021-2022 shall not lapse and shall continue into fiscal year 2022-2023, and any unexpended balance remaining at the close of fiscal year 2022-2023 shall not lapse and shall continue into fiscal year 2023-2024 to provide for cost overruns in authorized court facilities projects not to exceed 15 percent of the use allowance in accordance with KRS Chapter 26A.

**TOTAL - COURT OF JUSTICE**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	10,928,500	407,750,600	416,359,100
Restricted Funds	771,300	51,468,200	49,369,800
Federal Funds	65,700	3,204,900	2,576,000
<b>TOTAL</b>	<b>11,765,500</b>	<b>462,423,700</b>	<b>468,304,900</b>

**2. JUDICIAL FORM RETIREMENT SYSTEM**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	-0-	4,981,800	5,305,600
Restricted Funds	18,800	743,500	745,200
<b>TOTAL</b>	<b>18,800</b>	<b>5,725,300</b>	<b>6,050,800</b>

(1) **Judicial Retirement Benefits:** Notwithstanding KRS 21.525, General Fund amounts are included to provide actuarial-assessed judicial retirement benefits with interest.

(2) **Administrative Expenses:** Pursuant to KRS 21.540, administrative expenses shall be paid out of an administrative account which shall be funded by transfers of the necessary moneys, in appropriate ratio, from the funds described in KRS 21.550 and 21.560. Notwithstanding Part III, 8. of this Act, Restricted Funds appropriations may be increased to ensure sufficient funding to support the Judicial Form Retirement System.

(3) **Pension Benefit Increase:** Notwithstanding KRS 21.405(5), no pension benefit increase shall be granted to recipients of a retirement allowance under KRS 21.345 to 21.580 on July 1, 2022, or July 1, 2023.



**TOTAL - JUDICIAL BRANCH**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
General Fund	10,928,500	412,732,400	421,664,700
Restricted Funds	790,100	52,211,700	50,115,000
Federal Funds	65,700	3,204,900	2,576,000
<b>TOTAL</b>	<b>11,784,300</b>	<b>468,149,000</b>	<b>474,355,700</b>

**PART II**

**CAPITAL PROJECTS BUDGET**

**(1) Authorization of Capital Projects:** It is the intent of the General Assembly that any capital project proposed by any state government entity, including the agencies and subdivisions of the Court of Justice, shall be authorized by the General Assembly prior to the project’s financing and construction, in accordance with KRS 7A.010, 7A.120, 45.750, 45.760, 45.763, 45.765, and 48.110. Pursuant to KRS 45.760(1), the amount allotted, from all sources, for expenditure on any capital project, including leases as defined by KRS 45.750, shall not exceed the estimated cost as shown in this Act.

**(2) Capital Projects and Bond Oversight Committee:** Capital construction projects and major items of equipment that are not specifically listed in this Act may be authorized only after submission of the project to the Capital Projects and Bond Oversight Committee and in accordance with the other requirements of KRS 45.760(7). Moneys may be transferred to the allotment account of any capital project only after submission of the project to the Capital Projects and Bond Oversight Committee and in accordance with the other requirements of KRS 45.760(6). As required by KRS 45.760, all capital construction items authorized in this Act shall be constructed in accordance with this Act, supporting documentation considered by the General Assembly, and Judicial Branch budget records. Any modifications to the scope of a capital construction project or to a lease shall be reported to the Capital Projects and Bond Oversight Committee before execution.

**(3) Court Facility Planning Process:** The county shall require the Project Development Board to hire a certified architect not otherwise involved with the project to conduct an independent feasibility study to determine whether the needs of the community and the Court of Justice can best be met through the construction of a freestanding building, or through an addition and/or renovation of the existing court facility. The cost for this study shall be an accepted and approved portion of the planning process, and shall be eligible for reimbursement from the bond proceeds.

**(4) Deferred Funding:** (a) General Fund support to provide operating costs of \$204,200, use allowance of \$1,449,800 and nonrecurring furniture and equipment costs of \$500,000 for the Leslie County project is deferred to the 2024-2026 fiscal biennium.

(b) General Fund support to provide operating costs totaling \$234,000, use allowance payments totaling \$1,682,000 and nonrecurring furniture and equipment costs totaling \$750,000 for the Graves County project is deferred to the 2024-2026 fiscal biennium.

(c) General Fund support to provide operating costs totaling \$2,053,500 and nonrecurring furniture and equipment costs of \$3,575,000 for six judicial center projects authorized by the 2020 General Assembly is deferred to the 2024-2026 fiscal biennium.

(d) It is the intent of the General Assembly that all projects in paragraphs (a), (b), and (c) of this subsection shall be funded using resources previously appropriated for projects that no longer require use allowance debt payments in the 2024-2026 fiscal biennium.

**(5) Local Facilities Use Allowance Contingency Fund:** For any court facility project which is occupied and use allowance funding is insufficient, the use allowance payments shall be approved from the Local Facilities Use Allowance Contingency Fund. If funds are not available in the Local Facilities Use Allowance Contingency Fund, the Chief Justice may transfer funds from other Judicial Branch accounts in accordance with Part III, General Provisions, Section 7. of this Act to make the necessary payments.

**A. JUDICIAL BRANCH**

<b>Budget Units</b>	<b>2022-23</b>	<b>2023-24</b>
<b>1. Court Operations and Administration</b>		

<b>001.</b> Electronic Court Filing System		
Federal Funds	38,000,000	-0-

(1) **State Fiscal Recovery Fund:** The above Federal Funds are authorized from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021.

**2. Local Facilities Fund**

<b>Project</b>	<b>Project Scope</b>
<b>001.</b> Leslie	15,640,000
<b>002.</b> Graves	18,445,000

(1) **Other Funds Impact on Project Scope:** The amount of the project scope for the Graves County Courthouse for which the use allowance defined in KRS 26A.090(2) is authorized shall be adjusted downward subject to the receipt of other funds, including but not limited to insurance proceeds and Federal Funds to be used for the project. This subsection shall not limit adjustments to the project scope otherwise authorized by KRS 26A.166.

<b>003.</b> Jefferson County Judicial Center - Carpet and Paint Project		
General Fund	1,189,000	-0-
<b>004.</b> Hardin County - HVAC Project		
General Fund	3,000,000	-0-

**3. Lease Authorizations**

- 001.** Franklin County - Lease - Court of Appeals
- 002.** Jefferson County - Lease - Parking

**PART III**

**GENERAL PROVISIONS**

**1. Expenditure Authority:** The Director of the Administrative Office of the Courts, with the approval of the Chief Justice, may expend any of the funds appropriated for court operations and administration in any lawful manner and for any legal purpose that the Chief Justice shall authorize or direct. No executive agency of state government shall have the power to restrict or limit the expenditure of funds appropriated to the Judicial Branch of government.

**2. Severability of Budget Provisions:** Appropriation items and sums in this Act conform to KRS 48.311. If any section, any subsection, or any provision thereof shall be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

**3. Duplicate Appropriations:** Any appropriation item and sum in this Act and in an appropriation provision in another Act of the 2022 Regular Session of the General Assembly which constitutes a duplicate appropriation shall be governed by KRS 48.312.

**4. Priority of Individual Appropriations:** KRS 48.313 shall control when a total or subtotal figure in this Act conflicts with the sum of the appropriations of which it consists.

**5. Carry Forward of Funds:** Notwithstanding KRS 45.229, any unexpended balance remaining at the close of the fiscal years ending June 30, 2022, June 30, 2023, and June 30, 2024, shall not lapse and shall continue into the next fiscal year.

**6. Final Budget Document:** The Director of the Administrative Office of the Courts shall prepare a final budget document reflecting the 2022-2024 biennial budget of the Court of Justice. A copy shall be provided to the Legislative Research Commission, and an informational copy shall be furnished to the Finance and Administration Cabinet, within 60 days of the adjournment of the 2022 Regular Session of the General Assembly.

**7. Transferability of Funds:** The Chief Justice of the Commonwealth of Kentucky shall have the ability to transfer funds to other programs and budget units within the Judicial Branch. Any funds transferred to other budget units within the Judicial Branch may be used to support any activity, program, or operation of the budget unit or program receiving the respective funds.

**8. Appropriations Revisions:** Notwithstanding KRS 48.630(10), no revisions for unbudgeted Restricted Funds appropriations for expenditure shall be allotted or expended that have not been appropriated in any enacted

branch budget bill or without the express authority of the General Assembly. Proposed revisions to unbudgeted Federal Funds appropriations for expenditure in this Act shall be made and reported to the Interim Joint Committee on Appropriations and Revenue. The Director of the Administrative Office of the Courts shall notify, on a timely basis, the Legislative Research Commission of the most current estimates of anticipated receipts for the affected fiscal year and an accompanying statement which explains variations from the anticipated amount.

**9. Maximum Salary of Trial Commissioners:** Pursuant to KRS 24A.100(3), no trial commissioner shall be compensated at a rate greater than \$7,200. No funding is provided for trial commissioners commissioned in counties with a residing District Judge.

**10. Authorized Personnel Complement:** On July 1, 2022, the Administrative Office of the Courts shall establish a record for each budget unit of authorized permanent full-time and other positions based upon the enacted Judicial Budget of the Commonwealth and any adjustments authorized by provisions in this Act. The total number of filled permanent full-time and all other positions shall not exceed the authorized complements pursuant to this section. The Director of the Administrative Office of the Courts may request an increase in the number of authorized positions to the Chief Justice. Upon approval, the Administrative Office of the Courts may authorize the employment of individuals in addition to the authorized complement. A report of the actions authorized in this section shall be provided to the Interim Joint Committee on Appropriations and Revenue on a monthly basis.

**11. Debt Restructuring:** Notwithstanding any other provision of the Kentucky Revised Statutes, use allowance payments shall not be amended to reflect debt restructuring transactions undertaken by a county during the 2022-2024 fiscal biennium.

**12. Court Facility Maintenance Fund Report:** For each of the periods ending June 30, 2022, June 30, 2023, and June 30, 2024, the Director of the Administrative Office of the Courts shall prepare a court facility maintenance report. This report shall detail all court facility maintenance undertaken by the Court of Justice, to include any cost-sharing with counties, as well as detail regarding future maintenance needs. This report shall include a statewide expenditure summary followed by individual county expenditures detailing the state's and county's respective share of expenditures. The Administrative Office of the Courts shall provide this report to the Interim Joint Committee on Appropriations and Revenue by September 15 of each fiscal year.

**13. Biennial Audits:** The Auditor of Public Accounts shall have the right to review, upon request, the accountant's work papers.

**14. Budgetary Restructuring:** The Court of Justice shall prepare a report to be submitted to the Interim Joint Committee on Appropriations and Revenue by September 1 of each fiscal year detailing the existing budget processes of the Court of Justice and the actual expenditure of funds from the prior fiscal year and budgeted expenditures for the current fiscal year by fund source and individual location or office, for the Supreme Court, Court of Appeals, Circuit Court, Family Court, District Court, Administrative Office of the Courts, Judicial Retirement, Local Facilities Fund, Local Facilities Use Allowance Contingency Fund, and for services performed by the Circuit Court Clerks' offices.

**15. Unexpended Use Allowance:** Notwithstanding any provision of the Kentucky Revised Statutes, any General Fund moneys appropriated for project-related expenses or use allowance payments in fiscal years 2022-2023 and 2023-2024 that are not expended specifically for project-related expenses or use allowance payments in the fiscal year in which appropriated shall be transferred to the Budget Reserve Trust Fund Account (KRS 48.705).

**16. Employee Layoffs, Furloughs, and Reduced Hours:** Notwithstanding any statute to the contrary, the following process and procedure is established for July 1, 2022, through June 30, 2024, in the event that the Chief Justice determines that it is desirable for the Court of Justice to layoff, furlough, or reduce hours of employees:

(1) For the purposes of this section:

(a) "Appointing authority" means the Chief Justice, in his or her capacity as provided in KRS 27A.010, or any agent whom he or she has delegated to act on his or her behalf with respect to employee appointments, position establishments, payroll documents, reemployment requests, waiver requests, requests for certification, or other position actions for the Court of Justice;

(b) "Furlough" or "reduction in hours" means the temporary reduction of hours an employee is scheduled to work by the appointing authority within a pay period;

(c) "Layoff" means discharge of employment subject to the rights contained in this section; and

(d) "Employees" includes all persons employed by the Court of Justice;

(2) Upon an order by the Chief Justice, an appointing authority has the authority to layoff or furlough employees or reduce hours of employment for any of the following reasons:

- (a) Lack of funds or budgetary constraints;
- (b) A reduction in the agency's spending authorization;
- (c) Lack of work;
- (d) Abolishment of a position; or
- (e) Other material change in duties or organization;

(3) The appointing authority shall determine the job classifications affected and the number of employees laid-off in each classification and each county to which a layoff applies. In the same department or office, county, and job classification, interim and probationary employees shall be laid-off before any full-time or part-time employees with status are laid-off. For purposes of layoff, "probationary employee" does not include an employee with status serving a promotional probation;

(4) The Chief Justice shall approve and implement all actions taken under subsection (2) of this section and no such layoff, furlough, or reduction of hours may begin until such approval has been granted. The Chief Justice has the authority to determine the extent, effective dates, and length of any action taken under subsection (2) of this section;

(5) In determining the employees to be laid-off, the appointing authority shall consider all employees under the same appointing authority, within the job classification affected, and within the county affected. Consideration shall be given to the following relevant factors:

- (a) Job performance evaluations;
- (b) Seniority;
- (c) Education, training, and experience; and
- (d) Disciplinary record;

(6) Any employee whose position is subject to layoff, furlough, or reduction of hours shall be provided written notice containing the reason for the action as set forth in subsection (2) of this section at least 15 days in advance of the effective date of the action;

(7) Any tenured employee who is laid-off shall be eligible to apply as a reemployment applicant for positions with the same job classification in the Court of Justice. For a period of two years, a reemployment applicant shall be hired before any applicant except another reemployment applicant with greater seniority who is on the same reemployment list. When a reemployment applicant is removed from a reemployment list, he or she shall be notified in writing. A reemployment applicant who accepts another Court of Justice position, tenured or non-tenured, or who retires, shall cease to have eligibility rights as a reemployment applicant;

(8) The appointing authority may place employees subject to a reduction in force;

(9) Furloughs or reduction of hours during a pay period shall not result in the loss of eligibility for any benefit otherwise due the employee;

(10) The appointing authority shall have the authority to promulgate comprehensive administrative regulations governing this section; and

(11) A layoff, furlough, or reduction of hours implemented in accordance with this section shall not be considered a penalization of the employee.

**17. Salary Increase for Personnel:** Included in the General Fund, Restricted Funds, and Federal Funds appropriations in Part I of this Act are sufficient funds to support a \$2,000 salary increase followed by an eight percent increase on the base salary and wages of each eligible employee effective July 1, 2022, for non-elected personnel. Included in the General Fund, Restricted Funds, and Federal Funds appropriations in Part I of this Act are sufficient funds to support an eight percent increase on the base salary or wages of each eligible employee effective July 1, 2022, for elected personnel.

No increment is provided on the base salary or wages of each eligible employee in fiscal year 2023-2024. It is the intent of the General Assembly to provide a salary increment in fiscal year 2023-2024, subject to the completion of a classification and compensation report.

**18. Deferred Payroll:** Included in the fiscal year 2021-2022 appropriations in Part I of this Act are sufficient funds to issue the state payroll that had previously been deferred.

**19. Caseload Analysis:** (1) Notwithstanding the provisions of KRS 21A.350, the General Assembly requests the Supreme Court to direct the Administrative Office of the Courts to perform an updated caseload analysis to verify the need to eliminate the District Court divisions in the Fourth, Fifteenth, Thirtieth, Thirty-first, Fortieth, Forty-first, and Fifty-first Judicial Districts, and the District Court division eliminated in the newly constituted Thirty-eighth Judicial District and in the newly constituted Forty-second Judicial District.

(2) The General Assembly further requests that the updated analysis be initiated by January 1, 2024. If the analysis indicates the need to modify the elimination of the District Court divisions listed in subsection (1) of this section due to population or caseload changes, an amended certification of necessity shall be submitted as required under KRS 21A.350.

#### **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 KRS Chapter 48, except that obligations essential to the constitutional duties and use allowance of the Judicial Branch shall be exempt from any Budget Reduction Plan. The level of participation in a Budget Reduction Plan shall be at the discretion of the Chief Justice and shall not exceed the actual percentage of revenue shortfall.

**Signed by Governor April 8, 2022.**

# **Legislative Branch Appropriations Bill**

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HB 243 - Veto Message

HB 243 - Legislative Branch Budget



COMMONWEALTH OF KENTUCKY  
OFFICE OF THE GOVERNOR

Andy Beshear  
GOVERNOR

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**VETO MESSAGES FROM THE GOVERNOR OF THE**  
**COMMONWEALTH OF KENTUCKY**  
**REGARDING HOUSE BILL 243 OF THE**  
**2022 REGULAR SESSION**

**Legislators Compensation**

*I, Andy Beshear, 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 1, line 26, after “biennium”, delete the rest of the line.

Page 1, line 27, delete “provided to state employees in the state/executive branch budget”.

*I am vetoing this part because the drafters of Kentucky’s Constitution envisioned a part-time, citizen legislature. Despite this status, the average annual compensation and reimbursements for Kentucky legislators will approach \$60,000 this year, more than the average annual income of Kentucky households. While recent legislative sessions have contended with Kentucky state government’s unfunded pension liabilities, providing an increase in pay for legislators increases the future pension payments of the legislative retirement system. In a budget that refuses to give educators and all school district employees a salary increase, the legislature should not provide itself an eight percent pay increase.*

This, the 11<sup>th</sup> day of April, 2022.

  
Andy Beshear  
Governor

**CHAPTER 200**

**( HB 243 )**

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:

➔Section 1. Notwithstanding KRS 48.100 and 48.300, the Legislative Branch Budget is as follows:

**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, 2021, and ending June 30, 2022, for the fiscal year beginning July 1, 2022, and ending June 30, 2023, and for the fiscal year beginning July 1, 2023, and ending June 30, 2024, 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.

**A. LEGISLATIVE BRANCH**

**Budget Units**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>1. General Assembly</b>			
General Fund	427,100	22,663,600	24,260,500
Restricted Funds	-0-	75,000	175,000
<b>TOTAL</b>	<b>427,100</b>	<b>22,738,600</b>	<b>24,435,500</b>

(1) **Legislators Compensation:** 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 the members of the General Assembly shall be as authorized by the 2020-2022 biennium and shall continue as adjusted on January 1, 2023, by the salary increment provided to state employees in the state/executive branch budget.

(2) **Kentucky Legislative Ethics Commission:** Included in the above General Fund appropriation is \$567,700 in each fiscal year of the 2022-2024 fiscal biennium for the Kentucky Legislative Ethics Commission. Included in the above Restricted Funds appropriation is \$75,000 in fiscal year 2022-2023 and \$175,000 in fiscal year 2023-2024 for the Kentucky Legislative Ethics Commission.

(3) **Kentucky Long-Term Policy Research Center:** Notwithstanding KRS 7B.010 to 7B.090, operation of the Kentucky Long-Term Policy Research Center and its governing board shall continue to be suspended effective July 1, 2022, and shall remain suspended for the 2022-2024 fiscal biennium or until funding is restored. No funds are appropriated for the Kentucky Long-Term Policy Research Center for fiscal year 2022-2023 and fiscal year 2023-2024.

(4) **Pension Benefit Increase:** Notwithstanding KRS 6.521(3), no pension benefit increase shall be granted to recipients of a retirement allowance under KRS 6.500 to 6.577 on July 1, 2022.

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>2. Legislative Research Commission</b>			
General Fund	1,794,800	62,377,000	63,756,300

(1) **Legislative Record:** Notwithstanding KRS 7.105, distribution of the final issue of the Legislative Record and the interim Legislative Record shall be suspended effective July 1, 2022.

**TOTAL - OPERATING BUDGET**

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
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General Fund	2,221,900	85,040,600	88,016,800
Restricted Funds	-0-	75,000	175,000
TOTAL	2,221,900	85,115,600	88,191,800

**Unexpended Balance:** Notwithstanding KRS 45.229, any unexpended balance remaining at the close of fiscal year 2021-2022 shall not lapse but shall continue into fiscal year 2022-2023, and any unexpended balance in any succeeding fiscal year shall not lapse but shall continue into the following fiscal year.

**TOTAL - LEGISLATIVE BRANCH BUDGET**

	2021-22	2022-23	2023-24
General Fund	2,221,900	85,040,600	88,016,800
Restricted Funds	-0-	75,000	175,000
TOTAL	2,221,900	85,115,600	88,191,800

**PART II**

**CAPITAL PROJECTS BUDGET**

**A. LEGISLATIVE BRANCH**

Budget Units	2022-23	2023-24
<b>1. Legislative Research Commission</b>		
<b>001. Construct Multimedia Studios</b>		
General Fund	3,000,000	-0-
<b>002. Replace Budget Systems</b>		
General Fund	15,000,000	-0-

**PART III**

**GENERAL PROVISIONS**

**1. Expenditure Authority:** The Director of the Legislative Research Commission, under the supervision of the Legislative Research Commission, may expend any of the funds appropriated for legislative operation and administration in any lawful manner and for any legal purpose consistent with the policies and practices of the Commission. No executive agency or statute governing the executive agencies of state government shall have the power to restrict or limit the actions of, or the expenditure of funds appropriated to, the Legislative Research Commission for the Legislative Branch of government.

**2. Capitol and Capitol Annex Capital Construction Expenditures:** Any expenditure authorized by the Director of the Legislative Research Commission, under the supervision of the Legislative Research Commission, relating to implementation of KRS 56.463(4)(b), or relating to the Capitol Building, and funded by previous or current appropriations to the Legislative Research Commission for the Legislative Branch of government shall not be governed by KRS 7A.010, 7A.120, 45.750 to 45.810, 48.010(16), 48.020, and 48.110.

**3. Severability of Budget Provisions:** Appropriation items and sums in this Act conform to KRS 48.311. If any section, any subsection, or any provision thereof shall be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

**4. Duplicate Appropriation:** Any appropriation item and sum in this Act and in an appropriation provision in another Act of the 2022 Regular Session of the General Assembly which constitutes a duplicate appropriation shall be governed by KRS 48.312.

**5. Priority of Individual Appropriations:** KRS 48.313 shall control when a total or subtotal figure in this Act conflicts with the sum of the appropriations of which it consists.

**6. Appropriations Revisions:** Notwithstanding KRS 48.630(10), no revisions for unbudgeted Restricted Funds appropriations for expenditure shall be allotted or expended that have not been appropriated in any enacted branch budget bill or without the express authority of the General Assembly.

**7. Allowance in Lieu of Stationery:** Notwithstanding KRS 6.220, in lieu of stationery, there shall be allowed to each member of the House of Representatives the sum of \$350 and to each member of the Senate the sum of \$650. This allowance shall be paid out of the State Treasury at the beginning of each legislative session.

**8. Salary Adjustments:** In each fiscal year, employees of the Legislative Research Commission shall receive a salary adjustment in accordance with the salary adjustment provided to state employees in the state/executive branch budget.

**9. Administrative Expenses:** Pursuant to KRS 21.540, administrative expenses shall be paid out of an administrative account which shall be funded by transfers of the necessary moneys, in appropriate ratio, from the funds provided for in KRS 21.550 and 21.560.

**10. Employee Layoffs, Furloughs, and Reduced Hours:** Notwithstanding any statute to the contrary, the following process and procedure is established for July 1, 2022, through June 30, 2024, in the event that the Legislative Research Commission (LRC) determines that it is desirable for the Director of the LRC to layoff, furlough, or reduce hours of employees:

(1) For the purposes of this section:

(a) "Appointing authority" means the Director of the LRC, in his or her capacity as provided in KRS 7.090, or any agent whom he or she has delegated to act on his or her behalf with respect to employee appointments, position establishments, payroll documents, reemployment requests, waiver requests, requests for certification, or other position actions for the LRC;

(b) "Furlough" or "reduction in hours" means the temporary reduction of hours an employee is scheduled to work by the appointing authority within a pay period;

(c) "Layoff" means discharge of employment subject to the rights contained in this section; and

(d) "Employees" includes all persons employed by the LRC;

(2) Upon an order by the LRC, the appointing authority has the authority to layoff or furlough employees or reduce hours of employment for any of the following reasons:

(a) Lack of funds or budgetary constraints;

(b) A reduction in the agency's spending authorization;

(c) Lack of work;

(d) Abolishment of a position; or

(e) Other material change in duties or organization;

(3) The appointing authority shall determine the job classifications affected and the number of employees laid-off in each classification to which a layoff applies. In the same department or office and job classification, interim and probationary employees shall be laid-off before any full-time or part-time employees are laid-off. For purposes of layoff, "probationary employee" does not include an employee serving a promotional probation;

(4) The Director of the LRC shall approve and implement all actions taken under subsection (2) of this section and no such layoff, furlough, or reduction of hours may begin until such approval has been granted. The Director of the LRC has the authority to determine the extent, effective dates, and length of any action taken under subsection (2) of this section;

(5) In determining the employees to be laid-off, the appointing authority shall consider all employees under the same appointing authority and within the job classification affected. Consideration shall be given to the following relevant factors:

(a) Job performance evaluations;

(b) Seniority;

(c) Education, training, and experience; and

(d) Disciplinary record;

(6) Any employee whose position is subject to layoff, furlough, or reduction of hours shall be provided written notice containing the reason for the action as set forth in subsection (2) of this section at least 15 days in advance of the effective date of the action;

(7) Any employee who is laid-off shall be eligible to apply as a reemployment applicant for positions with the same job classification in the LRC. For a period of two years, a reemployment applicant shall be hired before any applicant except another reemployment applicant with greater seniority who is on the same reemployment list. When a reemployment applicant is removed from a reemployment list, he or she shall be notified in writing. A reemployment applicant who accepts another LRC position, or who retires, shall cease to have eligibility rights as a reemployment applicant;

(8) The appointing authority may place employees subject to a reduction in force;

(9) Furloughs or reduction of hours during a pay period shall not result in the loss of eligibility for any benefit otherwise due the employee;

(10) The appointing authority shall have the authority to promulgate comprehensive administrative regulations governing this section; and

(11) A layoff, furlough, or reduction of hours implemented in accordance with this section shall not be considered a penalization of the employee.

**11. Deferred Payroll:** Included in the fiscal year 2021-2022 appropriations in Part I of this Act are sufficient funds to issue the state payroll that had previously been deferred.

#### **PART IV**

#### **BUDGET REDUCTION OR SURPLUS EXPENDITURE PLAN**

The Legislative Branch shall participate in any Budget Reduction Plan or Surplus Expenditure Plan in accordance with KRS Chapter 48, except that obligations essential to the constitutional duties of the Legislative Branch shall be exempt from any Budget Reduction Plan. The level of participation in a Budget Reduction Plan shall be at the discretion of the Director and shall not exceed the actual percentage of revenue shortfall.

**Vetoed in Part and Overridden and Signed by Secretary of State April 14, 2022.**

# **Special Appropriations Bills**

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HB 604 – Veto Message

HB 604 – Special Appropriations

HB 144 – Unemployment Insurance

HB 5 – SAFE Fund

SB 150 – SAFE Fund

HB 250 – Kentucky State University

HB 315 – Veto Message

HB 315 – Broadband

SB 90 – Opioid Abatement Trust Fund



COMMONWEALTH OF KENTUCKY  
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GOVERNOR

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**VETO MESSAGE FROM THE**  
**GOVERNOR OF THE COMMONWEALTH OF KENTUCKY**  
**REGARDING HOUSE BILL 604 OF THE**  
**2022 REGULAR SESSION**

**Section 1.**

*I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:*

Page 1, lines 4 through 27, in their entirety.  
Page 2, lines 1 through 8 in their entirety.

*I am vetoing these parts because they require the Kentucky Department of Revenue to disclose federal tax information in violation of federal law and an agreement between the Department and the Internal Revenue Service ("IRS"). Under federal law – the Internal Revenue Code – the IRS is authorized to provide federal tax information only to the Department of Revenue as the state agency that administers the Commonwealth's tax laws, and the disclosure of federal tax information is allowed only to Department employees and representatives who are authorized to receive it under an agreement between the IRS and the Department.*

*Federal law prohibits the identification of a taxpayer from federal tax information included on that taxpayer's State tax return, which protects the confidentiality of the federal tax information attached to or included on the return. Further, the federal Internal Revenue Code requires Kentucky to have adopted laws that safeguard the confidentiality of the federal tax return attached to and the federal tax information in a Kentucky state tax return in order for Kentucky to receive federal tax information from the IRS. Kentucky has adopted such laws in KRS 131.190 and KRS 131.081 (the Taxpayers' Bill of Rights). The above parts of House Bill 604 conflict with these laws and current Kentucky tax confidentiality policies.*

*The General Assembly has no legitimate need to obtain tax information in a format that would disclose taxpayers' personal and proprietary federal tax information to perform its legislative functions. Members of the General Assembly should discuss with the Department of Revenue and understand the type of tax information and data that may be disclosed under federal law before mandating that broad tax information be disclosed to the General Assembly, the Legislative Research Commission, or an individual. The Department stands ready to have that discussion.*

### **Section 3.**

*I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:*

Page 10, line 10, after "Cannabis" delete "Research".

Page 10, line 15, after "derivatives" delete ",".

Page 10, lines 16 through 17 in their entirety.

Page 10, line 18, delete "diseases".

Page 11, line 10, after "Kentucky" delete the rest of the line.

Page 11, lines 11 through 27 in their entirety.

Page 12, lines 1 through 5 in their entirety.

Page 12, line 6, delete "University of Kentucky".

Page 13, lines 26 through 27 in their entirety.

Page 14, line 1 in its entirety.

*I am vetoing these parts because they limit the purpose of the Center and dictate who the president of the University of Kentucky should consider appointing to the advisory board after giving the president of the university sole appointing power. I am also vetoing these parts because ongoing appropriations may be necessary.*

### **Section 5., Section 6., Section 7.**

*I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:*

Page 16, line 11, after "equipment" delete the rest of the line.

Page 16, lines 12, delete "pursuant to Section 6 of this Act".

Page 17, lines 4 through 13 in their entirety.

Page 18, lines 10 through 27 in their entirety.

Page 19, lines 1 through 3 in their entirety.

*I am vetoing these parts because Kentucky already offers financial assistance for heavy and specialized equipment to an individual under other agencies and similar programs, making these duplicative parts unnecessary.*

*The bill expands eligible equipment to include heavy and specialized equipment where a soil and water conservation district applies jointly to lease equipment to an individual under a program that is intended to carry out operations for the conservation of soil resources. The amendment broadens eligible applicants from districts to now include individuals and businesses to use that equipment outside of the provisions and intent of KRS 262.330.*

*Additionally, the amendments in these parts conflict with each other. Section 5 requires the equipment to be used on the lands of the lessee for the purpose of conservation of soil resources, but Section 7 allows the lessee to use equipment not only on other lands in the district but outside of the district with prior approval.*

**Section 13.**

*I, Andy Beshear, 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 20, line 12, after “curriculums” delete “using Plasma Games’ STEM and Chemistry education tool”.

*I am vetoing this part because through it the General Assembly appropriates funds for a specifically named software product of a specific company, making it special legislation in violation of Section 59 of the Kentucky Constitution. These parts are analogous to the General Assembly appropriating funds for a road project and naming a specific contractor for the project in the legislation.*

**Section 19.**

*I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:*

Page 21, line 9, after “Cannabis” delete “Research”.

Page 21, line 11, in its entirety.

Page 21, line 12, delete “Research and shall only be appropriated once.”.

Page 21, line 16, after “Cannabis” delete “Research”.

*I am vetoing these parts because they limit the purpose of the Center and because ongoing appropriations may be necessary.*

**Section 20.**

*I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:*

Page 21, line 20, delete “Research” and after “shall” delete “, within 120 days after the effective date of this Act,”.

*I am vetoing these parts because they limit the purpose of the Center and because the Center may need more than 120 days to prepare and submit the referenced application to the United States Drug and Enforcement Agency.*

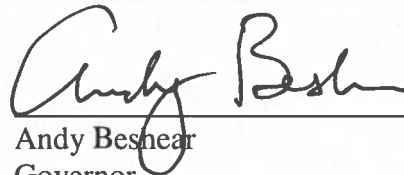
**Section 21.**

*I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following parts:*

Page 22, lines 10 through 19 in their entirety.

*I am vetoing these parts because the General Assembly has included appropriations in House Bill 1 to implement the Basic Health Program in both the Medicaid Benefits and the Medicaid Administration budget units – \$123.1 million in Fiscal Year 2022-2023 and \$234.2 million in Fiscal Year 2023-2024. The General Assembly cannot now withhold the execution of the authority it provided to spend these appropriated funds. The Basic Health Program will provide more affordable health coverage for low-income individuals with plans that include lower premiums and cost sharing amounts. The Basic Health Program will increase access to health care coverage and reduce the number of uninsured individuals in Kentucky. It will minimize the impact of churn, gaps in coverage, and improve continuity of care for individuals whose income fluctuates above and below the Medicaid income limits.*

This the 26<sup>th</sup> day of April, 2022.

  
\_\_\_\_\_  
Andy Beshear  
Governor



CHAPTER 239

( HB 604 )

*Provisions of this bill that are to be deleted due to vetoes of the Governor that were not overridden by the General Assembly are displayed as bracketed text with intervening strikethrough and enclosed in double asterisks, e.g., **\*\*[text]\*\***.*

AN ACT relating to governmental agencies, making an appropriation therefor, and declaring an emergency.

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

**\*\*[→SECTION 1. A NEW SECTION OF KRS CHAPTER 42 IS CREATED TO READ AS FOLLOWS:**

~~(1) As used in this section:~~

~~(a) "Agencies" means the Finance and Administration Cabinet, the Commonwealth Office of Technology, and the Department of Revenue;~~

~~(b) "Aggregated format" means the smallest possible combination of data to ensure that no specific taxpayer is identified, generally with no more than three (3) taxpayers combined into a single line of data;~~

~~(c) "Committee" means the:~~

~~1. Interim Joint Committee on Appropriations and Revenue; or~~

~~2. a. Senate Standing Committee on Appropriations and Revenue; and~~

~~b. House Standing Committee on Appropriations and Revenue; and~~

~~(d) "Data" means all tax return data, accounts receivable data, refund data, tax expenditure data, or any other information required to make sound tax policy decisions by the General Assembly as it relates to businesses operating and citizens living in the Commonwealth.~~

~~(2) The agencies shall cooperatively provide to the committee all data in an aggregated format.~~

~~(3) A working group containing employees from the agencies and the committee is hereby created to accomplish an efficient and effective delivery of the data required in subsection (2) of this section in an aggregated format which is easily accessible, adaptable, and useable by staff of the committee and on a timeline which meets the needs of the committee.~~

~~(4) (a) By June 1, 2022, the secretary of the Finance and Administration Cabinet shall submit the names and contact information of staff from the agencies to the committee.~~

~~(b) The first meeting of the working group shall occur no later than June 30, 2022, with monthly meetings to be held thereafter until the delivery timeline, format, and methodology for each type of data has been determined and the first submission of each type of data has been received.]\*\*~~

**→Section 2. KRS 132.590 is amended to read as follows:**

(1) The compensation of the property valuation administrator shall be based on the schedule contained in subsection (2) of this section as modified by subsection (3) of this section. The compensation of the property valuation administrator shall be calculated by the department annually. Should a property valuation administrator for any reason vacate the office in any year during his term of office, he shall be paid only for the calendar days actually served during the year.

(2) The salary schedule for property valuation administrators provides for nine (9) levels of salary based upon the population of the county in the prior year as determined by the United States Department of Commerce, Bureau of the Census annual estimates. To implement the salary schedule, the department shall, by November 1 of each year, certify for each county the population group applicable to each county based on the most recent estimates of the United States Department of Commerce, Bureau of the Census. The salary schedule provides four (4) steps for yearly increments within each population group. Property valuation administrators shall be paid according to the first step within their population group for the first year or portion thereof they serve in office. Thereafter, each property valuation administrator, on January 1 of each subsequent year, shall be advanced automatically to the next step in the salary schedule until the maximum salary figure for the population group is reached. If the county population as certified by the department increases to a new group level, the property valuation administrator's salary shall be computed from the new group level at the

beginning of the next year. A change in group level shall have no effect on the annual change in step. Prior to assuming office, any person who has previously served as a property valuation administrator must certify to the department the total number of years, not to exceed four (4) years, that the person has previously served in the office. The department shall place the person in the proper step based upon a formula of one (1) incremental step per full calendar year of service:

SALARY SCHEDULE

County Population by Group	Steps and Salary for Property Valuation Administrators			
	Step 1	Step 2	Step 3	Step 4
Group I 0-4,999	\$45,387	\$46,762	\$48,137	\$49,513
Group II 5,000-9,999	49,513	50,888	52,263	53,639
Group III 10,000-19,999	53,639	55,014	56,389	57,765
Group IV 20,000-29,999	55,702	57,765	59,828	61,891
Group V 30,000-44,999	59,828	61,891	63,954	66,017
Group VI 45,000-59,999	61,891	64,641	67,392	70,143
Group VII 60,000-89,999	66,017	68,768	71,518	74,269
Group VIII 90,000-499,999	68,080	71,518	74,957	78,395
Group IX 500,000 and up	72,206	75,644	79,083	82,521

- (3) (a) For calendar year 2000, the salary schedule in subsection (2) of this section shall be increased by the amount of increase in the annual consumer price index as published by the United States Department of Commerce for the year ended December 31, 1999. This salary adjustment shall take effect on July 14, 2000, and shall not be retroactive to the preceding January 1.
- (b) For each calendar year beginning after December 31, 2000, upon publication of the annual consumer price index by the United States Department of Commerce, the annual rate of salary for the property valuation administrator shall be determined by applying the increase in the consumer price index to the salary in effect for the previous year. This salary determination shall be retroactive to the preceding January 1.
- (c) In addition to the step increases based on service in office, each property valuation administrator shall be paid an annual incentive of six hundred eighty-seven dollars and sixty-seven cents (\$687.67) per calendar year for each forty (40) hour training unit successfully completed based on continuing service in that office and, except as provided in this subsection, completion of at least forty (40) hours of approved training in each subsequent calendar year. If a property valuation administrator fails without good cause, as determined by the commissioner of the department, to obtain the minimum amount of approved training in any year, the officer shall lose all training incentives previously accumulated. No property valuation administrator shall receive more than one (1) training unit per calendar year nor more than four (4) incentive payments per calendar year. Each property valuation administrator shall be allowed to carry forward up to forty (40) hours of training credit into the following calendar year for the purpose of satisfying the minimum amount of training for that year. This amount shall be increased by the consumer price index adjustments prescribed in paragraphs (a) and (b) of this subsection. Each

training unit shall be approved and certified by the department. Each unit shall be available to property valuation administrators in each office based on continuing service in that office. The department shall promulgate administrative regulations in accordance with KRS Chapter 13A to establish guidelines for the approval and certification of training units.

- (4) Notwithstanding any provision contained in this section, no property valuation administrator holding office on July 14, 2000, shall receive any reduction in salary or reduction in adjustment to salary otherwise allowable by the statutes in force on July 14, 2000.
- (5) Deputy property valuation administrators and other authorized personnel may be advanced one (1) step in grade upon completion of twelve (12) months' continuous service. The department may make grade classification changes corresponding to any approved for department employees in comparable positions, so long as the changes do not violate the integrity of the classification system. Subject to availability of funds, the department may extend cost-of-living increases approved for department employees to deputy property valuation administrators and other authorized personnel, by advancement in grade.
- (6) Beginning with the 1990-1992 biennium, the department shall prepare a biennial budget request for the staffing of property valuation administrators' offices. An equitable allocation of employee positions to each property valuation administrator's office in the state shall be made on the basis of comparative assessment work units. Assessment work units shall be determined from the most current objective information available from the United States Bureau of the Census and other similar sources of unbiased information. Beginning with the 1996-1998 biennium, assessment work units shall be based on parcel count per employee. The total sum allowed by the state to any property valuation administrator's office as compensation for deputies, other authorized personnel, and for other authorized expenditures shall not exceed the amount fixed by the department. However, each property valuation administrator's office shall be allowed as a minimum such funds that are required to meet the federal minimum wage requirements for two (2) full-time deputies.
- (7) Beginning with the 1990-1992 biennium each property valuation administrator shall submit by June 1 of each year for the following fiscal year to the department a budget request for his office which shall be based upon the number of employee positions allocated to his office under subsection (6) of this section and upon the county and city funds available to his office and show the amount to be expended for deputy and other authorized personnel including employer's share of FICA and state retirement, and other authorized expenses of the office. The department shall return to each property valuation administrator, no later than July 1, an approved budget for the fiscal year.
- (8) Each property valuation administrator may appoint any persons approved by the department to assist him in the discharge of his duties. Each deputy shall be more than twenty-one (21) years of age and may be removed at the pleasure of the property valuation administrator. The salaries of deputies and other authorized personnel shall be fixed by the property valuation administrator in accordance with the grade classification system established by the department and shall be subject to the approval of the department. The Personnel Cabinet shall provide advice and technical assistance to the department in the revision and updating of the personnel classification system, which shall be equitable in all respects to the personnel classification systems maintained for other state employees. Any deputy property valuation administrator employed or promoted to a higher position may be examined by the department in accordance with standards of the Personnel Cabinet, for the position to which he is being appointed or promoted. No state funds available to any property valuation administrator's office as compensation for deputies and other authorized personnel or for other authorized expenditures shall be paid without authorization of the department prior to the employment by the property valuation administrator of deputies or other authorized personnel or the incurring of other authorized expenditures.
- (9) Each county fiscal court shall annually appropriate and pay each fiscal year to the office of the property valuation administrator as its cost for use of the assessment, as required by KRS 132.280, an amount determined as follows:

Assessment Subject to

County Tax of:

At Least	But Less Than	Amount
----	\$100,000,000	\$0.005 for each \$100 of the first
		\$50,000,000 and \$0.002 for

		each \$100 over \$50,000,000.
\$100,000,000	150,000,000	\$0.004 for each \$100 of the first \$100,000,000 and \$0.002 for each \$100 over \$100,000,000.
150,000,000	300,000,000	\$0.004 for each \$100 of the first \$150,000,000 and \$0.003 for each \$100 over \$150,000,000.
300,000,000	----	\$0.004 for each \$100.

- (10) The total sum to be paid by the fiscal court to any property valuation administrator's office under the provisions of subsection (9) of this section shall not exceed the limits set forth in the following table:

Assessed Value of Property Subject to

County Tax of:

At Least	But Less Than	Limit
----	\$700,000,000	\$25,000
\$700,000,000	1,000,000,000	35,000
1,000,000,000	2,000,000,000	50,000
2,000,000,000	2,500,000,000	75,000
2,500,000,000	5,000,000,000	100,000
5,000,000,000	7,500,000,000	175,000
7,500,000,000	30,000,000,000	250,000
30,000,000,000	----	400,000

This allowance shall be based on the assessment as of the previous January 1 and shall be used for deputy and other personnel allowance, supplies, maps and equipment, travel allowance for the property valuation administrator and his deputies and other authorized personnel, and other authorized expenses of the office.

- (11) Annually, after appropriation by the county of funds required of it by subsection (9) of this section, and no later than August 1, the property valuation administrator shall file a claim with the county for that amount of the appropriation specified in his approved budget for compensation of deputies and assistants, including employer's shares of FICA and state retirement, for the fiscal year. The amount so requested shall be paid by the county into the State Treasury by September 1, or paid to the property valuation administrator and be submitted to the State Treasury by September 1. These funds shall be expended by the department only for compensation of approved deputies and assistants and the employer's share of FICA and state retirement in the appropriating county. Any funds paid into the State Treasury in accordance with this provision but unexpended by the close of the fiscal year for which they were appropriated shall be returned to the county from which they were received.
- (12) After submission to the State Treasury or to the property valuation administrator of the county funds budgeted for personnel compensation under subsection (11) of this section, the fiscal court shall pay the remainder of the county appropriation to the office of the property valuation administrator on a quarterly basis. Four (4) equal payments shall be made on or before September 1, December 1, March 1, and June 1 respectively. Any unexpended county funds at the close of each fiscal year shall be retained by the property valuation administrator, except as provided in KRS 132.601(2). During county election years the property valuation administrator shall not expend in excess of forty percent (40%) of the allowances available to his office from county funds during the first five (5) months of the fiscal year in which the general election is held.
- (13) The provisions of this section shall apply to urban-county governments and consolidated local governments. In an urban-county government and a consolidated local government, all the rights and obligations conferred on fiscal courts or consolidated local governments by the provisions of this section shall be exercised by the urban-county government or consolidated local government.

- (14) When an urban-county form of government is established through merger of existing city and county governments as provided in KRS Chapter 67A or when a consolidated local government is established through merger of existing city and county governments as provided by KRS Chapter 67C, the annual county assessment shall be presumed to have been adopted as if the city had exercised the option to adopt as provided in KRS 132.285. For purposes of this subsection, the amount to be considered as the assessment for purposes of KRS 132.285 shall be the amount subject to taxation for full urban services.
- (15) Notwithstanding the provisions of subsection (9) of this section, the amount appropriated and paid by each county fiscal court to the office of the property valuation administrator for 1996 and subsequent years shall be equal to the amount paid to the office of the property valuation administrator for 1995, or the amount required by the provisions of subsections (9) and (10) of this section, whichever is greater.
- (16) *Notwithstanding this section or any other Kentucky Revised Statute to the contrary, the total compensation for the office of the property valuation administrator in an urban-county government shall be \$420,000 per year.*

➔ SECTION 3. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

- (1) *The Kentucky Center for Cannabis~~Research~~ is hereby established at the University of Kentucky to advance the study of the use of cannabis and cannabis derivatives for the treatment of certain medical conditions and diseases as indicated and recommended by the center's advisory board.*
- (2) *The role and mission of the center shall be to:*
  - (a) *Conduct and fund research related to cannabis and cannabis derivatives ~~including pharmaceutical development and the efficacies of cannabis and cannabis derivatives for the treatment of certain medical conditions and diseases~~;*
  - (b) *Conduct and fund research related to the health effects, including the potential risks or side effects, of the use of cannabis and cannabis derivatives;*
  - (c) *Conduct and fund research related to the efficacy and potential health effects of various cannabis delivery methods, including but not limited to vaporizing, ingestibles, topical applications, and combustion;*
  - (d) *Review current and future cannabis research literature, clinical studies, and clinical trials;*
  - (e) *Monitor, to the extent that appropriate and sufficient data are available, patient outcomes in states with medicinal cannabis programs; and*
  - (f) *Examine, to the extent that sufficient data are available, the health effects of the use of combustible cannabis.*
- (3) *The university shall:*
  - (a) *Develop and maintain the center in accordance with its administrative and governing regulations related to the formation of multidisciplinary research centers and institutes;*
  - (b) *Establish an internal advisory board to oversee the activities, research agenda, and finances of the center. Members of the advisory board shall be appointed by the president of the University of Kentucky ~~and may include:~~*
    - 1. ~~*The director of the University of Kentucky Center for Cannabis Research;*~~
    - 2. ~~*The director of the University of Kentucky Center on Drug and Alcohol Research;*~~
    - 3. ~~*The dean of the University of Kentucky College of Agriculture, Food and Environment or his or her designee;*~~
    - 4. ~~*The dean of the University of Kentucky College of Pharmacy or his or her designee;*~~
    - 5. ~~*The dean of the University of Kentucky College of Medicine or his or her designee;*~~
    - 6. ~~*Physicians who are licensed by the Kentucky Board of Medical Licensure and who are certified by the appropriate board in the following specialties:*~~
      - a. ~~*Oncology;*~~
      - b. ~~*Pain and addiction medicine;*~~

- e. ~~Neurology;~~
- d. ~~Psychiatry; and~~
- e. ~~Ophthalmology;~~

~~7. Researchers from a college or university that currently conducts cannabis research or that receives funds from the center pursuant to subsection (5) of this section, if any; and~~

~~8. Any other individual appointed at the discretion of the president of the University of Kentucky]\*\*;~~

(c) *Report to the secretary of the Cabinet for Health and Family Services and the Legislative Research Commission by September 1 each year for the preceding fiscal year, outlining the center's activities and expenditures; and*

(d) *Ensure that the center complies with subsection (4) of this section.*

(4) *The center shall:*

(a) *Employ a director and necessary staff;*

(b) *Seek, accept, and expend gifts, grants, or donations from private or public sources to support the role and mission of the center;*

(c) *Conduct clinical research, clinical studies, and clinical trials as approved by appropriate federal agencies;*

(d) *Establish an application for individuals interested in participating in cannabis-related clinical research, clinical studies, or clinical trials and a screening protocol to place interested applicants in appropriate research participant pools;*

(e) *Publicly disseminate the research conducted or funded by the center;*

(f) *Host an annual cannabis research symposium; and*

(g) *Notwithstanding any provision of law to the contrary, and upon request from the Cabinet for Health and Family Services, enter into a memorandum of understanding with the cabinet for data collected by the center or any researcher associated with or funded by the center.*

(5) (a) *The center may award research funds to any nonprofit Kentucky-based research entity or any Kentucky institution of higher education and any research entity association with such an institution.*

(b) *If the center awards research funds to any other entity, the center shall use an open, competitive grant application process using national best practices.*

(c) *Any entity or institution that receives research funds from the center shall present the results of its research at the center's annual research symposium in the year after the research is concluded and shall, upon request from the center, present an update on any ongoing research at the center's annual research symposium if the research has not concluded.*

(6) *The application developed pursuant to subsection (4)(d) of this section shall be made publicly available on the center's Web site.*

(7) *The university, the center, and any researcher or staff employed by, associated with, or funded by the center or the university shall immediately notify the Cabinet for Health and Family Services and the Legislative Research Commission of any imminent or serious public health risk, or potentially imminent or serious public health risk, associated with cannabis identified as part of a research project associated with or approved by the center or the university's internal review board.*

(8) *If at any time the Commonwealth establishes a medicinal cannabis program, the application to receive a medicinal cannabis card shall include a question asking whether the patient is interested in participating in clinical research conducted by the center. If the patient indicates his or her interest in participating in the center's research, the department or state agency responsible for approving medicinal cannabis cards is authorized to share the patient's name, phone number, and address with the center.*

~~\*\*[(9) The appropriation provided by the General Assembly for the Kentucky Center for Cannabis Research in fiscal year 2022-2023 shall be considered startup funds and shall only be appropriated once.]\*\*~~

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 210 IS CREATED TO READ AS FOLLOWS:

- (1) *As used in this section:*
- (a) *"Cabinet" means the Cabinet for Health and Family Services;*
  - (b) *"CMHC" means a community mental health center;*
  - (c) *"Fund" means the mobile crisis services fund; and*
  - (d) *"Mobile unit" means any vehicle which a CMHC uses to travel within its region to provide community services for Kentuckians who experience issues with mental health, developmental and intellectual disabilities, and substance use disorder.*
- (2) (a) *The mobile crisis services fund is hereby established within the cabinet to provide loans to CMHCs for:*
- 1. *Increasing access to mental health services; and*
  - 2. *Providing services to individuals who lack sufficient access to transportation and who are:*
    - a. *Residing in rural areas;*
    - b. *Residing in homeless shelters; or*
    - c. *Disadvantaged mentally, physically, or economically.*
- (b) *Any loan issued by the cabinet shall not exceed a five (5) year term and the interest rate shall not exceed one percent (1%).*
- (3) *The cabinet shall:*
- (a) *Determine the terms and conditions of each loan, including the repayment to be deposited back in the fund for issuance of future loans to other CMHCs;*
  - (b) *Review and adjudicate applications submitted by CMHCs that apply for a loan;*
  - (c) *Monitor the performance of each CMHC in the program; and*
  - (d) *By December 1, 2022, and by each December 1 thereafter, report to the Interim Joint Committee on Health, Welfare, and Family Services information about each CMHC in the program, including:*
    - 1. *The name and location of each CMHC that received a loan;*
    - 2. *The amount of principal originally loaned; and*
    - 3. *How each CMHC used the funds.*
- (4) *In order to apply for loan, a CMHC shall:*
- (a) *Submit an application to the cabinet;*
  - (b) *Agree to use the funds for the purchase, operation, or establishment of mobile units; and*
  - (c) *Agree to provide services to individuals who lack sufficient access to transportation and who are:*
    - 1. *Residing in rural areas;*
    - 2. *Residing in homeless shelters; or*
    - 3. *Disadvantaged mentally, physically, or economically.*
- (5) (a) *The fund created in subsection (2) of this section shall be a trust and agency account.*
- (b) *The fund shall be administered by the cabinet.*
  - (c) *The fund shall include moneys appropriated by the General Assembly, contributions, donations, gifts, or federal funds.*
  - (d) *Moneys in the fund shall be used by the cabinet to administer this section.*
  - (e) *Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of the fiscal year shall not lapse but shall be carried forward into the succeeding fiscal year.*
  - (f) *Interest earned on any moneys in the fund shall accrue to the fund.*

(g) *Moneys deposited in the fund are hereby appropriated for the sole purpose of providing loans to CMHCs.*

(6) *The appropriation provided by the General Assembly for fiscal years 2022-2023 and 2023-2024 for mobile crisis services shall be considered startup funds to support the establishment of additional mobile crisis units and shall only be appropriated once.*

(7) *The Cabinet for Health and Family Services may promulgate administrative regulations in accordance with KRS Chapter 13A to implement this section.*

➔Section 5. KRS 262.330 is amended to read as follows:

(1) The board may make available *or lease*, on such terms as it prescribes, to landowners and occupiers within the district, agricultural and engineering machinery and equipment, ~~\*\*[including heavy or specialized equipment acquired pursuant to Section 6 of this Act,]\*\*~~ fertilizer, seeds, seedlings and such other material or equipment as will assist the landowners and occupiers to carry on operations upon their lands for the conservation of soil resources and for the prevention and control of soil erosion.

(2) As a condition to the extending of any benefits under this chapter to, or the performance of work upon, any lands not owned or controlled by this state or any of its agencies, the board may require contributions in money, services, materials or otherwise to any operations conferring such benefits, and require landowners and occupiers to enter into and perform such agreements or covenants as to the permanent use of their lands as will tend to prevent or control erosion.

➔Section 6. KRS 262.610 is amended to read as follows:

(1) (a) The Soil and Water Conservation Commission as referred to in KRS Chapter 146, subject to the supervision of the commissioner *of the Department for Natural Resources*~~[for natural resources]~~, to the restrictions provided in *Section 5 of this Act and KRS 262.610 to 262.660*, and to the requirements of KRS Chapters 42 and 45A, is hereby authorized to acquire and to make available, or to assist in acquiring or making available to soil and water conservation districts, heavy or specialized equipment or infrastructure which an individual district cannot itself economically obtain.

~~\*\*[(b) A district may submit a request to the commission for the acquisition of heavy or specialized equipment jointly with a person residing within the district to whom the district has agreed to lease the equipment in the event that it is acquired or made available. The district and the person shall submit all information with their joint request for heavy or specialized equipment as may be required by the commission in the administrative regulations promulgated under Section 7 of this Act. Any application made by a district, or two (2) or more districts acting jointly pursuant to KRS 262.650, to the commission to acquire or make available infrastructure, or to assist in doing so, shall not be made jointly with any person.]\*\*~~

(2) When the commission acquires or makes available to any district the equipment or infrastructure above referred to, it shall require said district to fully amortize, in the form of rentals or payments, to the Division of Conservation, as referred to in KRS Chapter 146, any amount so expended by the commission for such assistance. The amount and method of amortization for each piece of heavy equipment or infrastructure shall be determined by the commission, subject to approval of the commissioner of *the Department for Natural Resources*~~[natural resources]~~. The amount and method of amortization for each piece of heavy or specialized equipment shall be determined on the basis of *the lease or a rental fee* to be charged by the district to the *lessee or other* user of equipment sufficient to:

- (a) Fully amortize to the division the capital outlay for the machinery itself over the period of its reasonably anticipated full usefulness;
- (b) Cover the cost of operation, maintenance and repairs;
- (c) Pay the usual cost of providing an operator; and
- (d) Compensate the district for the usual costs of transportation from one (1) job to another.

(3) In giving effect to all of the foregoing, the commission shall estimate the amount of time such equipment would ordinarily be idle.

➔Section 7. KRS 262.660 is amended to read as follows:



(1) The commission, with the approval of the commissioner *of the Department for Natural Resources*~~[for natural resources]~~, is hereby authorized to promulgate such other rules and regulations or methods of accounting as may be necessary or expedient to give effect to the purposes expressed in KRS 262.610 to 262.650.

~~\*\*[(2) On or before January 1, 2023, the commission, with the approval of the commissioner of the Department for Natural Resources, shall promulgate administrative regulations pursuant to KRS Chapter 13A that shall at a minimum set forth:~~

~~(a) — The form and manner in which a person and a district may jointly request the acquisition of heavy or specialized equipment pursuant to subsection (1)(b) of Section 6 of this Act, including but not limited to any financial or other disclosures the commission may require;~~

~~(b) — The terms, conditions, and repayment of loans for heavy or specialized equipment that the commission makes available to districts for lease to persons within those districts; and~~

~~(c) — The terms and conditions for lease agreements between districts and persons for the use of acquired heavy or specialized equipment, including but not limited to permissible uses of the equipment, care and maintenance of the equipment, liability assumptions for property damage or bodily injury caused by the equipment, insurance requirements, availability of the equipment for use by others in the district, and the keeping of public records regarding the use of the equipment. Notwithstanding any provision of this chapter or KRS Chapter 42 or 45A to the contrary, lease agreements shall allow a lessee to use acquired heavy or specialized equipment outside of his or her district with prior approval of the board for the leasing district.]\*\*~~

→Section 8. The Commonwealth West Healthcare Workforce Innovation Center shall be established to provide accessible, healthcare-specific educational pathways in the western region of the state for postsecondary, high school, and nontraditional students to address decreased student enrollment in healthcare-related fields, resulting in expanding the pipeline of qualified healthcare workers and reducing the shortage of qualified medical staff across the Commonwealth.

→Section 9. The center shall be a health education, innovation, and simulation facility located in Owensboro that offers a combination of instruction and hands-on experiential learning opportunities to students pursuing nursing and allied health credentials. The center shall be operated and maintained through a collaborative partnership between public and private organizations, including but not limited to Brescia University, Elizabethtown Community and Technical College, Henderson Community and Technical College, Hopkinsville Community and Technical College, Kentucky Wesleyan College, Madisonville Community and Technical College, Owensboro Community and Technical College, Western Kentucky University, Western Kentucky University-Owensboro, University of Louisville School of Nursing-Owensboro, and Owensboro Health, Inc.

→Section 10. The center shall provide in-person and virtual didactic instruction and hands-on, experiential learning opportunities while offering career paths to address immediate workforce needs, including but not limited to nursing, nursing assistant, medical office assistant, radiology science, long-term care, social work, clinical psychology, behavioral health, laboratory services, paramedic, and community healthcare workers.

→Section 11. The General Assembly shall provide funds for the initial start-up and operating costs of the center, including but not limited to faculty, personnel, facility, equipment, and furnishings in the form of a grant to be administered by the Kentucky Community and Technical College System and distributed to the collaborating partners and organizations in accordance with the agreements established for the center.

→Section 12. By January 1, 2023, and by November 1, 2024, the Kentucky Community and Technical College System shall provide a report to the Legislative Research Commission on the status of the center, including but not limited to operations, enrollment, expenditures, funding, and partnerships.

→Section 13. There is hereby appropriated Federal Funds from the State Fiscal Recovery Fund from the American Rescue Plan Act of 2021 in the amount of \$1,500,000 in fiscal years 2022-2023 and 2023-2024 to the Learning and Results Services budget unit to enrich science curriculums~~\*\*[using Plasma Games' STEM and Chemistry education tool]\*\*~~.

→Section 14. There is hereby appropriated General Fund moneys in the amount of \$150,000 in fiscal year 2022-2023 to the Department for Local Government to allocate to the Rough River Business & Tourism Association to provide accessibility to the marina and demolition of the abandoned intake structure.

➔Section 15. There is hereby appropriated Federal Funds from the State Fiscal Recovery Fund from the American Rescue Plan Act of 2021 in the amount of \$5,000,000 in fiscal year 2022-2023 to the Kentucky Center for the Arts for emergency repairs, maintenance, and operations.

➔Section 16. There is hereby appropriated General Fund moneys in the amount of \$4,000,000 in fiscal year 2022-2023 to the School Facilities Construction Commission as special offers of assistance for Rockcastle County Schools to use in the construction of a Rockcastle County middle school.

➔Section 17. There is hereby appropriated General Fund moneys in the amount of \$1,000,000 in fiscal year 2021-2022, \$1,000,000 in fiscal year 2022-2023, and \$1,000,000 in fiscal year 2023-2024 to the Justice Administration budget unit to support Operation UNITE.

➔Section 18. There is hereby appropriated General Fund moneys in the amount of \$105,000,000 in each fiscal year of the 2022-2024 biennium to the Kentucky Public Pensions Authority to be applied to the unfunded pension liability of the Kentucky Employees Retirement System Nonhazardous pension fund.

➔Section 19. There is hereby appropriated General Fund moneys from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund account (KRS 48.705) in the amount of \$2,000,000 in fiscal year 2022-2023 to the University of Kentucky for the creation and operation of the Kentucky Center for Cannabis ~~Research~~, including expenses related to conducting clinical research and participant recruitment. ~~The appropriation shall be considered startup funds for the Kentucky Center for Cannabis Research and shall only be appropriated once.~~ The appropriation shall be reduced by any gifts, donations, endowments, or other contributions, not including grants or other funds designated for the purpose of conducting research, received by the University of Kentucky for the purpose of creating or operating the center. Appropriations to the Kentucky Center for Cannabis ~~Research~~ in this Act shall be considered a mandated program and shall be excluded from the public postsecondary comprehensive funding model.

➔Section 20. The University of Kentucky and the Kentucky Center for Cannabis ~~Research~~ shall ~~within 120 days after the effective date of this Act,~~ prepare and submit an application to the federal Drug Enforcement Agency, pursuant to 21 C.F.R. pt. 1318, for registration as a marijuana grower.

➔Section 21. 2022 Regular Session HB 1/VO is amended as follows:

On page 13, delete lines 23 and 24 and insert in lieu thereof the following:

"(z) \$4,250,000 in fiscal year 2022-2023 to the Manchester/Clay County Tourism Commission, Elk Hill Regional Industrial Authority, and Volunteers of America for land acquisition, renovations, upgrades, and Elk Hill Spec Building and Housing;"

On page 54, delete lines 14 through 17 and insert in lieu thereof the following:

"(3) **Health Insurance:** Included in the above General Fund appropriation is \$776,548,700 in fiscal year 2022-2023 and \$849,223,600 in fiscal year 2023-2024 for employer contributions for health insurance and the contribution to the health reimbursement account for employees waiving coverage. Notwithstanding KRS 45.229, the unexpended General Fund balance for health insurance and the contribution to the health retirement account for employees waiving coverage for fiscal year 2021-2022 and fiscal year 2022-2023 shall be transferred to the Kentucky Employees Health Plan trust fund.";

~~On page 78, delete lines 20 through 25 and insert in lieu thereof the following:~~

~~"(8) **Basic Health Program Information Technology System:** Included in the above appropriation is \$3,500,000 in General Fund and \$3,500,000 in Federal Funds in fiscal year 2022-2023 and \$1,000,000 in General Fund and \$1,000,000 in Federal Funds in fiscal year 2023-2024 to support enhancements to the Medicaid Management Information System (MMIS) for implementation of a Basic Health Program to provide a bridge health insurance plan for eligible recipients. Notwithstanding any provision of law to the contrary, the Cabinet for Health and Family Services shall not exercise the state's option to develop a basic health program as permitted under 42 U.S.C. sec. 18051 without first obtaining specific authorization from the General Assembly to do so.";~~

On page 102, delete lines 13 through 17 and insert in lieu thereof the following:

"(9) **Volunteers of America - Freedom House:** Included in the above General Fund appropriation is \$4,000,000 in each fiscal year to support the Freedom House administered by Volunteers of America. Included in the above General Fund appropriation is \$250,000 in each fiscal year to support the Lincoln County Family Recovery Court to assist families involved with the child welfare system. Included in the above General Fund appropriation is an additional one-time allocation of \$100,000 in each fiscal year for education, outreach, and services related to restorative practices.";

On page 139, delete lines 8 through 11 and insert in lieu thereof the following:

"(c) A nonprofit that has not already received direct financial assistance, excluding loans, through the federal CARES Act (Pub. L. No. 116-136), the Consolidated Appropriations Act, 2021 (H.R. 133), or any subsequent federal relief package enacted prior to the nonprofit's grant application being considered shall be given preference.";

On page 147, delete lines 24 through 26 and insert in lieu thereof the following:

"(1) **Debt Service:** Included in the above General Fund appropriation is \$721,000 in fiscal year 2022-2023 and \$7,926,500 in fiscal year 2023-2024 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act.";

On page 148, delete lines 21 through 23 and insert in lieu thereof the following:

"(3) **Independent Land-Use Survey:** Included in the above General Fund appropriation is \$5,000,000 in fiscal year 2021-2022 to support an independent land-use survey on all State Fair Board properties.";

On page 214, delete lines 21 through 23 and insert in lieu thereof the following:

**"4. STATE FAIR BOARD**

**001. State Fair Board Property Improvements**

Bond Funds	-0-	180,000,000
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**002. Maintenance Pool 2022-2024**

Bond Funds	20,000,000	-0-"; and
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Adjust subtotals and totals accordingly.

➔Section 22. Whereas the operations of governmental agencies are imperative for the betterment of the Commonwealth, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

**Vetoed in Part and Signed by Secretary of State April 26, 2022.**

## CHAPTER 29

### ( HB 144 )

AN ACT relating to unemployment insurance, making an appropriation therefor, and declaring an emergency.

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

➔Section 1. KRS 341.030 is amended to read as follows:

- (1) As used in this chapter, unless the context clearly requires otherwise, and except as provided in subsections (2) to (7) of this section, "wages" means all remuneration for services, including commissions, bonuses, and, except for services performed in agriculture and domestic employment, the cash value of all remuneration in any medium other than cash. The reasonable cash value of remuneration in any medium other than cash shall be estimated and determined in accordance with rules prescribed by the commission.
- (2) Amounts paid to traveling salesmen or other workers as allowance or reimbursement for traveling or other expenses, incurred on the business of the employing unit, constitute wages only to the extent of the excess of the amounts over the expenses actually incurred and accounted for by the worker to his employer; provided, however, that the cash value of meals and lodging when furnished to the worker for the convenience of the employer shall not constitute wages.
- (3) For purposes of this chapter, the term "wages" includes tips which are:
  - (a) Received while performing services which constitute employment;
  - (b) Included in a written statement furnished to the employer pursuant to Section 6053(a) of the Internal Revenue Code; and
  - (c) Shall be treated as having been paid by the employing unit.
- (4) "Wages" does not include the amount of any payment made to, or on behalf of, a worker under a plan or system established by an employing unit that makes provision for its workers generally or for a class of its workers, including any amount paid by an employing unit for insurance or annuities, or into a fund, to provide for any such payment, on account of:
  - (a) Retirement;
  - (b) Sickness or accident disability but, in the case of payments made to an employee or any of his dependents, this subsection shall exclude from the term "wages" only payments which are received under a workers' compensation law;
  - (c) Medical and hospitalization expenses in connection with accident or sickness disability; or
  - (d) Death, if the worker has not:
    1. The option to receive, instead of provision for the death benefit, any part of the payment, or if the death benefit is insured, any part of the premiums or contributions to premiums paid by his employing unit; and
    2. The right, under the provisions of the plan or system or policy of insurance providing for the death benefit, to assign the benefit, or to receive a cash consideration in lieu of it either upon his withdrawal from the plan or system providing for the benefit or upon termination of the plan or system or policy of insurance or of his employment with his employing unit.
- (5) "Wages" does not include any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six (6) calendar months following the last calendar month in which the employee worked for the employer.
- (6) "Wages" does not include the amount of any payment made by an employing unit without deduction from the remuneration of the worker of the tax imposed under Section 3101 of the Internal Revenue Code or any payment required from an employer under a state unemployment compensation law with respect to remuneration paid to an employee for domestic service in a private home of the employer or for agricultural labor.

- (7) (a) "Wages" does not, for the purposes of KRS 341.260 to 341.310, include that part of remuneration which, after wages equal to eight thousand dollars (\$8,000) have been paid in a calendar year to a worker by a subject employer or his predecessor with respect to covered employment during any calendar year, is paid to the worker by the subject employer during the calendar year unless that part of the wages is subject to a tax under a federal law, imposing a tax against which credit may be taken for contributions required to be paid into a state unemployment fund. On January 1, 2012, the amount of eight thousand dollars (\$8,000) in this subsection shall increase to nine thousand dollars (\$9,000), which shall increase by an additional three hundred dollars (\$300) on January 1 of each subsequent year, unless limited by paragraph (b) or (c) of this subsection, not to exceed twelve thousand dollars (\$12,000). For the purpose of this subsection, the term "covered employment" shall include service constituting covered employment under any unemployment compensation law of another state.
- (b) If the trust fund balance on September 30 of a calendar year equals or exceeds two hundred million dollars (\$200,000,000), the taxable wage base amount in effect at that time shall not increase on January 1 of the next calendar year or on January 1 of subsequent calendar years, except as provided in paragraphs (c) and (e) of this subsection.
- (c) If the trust fund balance on September 30 of a calendar year equals or exceeds two hundred million dollars (\$200,000,000), but is twenty million dollars (\$20,000,000) or less lower than the trust fund balance amount that would trigger in a lower schedule of contribution rates under KRS 341.270, the taxable wage base shall increase by three hundred dollars (\$300) on January 1 of the next calendar year and that taxable wage base amount shall be the taxable wage base amount in effect for subsequent calendar years, subject to the limitations in paragraph (d) of this subsection.
- (d) The total number of years that the increase in the taxable wage base shall be prohibited or limited under paragraph (b) or (c) of this subsection shall not exceed the total number of years that contributing employers paid additional federal unemployment taxes because of a reduction in the credit against the federal unemployment tax established in 26 U.S.C. sec. 3302 beginning in 2011.
- (e) If the taxable wage base on January 1 of the calendar year immediately following the last year the increase in the taxable wage base was prohibited or limited under this subsection is less than twelve thousand dollars (\$12,000), the taxable wage base amount shall be increased by three hundred dollars (\$300), and by an additional three hundred dollars (\$300) on January 1 of each subsequent calendar year until the taxable wage base amount reaches twelve thousand dollars (\$12,000).
- (f) Notwithstanding paragraphs (b) and (c) of this subsection, if the trust fund balance is less than two hundred million dollars (\$200,000,000) on September 30 of a calendar year, the suspension of the taxable wage base increase shall not occur.
- (g) Notwithstanding any other provision of this subsection, any increase in the maximum weekly benefit rate which otherwise would have occurred except for the suspension of the taxable wage base increase shall be implemented in accordance with the provisions of this chapter.
- (h) The provisions of this subsection shall apply unless the United States Department of Labor notifies the secretary that implementation of this subsection would result in decertification of Kentucky's unemployment insurance program, impact any cap application, affect the receipt of emergency unemployment compensation funds, create an ineligibility for receipt of federal funds, or result in other penalties or sanctions under the Social Security Act or Federal Unemployment Tax Act, 26 U.S.C. secs. 3301 et seq.
- (i) Notwithstanding any other provisions of this chapter, for the calendar ~~years~~<sup>year</sup> 2021 **and 2022**, the taxable wage base increase shall be suspended and the taxable wage base in effect for the calendar year 2020 shall be utilized.

➔Section 2. KRS 341.270 is amended to read as follows:

- (1) Except as otherwise provided in this section, each employer's contribution rate shall be three percent (3%). Effective for employers who become subject to this chapter on or after January 1, 1999, except as otherwise provided in this section, each employer's contribution rate shall be two and seven-tenths percent (2.7%).
- (2) Except as otherwise provided in this section, no subject employer's contribution rate shall be less than two and seven-tenths percent (2.7%), unless he has been an employer subject to the provisions of this chapter for twelve (12) consecutive calendar quarters ended as of the computation date. In any calendar year in which the rate schedule prescribed in paragraph (3)(a) of this section is in effect, no subject employer who was assigned

an entry rate of three percent (3.0%) under the provisions of subsection (1) of this section prior to January 1, 1999, shall have a contribution rate less than two and eight hundred fifty-seven thousandths percent (2.857%), unless subject to this chapter for the minimum time period specified above.

- (3) For the calendar year 2001 and each calendar year thereafter, employer contribution rates shall be determined in accordance with "Table A" set out in subsection (4) of this section. For each calendar year, the secretary shall determine the rate schedule to be in effect based upon the "trust fund balance" as of September 30 of the preceding year. If the "trust fund balance":
- (a) Equals or exceeds one and eighteen hundredths percent (1.18%) of the total wages paid in covered employment in the state during the state fiscal year ended as of June 30 of that year, the rates listed in the "Trust Fund Adequacy Rates" schedule of "Table A" shall be in effect;
  - (b) Equals or exceeds five hundred million dollars (\$500,000,000) but is less than the amount required to effectuate the "Trust Fund Adequacy Rates" schedule as provided in paragraph (a) of this subsection, the rates listed in "Schedule A" of "Table A" shall be in effect;
  - (c) Equals or exceeds three hundred fifty million dollars (\$350,000,000) but is less than five hundred million dollars (\$500,000,000), the rates listed in "Schedule B" of "Table A" shall be in effect;
  - (d) Equals or exceeds two hundred fifty million dollars (\$250,000,000) but is less than three hundred fifty million dollars (\$350,000,000), the rates listed in "Schedule C" of "Table A" shall be in effect;
  - (e) Equals or exceeds one hundred fifty million dollars (\$150,000,000) but is less than two hundred fifty million dollars (\$250,000,000), the rates listed in "Schedule D" of "Table A" shall be in effect; and
  - (f) Is less than one hundred fifty million dollars (\$150,000,000), the rates listed in "Schedule E" of "Table A" shall be in effect.
- (4) For the calendar year 1982 and each calendar year thereafter, contribution rates shall be determined upon the basis of an individual employer's reserve ratio as of the computation date and the schedule of rates established under subsection (3) of this section. Except as otherwise provided in this section, the contribution rate for each subject employer for the calendar year immediately following the computation date shall be the rate in that "Schedule" of "Table A," as set out below, effective with respect to the calendar year, which appears on the same line as his reserve ratio as shown in the "Employer Reserve Ratio" column of the same table.

TABLE A  
Rate Schedule

Employer Reserve Ratio	Trust Fund Adequacy Rates	A	B	C	D	E
8.0% and over	0.000%	0.30%	0.40%	0.50%	0.60%	1.00%
7.0% but under 8.0%	0.000%	0.40%	0.50%	0.60%	0.80%	1.05%
6.0% but under 7.0%	0.008%	0.50%	0.60%	0.70%	0.90%	1.10%
5.0% but under 6.0%	0.208%	0.70%	0.80%	1.00%	1.20%	1.40%
4.6% but under 5.0%	0.508%	1.00%	1.20%	1.40%	1.60%	1.80%
4.2% but						

under 4.6%	0.808%	1.30%	1.50%	1.80%	2.10%	2.30%
3.9% but						
under 4.2%	1.008%	1.50%	1.70%	2.20%	2.40%	2.70%
3.6% but						
under 3.9%	1.308%	1.80%	1.80%	2.40%	2.60%	3.00%
3.2% but						
under 3.6%	1.508%	2.00%	2.10%	2.50%	2.70%	3.10%
2.7% but						
under 3.2%	1.608%	2.10%	2.30%	2.60%	2.80%	3.20%
2.0% but						
under 2.7%	1.708%	2.20%	2.50%	2.70%	2.90%	3.30%
1.3% but						
under 2.0%	1.808%	2.30%	2.60%	2.80%	3.00%	3.40%
0.0% but						
under 1.3%	1.908%	2.40%	2.70%	2.90%	3.10%	3.50%
-0.5% but						
under -0.0%	6.500%	6.50%	6.75%	7.00%	7.25%	7.50%
-1.0% but						
under -0.5%	6.750%	6.75%	7.00%	7.25%	7.50%	7.75%
-1.5% but						
under -1.0%	7.000%	7.00%	7.25%	7.50%	7.75%	8.00%
-2.0% but						
under -1.5%	7.250%	7.25%	7.50%	7.75%	8.00%	8.25%
-3.0% but						
under -2.0%	7.500%	7.50%	7.75%	8.00%	8.25%	8.50%
-4.0% but						
under -3.0%	7.750%	7.75%	8.00%	8.25%	8.50%	8.75%
-6.0% but						
under -4.0%	8.250%	8.25%	8.50%	8.75%	9.00%	9.25%
-8.0% but						
under -6.0%	8.500%	8.50%	8.75%	9.00%	9.25%	9.50%
Less						
than -8.0%.	9.000%	9.00%	9.25%	9.50%	9.75%	10.00%

(5) As used in this section and elsewhere in this chapter, unless the context clearly requires otherwise:

- (a) "Trust fund balance" means the amount of money in the unemployment insurance fund, less any unpaid advances made to the state under Section 1201 of the Social Security Act. In determining the amount in the fund as of a given date all money received by the Office of Unemployment Insurance, Department of Workforce Investment, on that date shall be considered as being in the fund on that date;
- (b) "Total wages" means all remuneration for services, as defined in KRS 341.030(1) to (7), paid by subject employers;

- (c) An employer's "reserve ratio" means the percentage ratio of his reserve account balance as of the computation date to his taxable payrolls for the twelve (12) consecutive calendar quarters ended as of June 30 immediately preceding the computation date;
  - (d) For the purposes of this section, an employer's "reserve account balance" means the amount of contributions credited to his reserve account as of the computation date, less the benefit charges through June 30 immediately preceding the computation date. If benefits charged to an account exceed contributions credited to the account, the account shall be considered as having a debit balance and a reserve ratio of "less than zero"; and
  - (e) "Computation date" is July 31 of each calendar year prior to the effective date of new rates of contributions.
- (6) Notwithstanding any other provisions of this chapter, for the calendar ~~years~~<sup>[year]</sup> 2021 **and 2022**, the employer contribution rates shall be determined using the rates listed in Schedule A of Table A.

➔Section 3. KRS 341.614 is amended to read as follows:

- (1) Effective January 1, 2014, there shall be a surcharge upon all subject contributing employers for any year there are insufficient funds in the unemployment compensation administration fund for the payment of interest on advances under Title XII of the Social Security Act or for the repayment of money, including any interest thereon, received from any source related to the payment of interest on such advances.
- (2) (a) The surcharge shall be twenty-two hundredths of one percent (0.22%) of the first nine thousand six hundred dollars (\$9,600) in wages paid to each worker by a subject contributing employer or his predecessor with respect to covered employment during any calendar year.
- (b) Effective January 1, 2015, and each calendar year thereafter, the secretary shall adjust the surcharge percentage rate based on any increase to the taxable wage base for that calendar year as provided in KRS 341.030(7). The purpose of the adjustment shall be to maintain costs per worker comparable to the original surcharge. Any reduction in the surcharge percentage rate shall correspond to the increase to the taxable wage base for that calendar year and shall be rounded up to the nearest one-hundredth of one percent (0.01%).
- (c) Notwithstanding paragraph (b) of this subsection, the secretary may reduce the surcharge percentage rate or suspend the surcharge for any calendar year based on the balance of the unemployment insurance interest payment fund and the projected amount due for interest on advances under Title XII of the Social Security Act and for repayment of money, including any interest thereon, received from any source related to the payment of interest on such advances.
- (3) The surcharge established in this section shall be due and payable at the same time and in the same manner as employer contributions. Any surcharge collected shall be deposited in the unemployment insurance interest payment fund.
- (4) Any surcharge unpaid on the date on which it is due and payable, pursuant to subsection (3) of this section, shall be subject to interest at the rate of one and one-half percent (1.5%) per month or fraction thereof, not to exceed ninety percent (90%) of the amount of such surcharge, from and after such date until payment is received by the cabinet, regardless of whether such delinquency has been reduced to a judgment or not as provided in subsection (6) of this section or is the subject of an administrative appeal or court action. The interest collected shall be deposited in the unemployment insurance interest payment fund.
- (5) A lien of the same nature and having the same force, effect, and priority as provided in KRS 341.310 shall commence on all property of a subject contributing employer delinquent in the payment of any surcharge or interest thereon.
- (6) If, after due notice, any subject contributing employer defaults in payment of any surcharge or interest thereon, the amount due may be collected by a civil action instituted in the Franklin Circuit Court or the Franklin District Court depending on the jurisdictional amount in controversy, including interest and penalties, in the name of the state, and the subject contributing employer adjudged in default shall pay the costs of the action. Civil actions brought under this section shall be heard by the court, without the intervention of a jury, at the earliest possible date and shall be entitled to preference on the calendar of the court over all other civil actions, except petitions for judicial review under this chapter and cases arising under the Kentucky workers' compensation law.



- (7) At or after the commencement of an action under subsection (6) of this section, attachment may be had against the property of the liable subject contributing employer for such surcharge and interest without execution of a bond, or, after judgment has been entered, an execution may be issued against the property of such employer without the execution of a bond.
- (8) An action for the recovery of a surcharge or interest thereon under this section shall be barred, and any lien therefor shall be canceled and extinguished, unless collected or suit for collection has been filed within ten (10) years from the due date of such surcharge.
- (9) Notwithstanding subsection (6) of this section, any delinquent surcharge or interest thereon may be collected in accordance with the levy and distraint provisions of this chapter.
- (10) Any delinquent surcharge or interest collected after July 31, 2017, shall not be subject to the credit provisions contained in KRS 341.612 and shall be deposited into the penalty and interest account.
- (11) Notwithstanding any other provisions of this chapter, for the calendar ~~years~~<sup>year</sup> 2021 *and 2022*, there shall be no surcharge assessment.

➔Section 4. There is hereby appropriated Federal Fund moneys from the State Fiscal Recovery Fund of the American Rescue Plan Act in the amount of \$242,628,900 in fiscal year 2021-2022 to the unemployment trust fund to restore the fund balance to pre-pandemic levels.

➔Section 5. Sections 1 to 3 of this Act are retroactive to January 1, 2022.

➔Section 6. Whereas the economic impact of COVID-19 on Kentucky's citizens and businesses is of the utmost importance, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

**Signed by Governor March 24, 2022.**

## CHAPTER 2

### ( HB 5 )

AN ACT relating to fiscal matters providing funding for disaster recovery and relief, making an appropriation therefor, and declaring an emergency.

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

➔Section 1. There is hereby appropriated General Fund moneys in the amount of \$155,000,000 in fiscal year 2021-2022 to the West Kentucky State Aid Funding for Emergencies (SAFE) Fund.

➔Section 2. There is hereby appropriated General Fund moneys in the amount of \$45,000,000 in fiscal year 2021-2022 to the West Kentucky State Aid Funding for Emergencies (SAFE) Fund to be allocated as follows:

(a) \$30,000,000 to the Kentucky Department of Education for school districts impacted by the December 2021 storms and tornadoes, including:

1. Providing the necessary wrap-around services for school children and their families in recovering from the impact of the storms and tornadoes, including after-school services and activities held at the school facilities or elsewhere in the community, mental health counseling services, and outside-of-school tutoring and other services to advance the scholastic progress of students;

2. Assisting school districts in addressing the additional transportation costs to provide transportation to students that are displaced from their district or county; and

3. Transferring a portion to the School Facilities Construction Commission to offer funding for the construction and repairs of school building facilities that have been destroyed or severely damaged by the storms and tornadoes. If a school district receives insurance funds for the facility, the school district shall reimburse the fund an amount equal to the amount received from insurance proceeds; and

(b) \$15,000,000 to the Department of Military Affairs, Division of Emergency Management, to be used for procuring temporary FEMA-eligible housing units.

➔Section 3. Notwithstanding KRS 48.630 or any other statute to the contrary, except as provided for in Section 2 of this Act, the funds appropriated or deposited into the West Kentucky State Aid Funding for Emergencies (SAFE) Fund shall not be expended, allocated, or appropriated without the express authority of the General Assembly.

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 39A IS CREATED TO READ AS FOLLOWS:

(1) *The West Kentucky State Aid Funding for Emergencies (SAFE) fund is established and shall be:*

(a) *Administered by the Department of Military Affairs, Division of Emergency Management, in accordance with this section;*

(b) *A separate fund to provide financial assistance for those impacted by the December 2021 storms and tornadoes that occurred in the west Kentucky region; and*

(c) *Used to provide financial support to the west Kentucky region to recover from the devastation caused by the storms and tornadoes.*

(2) *The Department of Military Affairs or the Division of Emergency Management shall not publicly advertise or solicit contributions from the general public that could potentially impact fundraising efforts of not-for-profit disaster relief agencies.*

(3) *The fund may receive state appropriations, gifts, grants, federal funds, and any other funds both public and private.*

(4) *Moneys in the fund as of June 30, 2022, and June 30, 2023, shall not lapse and shall carry forward until June 30, 2024.*

(5) *Any interest earnings of the fund shall become a part of the fund and shall not lapse.*

(6) (a) *Eligibility to receive financial support from the fund shall be limited to a:*

1. *City, county, urban-county government, consolidated local government, unified local government, or charter county government;*
2. *Nonprofit or public utility service provider;*
3. *State agency; or*
4. *School district;*

*that has disaster-related needs as a result of the devastation experienced from the December 2021 storms and tornadoes.*

*(b) An eligible recipient may receive moneys for expenses to provide disaster and recovery relief if the recipient:*

1. *Is located in the areas named in a Presidential Declaration of Emergency relating to the storms and tornadoes that occurred in December 2021; and*
2. *Has disaster-related needs in response to the storms and tornadoes that occurred in December 2021.*

*(c) Eligible expenses shall be those used to support disaster and recovery relief, including but not limited to:*

1. *Replacement or renovation of public buildings damaged by the storms and tornadoes;*
2. *Reimbursement for services, personnel, and equipment provided during the response and recovery to communities impacted by the storms and tornadoes;*
3. *Funding to cities, counties, and publicly owned utilities for the costs of replacement or repair of publicly owned buildings and their contents due to the damage from the storms and tornadoes;*
4. *Assistance to cities and counties for expenses related to planning efforts for rebuilding and recovering from the damage;*
5. *Assistance to utilities serving Graves, Caldwell, Muhlenberg, and Hopkins Counties for resilient response and future risk reduction through the burying of utility wires that will enhance power reliability, reduce power loss, and lessen risk to human life; and*
6. *Assistance to support disaster recovery and relief needs of local school districts, including but not limited to:*
  - a. *Financial support for school districts that will experience a default in bond payments; and*
  - b. *Financial support to assist school districts with building needs.*

*(7) Each recipient of moneys from the fund, including any agency of Kentucky state government, shall:*

- (a) Timely apply for federal emergency disaster grant assistance, other financial disaster assistance, and insurance proceeds; and*
- (b) Adhere to the terms of the fund regarding reimbursement to the Commonwealth if funds from other sources are subsequently received after the receipt of financial assistance from the state.*

*(8) (a) Moneys in the fund may be used for the advancement of moneys to cities and counties experiencing strained fiscal liquidity while awaiting reimbursement from federal emergency management assistance or insurance claims.*

*(b) Reimbursement of the advancement under paragraph (a) of this subsection shall:*

1. *Be determined by the Department for Local Government's state-local finance officer; and*
2. *Include a quarterly accounting of the advancement released and the outstanding balance through June 30, 2024.*

*(9) (a) If a recipient of moneys from the fund subsequently receives moneys from any other source, the recipient shall reimburse the Commonwealth for the amount of the moneys received from the fund.*

- (b) All moneys reimbursed to the Commonwealth under paragraph (a) of this subsection shall be deposited in the general fund within thirty (30) days.*
- (10) The Division of Emergency Management shall promulgate administrative regulations to carry out this section.*
- (11) The following reports shall be submitted to the Interim Joint Committee on Appropriations and Revenue by the tenth day of each month, beginning February 10, 2022, and ending July 10, 2024:*
  - (a) A report from the Office of State Budget Director that includes:*
    - 1. The name of each recipient of moneys from the fund;*
    - 2. The dollar amount of moneys received; and*
    - 3. A description of how the moneys were used; and*
  - (b) A report from the Department of Education that includes:*
    - 1. The name of each school district receiving moneys from the fund;*
    - 2. The dollar amount of moneys received; and*
    - 3. A description of how the moneys were used.*

➔Section 5. Whereas support and relief efforts are imperative for the Commonwealth to recover from the considerable damage caused by deadly storms and tornadoes, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

**Signed by Governor January 13, 2022.**

## CHAPTER 222

### ( SB 150 )

AN ACT relating to fiscal matters, making an appropriation therefor, and declaring an emergency.

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

➔Section 1. 2022 RS HB 5/GA, Section 4, 2022 Ky. Acts ch. 2, sec. 4, is amended to read as follows:

- (1) The West Kentucky State Aid Funding for Emergencies (SAFE) fund is established and shall be:
  - (a) Administered by the Department of Military Affairs, Division of Emergency Management, in accordance with this section;
  - (b) A separate fund to provide financial assistance for those impacted by the December 2021 storms and tornadoes that occurred in the west Kentucky region; and
  - (c) Used to provide financial support to the west Kentucky region to recover from the devastation caused by the storms and tornadoes.
- (2) The Department of Military Affairs or the Division of Emergency Management shall not publicly advertise or solicit contributions from the general public that could potentially impact fundraising efforts of not-for-profit disaster relief agencies.
- (3) The fund may receive state appropriations, gifts, grants, federal funds, and any other funds both public and private.
- (4) Moneys in the fund as of June 30, 2022, and June 30, 2023, shall not lapse and shall carry forward until June 30, 2024.
- (5) Any interest earnings of the fund shall become a part of the fund and shall not lapse.
- (6) (a) Eligibility to receive financial support from the fund shall be limited to a:
  1. City, county, urban-county government, consolidated local government, unified local government, or charter county government;
  2. Nonprofit or public utility service provider;
  3. State agency;~~or~~
  4. School district; *or*
  5. ***Qualified lender as defined in Section 2 of this Act;***that has disaster-related needs as a result of the devastation experienced from the December 2021 storms and tornadoes.
- (b) An eligible recipient may receive moneys for expenses to provide disaster and recovery relief if the recipient:
  1. Is located in the areas named in a Presidential Declaration of Emergency relating to the storms and tornadoes that occurred in December 2021; and
  2. Has disaster-related needs in response to the storms and tornadoes that occurred in December 2021.
- (c) Eligible expenses shall be those used to support disaster and recovery relief, including but not limited to:
  1. Replacement or renovation of public buildings damaged by the storms and tornadoes, ***but only to the extent of damage directly caused by the storms;***
  2. Reimbursement for services, personnel, and equipment provided during the response and recovery to communities impacted by the storms and tornadoes;

3. Funding to cities, counties, and publicly owned utilities for the costs of replacement or repair of publicly owned buildings and their contents due to the damage from the storms and tornadoes, **but only to the extent of damage directly caused by the storms**;
4. Assistance to cities and counties for expenses related to planning efforts for rebuilding and recovering from the damage, **but only to the extent of damage directly caused by the storms**;
5. ~~Assistance to utilities serving Graves, Caldwell, Muhlenberg, and Hopkins Counties for resilient response and future risk reduction through the burying of utility wires that will enhance power reliability, reduce power loss, and lessen risk to human life; and~~
6. ~~Assistance to support disaster recovery and relief needs of local school districts, including but not limited to:
 
  - a. Financial support for school districts that will experience a default in bond payments; and
  - b. Financial support to assist school districts with building **and tangible property replacement** needs; and~~
  6. **Contracted employees to administer and report on the funds.**
- (7) Each recipient of moneys from the fund, including any agency of Kentucky state government, shall:
  - (a) Timely apply for federal emergency disaster grant assistance, other financial disaster assistance, and insurance proceeds; and
  - (b) Adhere to the terms of the fund regarding reimbursement to the Commonwealth if funds from other sources are subsequently received after the receipt of financial assistance from the state.
- (8) (a) Moneys in the fund may be used for the advancement of moneys to cities, ~~and~~ counties, **and nonprofit or public utility service providers** experiencing strained fiscal liquidity while awaiting reimbursement from federal emergency management assistance or insurance claims **and shall not be used for capital improvements**.
  - (b) Reimbursement of the advancement under paragraph (a) of this subsection shall:
    1. Be determined by the Department for Local Government's state-local finance officer; and
    2. Include a quarterly accounting of the advancement released and the outstanding balance through June 30, 2024.
- (9) (a) If a recipient of moneys from the fund subsequently receives moneys from any other source, the recipient shall reimburse the Commonwealth for the amount of the moneys received from the fund.
  - (b) **Before July 1, 2024**, all moneys reimbursed to the Commonwealth under paragraph (a) of this subsection shall be deposited in the **West Kentucky State Aid Funding for Emergencies (SAFE) fund**~~general fund~~ within thirty (30) days, **and shall be continuously appropriated**.
  - (c) **After June 30, 2024**, all moneys reimbursed to the Commonwealth under paragraph (a) of this subsection shall be deposited into the general fund within thirty (30) days.
- (10) The Division of Emergency Management shall promulgate administrative regulations to carry out this section.
- (11) The following reports shall be submitted to the **Senate Standing Committee on Appropriations and Revenue and the House Standing Committee on Appropriations and Revenue or the** Interim Joint Committee on Appropriations and Revenue by the tenth day of each month, beginning ~~May~~~~February~~ 10, 2022, and ending July 10, 2024:
  - (a) A report from the Office of State Budget Director that includes:
    1. The name of each recipient of moneys from the fund;
    2. The dollar amount of moneys received;~~and~~
    3. A description of how the moneys were used; and
    4. **A list of all requests:**
      - a. **Submitted, including the amount requested;**
      - b. **Denied, including a description of the reason for the denial; and**

- c. *Where the amount awarded was greater than or less than the amount requested, including a description of the reason for the increase or decrease; and*
- (b) A report from the Department of Education that includes:
  - 1. The name of each school district receiving moneys from the fund;
  - 2. The dollar amount of moneys received; ~~and~~
  - 3. A description of how the moneys were used; *and*
  - 4. *A list of all requests:*
    - a. *Submitted, including the amount requested;*
    - b. *Denied, including a description of the reason for the denial; and*
    - c. *Where the amount awarded was greater than or less than the amount requested, including a description of the reason for the increase or decrease.*
- (12) *A report shall be submitted to the Senate Standing Committee on Appropriations and Revenue and the House Standing Committee on Appropriations and Revenue or the Interim Joint Committee on Appropriations and Revenue by the tenth day following the end of each calendar quarter by the Cabinet for Economic Development, beginning July 10, 2024, and ending when no further applications for a loss payment may be submitted under subsection (7) of Section 5 of this Act, including:*
  - (a) *The name of each qualified lender receiving a loss payment;*
  - (b) *The dollar amount of the payment received;*
  - (c) *A description of the loan terms; and*
  - (d) *An explanation regarding why the loss payment was needed.*

➔SECTION 2. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER 154 IS CREATED TO READ AS FOLLOWS:

*As used in Sections 2 to 5 of this Act:*

- (1) *"Approved costs" may include, as approved by the qualified lender:*
  - (a) *Obligations incurred for labor and materials in connection with the acquisition, construction, equipping, rehabilitation, and installation of an eligible company;*
  - (b) *The cost of contract bonds and any insurance that may be required or necessary during the course of acquisition, construction, equipping, rehabilitation, and installation of an eligible company which is not paid by a vendor, supplier, deliveryman, contractor, or otherwise provided;*
  - (c) *All costs of architectural and engineering services, including estimates, plans and specifications, preliminary investigations, and supervision of construction, rehabilitation, and installation, including the performance of all the duties required by or consequent upon the acquisition, construction, equipping, rehabilitation, and installation of an eligible company;*
  - (d) *All costs required to be paid under the terms of any contract for the acquisition, construction, equipping, rehabilitation, or installation of an eligible company;*
  - (e) *All costs required for the installation of utilities, including water, sewer, sewer treatment, gas, electricity, communications, railroads, and any off-site construction of the facilities to be paid by the eligible company;*
  - (f) *All costs required for the operating of the eligible company, including inventory, furniture, equipment, labor, and other incidental costs for startup or enhancement of the eligible company, if the location has been completed;*
  - (g) *Ongoing and future operating expenses; and*
  - (h) *Any other necessary and reasonable costs;*
- (2) *"Commercial loan" means an agreement between an eligible company and one (1) or more qualified lenders for approved costs;*

- (3) *"Cooperative lender" means a not-for-profit consortium of qualified lenders;*
- (4) *"Eligible company" means:*
  - (a) *Any corporation, limited liability company, partnership, limited partnership, sole proprietorship, business trust, or any other entity that experienced direct or indirect loss from the December 2021 storms and tornadoes that occurred in the west Kentucky region and have or had an existing or proposed business located in the counties which were declared disaster relief areas by any state or federal agency; or*
  - (b) *The successor of the entity under paragraph (a) of this subsection in interest or business activity;*
- (5) *"Final approval" means the approval of the commercial loan after underwriting by the qualified lender, in accordance with internal underwriting standards, and subject to the qualified lender's terms and conditions;*
- (6) *"Inducement" means payments from the western Kentucky risk assistance fund created in Section 5 of this Act; and*
- (7) *"Qualified lender" means a cooperative lender or a depository institution as defined in 12 U.S.C. sec. 1813(c), which has a physical presence in the Commonwealth and is currently in good standing as reported by the Department of Financial Institutions.*

➔SECTION 3. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER 154 IS CREATED TO READ AS FOLLOWS:

- (1) *A qualified lender of a commercial loan to an eligible company shall not be eligible to apply for inducements until final approval has been made by the qualified lender and funding has been completed in accordance with the commercial loan.*
- (2) *Commercial loan proceeds shall be spent by the eligible company on approved costs within three (3) years of final approval, unless an extension is required by the qualified lender or necessitated by circumstances beyond the control of the eligible company or the qualified lender.*
- (3) *The eligible company shall submit all documentation, including documentation evidencing expenditures, as required by the qualified lender.*
- (4) *Qualified lenders may provide applications to an eligible company and then decide, regardless of further processing or underwriting results, to not provide final approval so long as the decision is not prohibited by state or federal law. If the qualified lender decides not to proceed, the qualified lender shall provide the application to a cooperative lender for further review and assignment to one (1) or more other qualified lenders.*
- (5) *A qualified lender that is unable to fund the entire amount requested in an application shall submit all or any portion of the requested amount to a cooperative lender for further review and assignment of the unfunded portion to one (1) or more qualified lenders.*

➔SECTION 4. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER 154 IS CREATED TO READ AS FOLLOWS:

- (1) *The eligible company shall:*
  - (a) *Apply for all other available assistance that is not a commercial loan, including disaster relief assistance and insurance proceeds;*
  - (b) *Notify the qualified lenders immediately upon application of other assistance; and*
  - (c) *Provide an update on the status of that assistance when requested by the qualified lenders.*
- (2) *The eligible company may assign any other available assistance to the qualified lender.*
- (3) *The qualified lender shall use the other available assistance to first pay any fees or other amounts outstanding to reduce the principal balance of the commercial loan.*

➔SECTION 5. A NEW SECTION OF SUBCHAPTER 20 OF KRS CHAPTER 154 IS CREATED TO READ AS FOLLOWS:

- (1) (a) *There is hereby established in the State Treasury a trust and agency account to be known as the western Kentucky risk assistance fund.*



- (b) *The fund shall be maintained by the Cabinet for Economic Development.*
  - (c) *Amounts deposited in the fund shall be used as required under subsection (2) of this section.*
  - (d) *Notwithstanding KRS 45.229, moneys not expended at the close of a fiscal year shall not lapse but shall be carried forward into the next fiscal year.*
  - (e) *Any interest earnings of the fund shall become a part of the fund and shall not lapse.*
  - (f) *Moneys deposited in the fund are hereby appropriated for the purposes set forth in this section.*
- (2) *The fund shall be used to pay a qualified lender on the unpaid principal balance of a commercial loan in an amount up to the lesser of the first twenty-five percent (25%) of the loss suffered on the unpaid principal balance on a commercial loan or one million dollars (\$1,000,000), as evidenced by the loss being determined by the following method:*
- (a) *The amount of loan loss reserve the lending institution establishes based on the current expected credit losses methodology for estimating allowances for credit losses, as reflected in an official, filed call report which reflects the changes in the allowance for credit loss relating to the loan originated under this section; or*
  - (b) *The amount of the estimated loss as documented by an updated appraisal of the underlying collateral, or a change in economic value of the loan based on expected cash flows.*
- (3) *The western Kentucky risk assistance fund shall be used to provide inducement on the first two hundred million dollars (\$200,000,000) of commercial loans made and applications submitted under subsection (4) of this section.*
- (4) *The cabinet shall accept applications for inducements on a form created by the cabinet, which shall include the following:*
- (a) *The name of the qualified lender;*
  - (b) *The qualified lender's status of good standing by the Department of Financial Institutions;*
  - (c) *The Kentucky address of the physical location of the qualified lender;*
  - (d) *The name, e-mail address, and phone number of an employee of the qualified lender who can be contacted regarding questions about the application; and*
  - (e) *The amount of the commercial loan.*
- (5) (a) *The cabinet shall accept applications for access to the western Kentucky risk assistance fund only for a commercial loan that originated before December 31, 2027.*
- (b) *Applications from qualified lenders shall be approved in the order in which the applications are received, with each qualified lender being limited to a maximum of applications totaling ten million dollars (\$10,000,000) in commercial loans.*
- (6) *Once a loss has been suffered by a qualified lender, the cabinet shall accept requests for loss payments from the western Kentucky risk assistance fund on a form created by the cabinet that provides the following:*
- (a) *The name of the qualified lender;*
  - (b) *The qualified lender's status of good standing by the Department of Financial Institutions;*
  - (c) *The Kentucky address of the physical location of the qualified lender;*
  - (d) *The name, e-mail address, and phone number of an employee of the qualified lender, who can be contacted regarding questions about the application;*
  - (e) *The amount of the commercial loan.*
  - (f) *The requested loss payment amount calculated in accordance with subsection (2) of this section; and*
  - (g) *Documentation of the suffered loss.*
- (7) (a) *An application for a loss payment may only be submitted for losses suffered within five (5) years from the origination of the loan.*

- (b) *Once the loss application has been submitted to the cabinet, a decision to approve or deny the application shall be made within thirty (30) days of submission.*
- (c) *Within sixty (60) days of submission:*
  - 1. *If approved, the amount due shall be issued to the qualified lender; or*
  - 2. *If denied, an explanation shall be sent to the qualified lender for the denial.*
- (8) *Should the qualified lender, at any time after the receipt of a loss payment from the western Kentucky risk assistance fund, collect more than seventy-five percent (75%) of the previously considered uncollectable balance, any portion over seventy-five percent (75%) shall be repaid to the cabinet for deposit into western Kentucky risk assistance fund, however, no more than one million dollars (\$1,000,000) shall be recovered.*
- (9) *Inducements shall be paid as long as moneys are available in the fund from the initial funding or subsequent loss collection by qualified lenders on commercial loans originating before December 31, 2027.*

➔Section 6. There is hereby appropriated Restricted Fund moneys in the amount of \$25,000,000 in fiscal year 2021-2022 from the West Kentucky State Aid Funding for Emergencies (SAFE) Fund to the Western Kentucky Risk Assistance Fund created in Section 5 of this Act.

➔Section 7. Notwithstanding KRS Chapter 45A or 424, any public agency as defined in KRS 61.870(1) that is located within the areas named in a Presidential Declaration of Emergency relating to the storms and tornadoes that occurred in December 2021 may use their general funds, donations, aid, and grant funds received from other governmental units, and insurance proceeds for the design, construction, reconstruction, and repair or renovation of public buildings damaged by the storm and tornadoes without complying with the public procurement procedures required by state law if the public agency makes any decision related to the selection of vendors within an open meeting and any contract entered into is made part of the public record and is subject to disclosure in compliance with the provisions of KRS 61.870 to 61.884

➔Section 8. There is hereby appropriated Restricted Fund moneys from the West Kentucky State Aid Funding for Emergencies (SAFE) Fund in the amount of \$120,890,000 in fiscal year 2021-2022 to the Department of Military Affairs budget unit, to be used by the Division of Emergency Management in providing financial assistance for those impacted by the December 2021 storms and tornadoes that occurred in the west Kentucky region, according to the criteria established in Section 4 of House Bill 5/GA, as enacted in the 2022 Regular Session of the General Assembly, 2022 Ky. Acts ch. 2, sec. 4, as amended in Section 1 of this Act. Recipients shall be those that:

- (1) Are eligible under the SAFE Fund;
- (2) Have applied or requested state assistance from the SAFE Fund; and
- (3) Have submitted a request from a local official that includes a description and cost estimate of immediate needs.

➔Section 9. There is hereby appropriated General Fund moneys in the amount of \$100,000 in fiscal year 2022-2023 to the Department for Local Government to be distributed to the Paducah City Commission for use on the Rockport Bridge over the Green River at Railroad Milepost 117.86.

➔Section 10. There is hereby appropriated Restricted Funds in the amount of \$110,000 in fiscal year 2021-2022 from the West Kentucky State Aid Funding for Emergencies (SAFE) Fund to Murray State University for housing, facilities, and staffing costs for storm related purposes.

➔Section 11. Whereas support and relief efforts are imperative for the Commonwealth to recover from the considerable damage caused by the deadly storms and tornadoes, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

**Signed by Governor April 15, 2022.**

## CHAPTER 183

### ( HB 250 )

AN ACT relating to Kentucky State University, making an appropriation therefor, and declaring an emergency.

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

➔Section 1. (1) The General Assembly hereby finds a significant lack of efficiency and effectiveness in the instructional and operational performance of Kentucky State University and determines that immediate appropriate corrective action is warranted as follows:

(a) Whereas Kentucky State University does not have sufficient resources or reserves to continue operating as currently structured, the General Assembly declares that a state of financial exigency exists at Kentucky State University from the effective date of this Act until June 30, 2023. Notwithstanding any existing Kentucky State University policies relating to financial exigency, the Kentucky State University board of regents shall execute a new financial exigency policy by May 15, 2022, that will expedite the restructuring of university operations. The board of regents shall provide a copy of the new exigency policy to the Council on Postsecondary Education and the director of the Legislative Research Commission by June 1, 2022;

(b) In accordance with KRS 164.350 and 164.365, the Kentucky State University board of regents has the authority to terminate employment of any university employee, including tenured employees, upon 30 days' notice in accordance with the university's personnel policies and subject to the recommendation of the president or acting president, or in the case of the termination of the president or acting president, the recommendation of the Council on Postsecondary Education;

(c) The Council on Postsecondary Education shall approve any Kentucky State University expenditure greater than \$5,000, and the university shall provide a monthly report of university finances to the council in the format requested by the council. The council shall provide a monthly update on the financial status of the university to the Governor and the Legislative Research Commission. The financial oversight granted to the council under this paragraph shall continue until the council reports to the Governor and the Legislative Research Commission that the university's finances are stable;

(d) The Kentucky State University board of regents shall cease its search to fill the university's presidential vacancy until April 15, 2023. Upon the effective date of this Act, the board shall conduct a search for an interim president who has experience in university governance with specific emphasis placed on turnaround experience to replace the current interim president, who may serve until replaced;

(e) Within one year of the effective date of this Act, the Kentucky State University board of regents, in consultation with the Council on Postsecondary Education, shall conduct a thorough review of all university departments and academic programs for long-term viability, financial stability, alignment with the university's mission, and other criteria determined by the board and the council. In accordance with accreditation requirements, the board shall eliminate or make changes to any department or program found to be ineffective, inconsistent with the university's mission, or otherwise not meeting the review criteria;

(f) Kentucky State University faculty and staff employed in departments and programs closed under paragraph (e) of this subsection shall be terminated in accordance with the university's personnel policies but shall not be prohibited from applying for other positions available at the university;

(g) 1. Within three months of the effective date of this Act, the Kentucky State University board of regents, in consultation with the Council on Postsecondary Education, shall develop a process to review all faculty and staff performance, including a post-tenure review for tenured faculty as described in subparagraph 2. of this paragraph. The process shall ensure a consistently high level of employee performance and shall include but not be limited to assessments by peers, students, and administrators. In addition to evaluating an employee's growth, accomplishments, and skills, the process shall be used to identify deficiencies and ineffectiveness and redirect employee efforts to improve or increase productivity. The process shall be used as a basis for decisions on continued employment, promotion, salary increases, tenure, and maintenance of tenure;

2. In addition to the requirements described in subparagraph 1. of this paragraph, the review process for tenured faculty shall include an evaluation of teaching effectiveness, research body of work, overall commitment to the mission of the university, and other criteria determined by the board and the council;

(h) 1. Within one year of the effective date of this Act, the Kentucky State University board of regents, in consultation with the Council on Postsecondary Education, shall conduct a performance review of all faculty and staff as described in paragraph (g) of this section, except as provided in subparagraph 2. of this paragraph, and as a result, determine any board action warranted regarding termination of employees, abolishment of positions, and adjustment of salaries. Any employee who fails to meet the criteria established by the board, including tenured faculty, shall be terminated in accordance with the university's personnel policies;

2. If there is not a sufficient body of evidence for a tenured faculty member to undergo the review required under subparagraph 1. of this paragraph, as determined by criteria established by the board in consultation with the council, the review shall be delayed and the faculty member shall be advised of the deficiencies in the body of evidence causing the delay. The review shall take place by April 1, 2024; and

(i) All tenured faculty shall undergo an additional post-tenure review as described in paragraph (g) of this section by June 30, 2027.

(2) Any reasonable costs incurred by Kentucky State University and approved by the Council on Postsecondary Education related to, or resulting from, implementing personnel actions, including but not limited to terminations, separation incentives, settlements, and judgments shall be reported by the council to the General Assembly for consideration in determining future budget appropriations to the university.

➔Section 2. (1) The Council on Postsecondary Education shall create and oversee a management improvement plan for Kentucky State University designed to assist with organizational and financial stability that includes but is not limited to the following areas:

(a) A comprehensive cataloging and review of university policies and procedures to ensure efficiency and compliance with state and federal law;

(b) Guidelines for salary ranges and benefits for all faculty, staff, and administrators;

(c) Mandatory board member training and development, including but not limited to financial oversight and effective committee structure;

(d) Academic program offerings, course offerings, and faculty productivity guidelines;

(e) Accounting and fiscal reporting systems, collections, budget, and internal controls over expenditures and financial reporting;

(f) Student success and enrollment management strategies;

(g) Student academic progress and results; and

(h) The development of an online curriculum with the intent of offering Bachelor's and Master's degrees online.

(2) The plan shall include:

(a) Specific, measurable goals, objectives, and benchmarks for each of the improvement areas;

(b) A process for monitoring and evaluating Kentucky State University's progress toward meeting the goals, objectives, and benchmarks; and

(c) The terms and conditions for the termination of the plan.

(3) The plan shall include, as determined by the council, on-site council or third-party staff in a management, advisory, or administrative capacity to provide assistance to Kentucky State University in implementing the plan.

(4) The Kentucky State University board of regents shall fully cooperate and timely consult with the council in developing and implementing the plan and shall provide all information and documentation requested by the council in overseeing the plan.

(5) The council shall submit the plan to the Legislative Research Commission by November 1, 2022. Any revisions to the plan shall be submitted to the Commission after adoption.

(6) The council shall contract with an independent third party to make recommendations on the university's governance and operational structure and evaluate the university's performance throughout the period of the council's oversight.

(7) By June 1 and November 1, 2022, and by June 1 and November 1 of each year thereafter the plan is in effect, the council shall provide reports to the Interim Joint Committee on Education detailing the status of the development, implementation, and results of the plan.

(8) During Fiscal Years 2022-2023, 2023-2024, and 2024-2025, the Kentucky State University president and a member of the Kentucky State University board of regents shall provide a combined total of at least four updates each year on the progress of the management improvement plan and the investigation of the actions that led to the financial shortfall described in Section 3 of this Act to one or more of the following committees: the Budget Review Subcommittee on Postsecondary Education, the Interim Joint Budget Review Subcommittee on Education, the Interim Joint Committee on Appropriations and Revenue, or the Interim Joint Committee on Education.

(9) By November 1, 2025, the council shall provide a three-year performance analysis of Kentucky State University based on the management improvement plan to the Interim Joint Committee on Education, the Interim Joint Committee on Appropriations and Revenue, and the State Auditor of Public Accounts. The council shall provide recommendations for a transition plan to a new governance and operational structure for the institution for consideration by the General Assembly if the analysis finds a continuing significant lack of efficiency and effectiveness in the governance and administration of Kentucky State University. Upon the recommendation of the council, the General Assembly may extend the council's involvement with and oversight of the university beyond 2025.

➔Section 3. (1) There is hereby appropriated to the Council on Postsecondary Education General Fund moneys in the amount of \$23,000,000 in fiscal year 2021-2022 to address financial instability at Kentucky State University, including a cash shortfall due to prior year deficits and a projected financial structural imbalance in fiscal year 2021-2022. Prior to receiving any disbursement of the funds from the council, the university shall submit a request with supporting documentation required by the council for the council's review and approval and make recommendations for further investigations necessary, if any conduct has risen to the level of a crime. The total disbursed to Kentucky State University shall be a non-interest bearing loan to be repaid by the university. Funds not disbursed to the university shall be deposited to the loan repayment trust fund created in Section 4 of this Act.

(2) By November 1, 2025, the Council on Postsecondary Education shall make recommendations to the Interim Joint Committee on Appropriations and Revenue for consideration by the General Assembly during the 2026 Regular Session for the terms and schedule for repayment of the loan beginning in fiscal year 2026-2027 based on ongoing monitoring of Kentucky State University's financial status.

(3) The council shall provide an annual report to the Interim Joint Committee on Appropriations and Revenue detailing the status of the Kentucky State University loan by November 1, 2026, and by November 1 each year thereafter for as long as the loan is in effect.

➔Section 4. (1) The Kentucky State University loan repayment trust fund is hereby created as a trust fund in the State Treasury to be administered by the Council on Postsecondary Education for the purpose of receiving loan payments as described in Section 3 of this Act.

(2) The trust fund shall consist of amounts repaid by Kentucky State University and any amounts not disbursed to the university as described in Section 3 of this Act.

(3) The balance in the trust fund shall be invested as provided in KRS 42.500(9). Income earned from the investments shall be credited to the trust fund.

(4) Notwithstanding KRS 45.229, any fund balance at the close of the fiscal year shall not lapse but shall be carried forward to the next fiscal year. All receipts in the fund shall remain in the fund until appropriated by the General Assembly.

➔Section 5. There is hereby appropriated to the Council on Postsecondary Education General Fund moneys in the amount of \$5,000,000 in fiscal year 2022-2023 and \$10,000,000 in fiscal year 2023-2024 for the purposes of distributing funds to Kentucky State University, as determined by the council, as goals and benchmarks are met by the university in accordance with the management improvement plan established in Section 2 of this Act. Nothing in this section shall be considered as a performance fund distribution under KRS 164.092, and the university shall be included in the comprehensive funding model as described in KRS 164.092.

➔Section 6. There is hereby appropriated to the Council on Postsecondary Education General Fund moneys in the amount of \$1,500,000 in fiscal year 2022-2023 for the costs incurred by the council in carrying out its duties described in Sections 1 to 3 of this Act.

➔Section 7. Whereas the financial health and success of Kentucky State University, a comprehensive, historically Black land-grant university, is vital to the well-being of Kentucky's postsecondary education system and the students it serves, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

**Signed by Governor April 8, 2022.**



COMMONWEALTH OF KENTUCKY  
OFFICE OF THE GOVERNOR

RECEIVED  
APR 11 2022  
House Clerk's Office *MBE*

Andy Beshear  
GOVERNOR

Capitol Building, Suite 100  
700 Capitol Avenue  
Frankfort, KY 40601  
(502) 564-2611  
Fax: (502) 564-2517

**VETO MESSAGE FROM THE**  
**GOVERNOR OF THE COMMONWEALTH OF KENTUCKY**  
**REGARDING HOUSE BILL 315 OF THE**  
**2022 REGULAR SESSION**

**Section 12.**

*I, Andy Beshear, 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 58, lines 18 through 21, in their entirety.

*I am vetoing this part because current applications for broadband deployment projects that are pending before the Public Service Commission may be at risk of not being approved under the language of House Bill 315. Vetoing the emergency clause allows sufficient time for the Public Service Commission to rule, and the law to still go into effect at the start of the next fiscal year.*

This the 11<sup>th</sup> day of April, 2022.

Andy Beshear  
Governor

## CHAPTER 202

( HB 315 )

AN ACT relating to broadband deployment, making an appropriation therefor, and declaring an emergency.  
Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 224A IS CREATED TO READ AS FOLLOWS:

- (1) *There is established the Office of Broadband Development, which shall:*
- (a) *Be administratively attached to the Kentucky Infrastructure Authority;*
  - (b) *Encourage, foster, develop, and improve broadband within the Commonwealth to:*
    - 1. *Drive job creation, promote innovation, and expand markets for Kentucky businesses; and*
    - 2. *Serve the ongoing and growing needs of Kentucky's:*
      - a. *Agricultural, educational, health care, and public safety systems;*
      - b. *Industries and businesses;*
      - c. *Governmental operations; and*
      - d. *Citizens;*
  - (c) *Improve broadband accessibility for unserved and underserved communities and populations;*
  - (d) *Develop, coordinate, administer, and implement the Commonwealth's broadband deployment fund under Section 3 of this Act;*
  - (e) *Perform all administrative functions necessary to carry out the purposes of this section;*
  - (f) *On behalf of the Commonwealth, serve as:*
    - 1. *The central broadband planning and coordination entity;*
    - 2. *The single point of contact and liaison to federal agencies and programs regarding broadband issues, including but not limited to:*
      - a. *National Telecommunications and Information Administration;*
      - b. *Federal Communications Commission;*
      - c. *United States Department of Agriculture Rural Utilities Service; and*
      - d. *United States Treasury;*
    - 3. *An information clearinghouse for federal programs providing financial assistance to institutions located in rural areas seeking to obtain access to broadband;*
  - (g) *Coordinate with other state, regional, local, and private entities to:*
    - 1. *Develop and implement a statewide broadband plan, including relevant goals and objectives;*
    - 2. *Develop and encourage cost-effective broadband;*
    - 3. *Make recommendations for broadband infrastructure development, particularly in rural, unserved, and underserved areas; and*
    - 4. *Provide consultation services to local units of government or other project sponsors in connection with the planning, acquisition, improvement, construction, or development of any broadband deployment project;*
  - (h) *Monitor the broadband development efforts of other states and nations;*
  - (i) *Maintain data and statistics on broadband throughout the Commonwealth by:*
    - 1. *Collecting broadband availability data from Kentucky broadband providers and other sources on a street address or location-specific basis;*



2. *Verifying the accuracy of that data through on-the-ground testing;*
  3. *Creating and maintaining a statewide interactive map displaying broadband availability, which shall be available for public and state government use online;*
  4. *Analyzing the deployment data collected to inform and guide future investments in broadband infrastructure, including moneys expended under the broadband deployment fund;*
  5. *Empirically validating, on a targeted basis, the accuracy of broadband data that is routinely collected by the Federal Communications Commission to pinpoint areas of overstatement and understatement that may exist;*
  6. *Challenging the validity of the data as may be warranted, on behalf of the Commonwealth, to ensure that this state is receiving its due share of funding from federal broadband programs; and*
  7. *Monitoring the progress of federal awards for deploying broadband infrastructure to Kentucky locations and issuing an annual report to the Governor and the Interim Joint Committee on Appropriations and Revenue by November 1 of each year;*
- (j) *Develop a process for:*
1. *Receiving complaints related to insufficient broadband service;*
  2. *Incorporating forms for the collection of data related to the complaints;*
  3. *Resolving complaints;*
  4. *Reporting the information collected on unresolved complaints; and*
  5. *Referring complaints to the Office of the Attorney General, Federal Communications Commission, or Federal Trade Commission, as appropriate; and*
- (k) *Perform other duties and responsibilities as necessary to promote the development of broadband within the Commonwealth.*
- (2) *The office shall have all the power, not explicitly prohibited by statute, necessary and convenient to carry out and effectuate the purposes of this section, including:*
- (a) *Entering into contracts or agreements necessary or incidental to the performance of its duties, functions, and responsibilities;*
  - (b) *Soliciting, borrowing, accepting, receiving, and expending funds from any public or private source, property, labor, or other things of value to be used to carry out the office's operations, functions, and responsibilities; and*
  - (c) *Promulgating administrative regulations under KRS Chapter 13A.*
- (3) (a) *The authority may contract with a private nonprofit corporation with at least five (5) years of broadband and telecommunications public policy research and mapping experience to fulfill the purposes, duties, and responsibilities of the office as required in subsections (1) and (2) of this section.*
- (b) *If the authority exercises its option to contract with an entity to fulfill the office's obligations under this section, the procurement shall not abrogate the authority from fulfilling the office's duties or achieving the timelines for issuing grants in Section 4 of this Act.*
- (4) *The authority shall report the activities of the office to the Legislative Research Commission on a semiannual basis, each January 1 and each July 1.*

➔Section 2. KRS 224A.011 is amended to read as follows:

As used in this chapter, unless the context requires otherwise:

- (1) "Administrative fee" means a fee assessed and collected by the authority from borrowers and applicants under assistance agreements, to be used for operational expenses of the authority;
- (2) "Applicable interest rate" means the rate of interest which shall be used as part of the repayment criteria for an assistance agreement between a governmental agency and the authority, and shall be determined by the authority pertinent to the source of funds from which the assistance agreement is funded;

- (3) "Applicant" means a governmental agency or private sector entity that has submitted an application to the ~~office~~~~authority~~ for a grant from the broadband deployment fund;
- (4) "Application" means an application submitted by an applicant for a grant from the broadband deployment fund;
- (5) "Assistance agreement" means the agreement to be made and entered into by and between a governmental agency or a private entity and the authority, as authorized by this chapter, providing for a lease, loan, services, or grant to a governmental agency or a private entity or for the purchase of obligations issued by the governmental agency, and for the repayment thereof to the authority by the governmental agency or a private entity;
- (6) "Authority" means the Kentucky Infrastructure Authority, which is created by this chapter;
- (7) "Authority revenues" means the totality of all:
  - (a) Service charges;
  - (b) Utility tax receipts, to the extent not otherwise committed and budgeted by the authority during any fiscal period of the authority;
  - (c) Any gifts, grants, or loans received, to the extent not otherwise required to be applied;
  - (d) Any and all appropriations made to the authority by the General Assembly of the Commonwealth of Kentucky, to the extent not otherwise required to be applied;
  - (e) All moneys received in repayment of and for interest on any loans made by the authority to a governmental agency, except as provided in KRS 224A.111, 224A.1115, and 224A.112, or as principal of and interest on any obligations issued by a governmental agency and purchased by the authority, or as receipts under any assistance agreement;
  - (f) The proceeds of bonds or long-term debt obligations of governmental agencies pledged to the payment of bond anticipation notes issued by the authority on behalf of the said governmental agency to provide interim construction financing; and
  - (g) Payments under agreements with any agencies of the state and federal government;
- (8) "Borrower or borrowing entity" means any agency of the state or its political subdivisions, any city, or any special district created under the laws of the state acting individually or jointly under interagency or interlocal cooperative agreements to enter into assistance agreements with the authority;
- ~~(9) "Broadband" means any wireline or fixed terrestrial technology having a capacity to transmit data from or to the Internet with a minimum speed of twenty five (25) megabits per second downstream and three (3) megabits per second upstream as defined by the Federal Communications Commission or the United States Department of Agriculture and any amendments to those definitions. If the agencies use different speed definitions, the faster speed definition shall apply to KRS 224A.110, 224A.112, and 224A.1121;~~
- ~~(10)~~ "Broadband deployment fund" means a fund to assist with the construction, development, or improvement of broadband infrastructure, broadband services, or technologies that constitute a part of, or are related to, broadband infrastructure or broadband services, to provide for broadband service in underserved or unserved areas of the Commonwealth;
- ~~(10)~~~~(11)~~ "Broadband deployment project" means a proposed deployment of broadband service infrastructure set forth in an application for grant funding under KRS 224A.112;
- ~~(11)~~~~(12)~~ "Broadband deployment project area" means a geographic area determined by census block, ~~or~~ shapefile geospatial data, **or list of addresses** ~~for~~ which **has been proposed for** grant funding ~~has been authorized~~ under this section and KRS 224A.110, 224A.112, and 224A.1121;
- ~~(12)~~~~(13)~~ "Census block" means the smallest geographic unit used by the United States Census Bureau that is reported on the Federal Communications Commission (FCC) Form 477 relating to fixed broadband deployment data;
- ~~(13)~~~~(14)~~ "Community flood damage abatement project" means any structural or nonstructural study, plan, design, construction, development, improvement, or other activity to provide for flood control;
- ~~(14)~~~~(15)~~ "Construction" means and includes but is not limited to:

- (a) Preliminary planning to determine the economic and engineering feasibility of infrastructure projects, the engineering, architectural, legal, fiscal, and economic investigations, and studies necessary thereto, and surveys, designs, plans, working drawings, specifications, procedures, and other actions necessary to the construction of infrastructure or solid waste projects;
  - (b) The erection, building, acquisition, alteration, remodeling, improvement, or extension of infrastructure or solid waste projects; and
  - (c) The inspection and supervision of the construction of infrastructure or solid waste projects and all costs incidental to the acquisition and financing of same. This term shall also relate to and mean any other physical devices or appurtenances in connection with, or reasonably attendant to, infrastructure or solid waste projects;
- ~~(15)~~~~(16)~~ "Dams" means any artificial barrier, including appurtenant works, which does or can impound or divert water, and which either:
- (a) Is or will be twenty-five (25) feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier, as determined by the Energy and Environment Cabinet; or
  - (b) Has or will have an impounding capacity at maximum water storage elevation of fifty (50) acre feet or more;
- ~~(16)~~~~(17)~~ "Distribution facilities" means all or any part of any facilities, devices, and systems used and useful in obtaining, pumping, storing, treating, and distributing water for agricultural, industrial, commercial, recreational, public, and domestic use;
- ~~(17)~~~~(18)~~ "Energy and Environment Cabinet" means the Kentucky Energy and Environment Cabinet, or its successor, said term being meant to relate specifically to the state agency which is designated as the water pollution agency for the Commonwealth of Kentucky, for purposes of the federal act;
- ~~(18)~~~~(19)~~ "Federal act" means the Federal Clean Water Act (33 U.S.C. secs. 1251 et seq.) as said federal act may be amended from time to time in the future, or any other enactment of the United States Congress providing funds that may assist in carrying out the purposes of the authority;
- ~~(19)~~~~(20)~~ "Federally assisted wastewater revolving fund" means that fund which will receive federal and state funds or the proceeds from the sale of revenue bonds of the authority for the purpose of providing loans to finance construction of publicly owned treatment works as defined in Section 212 of the federal act and for the implementation of a management program established under Section 319 of the federal act and for the development and implementation of a conservation and management plan under Section 320 of the federal act;
- ~~(20)~~~~(21)~~ "Governmental agency" means any incorporated city or municipal corporation, or other agency, or unit of government within or a department or a cabinet of the Commonwealth of Kentucky, now having or hereafter granted, the authority and power to finance, acquire, construct, or operate infrastructure or solid waste projects. This definition shall specifically apply but not by way of limitation to incorporated cities; counties, including any counties containing a metropolitan sewer district; sanitation districts; water districts; water associations if these associations are permitted to issue interest-bearing obligations which interest would be excludable from gross income under Section 103 of the Internal Revenue Code of 1986 as amended; sewer construction districts; metropolitan sewer districts; sanitation taxing districts; a regional wastewater commission established under KRS 65.8901 to 65.8923; and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another in accordance with any regional or area compact, or intergovernmental cooperative agreements), now or hereafter established in accordance with the laws of the Commonwealth of Kentucky having and possessing the described powers described in this subsection;
- ~~(21)~~~~(22)~~ "Industrial waste" means any liquid, gaseous, or solid waste substances resulting from any process of industry, manufacture, trade, or business, or from the mining or taking, development, processing, or recovery of any natural resources, including heat and radioactivity, together with any sewage as is present therein, which pollutes the waters of the state, and specifically, but not by way of limitation, means heat or thermal differentials created in the waters of the state by any industrial processing, generating, or manufacturing processes;
- ~~(22)~~~~(23)~~ "Infrastructure project" means any construction or acquisition of treatment works, facilities related to the collection, transportation, and treatment of wastewater as defined in KRS 65.8903, distribution facilities, or water resources projects instituted by a governmental agency or an investor-owned water utility which is approved by the authority and, if required, by the Energy and Environment Cabinet, Public Service

Commission, or other agency; solid waste projects; dams; storm water control and treatment systems; gas or electric utility; broadband deployment project; or any other public utility or public service project which the authority finds would assist in carrying out the purposes set out in KRS 224A.300;

- (23)~~(24)~~ "Infrastructure revolving fund" means that fund which will receive state funds, the proceeds from the sale of revenue bonds of the authority or other moneys earmarked for that fund for the purpose of providing loans or grants to finance construction or acquisition of infrastructure projects as defined in this section;
- (24)~~(25)~~ "Loan or grant" means moneys to be made available to governmental agencies by the authority for the purpose of defraying all or any part of the total costs incidental to construction or acquisition of any infrastructure project;
- (25)~~(26)~~ "Market interest rate" means the interest rate determined by the authority under existing market conditions at the time the authority shall provide financial assistance to a governmental agency;
- (26)~~(27)~~ "Obligation of a governmental agency" means a revenue bond, bond anticipation note, revenue anticipation note, lease, or other obligation issued by a governmental agency under KRS 58.010 et seq. or other applicable statutes;
- (27)~~(28)~~ ***"Office" means the Office of Broadband Development;***
- (28) "Person" means any individual, firm, partnership, association, corporation, or governmental agency;
- (29) "Pollution" means the placing of any noxious or deleterious substances ("pollutants"), including sewage and industrial wastes, in any waters of the state or affecting the properties of any waters of the state in a manner which renders the waters harmful or inimical to the public health or to animal or aquatic life, or to the use, present or future, of these waters for domestic water supply, industrial or agricultural purposes, or recreational purposes;
- (30) "Prioritization schedules" means the list of wastewater treatment works, distribution facilities and water resources projects which the Energy and Environment Cabinet has evaluated and determined to be of priority for receiving financial assistance from the federally assisted wastewater revolving fund and the federally assisted drinking water revolving fund, or the list of infrastructure projects which the authority has evaluated and determined to be of priority for receiving financial aid from the infrastructure revolving fund. The evaluation by the authority of infrastructure projects for water systems shall be undertaken with input from the appropriate area development district;
- (31) "Recovered material" means those materials which have known current use, reuse, or recycling potential, which can be feasibly used, reused, or recycled, and which have been diverted or removed from the solid waste stream for sale, use, reuse, or recycling, whether or not requiring subsequent separation and processing but does not include materials diverted or removed for purposes of energy recovery or combustion except refuse-derived fuel (RDF), which shall be credited as a recovered material in an amount equal to that percentage of the municipal solid waste received on a daily basis at the processing facility and processed into RDF; but not to exceed fifteen percent (15%) of the total amount of the municipal solid waste received at the processing facility on a daily basis;
- (32) "Recovered material processing facility" means a facility engaged solely in the storage, processing, and resale or reuse of recovered material but does not mean a solid waste facility if solid waste generated by a recovered material processing facility is managed in accordance with KRS Chapter 224 and administrative regulations adopted by the cabinet;
- (33) "Revenue bonds" means special obligation bonds issued by the authority as provided by the provisions of this chapter, which are not direct or general obligations of the state, and which are payable only from a pledge of, and lien upon, authority revenues as provided in the resolution authorizing the issuance of the bonds, and shall include revenue bond anticipation notes;
- (34) "Service charge" means any monthly, quarterly, semiannual, or annual charge to be imposed by a governmental agency, or by the authority, for any infrastructure project financed by the authority, which service charge arises by reason of the existence of, and requirements of, any assistance agreement;
- (35) "Sewage" means any of the waste products or excrements, or other discharges from the bodies of human beings or animals, which pollute the waters of the state;
- (36) "Shapefile" means a file format for storing, depicting, and analyzing geospatial data showing broadband coverage;

- (37) "Solid waste" means "solid waste" as defined by KRS 224.1-010(30)(a);
- (38) "Solid waste facility" means any facility for collection, handling, storage, transportation, transfer, processing, treatment, or disposal of solid waste, whether the facility is associated with facilities generating the waste or otherwise, but does not include a container located on property where the waste is generated and which is used solely for the purpose of collection and temporary storage of that solid waste prior to off-site disposal, or a recovered material processing facility;
- (39) "Solid waste project" means construction, renovation, or acquisition of a solid waste facility which shall be instituted and owned by a governmental agency;
- (40) "Solid waste revolving fund" means that fund which shall receive state funds, the proceeds from the sale of revenue bonds of the authority, or other moneys earmarked for the purpose of providing loans or grants to finance solid waste projects defined in this section;
- (41) "State" means the Commonwealth of Kentucky;
- (42) "System" means the system owned and operated by a governmental agency with respect to solid waste projects, treatment works, or infrastructure projects financed as provided by the assistance agreement between the governmental agency and the authority;
- (43) "Treatment works" or "wastewater treatment works" means all or any part of any facilities, devices, and systems used and useful in the storage, treatment, recycling, and reclamation of wastewater or the abatement of pollution, including facilities for the treatment, neutralization, disposal of, stabilization, collecting, segregating, or holding of wastewater, including without limiting the generality of the foregoing, intercepting sewers, outfall sewers, pumping power stations, and other equipment and their appurtenances; extensions, improvements, remodeling, additions, and alterations thereof, and any wastewater treatment works, including site acquisition of the land that will be an integral part of the wastewater treatment process, or is used for ultimate disposal of residues resulting from wastewater treatment, together with any other facilities which are deemed to be treatment works in accordance with the federal act;
- (44) "Underserved area" means any project area where ~~fixed, terrestrial~~ broadband service with a minimum **one hundred (100)**~~twenty-five (25)~~ megabits per second downstream and **twenty (20)**~~three (3)~~ megabits per second upstream is not available;
- (45) "Unserved area" means any project area where ~~fixed, terrestrial~~ broadband service with a minimum **twenty-five (25)**~~ten (10)~~ megabits per second downstream and **three (3) megabits**~~one (1) megabit~~ per second upstream is not available;
- (46) "Utility tax" means the tax which may be imposed by the authority on every purchase of water or sewer service in the Commonwealth of Kentucky;
- (47) "Variable rate revenue bonds" means revenue bonds the rate of interest on which fluctuates either automatically by reference to a predetermined formula or index or in accordance with the standards set forth in KRS 224A.120;
- (48) "Wastewater" means any water or liquid substance containing sewage, industrial waste, or other pollutants or contaminants derived from the prior use of these waters;
- (49) "Water resources" means all waters of the state occurring on the surface, in natural or artificial channels, lakes, reservoirs, or impoundments, and in subsurface aquifers, which are available, or which may be made available to agricultural, industrial, commercial, recreational, public, and domestic users;
- (50) "Water resources project" means any structural or nonstructural study, plan, design, construction, development, improvement, or any other activity including programs for management, intended to conserve and develop the water resources of the state and shall include all aspects of water supply, facilities to collect, transport, and treat wastewater as defined in KRS 65.8903, flood damage abatement, navigation, water-related recreation, and land conservation facilities and measures; and
- (51) "Waters of the state" means all streams, lakes, watercourses, waterways, ponds, marshes, wells, springs, irrigation systems, drainage systems, and all other bodies or accumulations of water, surface and underground, natural or artificial, which are situated wholly or partly within, or border upon, this state, or are within its jurisdiction, except those private waters which do not combine or effect a junction with natural, surface, or underground waters.

➔Section 3. KRS 224A.112 is amended to read as follows:

- (1) The infrastructure revolving fund shall be established in the State Treasury and shall be administered by the authority. The fund shall be a dedicated fund, and all moneys in the fund shall be allocated and dedicated solely to providing financial assistance to governmental agencies, and investor-owned water systems as provided for in KRS 96.540, 224A.306, 224A.308, and 224A.310, for the construction or acquisition of infrastructure projects through an account designated as the 2020 water service account.
- (2) The broadband deployment fund shall be established in the State Treasury and shall be administered by the ~~office~~~~authority~~. The fund shall be a dedicated fund, and all moneys in the fund shall be allocated and dedicated solely to providing grant funds to governmental agencies and private sector entities to construct infrastructure for the deployment of broadband service to households and businesses in underserved or unserved areas of the Commonwealth through an account designated as the broadband deployment fund.
- (3) Funds in subsections (1) and (2) of this section shall not be commingled and shall be used only for the stated purposes in subsections (1) and (2) of this section.
- (4) The financial assistance which may be provided by the revolving fund shall be limited to:
  - (a) Making loans, on the condition that the loans are made at or below market interest rates, including interest free loans, at terms not to exceed thirty (30) years and that the fund will be credited with all payments of principal and interest on all loans;
  - (b) Purchasing or guaranteeing, or purchasing insurance for, local or state obligations when the action would improve credit market access or reduce interest rates;
  - (c) Providing a source of revenue or security for the payment of principal and interest on bonds or notes issued by the authority or other agencies of the state if the proceeds of the sale of the bonds will be deposited in the fund;
  - (d) Providing moneys with which to carry out the requirements of assistance agreements; and
  - (e) Making grants as funds specifically appropriated for grants or proceeds from the sale of the authority's revenue bonds are available.
- (5) The revolving fund shall be established, maintained, and credited with repayments and the fund balance shall be available in perpetuity for its stated purposes.
- (6) The authority may provide financial assistance from the *revolving* fund to supplement assistance provided from the federally assisted wastewater revolving fund as created in KRS 224A.111.
- (7) The authority shall advise governmental agencies of the availability of the infrastructure revolving fund and how moneys may be obtained from the fund.
- (8) The authority may enter into any necessary or required agreement with federal or state agencies or persons to carry out the provisions of this section. All state agencies shall cooperate with the authority and share information with the authority as appropriate to accomplish the purposes set out in KRS 224A.300.
- (9) Moneys in the *broadband deployment* fund are hereby appropriated for the purposes set forth in this section and KRS 224A.1121.
- (10) Notwithstanding KRS 45.229, any moneys remaining in the *broadband deployment* fund at the close of the fiscal year shall not lapse but shall be carried forward into the succeeding fiscal year to be used for the purposes set forth in this section and KRS 224A.1121.
- (11) Interest earned on moneys in the broadband deployment fund shall stay in the fund.

➔Section 4. KRS 224A.1121 is amended to read as follows:

- (1) (a) The purpose of the broadband deployment fund set forth in KRS 224A.112 shall be to:
  1. Assist governmental agencies and private sector entities to construct infrastructure for the deployment of broadband service to underserved or unserved areas of the Commonwealth; **and**
  2. ***Provide supplemental funding for recipients of federal government awards specifically to support the deployment or expansion of broadband networks.***
- (b) The ~~office~~~~authority~~ shall manage the fund and may accept and receive appropriations from the General Assembly or other funds or gifts from both public and private sources, including but not limited to local governments and federal agencies.

- (2) The *office*~~{authority}~~ shall establish a grant program that allocates funds from the broadband deployment fund in accordance with this section.
- (3) (a) ***The office shall issue grant applications for all projects awarded grant funds on or after April 5, 2022.***
- (b) Grant funds may be used by government or private sector entities for broadband deployment projects.~~{~~
- ~~(3) The grant program shall be developed to give highest funding priority to those projects which most effectively provide broadband service to the greatest number of underserved and unserved Kentucky citizens and at the lowest cost. Funding shall not be used to duplicate broadband service to citizens, households, and businesses in a broadband deployment project area where fixed, terrestrial broadband service meets or exceeds twenty-five (25) megabits per second downstream and three (3) megabits per second upstream.}~~
- (4) The *office*~~{authority}~~ shall develop funding criteria and prioritization schedules for broadband deployment projects~~{in a technology neutral manner}~~ in accordance with this section.
- (5) (a) The *office*~~{authority}~~ shall establish guidelines and standards for applying for and approving grants from the broadband deployment fund ***according to the minimum requirements in this section. No additional requirement shall be added which could delay broadband deployment.***
- (b) An eligible applicant shall submit an application to the *office*~~{authority}~~.
- (c) An application for a grant shall contain any information the *office*~~{authority}~~ requires, including but not limited to:
- 1.~~{(a)}~~ A *shapefile*~~{geographic description}~~ of the broadband deployment project area ***and a list of addresses in the broadband deployment project area***~~{, including whether the area is partially served}~~;
  - 2.~~{(b)}~~ A description of the broadband deployment project, including facilities, equipment, total cost, timeframe for completion, and network capabilities, including minimum speed thresholds;
  - 3.~~{(c)}~~ Documentation of the applicant's technical, financial, and managerial resources and experience to build, operate, and manage broadband *networks* serving citizens, households, and businesses in Kentucky, ***including a detailed project management plan identifying staff, contractors, and key responsibilities***;
  - 4.~~{(d)}~~ Documentation of the economic and commercial feasibility of the proposed broadband deployment project, ***including a detailed project budget and documentation of availability of supplies***;
  - 5.~~{(e)}~~ The number of ***addresses within the broadband deployment project area***~~{citizens, households, or businesses}~~ that would have new access to broadband as a result of the grant;
  - 6.~~{(f)}~~ The amount of matching funds the eligible applicant will contribute and a certification that no portion of the matching funds is derived from any state or federal grant received for the purpose of funding broadband infrastructure within the project area; and
  - 7.~~{(g)}~~ A certification that none of the funds provided by the program for the project in the application will be used to extend or deploy facilities to any currently served ***addresses***~~{citizens, households, or businesses}~~.
- (6) The *office*~~{authority}~~ shall make ***all information within each application***~~{the applications}~~ available to the public within five (5) business days ***following***~~{of}~~ the deadline for submission of applications, provided the information contained within an application is not exempt from disclosure under the provisions of the Open Records Act, KRS 61.870 to 61.884. The description of the geographic scope of the broadband deployment project area shall not be exempt under the Open Records Act, KRS 61.870 to 61.884, and shall be made available to the public within five (5) days after submission of the application.
- (7) (a) As part of the grant application process ***under***~~{, pursuant to}~~ subsection (5)~~{(3)}~~ of this section, the *office*~~{authority}~~ shall include an opportunity for a ***challenging*** broadband service provider to challenge ***an***~~{the}~~ application ***within fifteen (15) business days of making all information available to the public under subsection (6) of this section.***
- (b) ***A challenging provider shall provide the office with proof that:***~~{ As part of the dispute process, the authority may consider any relevant geospatial data available from a broadband service provider or~~

~~grant applicant. Geospatial data may include but is not limited to shapefiles detailing broadband coverage, the most current Federal Communications Commission Form 477 fixed broadband deployment data reporting, or other documentation of broadband deployment infrastructure in the project area to show that a challenged project area is underserved or unserved. A challenging provider may provide the authority with proof, including but not limited to:~~

~~1.(a)~~ The broadband deployment project area is:

- ~~a.~~ Currently served; or ~~is~~
- ~~b.~~ Under construction for provision of broadband service within twelve (12) months of the challenge; or

~~2.(b)~~ The applicant has received funds from another state or federally funded grant program designed to encourage broadband deployment in the **broadband deployment project** area **that covers more than fifty percent (50%) of the eligible project expenses.**

(c) ***As part of the challenge process and in order to meet the burden of proof in paragraph (b) of this subsection, the challenging provider shall submit:***

- 1. A shapefile and a list of addresses containing all addresses within the broadband deployment project area that the challenging broadband service provider currently serves and the maximum megabits per second downstream speed and the maximum megabits per second upstream speed provided to each challenged address;***
- 2. A feasibility study, construction plan, or other relevant documentation that clearly and convincingly demonstrates that the challenging broadband service provider will be under construction within twelve (12) months of the application date for the broadband deployment fund grant, which may be extended by the office an additional six (6) months because of undue construction delays; or***
- 3. Loan documents, grant award receipts, or other financial information that clearly and convincingly demonstrates to the office that the challenging broadband service provider has received adequate funds from another state or federally funded grant program designed to encourage broadband deployment in the area.***

(d) ***Within five (5) business days of a challenge being submitted to the office, the provider submitting the application which is challenged shall be provided copies of all challenge material.***

(e) ***The office shall treat any information submitted as part of a challenge as confidential and exempt from disclosure under the Open Records Act, KRS 61.870 to 61.884, upon the challenging provider's request for confidential treatment.***

(f) ***Within fifteen (15) business days of receipt of the copies under paragraph (d) of this subsection, the applicant shall respond to the challenge.***

(g) ***Once the response to the challenge is submitted to the office by the applicant, the office shall have fifteen (15) business days to resolve the dispute.***

(h) ***Upon a determination that a challenge is unsuccessful because the challenging provider is unable to prove, within the timeframe provided under this section, that the provider currently serves a broadband deployment project area, the office shall move forward with the funding process provided in this section.***

(8) (a) Upon a determination that an application meets the funding criteria, but the proposed project area is found to be partially served, the ~~applicant~~<sup>authority</sup> may amend **and resubmit** the application **within fifteen (15) business days** and **the office may** grant partial funding based on the partial service provided in order to ensure that grant funds are used to only provide broadband service to ~~addresses~~<sup>citizens, households, or businesses</sup> deemed underserved or unserved.

(b) ***In the event of a challenge that involves subsection (7)(c)2. of this section and those addresses are not under construction within twelve (12) months, or eighteen (18) months if extended by the office, the challenging provider shall pay a civil penalty to the broadband deployment fund in an amount equal to the amount of grant funding for those addresses plus ten percent (10%).***



- (9) *When awarding grant funds, the office shall award funding to addresses with no service first, then to addresses that are unserved, and then lastly to addresses that are underserved. The office shall:*
- (a) *Score the unserved and underserved grant applications based on the following criteria, giving priority consideration in the order listed:*
1. *Projects in unserved and underserved areas that reach the customers that are the least economical to serve, in the following order:*
    - a. *Projects that average zero to five (5) locations per route mile;*
    - b. *Projects that average five (5) to ten (10) locations per route mile; and*
    - c. *Projects that average eleven (11) locations or more per route mile;*
  2. *Projects in unserved and underserved areas where local, state, or federal funds are not available;*
  3. *Fiber-to-the-premise projects that will deploy broadband services with a capacity to transmit data from or to the Internet with symmetrical downstream and upstream speeds of at least one (1) gigabit;*
  4. *Projects deploying infrastructure capable of achieving symmetrical speeds at a minimum of one hundred (100) megabits per second download and upload speeds;*
  5. *The size and the scope of the unserved and underserved area proposed to be served;*
  6. *The technical, managerial, and financial capabilities of the applicant, demonstrating the ability to successfully deploy the proposed project and provide broadband service;*
  7. *A project requesting less than fifty percent (50%) funding from the requested grant;*
  8. *Projects that will be eligible for the Affordable Connectivity Program for low-income consumers administered by the Federal Communications Commission; and*
  9. *Projects that plan to encourage adoption of broadband services, including community outreach to promote adoption, technical support, and training on how to connect;*
- (b) *Award no more than fifty percent (50%) of the total project cost, unless the project meets the following density requirements:*
1. *Projects that average zero to five (5) locations per route mile, which may be eligible for reimbursement of up to seventy percent (70%) of the cost of the project;*
  2. *Projects that average five (5) to ten (10) locations per route mile, which may be eligible for reimbursement of up to sixty percent (60%) of the cost of the project; and*
  3. *Projects that average eleven (11) locations or more per route mile, which may be eligible for reimbursement of fifty percent (50%) of the cost of the project;*
- (c) *Require the remaining project costs to be paid by matching funds from:*
1. *A private source, including but not limited to financial institutions that serve distribution cooperatives;*
  2. *A city, county, urban-county government, or consolidated local government; or*
  3. *Any combination of matching moneys provided under subparagraphs 1. and 2. of this paragraph;*
- (d) *Allow eligible project expenses, including those that are incurred starting on or after the date in the written acknowledgement of acceptance issued under paragraph (f) of this subsection and ending at the conclusion of the grant project, or grant project contractual term, whichever is earlier, and may include:*
1. *Project engineering or design plans;*
  2. *Permitting;*
  3. *Pre-construction costs to make ready the project site;*
  4. *Outside plant materials, including fiber; poles, hardware, conduit or splitters;*

- 5. *Labor, construction management, and equipment; and*
- 6. *Installation and testing of the broadband services;*
- (e) *Make a determination that an application meets the funding criteria, unless the proposed project area is found to be partially served, in which case the application may be amended and partial funding based on the partial service provided may be granted; and*
- (f) 1. *Issue within sixty (60) days of receipt of an application for grant funds, except in the case of a challenged application under the timeline in subsection (7) of this section, a written acknowledgement of either:*
  - a. *Acceptance;*
  - b. *Denial and any reasons for denial of the application; or*
  - c. *A request for additional information to process the application listing the specific information required; and*
- 2. *Issue grant funds to the applicant by the fifteenth day of the month, or the next business day if the fifteenth day falls on a weekend day or state or federal holiday, when a complete requisition of funds packet is received prior to the fifth day of the month.*
- (10) *The office shall not reimburse applicants for special construction charges, including fees or charges imposed upon the end user as a condition of receiving broadband service at an address.*
- (11) *The office may provide an incentive for timely completion or a disincentive for not meeting agreed upon timeframes.*
- (12) *Grant funds awarded to an applicant to supplement the applicant's federal fund award may not be used for costs that will be reimbursed by the other federal funds.*
- (13) No funds shall be used:
  - (a) *To support any broadband deployment project involving the upgrade of an existing facility **already delivering broadband services, including an upgrade of existing wireline, or terrestrial infrastructure capable of delivering services greater than twenty-five (25) megabits per second downstream and three (3) megabits per second upstream;** or*
  - (b) *For non-capital expenses, non-broadband services, marketing, or advertising. ~~[The broadband deployment project area shall be described by census block including the specific addresses to be serviced or by shapefile geospatial data.]~~*
- ~~(10) Grant applicants shall pay a minimum of fifty percent (50%) of the project cost which shall not include any matching funds received from federal or state government grants for broadband deployment in the project area.]~~
- ~~(14)(11) Moneys in this fund shall not be used by or transferred to the Kentucky Communications Network Authority.~~
- (15) (a) ~~(12)~~ *To carry out the purposes of this section, the **office may**~~[authority shall]~~ promulgate administration regulations **under**~~[in accordance with]~~ KRS Chapter 13A.~~[Within one hundred eighty (180) days of July 15, 2020, the authority shall promulgate regulations to implement the provisions of this section and KRS 224A.011, 224A.110, and 224A.112 and govern the submission, review, and approval of applications and the administration of broadband deployment projects.]~~*
- (b) *The **office**~~[authority]~~ shall not promulgate any regulations that place obligations on the applicants that are more restrictive than applicable federal or state law.~~[Except as otherwise provided in this section, all of the authority's records relating to the broadband deployment fund shall be deemed confidential unless disclosure is required under the provisions of the Open Records Act, KRS 61.870 to 61.884.]~~*
- (c) *In the event that any state law or administrative regulation affecting the broadband deployment fund conflicts with any federal law or regulation related to federal broadband funding, the federal law or regulation shall govern. The office may adopt state and local program requirements to comply with all federal laws and regulation related to federal broadband funding.*

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 224A IS CREATED TO READ AS FOLLOWS:

- (1) *The General Assembly hereby finds and declares that:*
- (a) *A rural infrastructure improvement fund, and a program to administer the fund, is necessary to further the Commonwealth's goal to expand and accelerate access to broadband service throughout the entire Commonwealth; and*
  - (b) *Supporting the replacement of utility poles will provide benefits to Kentucky residents by:*
    - 1. *Facilitating the construction of broadband networks;*
    - 2. *Minimizing the potential for disputes between broadband providers and utility pole owners that could otherwise delay deployment;*
    - 3. *Improving the resiliency and longevity of broadband infrastructure; and*
    - 4. *Addressing needs for broadband investment not yet fully met by existing programs.*
- (2) *As used in this section:*
- (a) *"Application" means an application made under subsection (4) of this section for eligible pole replacement costs;*
  - (b) *"Eligible pole replacement":*
    - 1. *Means the removal of an existing utility pole and replacement with a new utility pole in an unserved area in order to accommodate the attachment of facilities to be used, in whole or in part, by a retail provider to provide qualifying broadband service access to residences or businesses within an unserved area; and*
    - 2. *Does not include the removal and replacement of a utility pole in order to accommodate facilities used only for the provision of wholesale broadband or data transport service, where the owner of the facilities, or its affiliate, does not use the facilities to provide qualifying broadband services directly to residences or businesses;*
  - (c) *"Eligible pole replacement costs":*
    - 1. *Means:*
      - a. *The actual and reasonable costs paid or incurred to perform an eligible pole replacement;*
      - b. *The amounts of any expenditures to remove and dispose of the existing utility pole, to purchase and install a replacement utility pole, or to transfer any existing facilities to the new pole; and*
      - c. *The costs of reimbursing another party for the costs of performing an eligible pole replacement, when paid or incurred by the person responsible for the costs; and*
    - 2. *Does not include:*
      - a. *Costs paid or incurred to perform an eligible pole replacement by a party who is not responsible for those costs, and which are charged or passed along to the responsible party;*
      - b. *Costs for which the party incurring or paying the costs separately has received or is entitled to receive reimbursement under the terms of a state or federal grant program for the deployment of broadband facilities; and*
      - c. *The receipt of a state or federal grant where the pole replacement costs, for which reimbursement is requested, exceed the pole replacement costs that were reasonably anticipated at the time of, or on which the amount of, the other support funding was predicated.*

*Costs are considered separately reimbursed for purposes of this paragraph if the amount of an award under another state or federal broadband program included consideration, by the awarding entity, of the pole replacement costs by the applicant;*
  - (d) *"Fund" means the rural infrastructure improvement fund established by subsection (3) of this section;*

- (e) *"Pole owner" means any person or entity that owns or controls a utility pole;*
  - (f) *"Program" means the Kentucky Rural Infrastructure Improvement Program established by subsection (4) of this section;*
  - (g) *"Qualifying broadband service" means a retail wireline broadband service capable of delivering Internet access at speeds of at least one hundred (100) megabits per second in both the downstream and upstream directions, and with latency at a level sufficient to permit real-time, interactive applications; and*
  - (h) *"Utility pole" means any pole used, in whole or in part, for any wire communications or electric distribution, regardless of the owner or operator of the pole.*
- (3)
- (a) *There is created within the State Treasury a trust and agency account to be known as the rural infrastructure improvement fund, consisting of moneys appropriated by the General Assembly, federal funds, grants, and gifts.*
  - (b) *The fund shall be administered by the Office of Broadband Development and all money deposited in the fund shall be used:*
    - 1. *By the office to provide reimbursements to qualified applicants under the Rural Infrastructure Improvement Program established under subsection (4) of this section;*
    - 2. *For the purposes of covering the costs of program administration and operation; and*
    - 3. *In a manner consistent with federal law.*
  - (c) *Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of the fiscal year shall not lapse but shall be carried forward into the succeeding fiscal year to be used for the purposes set forth in this section.*
  - (d) *Interest earned on money deposited to the credit of the fund shall be retained in the fund and shall not lapse.*
  - (e) *Moneys deposited in the fund are hereby appropriated for the purposes in this section.*
- (4)
- (a) *There is hereby established the Kentucky Rural Infrastructure Improvement Program for the purpose of expediting and facilitating the deployment of broadband service to individuals, businesses, agricultural operations, and community access points in unserved areas by reimbursing a portion of eligible pole replacement costs incurred by eligible applicants.*
  - (b) *The office shall administer and provide staff assistance for the program and shall be responsible for receiving, reviewing, and approving applications for pole reimbursements.*
  - (c) *The office shall award pole reimbursements from moneys in the fund created by subsection (3) of this section until all moneys in the fund are exhausted.*
  - (d) *No later than September 1, 2022, the office shall:*
    - 1. *Promulgate administrative regulations under KRS Chapter 13A necessary for the administration of this section;*
    - 2. *Publish an application for pole replacement reimbursements that shall require:*
      - a. *Information sufficient to establish the number, cost, and eligibility of eligible pole replacements that qualify for reimbursement;*
      - b. *Documentation sufficient to establish that the claimed eligible pole replacements have been completed, including receipts verifying the amount of eligible pole replacement costs paid by the applicant;*
      - c. *The amount of program reimbursement requested in the application and any grant funding or accounting information required to justify the amount of the request;*
      - d.
        - i. *A statement that the costs for which reimbursement is requested have not been reimbursed through any other state or federal broadband grant program.*
        - ii. *If the applicant is a recipient of funding from another program, the statement shall include an explanation of how the costs for which reimbursement is*

*requested exceed the pole replacement costs on which the original award was predicated or that were reasonably anticipated at the time of the original award;*

- e. A notarized statement from an officer or agent of the applicant that the contents of the application are true and accurate and that the applicant accepts the requirements of this section and any promulgated administrative regulations as a condition of receiving an award of program reimbursement; and*
  - f. Any other information necessary for the office to comply with any conditions on federal funding used in connection with the program; and*
- 3. Publish and maintain on its Web site:*
- a. Statistics on the number of applications received, processed, and rejected by the office under the pole replacement program;*
  - b. Statistics on the size, number, and status of reimbursements awarded by the office under the pole replacement program, including the pole owners and broadband providers receiving reimbursements; and*
  - c. The amount of money remaining in the fund.*
- (e) An applicant who incurs or pays the costs of an eligible pole replacement to accommodate broadband facilities consistent with this section may apply to the office for reimbursement.*
- (f) As a condition of receiving reimbursement under this subsection, an applicant shall:*
- 1. Certify its compliance with the requirements of this section;*
  - 2. Agree to comply with any requirements that the office determines to be necessary conditions on federal funding used in connection with the program;*
  - 3. Agree to refund, with interest at the applicable federal funds rate as specified by KRS 355.4A-506, to the fund, any reimbursements or portions of reimbursements received from the fund under this subsection, if the office finds, upon substantial evidence and after notice and opportunity to respond, that the recipient materially violated any of the requirements agreed to under this section;*
  - 4. Agree that no funds awarded by the program will be used to meet any cash match requirement under any other broadband program administered by the Commonwealth or one (1) of its subdivisions;*
  - 5. Agree to submit reports as the office may require regarding broadband deployment facilitated by the program, which may include reports demonstrating that an application that has received a federally funded award is meeting or exceeding buildout requirements contained in that award; and*
  - 6. Agree to not include in any rates or fees charged for its services any eligible pole replacement costs that were reimbursed by the program, paid for by a broadband provider, or funded by another grant source.*
- (g)*
- 1. If the necessary information is not otherwise reasonably available to the applicant, the applicant may request a pole owner performing an eligible pole replacement to provide the number and costs of the pole replacements, receipts verifying the amount of pole replacement costs paid by the applicant, and confirmation that the pole replacement costs were incurred to accommodate the applicant's attachment and not due to some other reason.*
  - 2. In the event the office requires additional information from an applicant following the submission of an application to confirm the eligibility of costs in an application that is in the possession of the pole owner and not otherwise reasonably available to the applicant, the applicant may also request that the pole owner assist with providing the information as requested by the office.*
  - 3. A pole owner shall coordinate in good faith to provide the information to the applicant, and may require reimbursement from the broadband provider of its actual and reasonable administrative expenses in connection with the coordination, which shall not exceed five percent (5%) of the eligible pole replacement costs.*

4. *Administrative costs that a broadband provider reimburses to a pole owner under this subsection are not eligible for reimbursement from the fund as eligible pole replacement costs.*
- (h) *Within sixty (60) days of receipt of a completed application establishing the eligibility of costs for reimbursement, and to the extent that moneys are available in the fund, the office shall award the lesser of:*
1. *Five thousand dollars (\$5,000) for each pole replaced; or*
  2. *Fifty percent (50%) of the total amount incurred or paid by the applicant for eligible pole replacement costs.*
- (i) *Any application pending at the exhaustion of the moneys in the fund shall be deemed denied but may be refiled if sufficient moneys are later made available in the fund.*
- (j) *No later than one (1) year after the fund receives moneys for the purpose of providing pole replacement reimbursements to qualified applicants, the authority shall, on an annual basis, cause to be conducted an independent audit of the office's administration of the fund for compliance with the requirements of this section. This audit may be performed by either the Auditor of Public Accounts or a certified public accountant in conjunction with the annual audit of the authority. The authority shall comply with the provisions of KRS 45.149 before entering into a contract for audit services with a certified public accountant.*
- (5) *A broadband provider's use of funds reimbursed under this subsection to pay eligible pole replacement costs shall have no effect on the subsequent ownership of any replacement pole purchases and installed by a pole owner using the funds.*

➔Section 6. KRS 278.5461 is amended to read as follows:

In addition to the definitions in KRS 278.010 and KRS 278.516(2), for KRS 278.546 to 278.5462, ~~the following definitions shall apply:~~

~~(1) "Broadband" means any service that is used to deliver video or to provide access to the Internet and that consists of the offering of the capability to transmit information at a rate that is generally not less than two hundred (200) kilobits per second in at least one direction; or any service that combines computer processing, information storage, and protocol conversion to enable users to access Internet content and services. Nothing in this definition shall be construed to include any intrastate service, other than digital subscriber line service, tariffed at the commission as of July 15, 2004.~~

~~(2) "local exchange carrier" means any company certified by the commission to provide local exchange telecommunications service in the Commonwealth on or before June 30, 1995.~~

➔Section 7. KRS 278.5464 is amended to read as follows:

(1) The General Assembly recognizes and declares:

- (a) The provision of broadband service to residential, commercial, and industrial customers is critical to securing a sound economy and promoting the general welfare of the Commonwealth; and
- (b) Distribution cooperatives are able to access and leverage federal funding to extend and enhance the availability of broadband service to Kentucky residents who are currently unserved or underserved.

(2) As used in this section:

~~(a) "Broadband" means any wireline, fixed wireless, or fixed terrestrial technology having a capacity to transmit data from or to the Internet with a minimum speed of twenty five (25) megabits per second downstream and three (3) megabits per second upstream as defined by the Federal Communications Commission or the United States Department of Agriculture and any amendments to those definitions. If the agencies use different speed definitions, the faster speed definition shall apply;~~

~~(b) "Underserved area" has the same meaning as in Section 2 of this Act [means any project area where broadband service with a minimum twenty five (25) megabits per second downstream and three (3) megabits per second upstream is not available]; and~~

~~(b)(c) "Unserved area" has the same meaning as in Section 2 of this Act [means any project area where broadband service with a minimum ten (10) megabits per second downstream and one (1) megabit per second upstream is not available].~~

- (3) Notwithstanding any other statute to the contrary, ~~†~~
- ~~(a)~~ a distribution cooperative may facilitate the operation of an affiliate engaged exclusively in the provision of broadband service to unserved or underserved households and businesses by:
- ~~(a)~~ ~~†~~ **Constructing and** leasing excess capacity on any fiber optic cable **for broadband service which shall not require a certificate of public convenience and necessity under KRS 278.020; however, the construction of fiber optic cable** used to support the distribution cooperative's **electric** distribution system **shall require a certificate of public convenience and necessity under KRS 278.020;**
- ~~(b)~~ ~~†~~ Issuing securities or evidences of indebtedness in an amount not to exceed twenty-five percent (25%) of the net book value of its assets, the proceeds of which shall be used for the exclusive purpose of capitalizing the affiliate; or
- ~~(c)~~ ~~†~~ Pledging up to twenty-five percent (25%) of the net book value of its assets as collateral for a loan entered into by the affiliate for the purpose of providing broadband services~~†; and~~
- ~~(b)~~ The commission shall grant approval of the leasing of excess capacity, the issuing of securities or evidences of indebtedness, or the pledging of assets upon a finding the proposal is in the public interest.
- ~~(4)~~ The commission shall take into consideration the policy of encouraging the provision of broadband service to unserved or underserved households and businesses throughout the Commonwealth when determining whether:
- ~~(a)~~ The proposed investment will result in wasteful duplication of investment in the case of any distribution cooperative's application for a certificate of public convenience and necessity under KRS 278.020 that includes the construction of a fiber optic cable system with capacity in excess of that which is necessary to support the distribution cooperative's system under subsection (3)(a)1. of this section; and
- ~~(b)~~ The issuance or assumption of securities or evidence of indebtedness satisfies the criteria of KRS 278.300(3) in the case of any distribution cooperative's application for approval of an issuance of securities or evidence of indebtedness or pledge of assets under subsection (3)(a)2. and 3. of this section.
- ~~(4)~~ ~~†~~ ~~(5)~~ A distribution cooperative shall comply with the cost allocation requirements of:
- (a) KRS 278.2201, 278.2203, 278.2205, 278.2207, 278.2209, and 278.2211; and
- (b) Only KRS 278.2213(1) and (3) with regard to any costs associated with its facilitation of an affiliate's provision of broadband services.
- ~~(5)~~ ~~†~~ ~~(6)~~ ~~†~~ ~~Prior to December 31, 2021,~~ The commission shall promulgate administrative regulations regarding pole attachments under the commission's jurisdiction, including those necessary for the provision of broadband service.
- (6) Before broadband services may be offered under this section, a distribution cooperative shall, by resolution of the board of directors and spread upon its minutes, have an economic feasibility study conducted. The feasibility study shall be provided to the commission and made available to distribution cooperative members upon request.**
- (7) A distribution cooperative shall not allow the installation or operation of a broadband system on its electric delivery system by an affiliate or other broadband operator to diminish the reliability of the electric delivery system.**
- (8) A distribution cooperative shall not require any person to purchase broadband services from an affiliate or other broadband operator as a condition of receiving or continuing to receive electric energy from the distribution cooperative.**
- (9) A distribution cooperative shall not disconnect or threaten to disconnect its electric service to any customer due to the customer's failure to pay for broadband services provided to the customer by an affiliate or other broadband operator.**
- (10) Every distribution cooperative shall conduct an annual audit of compliance with this section, which shall be provided to the commission and made available to distribution cooperative members upon request.**
- (11) The commission shall have no jurisdiction over the creation or operation of an distribution cooperative's broadband affiliate, except as referred to in subsection (4) of this section.**

➔Section 8. KRS 139.010 is amended to read as follows:

As used in this chapter, unless the context otherwise provides:

- (1) (a) "Admissions" means the fees paid for:
  1. The right of entrance to a display, program, sporting event, music concert, performance, play, show, movie, exhibit, fair, or other entertainment or amusement event or venue; and
  2. The privilege of using facilities or participating in an event or activity, including but not limited to:
    - a. Bowling centers;
    - b. Skating rinks;
    - c. Health spas;
    - d. Swimming pools;
    - e. Tennis courts;
    - f. Weight training facilities;
    - g. Fitness and recreational sports centers; and
    - h. Golf courses, both public and private;regardless of whether the fee paid is per use or in any other form, including but not limited to an initiation fee, monthly fee, membership fee, or combination thereof.
- (b) "Admissions" does not include:
  1. Any fee paid to enter or participate in a fishing tournament; or
  2. Any fee paid for the use of a boat ramp for the purpose of allowing boats to be launched into or hauled out from the water;
- (2) "Advertising and promotional direct mail" means direct mail the primary purpose of which is to attract public attention to a product, person, business, or organization, or to attempt to sell, popularize, or secure financial support for a product, person, business, or organization. As used in this definition, "product" means tangible personal property, an item transferred electronically, or a service;
- (3) "Business" includes any activity engaged in by any person or caused to be engaged in by that person with the object of gain, benefit, or advantage, either direct or indirect;
- (4) "Commonwealth" means the Commonwealth of Kentucky;
- (5) "Department" means the Department of Revenue;
- (6) (a) "Digital audio-visual works" means a series of related images which, when shown in succession, impart an impression of motion, with accompanying sounds, if any.
- (b) "Digital audio-visual works" includes movies, motion pictures, musical videos, news and entertainment programs, and live events.
- (c) "Digital audio-visual works" shall not include video greeting cards, video games, and electronic games;
- (7) (a) "Digital audio works" means works that result from the fixation of a series of musical, spoken, or other sounds.
- (b) "Digital audio works" includes ringtones, recorded or live songs, music, readings of books or other written materials, speeches, or other sound recordings.
- (c) "Digital audio works" shall not include audio greeting cards sent by electronic mail;
- (8) (a) "Digital books" means works that are generally recognized in the ordinary and usual sense as books, including any literary work expressed in words, numbers, or other verbal or numerical symbols or indicia if the literary work is generally recognized in the ordinary or usual sense as a book.



- (b) "Digital books" shall not include digital audio-visual works, digital audio works, periodicals, magazines, newspapers, or other news or information products, chat rooms, or Web logs;
- (9) (a) "Digital code" means a code which provides a purchaser with a right to obtain one (1) or more types of digital property. A "digital code" may be obtained by any means, including electronic mail messaging or by tangible means, regardless of the code's designation as a song code, video code, or book code.
- (b) "Digital code" shall not include a code that represents:
  1. A stored monetary value that is deducted from a total as it is used by the purchaser; or
  2. A redeemable card, gift card, or gift certificate that entitles the holder to select specific types of digital property;
- (10) (a) "Digital property" means any of the following which is transferred electronically:
  1. Digital audio works;
  2. Digital books;
  3. Finished artwork;
  4. Digital photographs;
  5. Periodicals;
  6. Newspapers;
  7. Magazines;
  8. Video greeting cards;
  9. Audio greeting cards;
  10. Video games;
  11. Electronic games; or
  12. Any digital code related to this property.
- (b) "Digital property" shall not include digital audio-visual works or satellite radio programming;
- (11) (a) "Direct mail" means printed material delivered or distributed by United States mail or other delivery service to a mass audience or to addressees on a mailing list provided by the purchaser or at the direction of the purchaser when the cost of the items are not billed directly to the recipient.
- (b) "Direct mail" includes tangible personal property supplied directly or indirectly by the purchaser to the direct mail retailer for inclusion in the package containing the printed material.
- (c) "Direct mail" does not include multiple items of printed material delivered to a single address;
- (12) "Directly used in the manufacturing or industrial processing process" means the process that commences with the movement of raw materials from storage into a continuous, unbroken, integrated process and ends when the finished product is packaged and ready for sale;
- (13) (a) "Extended warranty services" means services provided through a service contract agreement between the contract provider and the purchaser where the purchaser agrees to pay compensation for the contract and the provider agrees to repair, replace, support, or maintain tangible personal property or digital property according to the terms of the contract if:
  1. The service contract agreement is sold or purchased on or after July 1, 2018; and
  2. The tangible personal property or digital property for which the service contract agreement is provided is subject to tax under this chapter or under KRS 138.460.
- (b) "Extended warranty services" does not include the sale of a service contract agreement for tangible personal property to be used by a small telephone utility as defined in KRS 278.516 or a Tier III CMRS provider as defined in KRS 65.7621 to deliver communications services as defined in KRS 136.602 or broadband[ as defined in KRS 278.5461];
- (14) (a) "Finished artwork" means final art that is used for actual reproduction by photomechanical or other processes or for display purposes.

(b) "Finished artwork" includes:

1. Assemblies;
2. Charts;
3. Designs;
4. Drawings;
5. Graphs;
6. Illustrative materials;
7. Lettering;
8. Mechanicals;
9. Paintings; and
10. Paste-ups;

(15) (a) "Gross receipts" and "sales price" mean the total amount or consideration, including cash, credit, property, and services, for which tangible personal property, digital property, or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for any of the following:

1. The retailer's cost of the tangible personal property, digital property, or services sold;
2. The cost of the materials used, labor or service cost, interest, losses, all costs of transportation to the retailer, all taxes imposed on the retailer, or any other expense of the retailer;
3. Charges by the retailer for any services necessary to complete the sale;
4. Delivery charges, which are defined as charges by the retailer for the preparation and delivery to a location designated by the purchaser including transportation, shipping, postage, handling, crating, and packing;
5. Any amount for which credit is given to the purchaser by the retailer, other than credit for tangible personal property or digital property traded when the tangible personal property or digital property traded is of like kind and character to the property purchased and the property traded is held by the retailer for resale; and
6. The amount charged for labor or services rendered in installing or applying the tangible personal property, digital property, or service sold.

(b) "Gross receipts" and "sales price" shall include consideration received by the retailer from a third party if:

1. The retailer actually receives consideration from a third party and the consideration is directly related to a price reduction or discount on the sale to the purchaser;
2. The retailer has an obligation to pass the price reduction or discount through to the purchaser;
3. The amount of consideration attributable to the sale is fixed and determinable by the retailer at the time of the sale of the item to the purchaser; and
4. One (1) of the following criteria is met:
  - a. The purchaser presents a coupon, certificate, or other documentation to the retailer to claim a price reduction or discount where the coupon, certificate, or documentation is authorized, distributed, or granted by a third party with the understanding that the third party will reimburse any seller to whom the coupon, certificate, or documentation is presented;
  - b. The price reduction or discount is identified as a third-party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate, or other documentation presented by the purchaser; or

- c. The purchaser identifies himself or herself to the retailer as a member of a group or organization entitled to a price reduction or discount. A "preferred customer" card that is available to any patron does not constitute membership in such a group.
- (c) "Gross receipts" and "sales price" shall not include:
  - 1. Discounts, including cash, term, or coupons that are not reimbursed by a third party and that are allowed by a retailer and taken by a purchaser on a sale;
  - 2. Interest, financing, and carrying charges from credit extended on the sale of tangible personal property, digital property, or services, if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser;
  - 3. Any taxes legally imposed directly on the purchaser that are separately stated on the invoice, bill of sale, or similar document given to the purchaser; or
  - 4. Local alcohol regulatory license fees authorized under KRS 243.075 that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.
- (d) As used in this subsection, "third party" means a person other than the purchaser;
- (16) "In this state" or "in the state" means within the exterior limits of the Commonwealth and includes all territory within these limits owned by or ceded to the United States of America;
- (17) "Industrial processing" includes:
  - (a) Refining;
  - (b) Extraction of minerals, ores, coal, clay, stone, petroleum, or natural gas;
  - (c) Mining, quarrying, fabricating, and industrial assembling;
  - (d) The processing and packaging of raw materials, in-process materials, and finished products; and
  - (e) The processing and packaging of farm and dairy products for sale;
- (18) (a) "Lease or rental" means any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration. A lease or rental shall include future options to:
  - 1. Purchase the property; or
  - 2. Extend the terms of the agreement and agreements covering trailers where the amount of consideration may be increased or decreased by reference to the amount realized upon sale or disposition of the property as defined in 26 U.S.C. sec. 7701(h)(1).
- (b) "Lease or rental" shall not include:
  - 1. A transfer of possession or control of property under a security agreement or deferred payment plan that requires the transfer of title upon completion of the required payments;
  - 2. A transfer of possession or control of property under an agreement that requires the transfer of title upon completion of the required payments and payment of an option price that does not exceed the greater of one hundred dollars (\$100) or one percent (1%) of the total required payments; or
  - 3. Providing tangible personal property and an operator for the tangible personal property for a fixed or indeterminate period of time. To qualify for this exclusion, the operator must be necessary for the equipment to perform as designed, and the operator must do more than maintain, inspect, or setup the tangible personal property.
- (c) This definition shall apply regardless of the classification of a transaction under generally accepted accounting principles, the Internal Revenue Code, or other provisions of federal, state, or local law;
- (19) (a) "Machinery for new and expanded industry" means machinery:
  - 1. Directly used in the manufacturing or industrial processing process of:
    - a. Tangible personal property at a plant facility;

- b. Distilled spirits or wine at a plant facility or on the premises of a distiller, rectifier, winery, or small farm winery licensed under KRS 243.030 that includes a retail establishment on the premises; or
    - c. Malt beverages at a plant facility or on the premises of a brewer or microbrewery licensed under KRS 243.040 that includes a retail establishment;
  - 2. Which is incorporated for the first time into:
    - a. A plant facility established in this state; or
    - b. Licensed premises located in this state; and
  - 3. Which does not replace machinery in the plant facility or licensed premises unless that machinery purchased to replace existing machinery:
    - a. Increases the consumption of recycled materials at the plant facility by not less than ten percent (10%);
    - b. Performs different functions;
    - c. Is used to manufacture a different product; or
    - d. Has a greater productive capacity, as measured in units of production, than the machinery being replaced.
- (b) "Machinery for new and expanded industry" does not include repair, replacement, or spare parts of any kind, regardless of whether the purchase of repair, replacement, or spare parts is required by the manufacturer or seller as a condition of sale or as a condition of warranty;
- (20) "Manufacturing" means any process through which material having little or no commercial value for its intended use before processing has appreciable commercial value for its intended use after processing by the machinery;
- (21) "Marketplace" means any physical or electronic means through which one (1) or more retailers may advertise and sell tangible personal property, digital property, or services, or lease tangible personal property or digital property, such as a catalog, Internet Web site, or television or radio broadcast, regardless of whether the tangible personal property, digital property, or retailer is physically present in this state;
- (22) (a) "Marketplace provider" means a person, including any affiliate of the person, that facilitates a retail sale by satisfying subparagraphs 1. and 2. of this paragraph as follows:
  - 1. The person directly or indirectly:
    - a. Lists, makes available, or advertises tangible personal property, digital property, or services for sale by a marketplace retailer in a marketplace owned, operated, or controlled by the person;
    - b. Facilitates the sale of a marketplace retailer's product through a marketplace by transmitting or otherwise communicating an offer or acceptance of a retail sale of tangible personal property, digital property, or services between a marketplace retailer and a purchaser in a forum including a shop, store, booth, catalog, Internet site, or similar forum;
    - c. Owns, rents, licenses, makes available, or operates any electronic or physical infrastructure or any property, process, method, copyright, trademark, or patent that connects marketplace retailers to purchasers for the purpose of making retail sales of tangible personal property, digital property, or services;
    - d. Provides a marketplace for making retail sales of tangible personal property, digital property, or services, or otherwise facilitates retail sales of tangible personal property, digital property, or services, regardless of ownership or control of the tangible personal property, digital property, or services, that are the subject of the retail sale;
    - e. Provides software development or research and development activities related to any activity described in this subparagraph, if the software development or research and

- development activities are directly related to the physical or electronic marketplace provided by a marketplace provider;
  - f. Provides or offers fulfillment or storage services for a marketplace retailer;
  - g. Sets prices for a marketplace retailer's sale of tangible personal property, digital property, or services;
  - h. Provides or offers customer service to a marketplace retailer or a marketplace retailer's customers, or accepts or assists with taking orders, returns, or exchanges of tangible personal property, digital property, or services sold by a marketplace retailer; or
  - i. Brands or otherwise identifies sales as those of the marketplace provider; and
2. The person directly or indirectly:
- a. Collects the sales price or purchase price of a retail sale of tangible personal property, digital property, or services;
  - b. Provides payment processing services for a retail sale of tangible personal property, digital property, or services;
  - c. Through terms and conditions, agreements, or arrangements with a third party, collects payment in connection with a retail sale of tangible personal property, digital property, or services from a purchaser and transmits that payment to the marketplace retailer, regardless of whether the person collecting and transmitting the payment receives compensation or other consideration in exchange for the service; or
  - d. Provides a virtual currency that purchasers are allowed or required to use to purchase tangible personal property, digital property, or services.
- (b) "Marketplace provider" includes but is not limited to a person that satisfies the requirements of this subsection through the ownership, operation, or control of a digital distribution service, digital distribution platform, online portal, or application store;
- (23) "Marketplace retailer" means a seller that makes retail sales through any marketplace owned, operated, or controlled by a marketplace provider;
- (24) (a) "Occasional sale" includes:
- 1. A sale of tangible personal property or digital property not held or used by a seller in the course of an activity for which he or she is required to hold a seller's permit, provided such sale is not one (1) of a series of sales sufficient in number, scope, and character to constitute an activity requiring the holding of a seller's permit. In the case of the sale of the entire, or a substantial portion of the nonretail assets of the seller, the number of previous sales of similar assets shall be disregarded in determining whether or not the current sale or sales shall qualify as an occasional sale; or
  - 2. Any transfer of all or substantially all the tangible personal property or digital property held or used by a person in the course of such an activity when after such transfer the real or ultimate ownership of such property is substantially similar to that which existed before such transfer.
- (b) For the purposes of this subsection, stockholders, bondholders, partners, or other persons holding an interest in a corporation or other entity are regarded as having the "real or ultimate ownership" of the tangible personal property or digital property of such corporation or other entity;
- (25) (a) "Other direct mail" means any direct mail that is not advertising and promotional direct mail, regardless of whether advertising and promotional direct mail is included in the same mailing.
- (b) "Other direct mail" includes but is not limited to:
- 1. Transactional direct mail that contains personal information specific to the addressee, including but not limited to invoices, bills, statements of account, and payroll advices;
  - 2. Any legally required mailings, including but not limited to privacy notices, tax reports, and stockholder reports; and
  - 3. Other nonpromotional direct mail delivered to existing or former shareholders, customers, employees, or agents, including but not limited to newsletters and informational pieces.

- (c) "Other direct mail" does not include the development of billing information or the provision of any data processing service that is more than incidental to the production of printed material;
- (26) "Person" includes any individual, firm, copartnership, joint venture, association, social club, fraternal organization, corporation, estate, trust, business trust, receiver, trustee, syndicate, cooperative, assignee, governmental unit or agency, or any other group or combination acting as a unit;
- (27) "Permanent," as the term applies to digital property, means perpetual or for an indefinite or unspecified length of time;
- (28) "Plant facility" means a single location that is exclusively dedicated to manufacturing or industrial processing activities. A location shall be deemed to be exclusively dedicated to manufacturing or industrial processing activities even if retail sales are made there, provided that the retail sales are incidental to the manufacturing or industrial processing activities occurring at the location. The term "plant facility" shall not include any restaurant, grocery store, shopping center, or other retail establishment;
- (29) (a) "Prewritten computer software" means:
  - 1. Computer software, including prewritten upgrades, that are not designed and developed by the author or other creator to the specifications of a specific purchaser;
  - 2. Software designed and developed by the author or other creator to the specifications of a specific purchaser when it is sold to a person other than the original purchaser; or
  - 3. Any portion of prewritten computer software that is modified or enhanced in any manner, where the modification or enhancement is designed and developed to the specifications of a specific purchaser, unless there is a reasonable, separately stated charge on an invoice or other statement of the price to the purchaser for the modification or enhancement.
- (b) When a person modifies or enhances computer software of which the person is not the author or creator, the person shall be deemed to be the author or creator only of the modifications or enhancements the person actually made.
- (c) The combining of two (2) or more prewritten computer software programs or portions thereof does not cause the combination to be other than prewritten computer software;
- (30) (a) "Purchase" means any transfer of title or possession, exchange, barter, lease, or rental, conditional or otherwise, in any manner or by any means whatsoever, of:
  - 1. Tangible personal property;
  - 2. An extended warranty service;
  - 3. Digital property transferred electronically; or
  - 4. Services included in KRS 139.200;
 for a consideration.
- (b) "Purchase" includes:
  - 1. When performed outside this state or when the customer gives a resale certificate, the producing, fabricating, processing, printing, or imprinting of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the producing, fabricating, processing, printing, or imprinting;
  - 2. A transaction whereby the possession of tangible personal property or digital property is transferred but the seller retains the title as security for the payment of the price; and
  - 3. A transfer for a consideration of the title or possession of tangible personal property or digital property which has been produced, fabricated, or printed to the special order of the customer, or of any publication;
- (31) "Recycled materials" means materials which have been recovered or diverted from the solid waste stream and reused or returned to use in the form of raw materials or products;

- (32) "Recycling purposes" means those activities undertaken in which materials that would otherwise become solid waste are collected, separated, or processed in order to be reused or returned to use in the form of raw materials or products;
- (33) "Remote retailer" means a retailer with no physical presence in this state;
- (34) (a) "Repair, replacement, or spare parts" means any tangible personal property used to maintain, restore, mend, or repair machinery or equipment.
- (b) "Repair, replacement, or spare parts" does not include machine oils, grease, or industrial tools;
- (35) (a) "Retailer" means:
1. Every person engaged in the business of making retail sales of tangible personal property, digital property, or furnishing any services in a retail sale included in KRS 139.200;
  2. Every person engaged in the business of making sales at auction of tangible personal property or digital property owned by the person or others for storage, use or other consumption, except as provided in paragraph (c) of this subsection;
  3. Every person making more than two (2) retail sales of tangible personal property, digital property, or services included in KRS 139.200 during any twelve (12) month period, including sales made in the capacity of assignee for the benefit of creditors, or receiver or trustee in bankruptcy;
  4. Any person conducting a race meeting under the provision of KRS Chapter 230, with respect to horses which are claimed during the meeting.
- (b) When the department determines that it is necessary for the efficient administration of this chapter to regard any salesmen, representatives, peddlers, or canvassers as the agents of the dealers, distributors, supervisors or employers under whom they operate or from whom they obtain the tangible personal property, digital property, or services sold by them, irrespective of whether they are making sales on their own behalf or on behalf of the dealers, distributors, supervisors or employers, the department may so regard them and may regard the dealers, distributors, supervisors or employers as retailers for purposes of this chapter.
- (c) 1. Any person making sales at a charitable auction for a qualifying entity shall not be a retailer for purposes of the sales made at the charitable auction if:
- a. The qualifying entity, not the person making sales at the auction, is sponsoring the auction;
  - b. The purchaser of tangible personal property at the auction directly pays the qualifying entity sponsoring the auction for the property and not the person making the sales at the auction; and
  - c. The qualifying entity, not the person making sales at the auction, is responsible for the collection, control, and disbursement of the auction proceeds.
2. If the conditions set forth in subparagraph 1. of this paragraph are met, the qualifying entity sponsoring the auction shall be the retailer for purposes of the sales made at the charitable auction.
3. For purposes of this paragraph, "qualifying entity" means a resident:
- a. Church;
  - b. School;
  - c. Civic club; or
  - d. Any other nonprofit charitable, religious, or educational organization;
- (36) "Retail sale" means any sale, lease, or rental for any purpose other than resale, sublease, or subrent;
- (37) (a) "Ringtones" means digitized sound files that are downloaded onto a device and that may be used to alert the customer with respect to a communication.
- (b) "Ringtones" shall not include ringback tones or other digital files that are not stored on the purchaser's communications device;

- (38) (a) "Sale" means:
1. The furnishing of any services included in KRS 139.200;
  2. Any transfer of title or possession, exchange, barter, lease, or rental, conditional or otherwise, in any manner or by any means whatsoever, of:
    - a. Tangible personal property; or
    - b. Digital property transferred electronically;
 for a consideration.
- (b) "Sale" includes but is not limited to:
1. The producing, fabricating, processing, printing, or imprinting of tangible personal property or digital property for a consideration for purchasers who furnish, either directly or indirectly, the materials used in the producing, fabricating, processing, printing, or imprinting;
  2. A transaction whereby the possession of tangible personal property or digital property is transferred, but the seller retains the title as security for the payment of the price; and
  3. A transfer for a consideration of the title or possession of tangible personal property or digital property which has been produced, fabricated, or printed to the special order of the purchaser.
- (c) This definition shall apply regardless of the classification of a transaction under generally accepted accounting principles, the Internal Revenue Code, or other provisions of federal, state, or local law;
- (39) "Seller" includes every person engaged in the business of selling tangible personal property, digital property, or services of a kind, the gross receipts from the retail sale of which are required to be included in the measure of the sales tax, and every person engaged in making sales for resale;
- (40) (a) "Storage" includes any keeping or retention in this state for any purpose except sale in the regular course of business or subsequent use solely outside this state of tangible personal property or digital property purchased from a retailer.
- (b) "Storage" does not include the keeping, retaining, or exercising any right or power over tangible personal property for the purpose of subsequently transporting it outside the state for use thereafter solely outside the state, or for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into, other tangible personal property to be transported outside the state and thereafter used solely outside the state;
- (41) "Tangible personal property" means personal property which may be seen, weighed, measured, felt, or touched, or which is in any other manner perceptible to the senses and includes natural, artificial, and mixed gas, electricity, water, steam, and prewritten computer software;
- (42) "Taxpayer" means any person liable for tax under this chapter;
- (43) "Transferred electronically" means accessed or obtained by the purchaser by means other than tangible storage media; and
- (44) (a) "Use" includes the exercise of:
1. Any right or power over tangible personal property or digital property incident to the ownership of that property, or by any transaction in which possession is given, or by any transaction involving digital property where the right of access is granted; or
  2. Any right or power to benefit from extended warranty services.
- (b) "Use" does not include the keeping, retaining, or exercising any right or power over tangible personal property or digital property for the purpose of:
1. Selling tangible personal property or digital property in the regular course of business; or
  2. Subsequently transporting tangible personal property outside the state for use thereafter solely outside the state, or for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into, other tangible personal property to be transported outside the state and thereafter used solely outside the state.



➔Section 9. There is hereby appropriated Federal Fund moneys from the State Fiscal Recovery Fund of the American Rescue Plan Act in the amount of \$20,000,000 in fiscal year 2022-2023 to the Rural Infrastructure Improvement Fund established in Section 5 of this Act.

➔Section 10. 2021 Ky. Acts ch. 171, sec. 3, as amended by 2021 Ky. Acts ch. 196, sec. 4, is amended to read as follows:

(1) There is hereby appropriated *Federal Funds from the Coronavirus Capital Projects Fund of the American Rescue Plan Act of 2021*~~{federal funds}~~ in the amount of *\$182,769,000 and Federal Funds from the State Fiscal Recovery Fund of the American Rescue Plan Act of 2021 in the amount of \$67,231,000*~~[\$250,000,000]~~ in fiscal year 2021-2022 to the broadband deployment fund, with no more than \$50,000,000 of which to be awarded before ~~May~~~~April~~ 1, 2022.

(2) ~~[(a)]~~In addition to the appropriation in subsection (1) of this section, there is hereby appropriated Federal Funds from the State Fiscal Recovery Fund of the American Rescue Plan Act in the amount of \$50,000,000 in fiscal year 2020-2021. Notwithstanding KRS 45.229, the Federal Fund appropriation in fiscal year 2020-2021 shall not lapse and shall carry forward for use in fiscal year 2021-2022 *and fiscal year 2022-2023*.~~{~~

~~(b) The appropriation in paragraph (a) of this subsection shall be used for projects that provide broadband service in furtherance of securing economic development opportunities for commercial and industrial customers, excluding the broadband service provider itself.~~

(3) The agency administering the broadband deployment fund shall promulgate administrative regulations to ensure that~~;~~

~~(a) Related to the appropriation in subsection (1) of this section,~~ the moneys are awarded based on the ~~following~~ criteria in *subsection (9) of Section 4 of this Act*~~{the order as listed~~:

1. ~~Projects in underserved areas or unserved areas where local, state, or federal funds are not currently designated;~~

2. ~~Projects within underserved areas or unserved areas where local, state, or federal broadband funds are inadequate; and~~

3. ~~Projects that reach the customers that are the least economical to serve;~~

~~(b) Related to the appropriations in subsections (1) and (2) of this section, a request for proposal shall be issued for projects;~~

~~(c) Notwithstanding KRS 224A.1121(5)(f) and (10), and related to the appropriations in subsections (1) and (2) of this section, projects will require:~~

1. ~~A private match of moneys of not less than 50 percent of the total project cost; or~~

2. ~~Matching funds from a city, county, urban county government, or consolidated local government of not less than 50 percent of the total project cost; and~~

~~(d) Related to the appropriations in subsections (1) and (2) of this section, project scope should be for the smallest feasible geographical area.~~

(4) The agency may provide incentive for timely completion and disincentive for not meeting agreed upon timeframes.

(5) (a) The agency administering the broadband deployment fund shall promulgate administrative regulations to develop a process for:

1. Receiving complaints related to insufficient broadband service;

2. Incorporating forms for the collection of data related to the complaints;

3. Reporting the information collected; and

4. Referring complaints to the Office of Attorney General, Federal Communications Commission, or Federal Trade Commission, as appropriate.

(b) The agency shall report to the Legislative Research Commission on a quarterly basis, beginning October 1, 2021, and the first day of each calendar quarter thereafter, the following information:

1. The location, by county, for each consumer complaint received related to insufficient broadband service;

2. A brief description of the complaint;
3. The broadband provider related to the complaint received;
4. The response of the broadband provider regarding the complaint received;
5. Whether the complaint was resolved to the satisfaction of the consumer; and
6. Whether a referral was made to the Office of Attorney General, Federal Communications Commission, or Federal Trade Commission.

➔Section 11. The following is repealed: 2021 Ky. Acts ch. 194, secs. 16 and 17.

➔Section 12. Whereas Internet access is critical for families across the Commonwealth to stay informed and connected, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

**Vetoed in Part and Overridden and Signed by Secretary of State April 14, 2022.**

## CHAPTER 230

( SB 90 )

AN ACT relating to legal proceedings and making an appropriation therefor.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 533 IS CREATED TO READ AS FOLLOWS:

- (1) *A pilot program shall be established in no less than ten (10) counties selected by the Chief Justice of the Supreme Court to participate in a behavioral health conditional dismissal program. The pilot program shall begin January 1, 2023, and shall last for four (4) years unless extended or limited by the General Assembly.*
- (2) *Each participating county shall have access to:*
  - (a) *Medication assisted treatment;*
  - (b) *Recovery services as defined under Section 2 of this Act; and*
  - (c) *Educational and vocational resources sufficient to provide the training and assistance required under Section 9 of this Act.*
- (3) *Every behavioral health treatment program provider in the pilot program shall collect and maintain data as provided in this subsection relating to program participants under their care, designed to inform the outcomes and effectiveness of the pilot program, to be submitted to the Administrative Office of the Courts as provided under paragraphs (b) to (e) of this subsection.*
  - (a) *A report shall be made for each program participant no later than fourteen (14) days following the initiation of treatment. The data to be collected and submitted in the report shall include the following information regarding each participant:*
    1. *Age, gender, and race or ethnicity;*
    2. *Housing history;*
    3. *Educational history;*
    4. *Employment history;*
    5. *Past involvement in addiction recovery and treatment for a substance use disorder;*
    6. *Past treatment for a mental health disorder; and*
    7. *Criminal history.*
  - (b) *A second report shall be made for each program participant identified in paragraph (b) of this subsection no later than twenty-eight (28) days after filing the initial report and shall provide the progression of the program participant including but not limited to:*
    1. *Continuation in the program;*
    2. *The status and type of recommended treatment;*
    3. *Employment or job training;*
    4. *The status and type of educational training;*
    5. *Housing status;*
    6. *Any other information the program provider determines may assist in evaluation of the pilot program; and*
    7. *If the participant has been discharged from the program due to an inability or unwillingness to meet the terms and conditions of the treatment program, including the specific reason for the discharge.*
  - (d) *Subsequent reports shall be filed on a quarterly basis. The initial quarterly report shall be submitted no later than April 15, 2023, with reports due thereafter on January 15, April 15, July 15, and*

*October 15 of each year of the pilot program. The quarterly reports shall include for the reporting period:*

- 1. The information required under paragraph (c) of this subsection as it relates to each program participant, including the length of time the individual has been a program participant;*
- 2. The number of clinical assessments performed by the program provider;*
- 3. The total number of individuals participating in the behavioral health conditional dismissal program with that provider;*
- 4. The number of individuals who remain in compliance with the terms and conditions of the treatment program;*
- 5. The number of individuals who have been discharged from the program due to an inability or unwillingness to meet the terms and conditions of the treatment program, including the specific reason for the discharge;*
- 6. For any individual discharged under subparagraph 5. of this paragraph, the length of time the individual participated in the program;*
- 7. The number of individuals who have been discharged from the program upon successful completion of the treatment program requirements;*
- 8. The number of individuals who have received medication-assisted treatment and the result of that treatment;*
- 9. The number of individuals who have completed a recommended job skills or job training program; and*
- 10. The number of individuals who have completed a recommended educational component of the program.*

*(e) A final report shall be filed for each program participant no later than thirty (30) days following discharge from the program and shall contain, at a minimum, the following information:*

- 1. If the discharge from the program was due to an inability or unwillingness to meet the terms and conditions of the treatment program the:*
  - a. Specific reason for the discharge;*
  - b. Length of time the individual participated in the program;*
  - c. Goals met during the participation period;*
  - d. Identified barriers to completion of the program, if known; and*
  - e. Recommended adjustments to the behavioral health conditional dismissal program that could provide a greater probability of successful completion to similar participants; and*
- 2. If the discharge from the program occurred upon successful completion of the program requirements:*
  - a. The length of time the individual participated in the program;*
  - b. A summary of the specific programs completed and goals attained by the participant;*
  - c. What continued treatment, if any, is recommended; and*
  - d. Recommended adjustments to the behavioral health conditional dismissal program that could provide greater benefit to similar participants.*

*(4) The attorneys for the Commonwealth participating in the pilot program shall submit quarterly reports to the Administrative Office of the Courts. The initial quarterly report shall be submitted no later than April 15, 2023, with reports due thereafter on January 15, April 15, July 15, and October 15 of each year of the pilot program. The quarterly reports shall include for the reporting period:*

- (a) The number of eligible defendants, including the defendant's race, ethnicity, and gender, who were offered participation in the behavioral health conditional dismissal program but declined to participate;*

- (b) *The number of eligible defendants, including the defendant's race, ethnicity, and gender, who sought to participate in the program but whose participation was not agreed to by the attorney for the Commonwealth;*
  - (c) *The number of victims, if there is an identified victim, who did not participate in the process; and*
  - (d) *The number of victims, if there is an identified victim, who did not agree to the defendant's participation in the program.*
- (5) *If the attorney for the Commonwealth did not agree to an eligible defendant's participation in the behavioral health conditional dismissal program, he or she shall include in each quarterly report to the Administrative Office of the Courts the specific offenses charged for that defendant, and the substantial and compelling reasons, based upon delineated facts specific to the defendant, why the defendant was denied participation in the program.*
- (6) *The Chief Justice of the Supreme Court shall submit an annual report to the Legislative Research Commission, the chair of the Senate Standing Committee on Judiciary, the chair of the House Standing Committee on Judiciary, and the Governor by January 31 of each year that includes the information received from the attorneys for the Commonwealth and the providers for the counties participating in the behavioral health conditional dismissal program. The report shall include the information reported under subsections (3) to (5) of this section and shall also include:*
- (a) *The number of defendants assessed who did not meet the eligibility requirements for the program following the clinical assessment;*
  - (b) *The specific offenses charged for each defendant and the classification of offenses charged;*
  - (c) *The percentage of defendants participating in the program who successfully completed the program;*
  - (d) *The percentage of defendants discharged from the program for noncompliance; and*
  - (e) *The percentage of defendants who are arrested, convicted, and incarcerated within six (6) months, one (1) year, and two (2) years of successful completion of the program.*

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 533 IS CREATED TO READ AS FOLLOWS:

*As used in Sections 1 to 11 of this Act:*

- (1) *"Behavioral health conditional dismissal program" means a program designed to provide an eligible person who has a behavioral health disorder and who has been charged with a qualifying offense an alternative to receive treatment and recovery support services addressing the behavioral health disorder instead of incarceration, resulting in dismissal of the charges upon successful completion;*
- (2) *"Behavioral health disorder" means a mental health disorder or substance use disorder, or both;*
- (3) *"Behavioral health treatment program" means a plan or recovery program, based upon a clinical assessment, that:*
  - (a) *Identifies and incorporates recovery services to meet the specific treatment and recovery goals and the needs of the individual served;*
  - (b) *Addresses the social determinants of health to include housing, transportation, access to medical care, and meaningful employment; and*
  - (c) *Considers a full continuum of care;*
- (4) *"Clinical assessment" means an assessment that is performed by a qualified mental health professional in accordance with the most recent American Society of Addiction Medicine criteria for a substance use disorder, and the most recent edition of the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders for a mental health disorder;*
- (5) *"Eligible applicant" or "eligible person" means an individual:*
  - (a) *Who has completed a clinical assessment and been referred to care; and*
  - (b) *Who meets the requirements of Section 3 of this Act;*
- (6) *"Mental health disorder" is a diagnostic term that covers many clinical categories typically including behavioral or psychological symptoms, or both, along with impairment of personal and social function, and*

*specifically defined and clinically interpreted through reference to criteria contained in the most recent edition of the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders;*

- (7) *"Qualified mental health professional" means the same as in KRS 202A.011 and shall include a licensed clinical alcohol and drug counselor under KRS Chapter 309;*
- (8) *"Qualifying offense" means a misdemeanor or Class D felony that is not:*
  - (a) *An offense that would qualify the person as a violent offender under KRS 439.3401;*
  - (b) *A sex crime as defined by KRS 17.500;*
  - (c) *An offense under KRS 189A.010;*
  - (d) *An offense against a victim who has a protective order as defined in KRS 508.130 against the defendant at the time the offense is charged;*
  - (e) *An act of domestic violence and abuse as defined in KRS 403.720, or an act of dating violence and abuse as defined in KRS 456.010, against the defendant at the time the offense is charged; or*
  - (f) *An offense against a victim who has an interpersonal protective order issued under KRS 456.060;*
- (9) *"Recovery services" means rehabilitative treatment services that shall include but not be limited to any or all of the following:*
  - (a) *Outpatient treatment;*
  - (b) *National Alliance of Recovery Residences or the Council on Accreditation of Rehabilitation Facilities certified housing;*
  - (c) *Medication treatment;*
  - (d) *Personal and family counseling;*
  - (e) *Substance abuse education and prevention classes or counseling;*
  - (f) *Vocational training;*
  - (g) *Literacy training;*
  - (h) *Community service;*
  - (i) *Inpatient or residential behavioral health treatment as needed to address:*
    - 1. *Impaired capacity to use self-control, judgment, or discretion related to behavior;*
    - 2. *Severe dependence;*
    - 3. *Special detoxification;*
    - 4. *Relapse; or*
    - 5. *Other treatments recommended by a qualified mental health professional;*
  - (j) *Restorative practices designed to make the participant accountable to the victim when there is an identified victim, and it is safe to do so;*
  - (k) *Recovery housing assistance; and*
  - (l) *Recovery housing programs that have an established third party outcome evaluation; and*
- (10) *"Substance use disorder" has the same meaning as in KRS 222.005.*

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 533 IS CREATED TO READ AS FOLLOWS:

- (1) *In addition to the pretrial diversion program established under KRS 533.250 to 533.260, and the deferred prosecution program established under KRS 218A.14151, a behavioral health conditional dismissal program shall be operated in each county participating in the pilot program established under Section 1 of this Act. The behavioral health conditional dismissal program shall:*
  - (a) *Provide eligible persons, on an equal basis, an alternative to ordinary prosecution for qualifying offenses arising from a behavioral health disorder by receiving early recovery services and treatment reasonably expected to deter future criminal behavior; and*

- (b) *Provide an expedited alternative to prosecution for eligible persons who may be harmed by the imposition of criminal sanctions in the absence of the alternative when the alternative is reasonably expected to serve as a sufficient deterrent to criminal conduct.*
- (2) *The program may be utilized by any person:*
  - (a) *Who is a resident of the Commonwealth and who is at least eighteen (18) years of age;*
  - (b) *Whose clinical assessment indicates the presence of a behavioral health disorder;*
  - (c) *Charged with a qualifying offense;*
  - (d) *Who does not have a previous conviction for a Class A, B, or C felony, or a Class D felony or misdemeanor that is not a qualifying offense; and*
  - (e) *Who has been assessed by pre-trial services as a low-risk, low-level offender, or has been otherwise determined by the attorney for the Commonwealth or the attorney for the defendant as a viable participant in the program.*
- (3) *Other factors that may be considered for admission into the behavioral health conditional dismissal program include but are not limited to:*
  - (a) *The likelihood that the applicant's offense is related to a behavioral health disorder that would be conducive to change through his or her participation in a behavioral health treatment program;*
  - (b) *The availability of behavioral health treatment programs in the defendant's county of residence if different from the county of arrest;*
  - (c) *The history of any physical violence toward others as documented through judicial or law enforcement records;*
  - (d) *Any involvement of the applicant with organized crime under KRS 506.120; and*
  - (e) *Whether or not the applicant's participation in a behavioral health treatment program would adversely affect the prosecution of codefendants.*
- (4) *Eligible defendants in pretrial confinement shall be given preference for participation in the behavioral health conditional dismissal program.*
- (5) *Eligible defendants who have charges pending but are not in custody shall be assessed for participation in the behavioral health conditional dismissal program as provided under subsection (1)(d) of Section 4 of this Act.*

➔SECTION 4. A NEW SECTION OF KRS CHAPTER 533 IS CREATED TO READ AS FOLLOWS:

- (1) (a) *Following arrest, and within seventy-two (72) hours after being booked into a jail or detention facility, any person who has been charged with a qualifying offense shall undergo a clinical assessment to determine if he or she may have a behavioral health disorder;*
- (b) *The Cabinet for Health and Family Services shall provide a list of approved assessors in accordance with Section 8 of this Act for each county participating in the pilot program;*
- (c) *The jailer or his or her designee shall contact a qualified mental health professional from the list of approved assessors for the county provided under paragraph (b) of this subsection, and shall advise the qualified mental health professional that a clinical assessment is needed;*
- (d) *If a person has been charged with a qualifying offense and has been released prior to receiving a clinical assessment, he or she individually, or through his or her counsel, if any, may request a clinical assessment by a qualified mental health professional at any time during the proceedings from the list of approved assessors provided under paragraph (b) of this subsection;*
- (e) *Notwithstanding any other provision to the contrary, the clinical assessment may be conducted through telehealth or in person, whether the person charged is in the custody of the jail or has been released;*
- (f) *If the qualified mental health professional determines that the person being assessed is physically or psychologically impaired to the extent that he or she cannot provide sufficient information or*

*responses to conduct or complete the assessment, the assessment may be delayed but only for the time required for the person to adequately respond;*

- (g) *No statement or other disclosure made by the person charged in the course of the clinical assessment shall be admissible in a criminal trial unless the trial is for a crime committed during the assessment; however, nothing in this subsection shall be interpreted to prevent any reporting required by law, or as an implied waiver of applicable privacy laws and professional standards regarding confidentiality;*
  - (h) *Any referral for treatment shall be based upon the clinical assessment and a finding by the qualified mental health professional that treatment is medically necessary;*
  - (i) *The treatment referral shall be forwarded to the attorney for the Commonwealth and the attorney for the person charged, if any, within forty-eight (48) hours of the assessment;*
  - (j) *The failure of the assessor to forward the referral to the attorney for the Commonwealth or the attorney for the person charged, if any, within forty-eight (48) hours shall not result in automatic release of the person charged; and*
  - (k) *Nothing in this subsection shall be interpreted to create a duty of the jailer to pay for any costs associated with the clinical assessment.*
- (2) *At any time following arrest the Commonwealth's attorney if the underlying charge includes a felony, or the county attorney if the underlying charge only includes a misdemeanor, and the person charged may agree to the individual's participation in the behavioral health conditional dismissal program.*
- (3) *When an individual is being considered for the behavioral health conditional dismissal program, the attorney for the Commonwealth shall:*
- (a) *Have a criminal record check made to ascertain if the person is eligible for the program;*
  - (b) *Consult with the victim of the crime, if there is an identified victim;*
  - (c) *Explain the behavioral health conditional dismissal program to the victim, including potential terms and conditions, and any other matter the attorney for the Commonwealth deems to be appropriate, including the right of the victim to submit a written statement that shall be included in the record placed under seal under Section 6 of this Act; and*
  - (d) *Conduct any other investigation that the attorney for the Commonwealth determines may be necessary to assist him or her in agreeing to the referral for treatment by the qualified mental health professional and the defendant's participation in the behavioral health conditional dismissal program.*
- (4) *If the defendant agrees to the terms of the individualized treatment plan, which shall include restitution, and the attorney for the Commonwealth agrees to the defendant's participation in the program, the defendant and the attorney for the Commonwealth shall sign an agreement specifying the terms and conditions. If the defendant is represented by counsel, defense counsel shall also sign the agreement.*
- (5) *The length of the program shall be determined by the qualified mental health professional in collaboration with the provider and the type of program based upon the assessment and shall not:*
- (a) *Be less than one (1) year in duration unless discharged earlier by the provider upon satisfactory completion of the recommended treatment plan with agreement of the attorney for the Commonwealth after consultation with the victim, and with agreement of the defendant; or*
  - (b) *Exceed a period of time longer than the defendant's maximum potential period of incarceration if found guilty of the offenses charged unless the defendant agrees in writing to an extension of the treatment period.*
- (6) *A defendant participating in the behavioral health conditional dismissal program shall not be required to:*
- (a) *Plead guilty or enter an Alford plea as a condition for participation in the program; or*
  - (b) *Make any statement or stipulate to any statement relating to evidence in the underlying case as a condition for participation in the program.*
- (7) *Execution of the agreement by the defendant shall toll all further proceedings against the defendant relating to the agreement, except the matter may be set for a status review at the discretion of the court.*



- (8) *Upon execution of the agreement as provided in subsection (4) of this section, the defendant shall present himself or herself for treatment no later than three (3) days after the agreement is signed. The attorney for the Commonwealth shall:*
- (a) *Notify the treatment provider of the agreement and the effective date; and*
  - (b) *Provide the victim, if there is an identified victim, with notice that an agreement has been reached for the defendant's participation in the behavioral health conditional dismissal program, and the terms of the agreement that are applicable to the victim.*
- (9) *If the defendant remains in custody at the time of the agreement, the court shall order release of the defendant which shall not include a requirement of cash bail.*
- (10) *The charges against the defendant shall proceed with ordinary prosecution upon dismissal of the defendant from the treatment program by the provider for noncompliance.*

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 533 IS CREATED TO READ AS FOLLOWS:

- (1) *Upon initiation of treatment, the designated behavioral health treatment provider may assign a case manager in accordance with criteria established by the Cabinet of Health and Family Services in administrative regulations promulgated under KRS Chapter 13A. The case manager, or the treatment provider if no case manager has been assigned, shall notify the Office of Adult Education within the Department of Workforce Investment of the Education and Workforce Development Cabinet of the individual's participation in a behavioral health conditional dismissal program.*
- (2) *Any assigned case manager, working in collaboration with the individual referred for treatment and the treatment team and provider, or the treatment provider if there is no case manager shall:*
- (a) *Obtain all releases from the individual served that may be required to confirm compliance with the program requirements;*
  - (b) *Coordinate all services and testing required under the program, including transportation if needed and available;*
  - (c) *Receive and maintain copies of all necessary documentation to ensure compliance with the program requirements, including but not limited to:*
    - 1. *Treatment records;*
    - 2. *Drug tests;*
    - 3. *Educational assessments and advancements, if applicable;*
    - 4. *Employment status and employment training;*
    - 5. *Community service, if applicable; and*
    - 6. *Housing status;*
  - (d) *Meet or conference with providers of any program requirements on a regular basis to address the participant's progress, including restitution, and any required adjustment that may be needed to the participant's program; and*
  - (e) *Provide periodic progress reports to the attorney for the Commonwealth and the attorney for the participant according to the following schedule:*
    - 1. *An initial report within fourteen (14) days of the initiation of treatment;*
    - 2. *A follow-up report within twenty-eight (28) days after submission of the initial fourteen (14) day report;*
    - 3. *Subsequent reports on a quarterly basis throughout the course of treatment beginning April 15, 2023, with reports due thereafter on January 15, April 15, July 15, and October 15 of each year of the participation in the pilot program; and*
    - 4. *A final report within thirty (30) days of the successful completion of the program.*
- (3) *Any assigned case manager, treatment provider, or member of the treatment team, is encouraged to:*

- (a) *Utilize digital notification or reminder services for participants throughout the treatment program period; and*
  - (b) *If digital services under paragraph (a) of this subsection are utilized, include in each quarterly report required under subsection (2)(e) of this section the following data:*
    - 1. *The number of participants;*
    - 2. *The type of digital services provided;*
    - 3. *The costs of providing the digital services;*
    - 4. *Health and social outcomes from the use of the digital services; and*
    - 5. *Any other information pertaining to outcomes related to the use of the digital services.*
- (4) *The treatment provider shall:*
- (a) *Recommend modifications to the treatment program to the attorney for the Commonwealth, and the attorney for the participant;*
  - (b) *Review the individual's progress and recommend continued participation in the program or dismissal from the program due to an inability or unwillingness to meet the terms and conditions of the program;*
  - (c) *Immediately report dismissal from the treatment program based upon lack of compliance with the terms and conditions of the program to the attorney for the Commonwealth, the court, and the attorney for the participant; and*
  - (d) *Advise the attorney for the Commonwealth, the court, the attorney for the participant, and the victim, if there is an identified victim, of the participant's successful completion of the program requirements.*

➔SECTION 6. A NEW SECTION OF KRS CHAPTER 533 IS CREATED TO READ AS FOLLOWS:

- (1) *Upon successful completion of the behavioral health conditional dismissal program:*
- (a) *The court shall dismiss the charged offense or offenses with prejudice and discharge the defendant;*
  - (b) *All records relating to the case, including but not limited to arrest records and records relating to the charges, shall be sealed, except as provided in KRS 27A.099;*
  - (c) *The offense shall be accessible for review for the sole purpose of determining the defendant's eligibility for deferred prosecution under KRS 218A.1415; and*
  - (d) *The defendant shall not be required to disclose the arrest or other information relating to the charges or participation in the program on an application for employment, credit, or other type of application unless required to do so by state or federal law.*
- (2) *If a defendant who is participating in the behavioral health conditional dismissal program is convicted of or enters a plea of guilty to a felony offense other than a qualifying offense under any law of the United States, this state, or any other state, that was committed while participating in the program, the defendant shall be discharged from the behavioral health conditional dismissal program for failure to comply with the terms and conditions.*
- (3) *If the defendant is discharged from the behavioral health conditional dismissal program by the treatment provider under Section 5 of this Act, all statements or other disclosures made by the defendant to any provider while participating in the program shall be protected by all applicable privacy laws and professional standards regarding confidentiality and shall not be admissible in a criminal trial relating to the offenses covered by the agreement executed under Section 4 of this Act.*
- (4) *The attorney for the Commonwealth shall notify the victim, if there is an identified victim, of the defendant's dismissal from the program for noncompliance or discharge from the program following successful completion of the program.*

➔SECTION 7. A NEW SECTION OF KRS CHAPTER 533 IS CREATED TO READ AS FOLLOWS:

- (1) *In establishing a specific behavioral health disorder treatment plan, the program provider formulating the plan shall consider the following:*

- (a) *The existence of programs and resources within the community;*
  - (b) *Available treatment providers;*
  - (c) *Available recovery housing;*
  - (d) *Accessible public and private agencies;*
  - (e) *The benefit of keeping the participant in his or her community or relocation for purposes of treatment, housing, and other supportive services;*
  - (f) *The safety of the victim of the offense, if there is an identified victim; and*
  - (g) *The specific and personalized needs of the participant, including the choice of the participant.*
- (2) *A program shall be designed to provide the participant with the skills, training, and resources needed to maintain recovery and prevent the person from engaging in criminal activity arising from a behavioral health disorder upon release from the program.*
- (3) *A behavioral health treatment program under Sections 1 to 8 of this Act shall be evidence-based, and may be a behavioral treatment plan, or a medically assisted treatment plan, or both, with recovery services or a Substance Abuse and Mental Health Services Administration evidence-based recovery housing program. The program shall provide at a minimum access, as needed, to:*
- (a) *Inpatient detoxification and treatment, that may include a faith-based residential treatment program;*
  - (b) *Outpatient treatment;*
  - (c) *Drug testing;*
  - (d) *Addiction counseling;*
  - (e) *Cognitive and behavioral therapies;*
  - (f) *Medication assisted treatment including:*
    - 1. *At least one (1) federal Food and Drug Administration approved agonist medication for the treatment of opioid or alcohol dependence;*
    - 2. *Partial agonist medication;*
    - 3. *Antagonist medication; and*
    - 4. *Any other approved medication for the mitigation of opioid withdrawal symptoms;*
  - (g) *Educational services;*
  - (h) *Vocational services;*
  - (i) *Housing assistance;*
  - (j) *Peer support services; and*
  - (k) *Community support services, that may include faith-based services.*
- (4) *Except for recovery housing providers, all treatment providers shall:*
- (a) *Meet the licensure requirements and standards established by the Cabinet for Health and Family Services under KRS Chapter 222;*
  - (b) *Qualify as a Medicaid approved provider; and*
  - (c) *Be accredited by at least one (1) of the following:*
    - 1. *American Society of Addiction Medicine;*
    - 2. *Joint Commission on the Accreditation of Healthcare Organizations; or*
    - 3. *Commission on Accreditation of Rehabilitation Facilities.*
- (5) *All recovery housing service providers shall:*
- (a) *Be certified using the National Alliance for Recovery Residences standards;*

- (b) *Provide evidence-based services;*
  - (c) *Provide a record of outcomes;*
  - (d) *Provide peer support services; and*
  - (e) *Address the social determinants of health.*
- (6) (a) *The Department for Medicaid Services, in conjunction with the program provider, shall assist any program participant who qualifies for Medicaid services to obtain or access Medicaid services for his or her behavioral health disorder treatment or recovery program;*
- (b) *The Department for Medicaid Services and its contractors shall provide an individual participating in the behavioral health conditional dismissal program with the substance use disorder benefit as provided under KRS 205.6311; and*
- (c) *A Medicaid managed care organization shall treat any referral for treatment under Sections 1 to 8 of this Act as an "expedited authorization request" as provided under KRS 205.534(2)(a)2.b.*
- (7) *Recovery housing services provided under this pilot program shall:*
- (a) *Be paid utilizing a value-based payment system developed and established by the medical managed care organizations in conjunction with the Department for Medicaid Services and recovery housing providers. The value-based payment system shall be established no later than January 1, 2023, and shall include the following for recovery housing programs:*
    - 1. *The development of a qualified recovery housing provider network; and*
    - 2. *Establishment and implementation of a value-based payment system that shall include the regular collection of outcomes data within existing Medicaid reimbursement regulations; and*
  - (b) *Be limited to two hundred (200) individuals unless additional funding designated for recovery housing is available through the Cabinet for Health and Family Services.*

➔SECTION 8. A NEW SECTION OF KRS CHAPTER 533 IS CREATED TO READ AS FOLLOWS:

- (1) *The Cabinet for Health and Family Services shall establish and maintain a list of approved assessors for each county participating in the pilot program established under Section 1 of this Act to perform clinical assessments; and*
- (2) *No assessor shall be approved unless he or she is a:*
- (a) *Qualified mental health professional as defined under Section 2 of this Act; and*
  - (b) *Medicaid approved provider or employed by a Medicaid approved provider.*

➔SECTION 9. A NEW SECTION OF KRS CHAPTER 533 IS CREATED TO READ AS FOLLOWS:

- (1) (a) *The Office of Adult Education within the Department of Workforce Investment of the Education and Workforce Development Cabinet in conjunction with a community rehabilitation provider shall conduct an in-person initial screening of any individual participating in a behavioral health conditional dismissal program within thirty (30) days of a participant beginning the program under Section 4 of this Act.*
- (b) *Nothing in this section shall prohibit any department, office, or division of the Education and Workforce Development Cabinet from entering into an agreement with a third party in each county participating in the pilot program to provide the services required under this section.*
- (2) *The initial screening shall include:*
- (a) *Educational history, including highest school grade completed, and when;*
  - (b) *Employment history, including types and lengths of employments;*
  - (c) *Military history, if any;*
  - (d) *The participant's physical, mental, and emotional abilities and limitations;*
  - (e) *Aptitude, skill level, and interest testing;*
  - (f) *An assessment of language skills; and*

- (g) *A determination of whether further assessment is needed to develop the vocational component of the recovery treatment program. If further assessment is required, it shall be completed within the first ninety (90) days following entry into the recovery treatment program unless additional time is needed to provide for physical recovery from the effects of a severe behavioral health disorder.*
- (3) *Within ten (10) days of completion of the vocational assessment, the Office of Adult Education, in consultation with the behavioral health conditional dismissal program provider, shall establish an individualized plan designed to attain a specific employment outcome to include:*
  - (a) *Specific educational goals with identification of institutions from which the participant will receive educational credits or training;*
  - (b) *Specific job-skills training, and the facility or institution from which the participant will receive the job skills training, to include:*
    - 1. *A holistic education curriculum that includes but is not limited to problem solving, communication skills, and interpersonal skills; and*
    - 2. *Sector specific employers as designated by the Kentucky Workforce Innovation Board;*
  - (c) *The required number of hours per week the participant will be engaged in educational or vocational training, including anticipated study time or assigned projects completion time outside of the classroom or training facility;*
  - (d) *The specific services that will be provided through the Department of Workforce Investment to achieve the employment outcome, overcome or minimize any identified obstacles to employment, and the frequency with which those services will be provided, including but not limited to access to services during non-traditional business hours and support;*
  - (e) *The beginning and projected completion date of each service;*
  - (f) *If supported employment training or services are to be provided outside of the Education and Workforce Development Cabinet, the identification of the provider of the extended services and the reporting and accountability requirements established with the program provider;*
  - (g) *The criteria established for evaluating progress and success;*
  - (h) *The attendance and reporting requirements established for the participant and for the institution or facility providing the service, including to whom and with what frequency reports are to be made;*
  - (i) *The date the employment plan is estimated to be completed;*
  - (j) *The job-placement assistance plan that will be provided to the participant by the department;*
  - (k) *The need for ongoing or future training following completion of the employment plan and the availability of that training to the participant; and*
  - (l) *The continuum of care to be provided by a community rehabilitation provider.*
- (4) *The Department of Workforce Investment, in consultation with the Kentucky Higher Education Assistance Authority, shall provide the participant with assistance in securing all scholarships, grants, or other available financial assistance to ensure access to the educational or training requirements needed to achieve the specific employment outcome.*
- (5) *The Department of Workforce Investment may establish an electronic registry to be used by participants in the behavioral conditional dismissal program, treatment plan providers, and prospective employers to assist in matching program participants with employment opportunities.*

➔SECTION 10. A NEW SECTION OF KRS CHAPTER 533 IS CREATED TO READ AS FOLLOWS:

- (1) *The Behavioral Health Conditional Dismissal Program Implementation Council is created for the purpose of assisting with the implementation of the behavioral health conditional dismissal pilot program created under Section 1 of this Act.*
- (2) *The membership of the council shall include the following:*
  - (a) *The executive director of the Office of Drug Control Policy, or his or her designee, who shall serve as chair of the council;*

- (b) *The director of the Administrative Office of the Courts, or his or her designee;*
  - (c) *The commissioner of the Department for Behavioral Health, Developmental and Intellectual Disabilities, or his or her designee;*
  - (d) *The commissioner of the Kentucky Department for Medicaid Services, or his or her designee;*
  - (e) *The public advocate, or his or her designee;*
  - (f) *A member of the Kentucky Commonwealth's Attorneys' Association, elected by its membership;*
  - (g) *A member of the Kentucky County Attorneys Association;*
  - (h) *One (1) Circuit Judge, elected by the Circuit Judges Association of Kentucky;*
  - (i) *One (1) District Judge, elected by the District Judges Association of Kentucky;*
  - (j) *The executive director of the Kentucky Jailers Association, or his or her designee; and*
  - (k) *Two (2) individuals selected by the Kentucky Association of Regional Programs, one (1) of whom shall be in recovery from a substance use disorder and one (1) of whom is being treated or has been treated for a mental health disorder as defined in Section 2 of this Act.*
- (3) *The council shall meet at least quarterly. Meetings shall be held at the call of the chair, or upon the written request of two (2) members to the chair.*
- (4) *The council shall:*
- (a) *Oversee the implementation of the behavioral health conditional dismissal program pilot project;*
  - (b) *Review the data collected by the Administrative Office of the Courts and report to the Interim Joint Committee on Judiciary and the Governor by October 1 of each year of the pilot project regarding:*
    - 1. *Recommendations for any additional performance measures needed to promote the success of the program;*
    - 2. *Whether any action is necessary, including funding or legislation;*
    - 3. *Recommendations for resolving any matters that reduce the effectiveness of the program; and*
    - 4. *Any additional information the council deems appropriate.*
- (5) *Members shall not receive any additional compensation for their service on the council but shall be reimbursed for all necessary expenses.*
- (6) *The council shall be attached to the Justice and Public Safety Cabinet for administrative purposes.*
- (7) *The council shall terminate December 31, 2027, unless extended by the General Assembly.*

➔SECTION 11. A NEW SECTION OF KRS CHAPTER 533 IS CREATED TO READ AS FOLLOWS:

- (1) *There is hereby created a trust and agency account to be known as the Behavioral Health Conditional Dismissal Program trust fund to be administered by the Department for Behavioral Health, Developmental and Intellectual Disabilities within the Cabinet for Health and Family Services.*
- (2) *The fund may contain:*
- (a) *Appropriations by the General Assembly for the purpose of the behavioral health conditional dismissal program;*
  - (b) *State and federal grants, including but not limited to treatment related to substance abuse disorder or a mental health disorder;*
  - (c) *Opioid settlement moneys made available for the purposes of the fund;*
  - (d) *Devises, bequests, gifts, and donations, including philanthropic organizations; and*
  - (e) *Any other contributions from public agencies or other entities made available for the purposes of the fund.*
- (3) *Moneys deposited in the fund shall be used to administer and support the purposes of Sections 1 to 11 of this Act, and may include payments for services rendered by a qualified mental health provider as defined*

*under Section 2 of this Act and treatment program providers upon exhaustion of payments from other payment providers, including but not limited to Medicaid and private insurance.*

- (4) *The department may, in accordance with KRS Chapter 45A, select and contract with a third-party administrator to serve as the benefit manager for the program. The contract between the department and the benefit manager shall be submitted to the Government Contract Review Committee of the Legislative Research Commission for comment and review.*
- (5) *Notwithstanding KRS 45.229, any moneys remaining in the fund at the close of the fiscal year shall not lapse but shall be carried forward into the succeeding fiscal year to be used for the purposes established in Sections 1 to 11 of this Act.*
- (6) *Any interest earned on moneys in the fund shall accrue to the fund and shall not lapse.*
- (7) *Moneys deposited in the fund are hereby appropriated for the purposes set forth in this section and shall not be appropriated or transferred by the General Assembly for any other purposes.*

➔Section 12. KRS 197.020 is amended to read as follows:

- (1) The Department of Corrections shall:
  - (a) Promulgate administrative regulations for the government and discipline of the penitentiary, for the government and official conduct of all officials connected with the penitentiary, and for the government of the prisoners in their department and conduct;
  - (b) Promulgate administrative regulations for the character of food and diet of the prisoners; the preservation of the health of the prisoners; the daily cleansing of the penitentiary; the cleanliness of the persons of the prisoners; the general sanitary government of the penitentiary and prisoners; the character of the labor; the quantity of food and clothing; and the length of time during which the prisoners shall be employed daily;
  - (c) Promulgate administrative regulations, as the department deems necessary, for the disposition of abandoned, lost, or confiscated property of prisoners;
  - (d) Promulgate administrative regulations for the administration of a validated risk and needs assessment to assess the criminal risk factors and correctional needs of all inmates upon commitment to the department;
  - (e) Promulgate administrative regulations to:
    1. Create a certification process for county jails that may house female state inmates. The administrative regulations shall include a requirement of a physical barrier between male and female inmates; and
    2. ***Require telehealth services in county jails; and***
  - (f) Cause the administrative regulations promulgated by the department, together with the law allowing commutation of time to prisoners for good conduct, to be printed and posted in conspicuous places in the cell houses and workshops.
- (2) The department may impose a reasonable fee for the use of medical facilities by a prisoner who has the ability to pay for the medical and dental care. These funds may be deducted from the prisoner's inmate account. A prisoner shall not be denied medical or dental treatment because he or she has insufficient funds in his or her inmate account.
- (3) The department may promulgate administrative regulations in accordance with KRS Chapter 13A to implement a program that provides for reimbursement of telehealth consultations.
- (4) Fees for the use of medical facilities by a state prisoner who is confined in a jail pursuant to KRS 532.100 or other statute shall be governed by KRS 441.045.

➔Section 13. Notwithstanding KRS 15.291 and 15.293(5), there is hereby appropriated Restricted Funds in the amount of \$10,500,000 in each fiscal year from the Opioid Abatement Trust Fund to the Behavioral Health, Developmental and Intellectual Disabilities budget unit for the behavioral health conditional dismissal program described in Sections 1 to 8 of this Act. The department shall reimburse the Administrative Office of the Courts for administrative costs related to the program up to \$500,000 per year.

➔Section 14. 2022 RS HB 214/EN is hereby amended as follows:

On page 10, line 3, delete "January 1, 2027" and insert in lieu thereof "January 1, 2031"; and

and  
On page 10, line 10, after "November 2026 regular election" insert "or the November 2030 regular election";

and  
On page 10, line 18, after "November 2026 regular election" insert "or the November 2030 regular election";

On page 11, line 3, delete "November 2026" and insert in lieu thereof "November 2030".

➔Section 15. KRS 625.090 is amended to read as follows:

(1) The Circuit Court may involuntarily terminate all parental rights of a parent of a named child, if the Circuit Court finds from the pleadings and by clear and convincing evidence that:

(a) 1. The child has been adjudged to be an abused or neglected child, as defined in KRS 600.020(1), by a court of competent jurisdiction;

2. The child is found to be an abused or neglected child, as defined in KRS 600.020(1), by the Circuit Court in this proceeding;

3. The child is found to have been diagnosed with neonatal abstinence syndrome at the time of birth, unless his or her birth mother:

a. Was prescribed and properly using medication for a legitimate medical condition as directed by a health care practitioner that may have led to the neonatal abstinence syndrome; or

b. Is currently, or within ninety (90) days after the birth, enrolled in and maintaining substantial compliance with both a substance abuse treatment or recovery program and a regimen of prenatal care or postnatal care as recommended by her health care practitioner throughout the remaining term of her pregnancy or the appropriate time after her pregnancy; or

4. The parent has been convicted of a criminal charge relating to the physical or sexual abuse or neglect of any child and that physical or sexual abuse, neglect, or emotional injury to the child named in the present termination action is likely to occur if the parental rights are not terminated;

(b) 1. The Cabinet for Health and Family Services has filed a petition with the court pursuant to KRS 620.180 *or* 625.050; *or*

2. *A child-placing agency licensed by the cabinet, any county or Commonwealth's attorney, or a parent has filed a petition with the court under KRS 625.050; and*

(c) Termination would be in the best interest of the child.

(2) No termination of parental rights shall be ordered unless the Circuit Court also finds by clear and convincing evidence the existence of one (1) or more of the following grounds:

(a) That the parent has abandoned the child for a period of not less than ninety (90) days;

(b) That the parent has inflicted or allowed to be inflicted upon the child, by other than accidental means, serious physical injury;

(c) That the parent has continuously or repeatedly inflicted or allowed to be inflicted upon the child, by other than accidental means, physical injury or emotional harm;

(d) That the parent has been convicted of a felony that involved the infliction of serious physical injury to any child;

(e) That the parent, for a period of not less than six (6) months, has continuously or repeatedly failed or refused to provide or has been substantially incapable of providing essential parental care and protection for the child and that there is no reasonable expectation of improvement in parental care and protection, considering the age of the child;

(f) That the parent has caused or allowed the child to be sexually abused or exploited;



- (g) That the parent, for reasons other than poverty alone, has continuously or repeatedly failed to provide or is incapable of providing essential food, clothing, shelter, medical care, or education reasonably necessary and available for the child's well-being and that there is no reasonable expectation of significant improvement in the parent's conduct in the immediately foreseeable future, considering the age of the child;
  - (h) That:
    - 1. The parent's parental rights to another child have been involuntarily terminated;
    - 2. The child named in the present termination action was born subsequent to or during the pendency of the previous termination; and
    - 3. The conditions or factors which were the basis for the previous termination finding have not been corrected;
  - (i) That the parent has been convicted in a criminal proceeding of having caused or contributed to the death of another child as a result of physical or sexual abuse or neglect;
  - (j) That the child has been in foster care under the responsibility of the cabinet for fifteen (15) cumulative months out of forty-eight (48) months preceding the filing of the petition to terminate parental rights; or
  - (k) That the child has been removed from the biological or legal parents more than two (2) times in a twenty-four (24) month period by the cabinet or a court.
- (3) In determining the best interest of the child and the existence of a ground for termination, the Circuit Court shall consider the following factors:
- (a) Mental illness as defined by KRS 202A.011(9), or an intellectual disability as defined by KRS 202B.010(9) of the parent as certified by a qualified mental health professional, which renders the parent consistently unable to care for the immediate and ongoing physical or psychological needs of the child for extended periods of time;
  - (b) Acts of abuse or neglect as defined in KRS 600.020(1) toward any child in the family;
  - (c) If the child has been placed with the cabinet, whether the cabinet has, prior to the filing of the petition made reasonable efforts as defined in KRS 620.020 to reunite the child with the parents unless one or more of the circumstances enumerated in KRS 610.127 for not requiring reasonable efforts have been substantiated in a written finding by the District Court;
  - (d) The efforts and adjustments the parent has made in his circumstances, conduct, or conditions to make it in the child's best interest to return him to his home within a reasonable period of time, considering the age of the child;
  - (e) The physical, emotional, and mental health of the child and the prospects for the improvement of the child's welfare if termination is ordered; and
  - (f) The payment or the failure to pay a reasonable portion of substitute physical care and maintenance if financially able to do so.
- (4) If the child has been placed with the cabinet, the parent may present testimony concerning the reunification services offered by the cabinet and whether additional services would be likely to bring about lasting parental adjustment enabling a return of the child to the parent.
- (5) If the parent proves by a preponderance of the evidence that the child will not continue to be an abused or neglected child as defined in KRS 600.020(1) if returned to the parent the court in its discretion may determine not to terminate parental rights.
- (6) Upon the conclusion of proof and argument of counsel, the Circuit Court shall enter findings of fact, conclusions of law, and a decision as to each parent-respondent within thirty (30) days either:
- (a) Terminating the right of the parent; or
  - (b) Dismissing the petition and stating whether the child shall be returned to the parent or shall remain in the custody of the state.

**Signed by Governor April 20, 2022.**

# Tax and Revenue Bills

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HB 8 – Veto Message

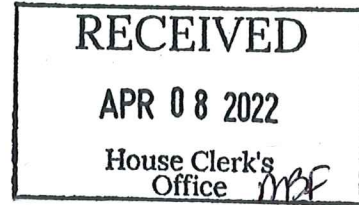
HB 8 – Tax Bill

HB 6 – Motor Vehicle Property Tax

HB 607 – Parimutuel Tax



COMMONWEALTH OF KENTUCKY  
OFFICE OF THE GOVERNOR



Andy Beshear  
GOVERNOR

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**VETO MESSAGE FROM THE**  
**GOVERNOR OF THE COMMONWEALTH OF KENTUCKY**  
**REGARDING HOUSE BILL 8 OF THE**  
**2022 REGULAR SESSION**

*I, Andy Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under section 88 of the Kentucky Constitution, do hereby veto the following:*

House Bill 8 of the 2022 Regular Session of the General Assembly in its entirety.

*I am vetoing House Bill 8 because it imposes new taxes that weaken public safety, harm vital industries, undermine economic development incentives, and threaten Kentucky's future economic security.*

*House Bill 8 was revealed to many members of the General Assembly mere hours before it was passed. As a result, the people of Kentucky and their elected representatives were deprived of the opportunity to review and weigh in on the bill. Passing such legislation without public scrutiny ensures that only lobbyists and special interest groups can have their voices heard.*

*Public input is important because House Bill 8 creates new taxes on thirty-five different services and industries, many of which the bill does not define, meaning many businesses may not know their taxes are being increased. Among these services that will have to collect new taxes from their customers are those that keep our children safe and healthy. For example, House Bill 8 imposes a tax on criminal background checks, which are an essential public safety tool to protect our children. House Bill 8 further harms our children by imposing new taxes on summer camps and youth sports.*

*House Bill 8 also takes aim at Kentucky's vital tourism industry by imposing new taxes on conferences and events, making Kentucky less competitive. House Bill 8 also imposes new taxes on hybrid and electric vehicles at a time when Kentucky is poised to become a world leader in manufacturing those vehicles and their batteries.*

*Moreover, House Bill 8 unfairly penalizes restaurants that received money from the federal Restaurant Revitalization Fund by subjecting them to Kentucky's income tax. The General Assembly should provide the same tax relief to those restaurants as provided under the federal income tax law, which is similar to the relief provided to businesses that received loan forgiveness under the Paycheck Protection Program.*

*House Bill 8 puts at risk incentive packages the Commonwealth has already agreed to, for projects in the counties that need them most, including counties with high unemployment. In particular, House Bill 8 will leave the Commonwealth unable to comply with its promise to provide incentives to some employers under the Kentucky Business Investment Program. In total, House Bill 8 will negatively impact over 207 economic development projects that have received more than \$413,000,000 in incentives.*

*The General Assembly should be supporting Kentucky's growing industries and events that promote the Commonwealth, not targeting them with tax increases.*

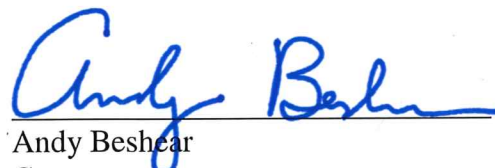
*House Bill 8 also violates the Kentucky Constitution because it provides special treatment to "public service companies," like railroads, airlines, and utilities, which will allow those companies to assess the value of their own property in some cases. Under Section 50 of House Bill 8, if those companies protest their tax bill and the Department of Revenue does not resolve their protest within one year, the Department must accept the companies' claimed value. That requirement violates Section 172 of the Kentucky Constitution, which requires all property to be assessed at fair cash value, and Section 174, which requires all property to be taxed in proportion to its actual value.*

*In addition, House Bill 8 contains another unfunded mandate for a tax amnesty program. The most recent amnesty program, in 2013, cost the Department \$3.4 million to implement. Without funding for this program, the Department would have to divert money from the new tax data system it is currently developing to replace Kentucky's outdated, unworkable, forty-year-old tax system.*

*Finally, House Bill 8 threatens Kentucky's economic future. Other states that have drastically cut income tax have seen their economies harmed by those changes. The then-Governor of Kansas promised that similar tax cuts passed in 2012 would be a "shot of adrenaline into the heart of Kansas' economy." The opposite was true, and five years later, Kansas had to roll back those tax cuts when its economy performed worse than the national average and the state could not provide essential public services. The General Assembly should learn from Kansas's mistakes. Instead, House Bill 8 repeats them.*

*For these reasons, I am vetoing House Bill 8.*

This, the 8<sup>th</sup> day of April, 2022.

  
Andy Beshear  
Governor

## CHAPTER 212

### ( HB 8 )

AN ACT relating to revenue measures and declaring an emergency.

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

➔Section 1. KRS 141.020 is amended to read as follows:

- (1) An annual tax shall be paid for each taxable year by every resident individual of this state upon his *or her* entire net income as defined in this chapter. The tax shall be determined by applying the rates in subsection (2) of this section to net income and subtracting allowable tax credits provided in subsection (3) of this section.
- (2) (a) *As used in this subsection:*
  1. *"Balance in the BRTF at the end of a fiscal year" means the budget reserve trust fund account established in KRS 48.705 and includes the following amounts and actions resulting from the final close of the fiscal year:*
    - a. *The amount of moneys in the fund at the end of a fiscal year;*
    - b. *All close-out actions related to a budget reduction plan under KRS 48.130 or as modified in a branch budget bill; and*
    - c. *All close-out actions related to the surplus expenditure plan under KRS 48.140 or as modified in a branch budget bill;*
  2. *"GF appropriations" means the authorization by the General Assembly to expend GF moneys, excluding:*
    - a. *Any appropriation to the budget reserve trust fund; and*
    - b. *Any lump-sum appropriation to a state-administered retirement system, as defined in KRS 7A.210, that is in excess of the appropriations specifically budgeted to meet the recurring statutorily required contributions or recurring actuarially determined contributions for a state-administered retirement system under KRS 21.525, 61.565, 61.702, 78.635, 78.5536, or 161.550, as applicable;*
  3. *"GF moneys" means receipts deposited in the general fund defined in KRS 48.010, excluding tobacco moneys deposited in the fund established in KRS 248.654;*
  4. *"IIT equivalent" means the amount of reduction in GF moneys resulting from a one (1) percentage point reduction to the individual income tax rate;*
  5. *"Reduction conditions" means:*
    - a. *The balance in the BRTF at the end of a fiscal year shall be equal to or greater than ten percent (10%) of the GF moneys for that fiscal year; and*
    - b. *GF moneys at the end of a fiscal year shall be equal to or greater than GF appropriations for that fiscal year plus the IIT equivalent for that fiscal year; and*
  6. *"Tax rate reduction" means the current tax rate minus five-tenths of one percent (0.5%).*
- (b)
  1. *Beginning no later than September 1, 2022, the department, with assistance from the Office of State Budget Director, shall review the reduction conditions as they apply to fiscal year 2020-2021 and make a determination if the reduction conditions have been met.*
  2. *After reviewing the reduction conditions under subparagraph 1. of this paragraph, the department shall:*
    - a. *No later than September 5, 2022, report to the Interim Joint Committee on Appropriations and Revenue:*
      - i. *Whether a tax rate reduction will occur for the taxable year beginning on January 1, 2023; and*

- ii. *The amounts associated with each item within the reduction conditions used for making that determination; and*
  - b.
    - i. *Implement the tax rate reduction for the taxable year beginning on January 1, 2023, if the reduction conditions are met; or*
    - ii. *Maintain the current tax rate, if the reduction conditions are not met.*
- (c)
  - 1. *The department shall implement an annual process to review and report future reduction conditions at the same time and in the same manner as under paragraph (b) of this subsection, except that the department shall use the next succeeding year related to the dates for review and reporting and the next succeeding fiscal year data to evaluate the reduction conditions.*
  - 2. *Notwithstanding subparagraph 1. of this paragraph, the department shall not implement an income tax rate reduction without a future action by the General Assembly.*
- (d) For taxable years beginning on or after January 1, 2018, **but before January 1, 2023**, the tax shall be five percent (5%) of net income.
- ~~(e)(b)~~ For taxable years beginning after December 31, 2004, and before January 1, 2018, the tax shall be determined by applying the following rates to net income:
  - 1. Two percent (2%) of the amount of net income up to three thousand dollars (\$3,000);
  - 2. Three percent (3%) of the amount of net income over three thousand dollars (\$3,000) and up to four thousand dollars (\$4,000);
  - 3. Four percent (4%) of the amount of net income over four thousand dollars (\$4,000) and up to five thousand dollars (\$5,000);
  - 4. Five percent (5%) of the amount of net income over five thousand dollars (\$5,000) and up to eight thousand dollars (\$8,000);
  - 5. Five and eight-tenths percent (5.8%) of the amount of net income over eight thousand dollars (\$8,000) and up to seventy-five thousand dollars (\$75,000); and
  - 6. Six percent (6%) of the amount of net income over seventy-five thousand dollars (\$75,000).
- (3) (a) The following tax credits, when applicable, shall be deducted from the result obtained under subsection (2) of this section to arrive at the annual tax:
  - 1.
    - a. For taxable years beginning before January 1, 2014, twenty dollars (\$20) for an unmarried individual; and
    - b. For taxable years beginning on or after January 1, 2014, and before January 1, 2018, ten dollars (\$10) for an unmarried individual;
  - 2.
    - a. For taxable years beginning before January 1, 2014, twenty dollars (\$20) for a married individual filing a separate return and an additional twenty dollars (\$20) for the spouse of taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, had no Kentucky gross income and is not the dependent of another taxpayer; or forty dollars (\$40) for married persons filing a joint return, provided neither spouse is the dependent of another taxpayer. The determination of marital status for the purpose of this section shall be made in the manner prescribed in Section 153 of the Internal Revenue Code; and
    - b. For taxable years beginning on or after January 1, 2014, and before January 1, 2018, ten dollars (\$10) for a married individual filing a separate return and an additional ten dollars (\$10) for the spouse of a taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, had no Kentucky gross income and is not the dependent of another taxpayer; or twenty dollars (\$20) for married persons filing a joint return, provided neither spouse is the dependent of another taxpayer. The determination of marital status for the purpose of this section shall be made in the manner prescribed in Section 153 of the Internal Revenue Code;
  - 3.
    - a. For taxable years beginning before January 1, 2014, twenty dollars (\$20) credit for each dependent. No credit shall be allowed for any dependent who has made a joint return with his or her spouse; and

- b. For taxable years beginning on or after January 1, 2014, and before January 1, 2018, ten dollars (\$10) credit for each dependent. No credit shall be allowed for any dependent who has made a joint return with his or her spouse;
- 4. An additional forty dollars (\$40) credit if the taxpayer has attained the age of sixty-five (65) before the close of the taxable year;
- 5. An additional forty dollars (\$40) credit for taxpayer's spouse if a separate return is made by the taxpayer and if the taxpayer's spouse has attained the age of sixty-five (65) before the close of the taxable year, and, for the calendar year in which the taxable year of the taxpayer begins, has no Kentucky gross income and is not the dependent of another taxpayer;
- 6. An additional forty dollars (\$40) credit if the taxpayer is blind at the close of the taxable year;
- 7. An additional forty dollars (\$40) credit for taxpayer's spouse if a separate return is made by the taxpayer and if the taxpayer's spouse is blind, and, for the calendar year in which the taxable year of the taxpayer begins, has no Kentucky gross income and is not the dependent of another taxpayer; *and*
- ~~8. In the case of a fiduciary, other than an estate, the allowable tax credit shall be two dollars (\$2);~~
- ~~9. In the case of an estate, the allowable tax credit shall be ten dollars (\$10); and~~
- ~~10. An additional twenty dollars (\$20) credit shall be allowed if the taxpayer is a member of the Kentucky National Guard at the close of the taxable year.~~
- (b) In the case of nonresidents, the tax credits allowable under this subsection shall be the portion of the credits that are represented by the ratio of the taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to the taxpayer's adjusted gross income as defined in Section 62 of the Internal Revenue Code. However, in the case of a married nonresident taxpayer with income from Kentucky sources, whose spouse has no income from Kentucky sources, the taxpayer shall determine allowable tax credit(s) by either:
  - 1. The method contained above applied to the taxpayer's tax credit(s), excluding credits for a spouse and dependents; or
  - 2. Prorating the taxpayer's tax credit(s) plus the tax credits for the taxpayer's spouse and dependents by the ratio of the taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to the total joint federal adjusted gross income of the taxpayer and the taxpayer's spouse.
- (c) In the case of a part-year resident, the tax credits allowable under this subsection shall be the portion of the credits represented by the ratio of the taxpayer's Kentucky adjusted gross income as determined by KRS 141.019 to the taxpayer's adjusted gross income as defined in Section 62 of the Internal Revenue Code.
- (4) An annual tax shall be paid for each taxable year as specified in this section upon the entire net income except as herein provided, from all tangible property located in this state, from all intangible property that has acquired a business situs in this state, and from business, trade, profession, occupation, or other activities carried on in this state, by natural persons not residents of this state. A nonresident individual shall be taxable only upon the amount of income received by the individual from labor performed, business done, or from other activities in this state, from tangible property located in this state, and from intangible property which has acquired a business situs in this state; provided, however, that the situs of intangible personal property shall be at the residence of the real or beneficial owner and not at the residence of a trustee having custody or possession thereof. For taxable years beginning on or after January 1, 2021, but before January 1, 2025, the tax imposed by this section shall not apply to a disaster response employee or to a disaster response business. The remainder of the income received by such nonresident shall be deemed nontaxable by this state.
- (5) Subject to the provisions of KRS 141.081, any individual may elect to pay the annual tax imposed by KRS 141.023 in lieu of the tax levied under this section.
- (6) A part-year resident is subject to taxation, as prescribed in subsection (1) of this section, during that portion of the taxable year that the individual is a resident and, as prescribed in subsection (4) of this section, during that portion of the taxable year when the individual is a nonresident.

➔ Section 2. KRS 139.010 is amended to read as follows:

As used in this chapter, unless the context otherwise provides:

- (1) (a) "Admissions" means the fees paid for:
1. The right of entrance to a display, program, sporting event, music concert, performance, play, show, movie, exhibit, fair, or other entertainment or amusement event or venue; and
  2. The privilege of using facilities or participating in an event or activity, including but not limited to:
    - a. Bowling centers;
    - b. Skating rinks;
    - c. Health spas;
    - d. Swimming pools;
    - e. Tennis courts;
    - f. Weight training facilities;
    - g. Fitness and recreational sports centers; and
    - h. Golf courses, both public and private;regardless of whether the fee paid is per use or in any other form, including but not limited to an initiation fee, monthly fee, membership fee, or combination thereof.
- (b) "Admissions" does not include:
1. Any fee paid to enter or participate in a fishing tournament; or
  2. Any fee paid for the use of a boat ramp for the purpose of allowing boats to be launched into or hauled out from the water;
- (2) "Advertising and promotional direct mail" means direct mail the primary purpose of which is to attract public attention to a product, person, business, or organization, or to attempt to sell, popularize, or secure financial support for a product, person, business, or organization. As used in this definition, "product" means tangible personal property, an item transferred electronically, or a service;
- (3) "Business" includes any activity engaged in by any person or caused to be engaged in by that person with the object of gain, benefit, or advantage, either direct or indirect;
- (4) "Commonwealth" means the Commonwealth of Kentucky;
- (5) (a) ***"Cosmetic surgery services" means modifications to all areas of the head, neck and body to enhance appearance through surgical and medical techniques.***
- (b) ***"Cosmetic surgery services" does not include reconstruction of facial and body defects due to birth disorders, trauma, burns, or disease;***
- ~~(6)(5)~~ "Department" means the Department of Revenue;
- ~~(7)(6)~~ (a) "Digital audio-visual works" means a series of related images which, when shown in succession, impart an impression of motion, with accompanying sounds, if any.
- (b) "Digital audio-visual works" includes movies, motion pictures, musical videos, news and entertainment programs, and live events.
- (c) "Digital audio-visual works" shall not include video greeting cards, video games, and electronic games;
- ~~(8)(7)~~ (a) "Digital audio works" means works that result from the fixation of a series of musical, spoken, or other sounds.
- (b) "Digital audio works" includes ringtones, recorded or live songs, music, readings of books or other written materials, speeches, or other sound recordings.
- (c) "Digital audio works" shall not include audio greeting cards sent by electronic mail;
- ~~(9)(8)~~ (a) "Digital books" means works that are generally recognized in the ordinary and usual sense as books, including any literary work expressed in words, numbers, or other verbal or numerical symbols or indicia if the literary work is generally recognized in the ordinary or usual sense as a book.



- (b) "Digital books" shall not include digital audio-visual works, digital audio works, periodicals, magazines, newspapers, or other news or information products, chat rooms, or Web logs;
- ~~(10)(9)~~ (a) "Digital code" means a code which provides a purchaser with a right to obtain one (1) or more types of digital property. A "digital code" may be obtained by any means, including electronic mail messaging or by tangible means, regardless of the code's designation as a song code, video code, or book code.
- (b) "Digital code" shall not include a code that represents:
1. A stored monetary value that is deducted from a total as it is used by the purchaser; or
  2. A redeemable card, gift card, or gift certificate that entitles the holder to select specific types of digital property;
- ~~(11)(10)~~ (a) "Digital property" means any of the following which is transferred electronically:
1. Digital audio works;
  2. Digital books;
  3. Finished artwork;
  4. Digital photographs;
  5. Periodicals;
  6. Newspapers;
  7. Magazines;
  8. Video greeting cards;
  9. Audio greeting cards;
  10. Video games;
  11. Electronic games; or
  12. Any digital code related to this property.
- (b) "Digital property" shall not include digital audio-visual works or satellite radio programming;
- ~~(12)(11)~~ (a) "Direct mail" means printed material delivered or distributed by United States mail or other delivery service to a mass audience or to addressees on a mailing list provided by the purchaser or at the direction of the purchaser when the cost of the items are not billed directly to the recipient.
- (b) "Direct mail" includes tangible personal property supplied directly or indirectly by the purchaser to the direct mail retailer for inclusion in the package containing the printed material.
- (c) "Direct mail" does not include multiple items of printed material delivered to a single address;
- ~~(13)(12)~~ "Directly used in the manufacturing or industrial processing process" means the process that commences with the movement of raw materials from storage into a continuous, unbroken, integrated process and ends when the finished product is packaged and ready for sale;
- ~~(14)(13)~~ (a) "Extended warranty services" means services provided through a service contract agreement between the contract provider and the purchaser where the purchaser agrees to pay compensation for the contract and the provider agrees to repair, replace, support, or maintain tangible personal property, ~~or~~ digital property, **or real property** according to the terms of the contract ~~if:~~
- ~~1. The service contract agreement is sold or purchased on or after July 1, 2018; and~~
  - ~~2. the tangible personal property or digital property for which the service contract agreement is provided is subject to tax under this chapter or under KRS 138.460.~~
- (b) "Extended warranty services" does not include the sale of a service contract agreement for tangible personal property to be used by a small telephone utility as defined in KRS 278.516 or a Tier III CMRS provider as defined in KRS 65.7621 to deliver communications services as defined in KRS 136.602 or broadband as defined in KRS 278.5461;

~~(15)~~~~(14)~~ (a) "Finished artwork" means final art that is used for actual reproduction by photomechanical or other processes or for display purposes.

(b) "Finished artwork" includes:

1. Assemblies;
2. Charts;
3. Designs;
4. Drawings;
5. Graphs;
6. Illustrative materials;
7. Lettering;
8. Mechanicals;
9. Paintings; and
10. Paste-ups;

~~(16)~~~~(15)~~ (a) "Gross receipts" and "sales price" mean the total amount or consideration, including cash, credit, property, and services, for which tangible personal property, digital property, or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for any of the following:

1. The retailer's cost of the tangible personal property, digital property, or services sold;
2. The cost of the materials used, labor or service cost, interest, losses, all costs of transportation to the retailer, all taxes imposed on the retailer, or any other expense of the retailer;
3. Charges by the retailer for any services necessary to complete the sale;
4. Delivery charges, which are defined as charges by the retailer for the preparation and delivery to a location designated by the purchaser including transportation, shipping, postage, handling, crating, and packing;
5. Any amount for which credit is given to the purchaser by the retailer, other than credit for tangible personal property or digital property traded when the tangible personal property or digital property traded is of like kind and character to the property purchased and the property traded is held by the retailer for resale; and
6. The amount charged for labor or services rendered in installing or applying the tangible personal property, digital property, or service sold.

(b) "Gross receipts" and "sales price" shall include consideration received by the retailer from a third party if:

1. The retailer actually receives consideration from a third party and the consideration is directly related to a price reduction or discount on the sale to the purchaser;
2. The retailer has an obligation to pass the price reduction or discount through to the purchaser;
3. The amount of consideration attributable to the sale is fixed and determinable by the retailer at the time of the sale of the item to the purchaser; and
4. One (1) of the following criteria is met:
  - a. The purchaser presents a coupon, certificate, or other documentation to the retailer to claim a price reduction or discount where the coupon, certificate, or documentation is authorized, distributed, or granted by a third party with the understanding that the third party will reimburse any seller to whom the coupon, certificate, or documentation is presented;
  - b. The price reduction or discount is identified as a third-party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate, or other documentation presented by the purchaser; or

- c. The purchaser identifies himself or herself to the retailer as a member of a group or organization entitled to a price reduction or discount. A "preferred customer" card that is available to any patron does not constitute membership in such a group.
- (c) "Gross receipts" and "sales price" shall not include:
- 1. Discounts, including cash, term, or coupons that are not reimbursed by a third party and that are allowed by a retailer and taken by a purchaser on a sale;
  - 2. Interest, financing, and carrying charges from credit extended on the sale of tangible personal property, digital property, or services, if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser;
  - 3. Any taxes legally imposed directly on the purchaser that are separately stated on the invoice, bill of sale, or similar document given to the purchaser; or
  - 4. Local alcohol regulatory license fees authorized under KRS 243.075 that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.
- (d) As used in this subsection, "third party" means a person other than the purchaser;
- ~~(17)(16)~~ "In this state" or "in the state" means within the exterior limits of the Commonwealth and includes all territory within these limits owned by or ceded to the United States of America;
- ~~(18)(17)~~ "Industrial processing" includes:
- (a) Refining;
  - (b) Extraction of minerals, ores, coal, clay, stone, petroleum, or natural gas;
  - (c) Mining, quarrying, fabricating, and industrial assembling;
  - (d) The processing and packaging of raw materials, in-process materials, and finished products; and
  - (e) The processing and packaging of farm and dairy products for sale;
- ~~(19)(18)~~ (a) "Lease or rental" means any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration. A lease or rental shall include future options to:
- 1. Purchase the property; or
  - 2. Extend the terms of the agreement and agreements covering trailers where the amount of consideration may be increased or decreased by reference to the amount realized upon sale or disposition of the property as defined in 26 U.S.C. sec. 7701(h)(1).
- (b) "Lease or rental" shall not include:
- 1. A transfer of possession or control of property under a security agreement or deferred payment plan that requires the transfer of title upon completion of the required payments;
  - 2. A transfer of possession or control of property under an agreement that requires the transfer of title upon completion of the required payments and payment of an option price that does not exceed the greater of one hundred dollars (\$100) or one percent (1%) of the total required payments; or
  - 3. Providing tangible personal property and an operator for the tangible personal property for a fixed or indeterminate period of time. To qualify for this exclusion, the operator must be necessary for the equipment to perform as designed, and the operator must do more than maintain, inspect, or setup the tangible personal property.
- (c) This definition shall apply regardless of the classification of a transaction under generally accepted accounting principles, the Internal Revenue Code, or other provisions of federal, state, or local law;
- ~~(20)(19)~~ (a) "Machinery for new and expanded industry" means machinery:
- 1. Directly used in the manufacturing or industrial processing process of:
    - a. Tangible personal property at a plant facility;

- b. Distilled spirits or wine at a plant facility or on the premises of a distiller, rectifier, winery, or small farm winery licensed under KRS 243.030 that includes a retail establishment on the premises; or
  - c. Malt beverages at a plant facility or on the premises of a brewer or microbrewery licensed under KRS 243.040 that includes a retail establishment;
2. Which is incorporated for the first time into:
- a. A plant facility established in this state; or
  - b. Licensed premises located in this state; and
3. Which does not replace machinery in the plant facility or licensed premises unless that machinery purchased to replace existing machinery:
- a. Increases the consumption of recycled materials at the plant facility by not less than ten percent (10%);
  - b. Performs different functions;
  - c. Is used to manufacture a different product; or
  - d. Has a greater productive capacity, as measured in units of production, than the machinery being replaced.
- (b) "Machinery for new and expanded industry" does not include repair, replacement, or spare parts of any kind, regardless of whether the purchase of repair, replacement, or spare parts is required by the manufacturer or seller as a condition of sale or as a condition of warranty;
- ~~(21)~~~~(20)~~ "Manufacturing" means any process through which material having little or no commercial value for its intended use before processing has appreciable commercial value for its intended use after processing by the machinery;
- (22) "Marketing services" means developing marketing objectives and policies, sales forecasting, new product developing and pricing, licensing, and franchise planning;**
- ~~(23)~~~~(21)~~ "Marketplace" means any physical or electronic means through which one (1) or more retailers may advertise and sell tangible personal property, digital property, or services, or lease tangible personal property or digital property, such as a catalog, Internet Web site, or television or radio broadcast, regardless of whether the tangible personal property, digital property, or retailer is physically present in this state;
- ~~(24)~~~~(22)~~ (a) "Marketplace provider" means a person, including any affiliate of the person, that facilitates a retail sale by satisfying subparagraphs 1. and 2. of this paragraph as follows:
- 1. The person directly or indirectly:
    - a. Lists, makes available, or advertises tangible personal property, digital property, or services for sale by a marketplace retailer in a marketplace owned, operated, or controlled by the person;
    - b. Facilitates the sale of a marketplace retailer's product through a marketplace by transmitting or otherwise communicating an offer or acceptance of a retail sale of tangible personal property, digital property, or services between a marketplace retailer and a purchaser in a forum including a shop, store, booth, catalog, Internet site, or similar forum;
    - c. Owns, rents, licenses, makes available, or operates any electronic or physical infrastructure or any property, process, method, copyright, trademark, or patent that connects marketplace retailers to purchasers for the purpose of making retail sales of tangible personal property, digital property, or services;
    - d. Provides a marketplace for making retail sales of tangible personal property, digital property, or services, or otherwise facilitates retail sales of tangible personal property, digital property, or services, regardless of ownership or control of the tangible personal property, digital property, or services, that are the subject of the retail sale;
    - e. Provides software development or research and development activities related to any activity described in this subparagraph, if the software development or research and

development activities are directly related to the physical or electronic marketplace provided by a marketplace provider;

- f. Provides or offers fulfillment or storage services for a marketplace retailer;
- g. Sets prices for a marketplace retailer's sale of tangible personal property, digital property, or services;
- h. Provides or offers customer service to a marketplace retailer or a marketplace retailer's customers, or accepts or assists with taking orders, returns, or exchanges of tangible personal property, digital property, or services sold by a marketplace retailer; or
- i. Brands or otherwise identifies sales as those of the marketplace provider; and

2. The person directly or indirectly:

- a. Collects the sales price or purchase price of a retail sale of tangible personal property, digital property, or services;
- b. Provides payment processing services for a retail sale of tangible personal property, digital property, or services;
- c. Through terms and conditions, agreements, or arrangements with a third party, collects payment in connection with a retail sale of tangible personal property, digital property, or services from a purchaser and transmits that payment to the marketplace retailer, regardless of whether the person collecting and transmitting the payment receives compensation or other consideration in exchange for the service; or
- d. Provides a virtual currency that purchasers are allowed or required to use to purchase tangible personal property, digital property, or services.

(b) "Marketplace provider" includes but is not limited to a person that satisfies the requirements of this subsection through the ownership, operation, or control of a digital distribution service, digital distribution platform, online portal, or application store;

~~(25)~~~~(23)~~ "Marketplace retailer" means a seller that makes retail sales through any marketplace owned, operated, or controlled by a marketplace provider;

~~(26)~~~~(24)~~ (a) "Occasional sale" includes:

- 1. A sale of tangible personal property or digital property not held or used by a seller in the course of an activity for which he or she is required to hold a seller's permit, provided such sale is not one (1) of a series of sales sufficient in number, scope, and character to constitute an activity requiring the holding of a seller's permit. In the case of the sale of the entire, or a substantial portion of the nonretail assets of the seller, the number of previous sales of similar assets shall be disregarded in determining whether or not the current sale or sales shall qualify as an occasional sale; or
- 2. Any transfer of all or substantially all the tangible personal property or digital property held or used by a person in the course of such an activity when after such transfer the real or ultimate ownership of such property is substantially similar to that which existed before such transfer.

(b) For the purposes of this subsection, stockholders, bondholders, partners, or other persons holding an interest in a corporation or other entity are regarded as having the "real or ultimate ownership" of the tangible personal property or digital property of such corporation or other entity;

~~(27)~~~~(25)~~ (a) "Other direct mail" means any direct mail that is not advertising and promotional direct mail, regardless of whether advertising and promotional direct mail is included in the same mailing.

(b) "Other direct mail" includes but is not limited to:

- 1. Transactional direct mail that contains personal information specific to the addressee, including but not limited to invoices, bills, statements of account, and payroll advices;
- 2. Any legally required mailings, including but not limited to privacy notices, tax reports, and stockholder reports; and

3. Other nonpromotional direct mail delivered to existing or former shareholders, customers, employees, or agents, including but not limited to newsletters and informational pieces.
- (c) "Other direct mail" does not include the development of billing information or the provision of any data processing service that is more than incidental to the production of printed material;
- ~~(28)~~~~(26)~~ "Person" includes any individual, firm, copartnership, joint venture, association, social club, fraternal organization, corporation, estate, trust, business trust, receiver, trustee, syndicate, cooperative, assignee, governmental unit or agency, or any other group or combination acting as a unit;
- ~~(29)~~~~(27)~~ "Permanent," as the term applies to digital property, means perpetual or for an indefinite or unspecified length of time;
- (30) (a) ***"Photography and photofinishing services" means:***
1. ***The taking, developing, or printing of an original photograph; or***
  2. ***Image editing including shadow removal, tone adjustments, vertical and horizontal alignment and cropping, composite image creation, formatting, watermarking printing, and delivery of an original photograph in the form of tangible personal property, digital property, or other media.***
- (b) ***"Photography and photofinishing services" does not include photography services necessary for medical or dental health;***
- ~~(31)~~~~(28)~~ "Plant facility" means a single location that is exclusively dedicated to manufacturing or industrial processing activities. A location shall be deemed to be exclusively dedicated to manufacturing or industrial processing activities even if retail sales are made there, provided that the retail sales are incidental to the manufacturing or industrial processing activities occurring at the location. The term "plant facility" shall not include any restaurant, grocery store, shopping center, or other retail establishment;
- ~~(32)~~~~(29)~~ (a) "Prewritten computer software" means:
1. Computer software, including prewritten upgrades, that are not designed and developed by the author or other creator to the specifications of a specific purchaser;
  2. Software designed and developed by the author or other creator to the specifications of a specific purchaser when it is sold to a person other than the original purchaser; or
  3. Any portion of prewritten computer software that is modified or enhanced in any manner, where the modification or enhancement is designed and developed to the specifications of a specific purchaser, unless there is a reasonable, separately stated charge on an invoice or other statement of the price to the purchaser for the modification or enhancement.
- (b) When a person modifies or enhances computer software of which the person is not the author or creator, the person shall be deemed to be the author or creator only of the modifications or enhancements the person actually made.
- (c) The combining of two (2) or more prewritten computer software programs or portions thereof does not cause the combination to be other than prewritten computer software;
- (33) ***"Prewritten computer software access services" means the right of access to prewritten computer software where the object of the transaction is to use the prewritten computer software while possession of the prewritten computer software is maintained by the seller or a third party, wherever located, regardless of whether the charge for the access or use is on a per use, per user, per license, subscription, or some other basis;***
- ~~(34)~~~~(30)~~ (a) "Purchase" means any transfer of title or possession, exchange, barter, lease, or rental, conditional or otherwise, in any manner or by any means whatsoever, of:
1. Tangible personal property;
  2. An extended warranty service;
  3. Digital property transferred electronically; or
  4. Services included in KRS 139.200;
- for a consideration.

- (b) "Purchase" includes:
  1. When performed outside this state or when the customer gives a resale certificate, the producing, fabricating, processing, printing, or imprinting of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the producing, fabricating, processing, printing, or imprinting;
  2. A transaction whereby the possession of tangible personal property or digital property is transferred but the seller retains the title as security for the payment of the price; and
  3. A transfer for a consideration of the title or possession of tangible personal property or digital property which has been produced, fabricated, or printed to the special order of the customer, or of any publication;
- ~~(35)(31)~~ "Recycled materials" means materials which have been recovered or diverted from the solid waste stream and reused or returned to use in the form of raw materials or products;
- ~~(36)(32)~~ "Recycling purposes" means those activities undertaken in which materials that would otherwise become solid waste are collected, separated, or processed in order to be reused or returned to use in the form of raw materials or products;
- ~~(37)(33)~~ "Remote retailer" means a retailer with no physical presence in this state;
- ~~(38)(34)~~ (a) "Repair, replacement, or spare parts" means any tangible personal property used to maintain, restore, mend, or repair machinery or equipment.
  - (b) "Repair, replacement, or spare parts" does not include machine oils, grease, or industrial tools;
- ~~(39)(35)~~ (a) "Retailer" means:
  1. Every person engaged in the business of making retail sales of tangible personal property, digital property, or furnishing any services in a retail sale included in KRS 139.200;
  2. Every person engaged in the business of making sales at auction of tangible personal property or digital property owned by the person or others for storage, use or other consumption, except as provided in paragraph (c) of this subsection;
  3. Every person making more than two (2) retail sales of tangible personal property, digital property, or services included in KRS 139.200 during any twelve (12) month period, including sales made in the capacity of assignee for the benefit of creditors, or receiver or trustee in bankruptcy;
  4. Any person conducting a race meeting under the provision of KRS Chapter 230, with respect to horses which are claimed during the meeting.
  - (b) When the department determines that it is necessary for the efficient administration of this chapter to regard any salesmen, representatives, peddlers, or canvassers as the agents of the dealers, distributors, supervisors or employers under whom they operate or from whom they obtain the tangible personal property, digital property, or services sold by them, irrespective of whether they are making sales on their own behalf or on behalf of the dealers, distributors, supervisors or employers, the department may so regard them and may regard the dealers, distributors, supervisors or employers as retailers for purposes of this chapter.
  - (c) 1. Any person making sales at a charitable auction for a qualifying entity shall not be a retailer for purposes of the sales made at the charitable auction if:
    - a. The qualifying entity, not the person making sales at the auction, is sponsoring the auction;
    - b. The purchaser of tangible personal property at the auction directly pays the qualifying entity sponsoring the auction for the property and not the person making the sales at the auction; and
    - c. The qualifying entity, not the person making sales at the auction, is responsible for the collection, control, and disbursement of the auction proceeds.

2. If the conditions set forth in subparagraph 1. of this paragraph are met, the qualifying entity sponsoring the auction shall be the retailer for purposes of the sales made at the charitable auction.
  3. For purposes of this paragraph, "qualifying entity" means a resident:
    - a. Church;
    - b. School;
    - c. Civic club; or
    - d. Any other nonprofit charitable, religious, or educational organization;
- (40)~~(36)~~ "Retail sale" means any sale, lease, or rental for any purpose other than resale, sublease, or subrent;
- (41)~~(37)~~ (a) "Ringtones" means digitized sound files that are downloaded onto a device and that may be used to alert the customer with respect to a communication.
- (b) "Ringtones" shall not include ringback tones or other digital files that are not stored on the purchaser's communications device;
- (42)~~(38)~~ (a) "Sale" means:
1. The furnishing of any services included in KRS 139.200;
  2. Any transfer of title or possession, exchange, barter, lease, or rental, conditional or otherwise, in any manner or by any means whatsoever, of:
    - a. Tangible personal property; or
    - b. Digital property transferred electronically;
 for a consideration.
- (b) "Sale" includes but is not limited to:
1. The producing, fabricating, processing, printing, or imprinting of tangible personal property or digital property for a consideration for purchasers who furnish, either directly or indirectly, the materials used in the producing, fabricating, processing, printing, or imprinting;
  2. A transaction whereby the possession of tangible personal property or digital property is transferred, but the seller retains the title as security for the payment of the price; and
  3. A transfer for a consideration of the title or possession of tangible personal property or digital property which has been produced, fabricated, or printed to the special order of the purchaser.
- (c) This definition shall apply regardless of the classification of a transaction under generally accepted accounting principles, the Internal Revenue Code, or other provisions of federal, state, or local law;
- (43)~~(39)~~ "Seller" includes every person engaged in the business of selling tangible personal property, digital property, or services of a kind, the gross receipts from the retail sale of which are required to be included in the measure of the sales tax, and every person engaged in making sales for resale;
- (44)~~(40)~~ (a) "Storage" includes any keeping or retention in this state for any purpose except sale in the regular course of business or subsequent use solely outside this state of tangible personal property or digital property purchased from a retailer.
- (b) "Storage" does not include the keeping, retaining, or exercising any right or power over tangible personal property for the purpose of subsequently transporting it outside the state for use thereafter solely outside the state, or for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into, other tangible personal property to be transported outside the state and thereafter used solely outside the state;
- (45)~~(41)~~ "Tangible personal property" means personal property which may be seen, weighed, measured, felt, or touched, or which is in any other manner perceptible to the senses and includes natural, artificial, and mixed gas, electricity, water, steam, and prewritten computer software;
- (46)~~(42)~~ "Taxpayer" means any person liable for tax under this chapter;



(47) *"Telemarketing services" means services provided via telephone, facsimile, electronic mail, or other modes of communications to another person, which are unsolicited by that person, for the purposes of:*

- (a) *1. Promoting products or services;*
- 2. Taking orders; or*
- 3. Providing information or assistance regarding the products or services; or*
- (b) *Soliciting contributions;*

~~(48)(43)~~ "Transferred electronically" means accessed or obtained by the purchaser by means other than tangible storage media; and

~~(49)(44)~~ (a) "Use" includes the exercise of:

- 1. Any right or power over tangible personal property or digital property incident to the ownership of that property, or by any transaction in which possession is given, or by any transaction involving digital property *or tangible personal property* where the right of access is granted; or
- 2. Any right or power to benefit *any services subject to tax under subsection (2)(p) to (ay) of Section 3 of this Act*~~[from extended warranty services]~~.

(b) "Use" does not include the keeping, retaining, or exercising any right or power over tangible personal property or digital property for the purpose of:

- 1. Selling tangible personal property or digital property in the regular course of business; or
- 2. Subsequently transporting tangible personal property outside the state for use thereafter solely outside the state, or for the purpose of being processed, fabricated, or manufactured into, attached to, or incorporated into, other tangible personal property to be transported outside the state and thereafter used solely outside the state.

➔Section 3. KRS 139.200 is amended to read as follows:

A tax is hereby imposed upon all retailers at the rate of six percent (6%) of the gross receipts derived from:

(1) Retail sales of:

- (a) Tangible personal property, regardless of the method of delivery, made within this Commonwealth; and
- (b) Digital property regardless of whether:
  - 1. The purchaser has the right to permanently use the property;
  - 2. The purchaser's right to access or retain the property is not permanent; or
  - 3. The purchaser's right of use is conditioned upon continued payment; and

(2) The furnishing of the *following services*~~[following]~~:

- (a) The rental of any room or rooms, lodgings, campsites, or accommodations furnished by any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or any other place in which rooms, lodgings, campsites, or accommodations are regularly furnished to transients for a consideration. The tax shall not apply to rooms, lodgings, campsites, or accommodations supplied for a continuous period of thirty (30) days or more to a person;
- (b) Sewer services;
- (c) The sale of admissions, except:
  - 1. Admissions to racetracks taxed under KRS 138.480;
  - 2.~~[Admissions to historical sites exempt under KRS 139.482;~~
  - 3.~~[Admissions taxed under KRS 229.031;~~
  - 3.~~[4.]~~ Admissions that are charged by nonprofit educational, charitable, or religious institutions and for which an exemption is provided under KRS 139.495; and

- ~~4.5.1~~ Admissions that are charged by nonprofit civic, governmental, or other nonprofit organizations and for which an exemption is provided under KRS 139.498;
- (d) Prepaid calling service and prepaid wireless calling service;
  - (e) Intrastate, interstate, and international communications services as defined in KRS 139.195, except the furnishing of pay telephone service as defined in KRS 139.195;
  - (f) Distribution, transmission, or transportation services for natural gas that is for storage, use, or other consumption in this state, excluding those services furnished:
    1. For natural gas that is classified as residential use as provided in KRS 139.470(7); or
    2. To a seller or reseller of natural gas;
  - (g) Landscaping services, including but not limited to:
    1. Lawn care and maintenance services;
    2. Tree trimming, pruning, or removal services;
    3. Landscape design and installation services;
    4. Landscape care and maintenance services; and
    5. Snow plowing or removal services;
  - (h) Janitorial services, including but not limited to residential and commercial cleaning services, and carpet, upholstery, and window cleaning services;
  - (i) Small animal veterinary services, excluding veterinary services for equine, cattle, poultry, swine, sheep, goats, llamas, alpacas, ratite birds, buffalo, and cervids;
  - (j) Pet care services, including but not limited to grooming and boarding services, pet sitting services, and pet obedience training services;
  - (k) Industrial laundry services, including but not limited to industrial uniform supply services, protective apparel supply services, and industrial mat and rug supply services;
  - (l) Non-coin-operated laundry and dry cleaning services;
  - (m) Linen supply services, including but not limited to table and bed linen supply services and nonindustrial uniform supply services;
  - (n) Indoor skin tanning services, including but not limited to tanning booth or tanning bed services and spray tanning services;
  - (o) Non-medical diet and weight reducing services;
  - ~~(p) Limousine services, if a driver is provided; and~~
  - ~~(q)~~ Extended warranty services;
  - (q) Photography and photo finishing services;**
  - (r) Marketing services;**
  - (s) Telemarketing services;**
  - (t) Public opinion and research polling services;**
  - (u) Lobbying services;**
  - (v) Executive employee recruitment services;**
  - (w) Web site design and development services;**
  - (x) Web site hosting services;**
  - (y) Facsimile transmission services;**
  - (z) Private mailroom services, including:**
    - 1. Presorting mail and packages by postal code;**

2. *Address barcoding;*
  3. *Tracking;*
  4. *Delivery to postal service; and*
  5. *Private mailbox rentals;*
- (aa) *Bodyguard services;*
  - (ab) *Residential and nonresidential security system monitoring services;*
  - (ac) *Private investigation services;*
  - (ad) *Process server services;*
  - (ae) *Repossession of tangible personal property services;*
  - (af) *Personal background check services;*
  - (ag) *Parking services;*
    1. *Including:*
      - a. *Valet services; and*
      - b. *The use of parking lots and parking structures; but*
    2. *Excluding any parking services at an educational institution;*
  - (ah) *Road and travel services provided by automobile clubs as defined in KRS 281.010;*
  - (ai) *Condominium time-share exchange services;*
  - (aj) *Rental of space for meetings, conventions, short-term business uses, entertainment events, weddings, banquets, parties, and other short-term social events;*
  - (ak) *Social event planning and coordination services;*
  - (al) *Leisure, recreational, and athletic instructional services;*
  - (am) *Recreational camp tuition and fees;*
  - (an) *Personal fitness training services;*
  - (ao) *Massage services, except when medically necessary;*
  - (ap) *Cosmetic surgery services;*
  - (aq) *Body modification services, including tattooing, piercing, scarification, branding, tongue splitting, transdermal and subdermal implants, ear pointing, teeth pointing, and any other modifications that are not necessary for medical or dental health;*
  - (ar) *Testing services, except testing for medical, educational, or veterinary reasons;*
  - (as) *Interior decorating and design services;*
  - (at) *Household moving services;*
  - (au) *Specialized design services, including the design of clothing, costumes, fashion, furs, jewelry, shoes, textiles, and lighting;*
  - (av) *Lapidary services, including cutting, polishing, and engraving precious stones;*
  - (aw) *Labor and services to repair or maintain commercial refrigeration equipment and systems when no tangible personal property is sold in that transaction including service calls and trip charges;*
  - (ax) *Labor to repair or alter apparel, footwear, watches, or jewelry when no tangible personal property is sold in that transaction; and*
  - (ay) *Prewritten computer software access services.*

➔Section 4. KRS 139.482 is amended to read as follows:

- (1) "Historical site," as used in this section, means properties listed by the United States department of interior in the National Register as authorized by title 16, United States Code, section 470(f).
- (2) There is excluded from the computation of the amount of taxes imposed by this chapter ~~[-~~
  - (a) ~~Gross receipts from charges for admission to historical sites, operated by a nonprofit corporation, society, or organization; and~~
  - (b) ~~gross receipts from the sales of materials, supplies, and services to a nonprofit corporation, society, or organization to be used to restore, maintain, or operate a historical site.~~

➔Section 5. KRS 139.260 is amended to read as follows:

For the purpose of the proper administration of this chapter and to prevent evasion of the duty to collect the taxes imposed by KRS 139.200 and 139.310, it shall be presumed that all gross receipts and all tangible personal property, digital property, and services sold by any person for delivery or access in this state are subject to the tax until the contrary is established. The burden of proving the contrary is upon the person who makes the sale of:

- (1) Tangible personal property or digital property unless the person takes from the purchaser a certificate to the effect that the property is either:
  - (a) Purchased for resale according to the provisions of KRS 139.270;
  - (b) Purchased through a fully completed certificate of exemption or fully completed Streamlined Sales and Use Tax Agreement Certificate of Exemption in accordance with KRS 139.270; or
  - (c) Purchased according to administrative regulations promulgated by the department governing a direct pay authorization;
- (2) A service included in KRS 139.200(2)(a) to (f) unless the person takes from the purchaser a certificate to the effect that the service is purchased through a fully completed certificate of exemption or fully completed Streamlined Sales and Use Tax Agreement Certificate of Exemption in accordance with KRS 139.270; and
- (3) A service included in KRS 139.200(2)(g) to ~~(ay)~~~~(q)~~ unless the person takes from the purchaser a certificate to the effect that the service is:
  - (a) Purchased for resale according to KRS 139.270;
  - (b) Purchased through a fully completed certificate of exemption or fully completed Streamlined Sales and Use Tax Agreement Certificate of Exemption in accordance with KRS 139.270; or
  - (c) Purchased according to administrative regulations promulgated by the department governing a direct pay authorization.

➔Section 6. KRS 139.310 is amended to read as follows:

- (1) An excise tax is hereby imposed on the storage, use, or other consumption in this state of tangible personal property, digital property, and *services listed under subsection (2)(p) to (ay) of Section 3 of this Act*~~extended warranty services~~ purchased for storage, use, or other consumption in this state at the rate of six percent (6%) of the sales price.
- (2) The excise tax applies to the purchase of digital property regardless of whether:
  - (a) The purchaser has the right to permanently use the goods;
  - (b) The purchaser's right to access or retain the digital property is not permanent; or
  - (c) The purchaser's right of use is conditioned upon continued payment.

➔Section 7. KRS 139.340 is amended to read as follows:

- (1) Except as provided in KRS 139.470 and 139.480, every retailer engaged in business in this state shall collect the tax imposed by KRS 139.310 from the purchaser and give to the purchaser a receipt therefor in the manner and form prescribed by the department. The taxes collected or required to be collected by the retailer under this section shall be deemed to be held in trust for and on account of the Commonwealth.
- (2) "Retailer engaged in business in this state" as used in KRS 139.330 and this section includes any of the following:
  - (a) Any retailer maintaining, occupying, or using, permanently or temporarily, directly or indirectly, or through a subsidiary or any other related entity, representative, or agent, by whatever name called, an

office, place of distribution, sales or sample room or place, warehouse or storage place, or other place of business. Property owned by a person who has contracted with a printer for printing, which consists of the final printed product, property which becomes a part of the final printed product, or copy from which the printed product is produced, and which is located at the premises of the printer, shall not be deemed to be an office, place of distribution, sales or sample room or place, warehouse or storage place, or other place of business maintained, occupied, or used by the person;

- (b) Any retailer having any representative, agent, salesman, canvasser, or solicitor operating in this state under the authority of the retailer or its subsidiary for the purpose of selling, delivering, or the taking of orders for any tangible personal property, digital property, or **any services subject to tax under subsection (2)(p) to (ay) of Section 3 of this Act**~~{an extended warranty service}~~. An unrelated printer with which a person has contracted for printing shall not be deemed to be a representative, agent, salesman, canvasser, or solicitor for the person;
- (c) Any retailer soliciting orders for tangible personal property, digital property, or **any services subject to tax under subsection (2)(p) to (ay) of Section 3 of this Act**~~{an extended warranty service}~~ from residents of this state on a continuous, regular, or systematic basis in which the solicitation of the order, placement of the order by the customer or the payment for the order utilizes the services of any financial institution, telecommunication system, radio or television station, cable television service, print media, or other facility or service located in this state;
- (d) Any retailer deriving receipts from the lease or rental of tangible personal property situated in this state;
- (e) Any retailer soliciting orders for tangible personal property, digital property, or **any services subject to tax under subsection (2)(p) to (ay) of Section 3 of this Act**~~{an extended warranty service}~~ from residents of this state on a continuous, regular, systematic basis if the retailer benefits from an agent or representative operating in this state under the authority of the retailer to repair or service tangible personal property or digital property sold by the retailer;
- (f) Any retailer located outside Kentucky that uses a representative in Kentucky, either full-time or part-time, if the representative performs any activities that help establish or maintain a marketplace for the retailer, including receiving or exchanging returned merchandise; or
- (g)
  - 1. Any remote retailer selling tangible personal property or digital property delivered or transferred electronically to a purchaser in this state, including retail sales facilitated by a marketplace provider on behalf of the remote retailer, if:
    - a. The remote retailer sold tangible personal property or digital property that was delivered or transferred electronically to a purchaser in this state in two hundred (200) or more separate transactions in the previous calendar year or the current calendar year; or
    - b. The remote retailer's gross receipts derived from the sale of tangible personal property or digital property delivered or transferred electronically to a purchaser in this state in the previous calendar year or current calendar year exceeds one hundred thousand dollars (\$100,000).
  - 2. Any remote retailer that meets either threshold provided in subparagraph 1. of this paragraph shall register for a sales and use tax permit and collect the tax imposed by KRS 139.310 from the purchaser no later than the first day of the calendar month that is at the most sixty (60) days after either threshold is reached.

➔Section 8. KRS 139.470 is amended to read as follows:

There are excluded from the computation of the amount of taxes imposed by this chapter:

- (1) Gross receipts from the sale of, and the storage, use, or other consumption in this state of, tangible personal property or digital property which this state is prohibited from taxing under the Constitution or laws of the United States, or under the Constitution of this state;
- (2) Gross receipts from sales of, and the storage, use, or other consumption in this state of:
  - (a) Nonreturnable and returnable containers when sold without the contents to persons who place the contents in the container and sell the contents together with the container; and

- (b) Returnable containers when sold with the contents in connection with a retail sale of the contents or when resold for refilling;

As used in this section the term "returnable containers" means containers of a kind customarily returned by the buyer of the contents for reuse. All other containers are "nonreturnable containers";

- (3) Gross receipts from occasional sales of tangible personal property or digital property and the storage, use, or other consumption in this state of tangible personal property or digital property, the transfer of which to the purchaser is an occasional sale;
- (4) Gross receipts from sales of tangible personal property to a common carrier, shipped by the retailer via the purchasing carrier under a bill of lading, whether the freight is paid in advance or the shipment is made freight charges collect, to a point outside this state and the property is actually transported to the out-of-state destination for use by the carrier in the conduct of its business as a common carrier;
- (5) Gross receipts from sales of tangible personal property sold through coin-operated bulk vending machines, if the sale amounts to fifty cents (\$0.50) or less, if the retailer is primarily engaged in making the sales and maintains records satisfactory to the department. As used in this subsection, "bulk vending machine" means a vending machine containing unsorted merchandise which, upon insertion of a coin, dispenses the same in approximately equal portions, at random and without selection by the customer;
- (6) Gross receipts from sales to any cabinet, department, bureau, commission, board, or other statutory or constitutional agency of the state and gross receipts from sales to counties, cities, or special districts as defined in KRS 65.005. This exemption shall apply only to purchases of tangible personal property, digital property, or services for use solely in the government function. A purchaser not qualifying as a governmental agency or unit shall not be entitled to the exemption even though the purchaser may be the recipient of public funds or grants;
- (7) (a) Gross receipts from the sale of sewer services, water, and fuel to Kentucky residents for use in heating, water heating, cooking, lighting, and other residential uses ***if the sewer services, water, and fuel are purchased and declared by the resident as used in his or her place of domicile.***

(b) As used in this subsection:~~[-]~~

- 1. "Fuel" shall include but not be limited to natural gas, electricity, fuel oil, bottled gas, coal, coke, and wood; ~~and [-]~~
- 2. ***"Place of domicile" means the place where an individual has his or her legal, true, fixed, and permanent home and principal establishment, and to which, whenever the individual is absent, the individual has the intention of returning.***

(c) Determinations of eligibility for the exemption shall be made by the department.~~[-]~~

~~(b) In making the determinations of eligibility, the department shall exempt from taxation all gross receipts derived from sales:~~

- ~~1. Classified as "residential" by a utility company as defined by applicable tariffs filed with and accepted by the Public Service Commission;~~
- ~~2. Classified as "residential" by a municipally owned electric distributor which purchases its power at wholesale from the Tennessee Valley Authority;~~
- ~~3. Classified as "residential" by the governing body of a municipally owned electric distributor which does not purchase its power from the Tennessee Valley Authority, if the "residential" classification is reasonably consistent with the definitions of "residential" contained in tariff filings accepted and approved by the Public Service Commission with respect to utilities which are subject to Public Service Commission regulation.~~

~~If the service is classified as residential, use other than for "residential" purposes by the customer shall not negate the exemption;[-]~~

~~(d)(e)~~ The exemption shall ~~not~~ apply if charges for sewer service, water, and fuel are billed to an owner or operator of a multi-unit residential rental facility or mobile home and recreational vehicle park ***if the sewer services, water, and fuel are purchased for and declared by the Kentucky resident as used in his or her place of domicile.***~~[- other than residential classification; and]~~

~~(e)~~(d) The exemption shall apply also to residential property which may be held by legal or equitable title, by the entireties, jointly, in common, as a condominium, or indirectly by the stock ownership or membership representing the owner's or member's proprietary interest in a corporation owning a fee or a leasehold initially in excess of ninety-eight (98) years ***if the sewer services, water, and fuel are purchased for and declared by the Kentucky resident as used in his or her place of domicile;***

(8) Gross receipts from sales to an out-of-state agency, organization, or institution exempt from sales and use tax in its state of residence when that agency, organization, or institution gives proof of its tax-exempt status to the retailer and the retailer maintains a file of the proof;

(9) (a) Gross receipts derived from the sale of tangible personal property, as provided in paragraph (b) of this subsection, to a manufacturer or industrial processor if the property is to be directly used in the manufacturing or industrial processing process of:

1. Tangible personal property at a plant facility;
2. Distilled spirits or wine at a plant facility or on the premises of a distiller, rectifier, winery, or small farm winery licensed under KRS 243.030 that includes a retail establishment on the premises; or
3. Malt beverages at a plant facility or on the premises of a brewer or microbrewery licensed under KRS 243.040 that includes a retail establishment;

and which will be for sale.

(b) The following tangible personal property shall qualify for exemption under this subsection:

1. Materials which enter into and become an ingredient or component part of the manufactured product;
2. Other tangible personal property which is directly used in the manufacturing or industrial processing process, if the property has a useful life of less than one (1) year. Specifically these items are categorized as follows:
  - a. Materials. This refers to the raw materials which become an ingredient or component part of supplies or industrial tools exempt under subdivisions b. and c. below;
  - b. Supplies. This category includes supplies such as lubricating and compounding oils, grease, machine waste, abrasives, chemicals, solvents, fluxes, anodes, filtering materials, fire brick, catalysts, dyes, refrigerants, and explosives. The supplies indicated above need not come in direct contact with a manufactured product to be exempt. "Supplies" does not include repair, replacement, or spare parts of any kind; and
  - c. Industrial tools. This group is limited to hand tools such as jigs, dies, drills, cutters, rolls, reamers, chucks, saws, and spray guns and to tools attached to a machine such as molds, grinding balls, grinding wheels, dies, bits, and cutting blades. Normally, for industrial tools to be considered directly used in the manufacturing or industrial processing process, they shall come into direct contact with the product being manufactured or processed; and
3. Materials and supplies that are not reusable in the same manufacturing or industrial processing process at the completion of a single manufacturing or processing cycle. A single manufacturing cycle shall be considered to be the period elapsing from the time the raw materials enter into the manufacturing process until the finished product emerges at the end of the manufacturing process.

(c) The property described in paragraph (b) of this subsection shall be regarded as having been purchased for resale.

(d) For purposes of this subsection, a manufacturer or industrial processor includes an individual or business entity that performs only part of the manufacturing or industrial processing activity, and the person or business entity need not take title to tangible personal property that is incorporated into, or becomes the product of, the activity.

(e) The exemption provided in this subsection does not include repair, replacement, or spare parts;

- (10) Any water use fee paid or passed through to the Kentucky River Authority by facilities using water from the Kentucky River basin to the Kentucky River Authority in accordance with KRS 151.700 to 151.730 and administrative regulations promulgated by the authority;
- (11) Gross receipts from the sale of newspaper inserts or catalogs purchased for storage, use, or other consumption outside this state and delivered by the retailer's own vehicle to a location outside this state, or delivered to the United States Postal Service, a common carrier, or a contract carrier for delivery outside this state, regardless of whether the carrier is selected by the purchaser or retailer or an agent or representative of the purchaser or retailer, or whether the F.O.B. is retailer's shipping point or purchaser's destination.
  - (a) As used in this subsection:
    - 1. "Catalogs" means tangible personal property that is printed to the special order of the purchaser and composed substantially of information regarding goods and services offered for sale; and
    - 2. "Newspaper inserts" means printed materials that are placed in or distributed with a newspaper of general circulation.
  - (b) The retailer shall be responsible for establishing that delivery was made to a non-Kentucky location through shipping documents or other credible evidence as determined by the department;
- (12) Gross receipts from the sale of water used in the raising of equine as a business;
- (13) Gross receipts from the sale of metal retail fixtures manufactured in this state and purchased for storage, use, or other consumption outside this state and delivered by the retailer's own vehicle to a location outside this state, or delivered to the United States Postal Service, a common carrier, or a contract carrier for delivery outside this state, regardless of whether the carrier is selected by the purchaser or retailer or an agent or representative of the purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or the purchaser's destination.
  - (a) As used in this subsection, "metal retail fixtures" means check stands and belted and nonbelted checkout counters, whether made in bulk or pursuant to specific purchaser specifications, that are to be used directly by the purchaser or to be distributed by the purchaser.
  - (b) The retailer shall be responsible for establishing that delivery was made to a non-Kentucky location through shipping documents or other credible evidence as determined by the department;
- (14) Gross receipts from the sale of unenriched or enriched uranium purchased for ultimate storage, use, or other consumption outside this state and delivered to a common carrier in this state for delivery outside this state, regardless of whether the carrier is selected by the purchaser or retailer, or is an agent or representative of the purchaser or retailer, or whether the F.O.B. is the retailer's shipping point or purchaser's destination;
- (15) Amounts received from a tobacco buydown. As used in this subsection, "buydown" means an agreement whereby an amount, whether paid in money, credit, or otherwise, is received by a retailer from a manufacturer or wholesaler based upon the quantity and unit price of tobacco products sold at retail that requires the retailer to reduce the selling price of the product to the purchaser without the use of a manufacturer's or wholesaler's coupon or redemption certificate;
- (16) Gross receipts from the sale of tangible personal property or digital property returned by a purchaser when the full sales price is refunded either in cash or credit. This exclusion shall not apply if the purchaser, in order to obtain the refund, is required to purchase other tangible personal property or digital property at a price greater than the amount charged for the property that is returned;
- (17) Gross receipts from the sales of gasoline and special fuels subject to tax under KRS Chapter 138;
- (18) The amount of any tax imposed by the United States upon or with respect to retail sales, whether imposed on the retailer or the consumer, not including any manufacturer's excise or import duty;
- (19) Gross receipts from the sale of any motor vehicle as defined in KRS 138.450 which is:
  - (a) Sold to a Kentucky resident, registered for use on the public highways, and upon which any applicable tax levied by KRS 138.460 has been paid; or
  - (b) Sold to a nonresident of Kentucky if the nonresident registers the motor vehicle in a state that:
    - 1. Allows residents of Kentucky to purchase motor vehicles without 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;
- (20) 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);
- (21) Gross receipts from the collection of:
  - (a) Any fee or charge levied by a local government pursuant to KRS 65.760;
  - (b) The charge imposed by KRS 65.7629(3);
  - (c) The fee imposed by KRS 65.7634; and
  - (d) The service charge imposed by KRS 65.7636;
- (22) Gross receipts derived from charges for labor or services to apply, install, repair, or maintain tangible personal property directly used in manufacturing or industrial processing process of:
  - (a) Tangible personal property at a plant facility;
  - (b) Distilled spirits or wine at a plant facility or on the premises of a distiller, rectifier, winery, or small farm winery licensed under KRS 243.030; or
  - (c) Malt beverages at a plant facility or on the premises of a brewer or microbrewery licensed under KRS 243.040;

that is not otherwise exempt under subsection (9) of this section or KRS 139.480(10), if the charges for labor or services are separately stated on the invoice, bill of sale, or similar document given to purchaser;

- (23) (a) For persons selling services included in KRS 139.200(2)(g) to ~~(p)~~~~(q)~~ prior to January 1, 2019, gross receipts derived from the sale of those services if the gross receipts were less than six thousand dollars (\$6,000) during calendar year 2018. When gross receipts from these services exceed six thousand dollars (\$6,000) in a calendar year:
  - 1. All gross receipts over six thousand dollars (\$6,000) are taxable in that calendar year; and
  - 2. All gross receipts are subject to tax in subsequent calendar years.
- (b) *For persons selling services included in subsection (2)(q) to (ay) of Section 3 of this Act prior to January 1, 2023, gross receipts derived from the sale of those services if the gross receipts were less than six thousand dollars (\$6,000) during calendar year 2021. When gross receipts from these services exceed six thousand dollars (\$6,000) in a calendar year:*
  - 1. *All gross receipts over six thousand dollars (\$6,000) are taxable in that calendar year; and*
  - 2. *All gross receipts are subject to tax in subsequent calendar years.*
- (c) The exemption provided in this subsection shall not apply to a person also engaged in the business of selling tangible personal property, digital property, or services included in KRS 139.200(2)(a) to (f); and
- (24) (a) For persons that first begin making sales of services included in KRS 139.200(2)(g) to ~~(p)~~~~(q)~~ on or after January 1, 2019, gross receipts derived from the sale of those services if the gross receipts are less than six thousand dollars (\$6,000) within the first calendar year of operation. When gross receipts from these services exceed six thousand dollars (\$6,000) in a calendar year:
  - 1. All gross receipts over six thousand dollars (\$6,000) are taxable in that calendar year; and
  - 2. All gross receipts are subject to tax in subsequent calendar years.
- (b) *For persons that first begin making sales of services included in subsection (2)(q) to (ay) of Section 3 of this Act on or after January 1, 2023, gross receipts derived from the sale of those services if the gross receipts are less than six thousand dollars (\$6,000) within the first calendar year of operation. When gross receipts from these services exceed six thousand dollars (\$6,000) in a calendar year:*
  - 1. *All gross receipts over six thousand dollars (\$6,000) are taxable in that calendar year; and*
  - 2. *All gross receipts are subject to tax in subsequent calendar years.*

- (c) The exemption provided in this subsection shall not apply to a person that is also engaged in the business of selling tangible personal property, digital property, or services included in KRS 139.200(2)(a) to (f).

➔Section 9. KRS 281.010 is amended to read as follows:

As used in this chapter:

- (1) "Automobile club" means a person that, for consideration, promises to assist its members or subscribers in matters relating to the assumption of or reimbursement of the expense or a portion thereof for towing of a motor vehicle; emergency road service; matters relating to the operation, use, and maintenance of a motor vehicle; and the supplying of services which includes, augments, or is incidental to theft or reward services, discount services, arrest bond services, lock and key services, trip interruption services, and legal fee reimbursement services in defense of traffic-related offenses;
- (2) "Automobile utility trailer" means any trailer or semitrailer designed for use with and towed behind a passenger motor vehicle;
- (3) "Automobile utility trailer certificate" means a certificate authorizing a person to engage in the business of automobile utility trailer lessor;
- (4) "Automobile utility trailer lessor" means any person operating under an automobile utility trailer certificate who is engaged in the business of leasing or renting automobile utility trailers, but shall not include the agents of such persons;
- (5) "Broker" means a person selected by the cabinet through a request for proposal process to coordinate human service transportation delivery within a specific delivery area. A broker may also provide transportation services within the specific delivery area for which the broker is under contract with the cabinet;
- (6) "Bus" means a motor vehicle operating under a bus certificate transporting passengers for hire between points over regular routes;
- (7) "Bus certificate" means a certificate granting authority for the operation of one (1) or more buses;
- (8) "Cabinet" means the Kentucky Transportation Cabinet;
- (9) "Certificate" means a certificate of compliance issued under this chapter to motor carriers;
- (10) "Charter bus" means a motor vehicle operating under a charter bus certificate providing for-hire intrastate transportation of a group of persons who, pursuant to a common purpose under a single contract at a fixed charge for the motor vehicle, have acquired the exclusive use of the motor vehicle to travel together under an itinerary either specified in advance or modified after having left the place of origin;
- (11) "Charter bus certificate" means a certificate granting authority for the operation of one (1) or more charter buses;
- (12) "Commissioner" means the commissioner of the Department of Vehicle Regulation;
- (13) "CTAC" means the Coordinated Transportation Advisory Committee created in KRS 281.870;
- (14) "Department" means the Department of Vehicle Regulation;
- (15) "Delivery area" means one (1) or more regions established by the cabinet in administrative regulations promulgated under KRS Chapter 13A for the purpose of providing human service transportation delivery in that region;
- (16) "Disabled persons vehicle carrier" means a motor carrier for hire, transporting passengers including the general public who require transportation in disabled persons vehicles;
- (17) "Disabled persons vehicle" means a motor vehicle operating under a disabled persons vehicle certificate especially equipped for the transportation of passengers with disabilities in accordance with 49 C.F.R. pt. 38, and is designed or constructed with not more than fifteen (15) regular seats. It shall not mean an ambulance as defined in KRS 311A.010. It shall not mean a motor vehicle equipped with a stretcher;
- (18) "Disabled persons vehicle certificate" means a certificate granting authority for the operation of one (1) or more disabled persons vehicles transporting passengers for hire;
- (19) "Driveaway" means the transporting and delivering of motor vehicles, except semitrailers and trailers, whether destined to be used in either a private or for-hire capacity, under their own power or by means of a full mount

method, saddle mount method, the tow bar method, or any combination of them over the highways of this state from any point of origin to any point of destination for hire. "Driveaway" does not include the transportation of such vehicles by the full mount method on trailers or semitrailers;

- (20) "Driveaway certificate" means a certificate granting authority for the operation of one (1) or more motor carrier vehicles operating as a driveaway;
- (21) "Driver" means the person physically operating the motor vehicle;
- (22) "Flatbed/rollback service" means a form of towing service which involves moving vehicles by loading them onto a flatbed platform;
- (23) "Highway" means all public roads, highways, streets, and ways in this state, whether within a municipality or outside of a municipality;
- (24) "Household goods" has the same meaning as in 49 C.F.R. sec. 375.103;
- (25) "Household goods carrier" has the same meaning as "household goods motor carrier" in 49 C.F.R. sec. 375.103;
- (26) "Household goods certificate" means a certificate granting authority for the operation of one (1) or more household goods vehicles;
- (27) "Human service transportation delivery" means the provision of transportation services to any person that is an eligible recipient in one (1) of the following state programs:
  - (a) Nonemergency medical transportation under KRS Chapter 205;
  - (b) Mental health, intellectual disabilities, or comprehensive care under KRS Chapter 202A, 202B, 210, or 645;
  - (c) Work programs for public assistance recipients under KRS Chapter 205;
  - (d) Adult services under KRS Chapter 205, 209, 216, or 273;
  - (e) Vocational rehabilitation under KRS Chapter 151B or 157; or
  - (f) Blind industries or rehabilitation under KRS Chapter 151B or 163;
- (28) "Interstate commerce" has the same meaning as in 49 C.F.R. sec. 390.5;
- (29) "Intrastate commerce" has the same meaning as in 49 C.F.R. sec. 390.5;
- (30) "Limousine" means a motor vehicle operating under a limousine certificate that is designed or constructed with not more than fifteen (15) regular seats;
- (31) "Limousine certificate" means a certificate granting authority for the operation of one (1) or more limousines transporting passengers for hire;
- (32) "Mobile application" means an application or a computer program designed to run on a smartphone, tablet computer, or other mobile device that is used by a TNC to connect drivers with potential passengers;
- (33) "Motor carrier" means any person in either a private or for-hire capacity who owns, controls, operates, manages, or leases, except persons leasing to authorized motor carriers, any motor vehicle for the transportation of passengers or property upon any highway, and any person who engages in the business of automobile utility trailer lessor, vehicle towing, driveaway, or U-Drive-It;
- (34) "Motor carrier vehicle" means a motor vehicle used by a motor carrier to transport passengers or property;
- (35) "Motor carrier vehicle license" means a license issued by the department for a motor carrier vehicle authorized to operate under a certificate;
- (36) "Motor carrier license plate" means a license plate issued by the department to a motor carrier authorized to operate under a certificate other than a household goods, property, TNC, *peer-to-peer car sharing*, or U-Drive-It certificate;
- (37) "Motor vehicle" means any motor-propelled vehicle used for the transportation of passengers or property on a public highway, including any such vehicle operated as a unit in combination with other vehicles;
- (38) "Passenger" means an individual or group of people;

- (39) **"Peer-to-peer car sharing"**:
- (a) **Means the authorized use of a motor vehicle by an individual other than the vehicle's owner through a peer-to-peer car sharing program; and**
  - (b) **Does not:**
    - 1. **Include the operation of a U-Drive-It certificate as defined in this section; or**
    - 2. **Involve the sale or provision of rental vehicle insurance as defined in KRS 304.9-020;**
- (40) **"Peer-to-peer car sharing certificate" means a certificate granting the authority for the operation of a peer-to-peer car sharing program;**
- (41) **"Peer-to-peer car sharing company" means a person that operates a peer-to-peer car sharing program;**
- (42) **"Peer-to-peer car sharing program"**:
- (a) **Means a business platform that connects shared vehicle owners with shared vehicle drivers to enable the sharing of motor vehicles for financial consideration; and**
  - (b) **Does not include a:**
    - 1. **U-Drive-It;**
    - 2. **Motor vehicle renting company as defined in KRS 281.687;**
    - 3. **Rental vehicle agent as defined in KRS 304.9-020; or**
    - 4. **Service provider that is solely providing hardware or software as a service to a person or entity that is not effectuating payment of financial consideration for use of a shared vehicle;**
- (43) **"Permit" means a temporary permit of compliance issued under this chapter for a specified period not to exceed ten (10) days, and for a specific vehicle, to any motor carrier, including one who is a nonresident of the Commonwealth, who operates a motor vehicle and is not entitled to an exemption from the payment of fees imposed under KRS 186.050 because of the terms of a reciprocal agreement between the Commonwealth and the state in which the vehicle is licensed;**
- ~~(44)~~~~(40)~~ **"Person" means any individual, firm, partnership, corporation, company, association, or joint stock association, and includes any trustee, assignee, or personal representative thereof;**
- ~~(45)~~~~(41)~~ **"Platoon" means a group of two (2) individual commercial motor vehicles traveling in a unified manner at electronically coordinated speeds at following distances that are closer than would ordinarily be allowed under KRS 189.340(8)(b);**
- ~~(46)~~~~(42)~~ **"Prearranged ride" means the period of time that begins when a transportation network company driver accepts a requested ride through a digital network or mobile application, continues while the driver transports the rider in a personal vehicle, and ends when the transportation network company services end;**
- ~~(47)~~~~(43)~~ **"Pre-trip acceptance liability policy" means the transportation network company liability insurance coverage for incidents involving the driver for a period of time when a driver is logged into a transportation network company's digital network or mobile application but is not engaged in a prearranged ride;**
- ~~(48)~~~~(44)~~ **"Property" means general or specific commodities, including hazardous and nonhazardous materials;**
- ~~(49)~~~~(45)~~ **"Property certificate" means a certificate granting authority for the transportation of property, other than household goods, not exempt under KRS 281.605;**
- ~~(50)~~~~(46)~~ **"Recovery"**:
- (a) **Means a form of towing service which involves moving vehicles by the use of a wheel-lift device, such as a lift, crane, hoist, winch, cradle, jack, automobile ambulance, tow dolly, or any other similar device as requested by a state or local law enforcement agency; and**
  - (b) **Includes:**
    - 1. **Relocating a vehicle or cargo from a place where towing is not possible to a place where towing is possible; and**
    - 2. **The cleanup of debris or cargo, and returning an area to pre-event condition;**

- (51)~~(47)~~ "Regular route" means the scheduled transportation of passengers between designated points over designated routes under time schedules that provide a regularity of services;
- (52)~~(48)~~ "Regular seat" means a seat ordinarily and customarily used by one (1) passenger and, in determining such seating capacity, the manufacturer's rating may be considered;
- (53) **"Shared vehicle":**
- (a) ***Means a motor vehicle that is available for car sharing through a peer-to-peer car sharing program; and***
- (b) ***Does not include a motor vehicle leased or rented by a person operating under a U-Drive-It certificate;***
- (54) ***"Shared vehicle driver" means an individual who has been authorized to drive the shared vehicle by the shared vehicle owner under a car sharing program agreement;***
- (55) ***"Shared vehicle owner":***
- (a) ***Means the registered owner, or a person designated by the registered owner, of a motor vehicle made available for sharing to shared vehicle drivers, through a peer-to-peer car sharing program; and***
- (b) ***Does not include a:***
- 1. Person operating a U-Drive-It certificate;***
  - 2. Motor vehicle renting company as defined in KRS 281.687; or***
  - 3. Rental vehicle agent as defined in KRS 304.9-020;***
- (56)~~(49)~~ "Storage facility" means any lot, facility, or other property used to store motor vehicles that have been removed from another location by a tow truck;
- (57)~~(50)~~ "Street hail" means a request for service made by a potential passenger using hand gestures or verbal statement;
- (58)~~(51)~~ "Subcontractor" means a person who has signed a contract with a broker to provide human service transportation delivery within a specific delivery area and who meets human service transportation delivery requirements, including proper operating authority;
- (59)~~(52)~~ "Tariff" means the listing of compensation received by a motor carrier for household goods that includes the manner in which and the amount of fares an authorized motor carrier may charge;
- (60)~~(53)~~ "Taxicab" means a motor vehicle operating under a taxicab certificate that is designed or constructed with not more than eight (8) regular seats and may be equipped with a taximeter;
- (61)~~(54)~~ "Taxicab certificate" means a certificate granting authority for the operation of one (1) or more taxicabs transporting passengers for hire;
- (62)~~(55)~~ "Taximeter" means an instrument or device approved by the department that automatically calculates and plainly indicates the charge to a passenger for hire who is being charged on the basis of mileage;
- (63)~~(56)~~ "Tow truck" means a motor vehicle equipped to provide any form of towing service, including recovery service or flatbed/rollback service;
- (64)~~(57)~~ "Tow truck operator" means an individual who operates a tow truck as an employee or agent of a towing company;
- (65)~~(58)~~ "Towing" means:
- (a) Emergency towing, which is the towing of a motor vehicle, with or without the owner's consent, because of:
1. A motor vehicle accident on a public highway;
  2. An incident related to an emergency; or
  3. An incident that necessitates the removal of the motor vehicle from a location for public safety reasons;

- (b) Private property towing, which is the towing of a motor vehicle, without the owner's consent, from private property:
  - 1. On which the motor vehicle was illegally parked; or
  - 2. Because of an exigent circumstance necessitating its removal to another location; and
- (c) Seizure towing, which is the towing of a motor vehicle for law enforcement purposes involving the:
  - 1. Maintenance of the chain of custody of evidence;
  - 2. Forfeiture of assets; or
  - 3. Delinquency of highway fuel tax, weight distance tax, or any other taxes and fees administered by the Transportation Cabinet;

~~(66)~~~~(59)~~ "Towing company":

- (a) Means a service or business operating as a motor carrier that:
  - 1. Tows or otherwise moves motor vehicles by means of a tow truck; or
  - 2. Owns or operates a storage lot;
- (b) Includes a tow truck operator acting on behalf of a towing company when appropriate in the context; and
- (c) Does not include an automobile club, car dealership, insurance company, repossession company, lienholders and entities hired by lienholders for the purpose of repossession, local government, or any other entity that contracts with a towing company;

~~(67)~~~~(60)~~ "Transportation network company" or "TNC" means a person or entity that connects passengers through its digital network or mobile application to its drivers for the provision of transportation network company services;

~~(68)~~~~(61)~~ "Transportation network company certificate" or "TNC certificate" means a certificate granting the authority for the operation of one (1) or more transportation network company vehicles transporting passengers for hire;

~~(69)~~~~(62)~~ "Transportation network company driver" or "TNC driver" means an individual who operates a motor vehicle that is owned or leased by the individual, or a motor vehicle for which the driver is an insured driver and has the permission of the owner or lessee of the motor vehicle, and used to provide transportation network company services;

~~(70)~~~~(63)~~ "Transportation network company service" or "TNC service" means a prearranged passenger transportation service offered or provided through the use of a transportation network company mobile application or digital network to connect potential passengers with transportation network company drivers;

~~(71)~~~~(64)~~ "Transportation network company vehicle" or "TNC vehicle" means a privately owned or leased motor vehicle, designed or constructed with not more than eight (8) regular seats, operating under a transportation network company certificate;

~~(72)~~~~(65)~~ "U-Drive-It" means any person operating under a U-Drive-It certificate who leases or rents a motor vehicle for consideration to be used for the transportation of persons or property, but for which no driver is furnished, and the use of which motor vehicle is not for the transportation of persons or property for hire by the lessee or rentee; and

~~(73)~~~~(66)~~ "U-Drive-It certificate" means a certificate granting authority for the operation of one (1) or more U-Drive-Its.

➔Section 10. KRS 281.630 is amended to read as follows:

- (1) A person shall not act as a motor carrier without first obtaining a certificate from the department.
- (2) A certificate for the intrastate transportation of passengers or property, including household goods, shall be issued to any qualified applicant authorizing operation covered by the application, if it is found that the applicant conforms to the provisions of this chapter and the requirements of the administrative regulations promulgated in accordance with this section.
- (3) (a) The department shall issue the following certificates:

1. Taxicab certificate;
2. Limousine certificate;
3. Disabled persons vehicle certificate;
4. Transportation network company certificate;
5. Household goods certificate;
6. Charter bus certificate;
7. Bus certificate;
8. U-Drive-It certificate;
9. Property certificate;
10. Driveaway certificate; ~~and~~

**11. Peer-to-peer car sharing certificate; and**

**12. ~~11.~~ Automobile utility trailer certificate.**

- (b) Application for a certificate shall be made in such form as the department may require. The department shall receive an application fee of two hundred fifty dollars (\$250) for all applications, except that the department shall receive an application fee of twenty-five dollars (\$25) for a property certificate.
- (c) Before the department may issue a certificate, an applicant shall:
  1. Pay the application fee established under paragraph (b) of this subsection;
  2. For entities other than TNCs *and peer-to-peer car sharing companies*, file a motor carrier vehicle license application for each motor carrier vehicle as required by KRS 281.631. The applicant shall file at least one (1) motor carrier vehicle license application before being eligible for a certificate;
  3. For TNCs, file a TNC authority application with the department pursuant to administrative regulations promulgated by the department;
  4. ***For peer-to-peer car sharing companies, file a peer-to-peer car sharing certificate application with the department pursuant to administrative regulations promulgated by the department;***
  5. File with the department one (1) or more approved indemnifying bonds or insurance policies as required by KRS 281.655;
  - ~~6.~~ For taxicab, limousine, disabled persons vehicle, TNC, household goods, charter bus, and bus certificates, obtain and retain for a period of at least three (3) years, a nationwide criminal background check, in compliance with KRS 281.6301, of each owner, official, employee, independent contractor, or agent operating a passenger vehicle or household goods vehicle or entering a private residence or storage facility for the purpose of providing or facilitating the transportation of household goods;
  - ~~7.~~ For household goods certificates, file with the department a current tariff; and
  - ~~8.~~ For a bus certificate, file with the department authorization from a city as required by KRS 281.635.
- (4) (a) Every certificate shall be renewed annually. Application for renewal shall be in such form as the department may require.
- (b) A certificate not renewed within one (1) calendar year after the date for its renewal shall become null and void.
- (c) The department shall not renew any certificate if it has been revoked or, if suspended, during the period of any suspension. A certificate shall not be considered revoked or suspended when an appeal of the revocation or suspension is pending in a court of competent jurisdiction.

- (d) For the renewal of an intrastate certificate, the department shall receive a fee of two hundred fifty dollars (\$250), except for an application for renewal of a property certificate, for which the department shall receive a fee of twenty-five dollars (\$25).
  - (e) Before the department may renew a certificate, the certificate holder shall:
    - 1. Pay the renewal fee established under paragraph (d) of this subsection;
    - 2. For the entities other than TNCs *and peer-to-peer car sharing companies*, file a motor carrier vehicle license application or renewal for each motor carrier vehicle as required by KRS 281.631. The certificate holder shall file at least one (1) motor carrier vehicle license application or renewal before being eligible for renewal;
    - 3. For TNCs, file a TNC authority application with the department pursuant to administrative regulations promulgated by the department;
    - 4. ***For peer-to-peer car sharing companies, file a peer-to-peer car sharing certificate application with the department pursuant to administrative regulations promulgated by the department;***
    - 5. File with the department one (1) or more approved indemnifying bonds or insurance policies as required by KRS 281.655;
    - 6.~~5~~ Every three (3) years, for taxicab, limousine, disabled persons vehicle, TNC, household goods, charter bus, and bus certificates, obtain and retain for a period of at least three (3) years, a nationwide criminal background check in compliance with KRS 281.6301, of each owner, official, employee, independent contractor, or agent operating a passenger vehicle or entering a private residence or storage facility for the purpose of providing or facilitating the transportation of household goods. However, within the three (3) year period:
      - a. If a new owner, official, employee, independent contractor, or agent joins the certificate holder and performs the aforementioned duties; or
      - b. If the certificate holder has knowledge that a current owner, official, employee, independent contractor, or agent who performs the aforementioned duties has been convicted of or pled guilty to any of the offenses listed in KRS 281.6301(2);

then the certificate holder shall obtain and retain for a period of at least three (3) years, a nationwide criminal background check for that owner, official, employee, independent contractor, or agent; and
    - 7.~~6~~ For household goods certificates, have on file with the department a current tariff.
- (5) (a) A motor carrier operating under a household goods certificate shall, at all times the certificate is in effect, maintain on file with the department a current tariff.
  - (b) Except for a household goods certificate holder that has had only an out-of-state address on file with the department prior to January 1, 2015, all certificate holders shall maintain on file with the department an address within the Commonwealth. The certificate holder shall keep open for public inspection at that address such information as the department may require.
  - (c) The certificate holder shall not charge, demand, collect, or receive a greater, less, or different compensation for the transportation of household goods or for any service in connection therewith, than the tariff filed with the department and in effect at the time would require. A certificate holder shall not make or give any unreasonable preference or advantage to any person, or subject any person to any unreasonable discrimination.
  - (6) A certificate shall not be transferred unless the transfer involves either the change of the legal name of the existing certificate holder or the incorporation of a sole proprietor certificate holder.
  - (7) A certificate authorizing a person to act as an automobile utility trailer lessor shall also authorize the agents of the person to act on his or her behalf during the period of their agency.
  - (8) A motor carrier vehicle shall not be operated after the expiration of the certificate under which it is operated.
  - (9) A person shall not knowingly employ the services of a motor carrier not authorized to perform such services.
  - (10) If the department, after a hearing held upon its own motion or upon complaint, finds any existing rate unjustly discriminatory, or finds the services rendered or facilities employed by any motor carrier to be unsafe,



inadequate, inconvenient, or in violation of law or of the administrative regulations of the department, it may by final order do any or all of the following:

- (a) Require the certificate holder to follow any rate or time schedule in effect at the time of service;
  - (b) Require the certificate holder to issue a refund to the complainant;
  - (c) Require the certificate holder to pay the fine set out in KRS 281.990 to the department; and
  - (d) Determine the reasonable, safe, adequate, and convenient service to be thereafter furnished.
- (11) Hearings conducted under authority of this section shall be conducted in the same manner as provided in KRS 281.640.
- (12) The department shall have the power to promulgate administrative regulations as it may deem necessary to carry out the provisions of this section.

➔SECTION 11. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO READ AS FOLLOWS:

(I) *As used in this section:*

- (a) *"Department" means the Kentucky Department of Revenue;*
- (b) *"Gross receipts" means the total consideration received for the:*
  - 1. *Rental of a vehicle, including the daily or hourly rental fee, fees charged for using the services, charges for insurance protection plans, fuel charges, pickup and delivery fees, late fees, and any charges for any services necessary to complete the rental transaction made by a:*
    - a. *Peer-to-peer car sharing company; or*
    - b. *Motor vehicle rental company; and*
  - 2. *Charges made to provide the service to a user, including any charges for time or mileage, fees for using the services, and any charges for any services necessary to complete the transaction made by a:*
    - a. *TNC;*
    - b. *Taxicab; or*
    - c. *Limousine service provider;*
- (c) *The following terms have the same meaning as in Section 9 of this Act:*
  - 1. *"Limousine";*
  - 2. *"Peer-to-peer car sharing certificate";*
  - 3. *"Peer-to-peer car sharing company";*
  - 4. *"Peer-to-peer car sharing driver";*
  - 5. *"Peer-to-peer car sharing program";*
  - 6. *"Shared vehicle";*
  - 7. *"Shared vehicle driver";*
  - 8. *"Taxicab";*
  - 9. *"Transportation network company" or "TNC";*
  - 10. *"Transportation network company service" or "TNC service"; and*
  - 11. *"U-Drive-It";*
- (d) *"Motor vehicle rental company" has the same meaning as in KRS 281.687; and*
- (e) *"Person" means the holder of any of the following certificates in Section 10 of this Act:*
  - 1. *Limousine;*
  - 2. *Peer-to-peer car sharing;*

3. *Taxicab;*
  4. *Transportation network; and*
  5. *U-Drive-It.*
- (2) *An excise tax is imposed upon every person for the privilege of providing a motor vehicle for sharing or for rent, with or without a driver, within the Commonwealth. The tax is imposed at the rate of six percent (6%) of the gross receipts derived from the:*
- (a) *Rental of a shared vehicle by a peer-to-peer car sharing company;*
  - (b) *Rental of a vehicle by a motor vehicle renting company;*
  - (c) *Sales of TNC services;*
  - (d) *Sales of taxicab services; and*
  - (e) *Sales of limousine services.*
- (3) *The tax imposed under subsection (2) of this section shall be administered and collected by the department. Revenues generated from the tax shall be deposited into the general fund.*
- (4) *The tax imposed by subsection (2) of this section shall be the direct obligation of the peer-to-peer car sharing company, the motor vehicle renting company, the TNC, the taxicab service provider, and the limousine service provider, but it may be charged to and collected from the user of the service. The tax shall be remitted to the department each month on forms and pursuant to administrative regulations promulgated by the department.*
- (5) (a) *As soon as practicable after each return is received, the department shall examine and audit the return. If the amount of taxes computed by the department is greater than the amount returned by the person, the excess shall be assessed by the department within four (4) years from the date the return was filed, except as provided in paragraph (c) of this subsection, and except that in the case of a failure to file a return or of a fraudulent return the excess may be assessed at any time. A notice of such assessment shall be mailed to the person.*
- (b) *For the purpose of paragraphs (a) and (c) of this subsection, a return filed before the last day prescribed by law for the filing thereof shall be considered as filed on such last day.*
- (c) *Notwithstanding the four (4) year time limitation of paragraph (a) of this subsection, in the case of a return where the amount of taxes computed by the department is greater by twenty-five percent (25%) or more than the amount returned by the person, the excess shall be assessed by the department within six (6) years from the date the return was filed.*
- (6) *Failure to remit the taxes shall be sufficient cause for the Department of Vehicle Regulation to void the certificate issued to a:*
- (a) *Limousine certificate holder;*
  - (b) *Peer-to-peer car sharing certificate holder;*
  - (c) *Taxicab certificate holder;*
  - (d) *TNC certificate holder; or*
  - (e) *U-Drive-It certificate holder.*
- (7) *If a person fails or refuses to file a return or furnish any information requested in writing, the department may, from any information in its possession, make an estimate of the certificate holder's total trip costs and issue an assessment against the certificate holder based on the estimated trip cost charges and add a penalty of ten percent (10%) of the amount of the assessment so determined. This penalty shall be in addition to all other applicable penalties provided by law.*
- (8) *If any person fails to make and file a return required by subsection (4) of this section on or before the due date of the return, or if the taxes, or portion thereof, is not paid on or before the date prescribed for its payment, then, unless it is shown to the satisfaction of the department that the failure is due to a reasonable cause, five percent (5%) of the taxes found to be due shall be added to the tax for each thirty (30) days or fraction thereof elapsing between the due date of the return and the date on which filed, but the total*

*penalty shall not exceed twenty-five percent (25%) of the tax; provided, however, that in no case shall the penalty be less than ten dollars (\$10).*

- (9) *If the tax imposed by subsection (2) of this section is not paid on or before the date prescribed for its payment, there shall be collected, as a part of the tax, interest upon the unpaid amount at the tax interest rate as defined in KRS 131.010(6) from the date prescribed for its payment until payment is actually made.*
- (10) *Notwithstanding any other provisions of this chapter to the contrary, the president, vice president, secretary, treasurer, or any other person holding any equivalent corporate office of any corporation subject to the provisions of this chapter shall be personally and individually liable, both jointly and severally, for the taxes imposed under this chapter, and neither the corporate dissolution nor withdrawal of the corporation from the state nor the cessation of holding any corporate office shall discharge the foregoing liability of any person. The personal and individual liability shall apply to each and every person holding the corporate office at the time the taxes become or became due. No person will be personally and individually liable pursuant to this section who had no authority in the management of the business or financial affairs of the corporation at the time that the taxes imposed by this chapter become or became due. Taxes as used in this section shall include interest accrued at the rate provided by KRS 139.650 and all applicable penalties imposed under this chapter and all applicable penalties and fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.*
- (11) *Notwithstanding any other provisions of this chapter, KRS 275.150, 362.1-306(3) or predecessor law, or 362.2-404(3) to the contrary, the managers of a limited liability company, the partners of a limited liability partnership, and the general partners of a limited liability limited partnership, or any other person holding any equivalent office of a limited liability company, limited liability partnership, or limited liability limited partnership subject to the provisions of this chapter, shall be personally and individually liable, both jointly and severally, for the taxes imposed under this chapter. Dissolution, withdrawal of the limited liability company, limited liability partnership, or limited liability limited partnership from the state, or the cessation of holding any office shall not discharge the liability of any person. The personal and individual liability shall apply to each and every manager of a limited liability company, partner of a limited liability partnership, and general partner of a limited liability limited partnership at the time the taxes become or became due. No person shall be personally and individually liable under this subsection who had no authority to collect, truthfully account for, or pay over any tax imposed by this chapter at the time that the taxes imposed by this chapter become or became due. "Taxes" as used in this section shall include interest accrued at the rate provided by KRS 131.183, all applicable penalties imposed under this chapter, and all applicable penalties and fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.*
- (12) *Any person who violates any of the provisions of this section shall be subject to the uniform civil penalties imposed pursuant to KRS 131.180.*

➔Section 12. KRS 138.462 is amended to read as follows:

As used in KRS 138.463 and 138.4631, unless the context requires otherwise:

- (1) "Cabinet" means the Transportation Cabinet;
- (2) "Rent" and "rental" means a contract, *other than a peer-to-peer car sharing program agreement as defined in Section 9 of this Act*, supported by a consideration, for the use of a motor vehicle for a period of less than three hundred sixty-five (365) days;
- (3) "Lease" and "leasing" means a contract, *other than a peer-to-peer car sharing program agreement as defined in Section 9 of this Act*, supported by a consideration, for the use of a motor vehicle for a period of three hundred sixty-five (365) days or more; and
- (4) "Gross rental charge" means the amount paid by a customer for time and mileage only.

➔SECTION 13. A NEW SECTION OF KRS CHAPTER 139 IS CREATED TO READ AS FOLLOWS:

*Excluded from the additional taxable services imposed by subsection (2)(q) to (ay) of Section 3 of this Act are gross receipts derived from:*

- (1) *Sales of the services in fulfillment of a lump-sum, fixed-fee contract or a fixed price sales contract executed on or before February 25, 2022; and*
- (2) *A lease or rental agreement entered into on or before February 25, 2022.*

➔SECTION 14. A NEW SECTION OF KRS CHAPTER 91A IS CREATED TO BE NUMBERED AS KRS 91A.345 AND TO READ AS FOLLOWS:

*As used in KRS 91A.345 to 91A.394:*

- (1) *"Person" has the same meaning as in KRS 139.010; and*
- (2) *"Rent " means the total amount charged for the rental of an accommodation and any charges for any services necessary to facilitate the rental of accommodations whether the amount is charged by the provider of the accommodations or by a person facilitating the rental of the accommodations by brokering, coordinating, or in any way arranging for the rental of the accommodations.*

➔Section 15. KRS 91A.360 is amended to read as follows:

- (1) The commission established pursuant to KRS 91A.350(2) shall be composed of seven (7) members to be appointed, in accordance with the method used to establish the commission. Members of a commission established by joint action of the local governing bodies of a county and a city or cities located therein shall be appointed, jointly, by the chief executive officers of the local governing bodies that established the commission. Members of a commission established by separate action of the local governing body of a county or a city located therein shall be appointed separately by the chief executive officer of the local governing body that established the commission. The chief executive officer of a city shall mean the mayor and the chief executive officer of a county shall mean the county judge/executive. Appointments to a commission shall be made by the appropriate chief executive officer or officers in the following manner:
  - (a) Two (2) commissioners shall be appointed from a list of three (3) or more names submitted by the local city hotel and motel association and one (1) commissioner shall be appointed from a list of three (3) or more names submitted by the local county hotel and motel association, provided that if only one (1) local hotel and motel association exists which covers both the city and county, then three (3) commissioners shall be appointed from a list of six (6) or more names submitted by it. If no formal local city or county hotel and motel association is in existence upon the establishment of a commission or upon the expiration of the term of a commissioner appointed pursuant to this subsection, then up to three (3) commissioners shall be appointed by the appropriate chief executive officer or officers from persons residing within the jurisdiction of the commission and representing local hotels or motels. A local city or county hotel and motel association shall not be required to be affiliated with the Kentucky Hotel and Motel Association to be recognized as the official local city or county hotel and motel association.
  - (b) One (1) commissioner shall be appointed from a list of three (3) or more names submitted by the local restaurant association or associations. If no formal local restaurant association or associations exist upon the establishment of a commission or upon the expiration of the term of a commissioner appointed pursuant to this subsection, then one (1) commissioner shall be appointed by the appropriate chief executive officer or officers from persons residing within the jurisdiction of the commission and representing a local restaurant. A local restaurant association or associations shall not be required to be affiliated with the Kentucky Restaurant Association to be recognized as the official local restaurant association or associations.
  - (c) One (1) commissioner shall be appointed from a list of three (3) or more names submitted by the chamber or chambers of commerce existing within those governmental units, which by joint or separate action have established the commission. If the commission is established by joint action of a county and a city or cities, then each chamber of commerce shall submit a list of three (3) names, and the chief executive officers of the participating governmental units shall jointly appoint one (1) commission member from the aggregate list. If no local chamber of commerce is in existence upon the establishment of a commission or upon the expiration of the term of a commissioner appointed pursuant to this subsection, then one (1) commissioner shall be appointed by the appropriate chief executive officer or officers from persons residing within the jurisdiction of the commission and representing local businesses.
  - (d) Two (2) commissioners shall be appointed in the following manner:
    1. By the chief executive officer of the county or city, if the commission has been established by separate action of a county or city; or

2. One (1) each by the chief executive officer of the county and by the chief executive officer of the most populous city participating in the establishment of the commission, if the commission has been established by joint action of a county and a city or cities.
- (2) A candidate submitted for appointment to the commission, pursuant to subsection (1)(a) to (1)(c), shall be appointed by the appropriate chief executive officer or officers within thirty (30) days of the receipt of the required list or lists. Vacancies shall be filled in the same manner that original appointments are made.
  - (3) The commissioners shall be appointed for terms of three (3) years, provided, that in making the initial appointments, the appropriate chief executive officer or officers shall appoint two (2) commissioners for a term of three (3) years, two (2) commissioners for a term of two (2) years and three (3) commissioners for a term of one (1) year. There shall be no limitation on the number of terms to which a commissioner is reappointed. Subsequent appointments shall be for three (3) year terms.
  - (4) The commission shall elect from its membership a chairman and a treasurer, and may employ personnel and make contracts necessary to carry out the purpose of KRS ~~91A.345 to 91A.394~~~~[91A.350 to 91A.390]~~. The contracts may include, but shall not be limited to, the procurement of promotional services, advertising services, and other services and materials relating to the promotion of tourist and convention business. Contracts of the type enumerated shall be made only with persons, organizations, and firms with experience and qualifications for providing promotional services and materials, such as advertising firms, chambers of commerce, publishers, and printers.
  - (5) The books of the commission and its account as established in KRS 91A.390(2) shall be audited as provided in KRS 65A.030. The independent certified public accountant or Auditor of Public Accounts shall make a report to the commission, to the associations submitting lists of names from which commission members are selected, to the appropriate chief executive officer or officers, to the State Auditor of Public Accounts, and to the local governing body or bodies that established the commission that was audited. A copy of the audit report shall be made available by the commission to members of the public upon request and at no charge.
  - (6) A commissioner may be removed from office, by joint or separate action, of the appropriate chief executive officer or officers of the local governing body or bodies that established the commission, as provided by KRS 65.007.
  - (7) The commission shall comply with the provisions of KRS 65A.010 to 65A.090.
- ➔Section 16. KRS 91A.370 is amended to read as follows:
- (1) Except in a county containing a consolidated local government, the commission established pursuant to KRS 91A.350(1) shall be composed of nine (9) members to be appointed by the mayor of the largest city in the county, the county judge/executive and the Governor of the Commonwealth.
  - (2) Except in a county containing a consolidated local government, the mayor of the largest city in the county shall appoint three (3) commissioners in the following manner:
    - (a) One (1) commissioner from a list submitted by the local city hotel and motel association;
    - (b) One (1) commissioner from a list submitted by the chamber of commerce of the largest city in the county; and
    - (c) One (1) commissioner from a list submitted by the local restaurant association or associations.
  - (3) Except in a county containing a consolidated local government, the county judge/executive shall, with the approval of the fiscal court, appoint three (3) commissioners in the following manner:
    - (a) One (1) commissioner from a list submitted by the local county hotel and motel association, provided that if only one (1) local hotel and motel association exists which covers both the city and county, then the local hotel and motel association shall submit a list to the county judge/executive;
    - (b) One (1) commissioner from a list submitted by the board of directors of the largest incorporated Thoroughbred horse racing concern in the county, which list shall contain only directors, officers, or employees of that corporation; and
    - (c) One (1) commissioner who is a resident of the county and who has an active interest in the convention and tourist industry.

- (4) Except in a county containing a consolidated local government, the Governor shall appoint three (3) commissioners in the following manner:
  - (a) One (1) commissioner from a list submitted by the State Fair Board;
  - (b) One (1) commissioner from a list submitted by the local countywide air board; and
  - (c) One (1) commissioner shall be appointed, in those counties not containing a consolidated local government, who is a resident of the county. In those counties containing a consolidated local government, one (1) commissioner shall be appointed who is a resident of the area comprising the consolidated local government.
- (5) Vacancies shall be filled in the manner that original appointments are made.
- (6) When a list as provided in subsections (2) and (3) of this section contains less than three (3) names or when a selection from such list is not made, the appointing authority shall request in writing the submission of a new list of names.
- (7) Except in a county containing a consolidated local government, the commissioners shall be appointed for a term of three (3) years, provided that in making the initial appointments, the mayor, county judge/executive, and Governor of the Commonwealth shall each appoint one (1) commissioner for a term of one (1) year, one (1) commissioner for a term of two (2) years, and one (1) commissioner for a term of three (3) years.
- (8) Upon the establishment of a consolidated local government in a county where a city of the first class and a county containing such city have had in effect a cooperative compact pursuant to KRS 79.310 to 79.330, the commission shall have nine (9) members. Six (6) members of the commission shall be appointed by the mayor of the consolidated local government pursuant to the provisions of KRS 67C.139 for a term of three (3) years. The Governor of the Commonwealth shall appoint three (3) members of the commission for a term of three (3) years. Incumbent members upon the establishment of the consolidated local government shall continue to serve as members of the board for the time remaining of their current term of appointment.
- (9) The commission shall elect from its membership a chairman and a treasurer, and may employ such personnel and make such contracts as are necessary to effectively carry out the purposes of ~~KRS 91A.345 to 91A.394~~~~[91A.350 to 91A.390]~~. Such contracts may include but shall not be limited to the procurement of promotional services, advertising services, and other services and materials relating to the promotion of tourist and convention business; provided, contracts of the type enumerated shall be made only with persons, organizations, and firms with experience and qualifications for providing promotional services and materials such as advertising firms, chambers of commerce, publishers, and printers.
- (10) The books of the commission shall be audited by an independent auditor who shall make a report to the commission, to the organizations submitting names from which commission members are selected, and to the mayor of a city or a consolidated local government, the county judge/executive in counties not containing a consolidated local government, and the Governor of the Commonwealth.
- (11) Commission members appointed by the Governor shall serve at the pleasure of the Governor. Commission members appointed by the mayor of a city or a consolidated local government or the county judge/executive may be removed as provided by KRS 65.007.
- (12) The commission shall comply with the provisions of KRS 65A.010 to 65A.090.
 

➔Section 17. KRS 91A.372 is amended to read as follows:

  - (1) The commission established pursuant to KRS 91A.350(2) by an urban-county government shall be composed of nine (9) members appointed by the mayor of the urban-county government in the following manner:
    - (a) Three (3) commissioners from a list submitted by the local hotel and motel association.
    - (b) One (1) commissioner from a list submitted by the local restaurant association or associations.
    - (c) One (1) commissioner from a list submitted by the local chamber of commerce.
    - (d) Four (4) commissioners who shall be residents of the urban-county.
  - (2) Vacancies shall be filled in the same manner that original appointments are made.
  - (3) The commissioners shall be appointed for terms of three (3) years, provided, that in making the initial appointments, the chief elective official of the urban-county shall appoint three (3) commissioners for a term

of three (3) years, three (3) commissioners for a term of two (2) years and three (3) commissioners for a term of one (1) year.

- (4) The commission shall elect from its membership a chairman and a treasurer, and may employ such personnel and make such contracts as are necessary to effectively carry out the purpose of KRS ~~91A.345 to 91A.394~~~~[91A.350 to 91A.390]~~. Such contracts may include but shall not be limited to the procurement of promotional services, advertising services and other services and materials relating to the promotion of tourist and convention business; provided, contracts of the type enumerated shall be made only with persons, organizations, and firms with experience and qualifications for providing promotional services and materials, such as event coordinators, advertising firms, chambers of commerce, publishers and printers.
- (5) The books of the commission shall be audited as provided in KRS 65A.030. The independent certified public accountant or Auditor of Public Accounts shall make a report to the commission, to the organizations submitting names from which commission members are selected, and to the mayor of the urban-county government.
- (6) The commission shall comply with the provisions of KRS 65A.010 to 65A.090.

➔Section 18. KRS 91A.380 is amended to read as follows:

- (1) The commission established pursuant to KRS 91A.350(3) shall be composed of six (6) members from each county to be appointed by the county judge/executive, with the approval of the fiscal court in the following manner:
  - (a) Two (2) commissioners with an accounting, finance, or business background, one (1) of whom is a member of the local chamber of commerce;
  - (b) One (1) commissioner selected from the public at large;
  - (c) One (1) commissioner from the General Assembly;
  - (d) One (1) commissioner representing local restaurants; and
  - (e) One (1) commissioner representing local hotels and motels.
- (2) Vacancies shall be filled in the same manner that original appointments are made.
- (3) The commissioners shall be appointed for terms of three (3) years, provided that in making the initial appointments, the county judge/executive shall appoint two (2) commissioners for a term of three (3) years, two (2) commissioners for a term of two (2) years, and two (2) commissioners for a term of one (1) year.
- (4) The commission shall elect from its membership a chairman and a treasurer, and may employ such personnel and make such contracts as are necessary to effectively carry out the purpose of KRS ~~91A.345 to 91A.394~~~~[91A.350 to 91A.390]~~. Such contracts may include but shall not be limited to the procurement of promotional services, advertising services and other services and materials relating to the promotion of tourist and convention business.
- (5) The books of the commission and its account as established in KRS 91A.390(2) shall be audited as provided in KRS 65A.030. The independent certified public accountant or Auditor of Public Accounts shall make a report to the commission, to the organizations submitting names from which commission members are selected, and to the county judge/executive of each county. A copy of the audit report shall be made available by the commission to members of the public upon request and at no charge.
- (6) A commissioner may be removed from office as provided by KRS 65.007.
- (7) The commission shall comply with the provisions of KRS 65A.010 to 65A.090.

➔Section 19. KRS 91A.390 is amended to read as follows:

- (1) (a) The commission shall annually submit to the local governing body or bodies which established it a request for funds for the operation of the commission.
- (b) The local governing body or bodies shall include the commission in the annual budget and shall provide funds for the operation of the commission by imposing a transient room tax on the rent for every occupancy of a suite, room,~~[-or]~~ rooms, *cabins, lodgings, campsites, or other accommodations* charged by *any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or any other place in which accommodations are regularly furnished to transients for consideration or by*

*any person that facilitates the rental of the accommodations by brokering, coordinating, or in any other way arranging for the rental of the accommodations*~~[all persons, companies, corporations, or other like or similar persons, groups, or organizations doing business as motor courts, motels, hotels, inns, or like or similar accommodations businesses]~~ as follows:

1. For a local governing body or bodies, other than an urban-county government, the tax rate shall not exceed three percent (3%); and
  2. For an urban-county government, the tax rate shall not exceed four percent (4%).
- (c) In addition to the three percent (3%) levy authorized by paragraph (b)1. of this subsection, the local governing body other than an urban-county government may impose a special transient room tax not to exceed one percent (1%) for the purposes of:
1. Meeting the operating expenses of a convention center; and
  2. In the case of a consolidated local government, financing the renovation or expansion of a convention center that is government-owned and located in the central business district of the consolidated local government, except that if a consolidated local government imposes the special transient room tax authorized under this paragraph on or after August 1, 2014, revenue derived from the levy shall not be used to meet the operating expenses of a convention center until any debt issued for financing the renovation or expansion of a government-owned convention center located in the central business district of the consolidated local government is retired.
- (d) Transient room taxes shall not apply to *rooms, lodgings, campsites, or accommodations supplied for a continuous period*~~[the rental or leasing of an apartment supplied by an individual or business that regularly holds itself out as exclusively providing apartments. Apartment means a room or set of rooms, in an apartment building, fitted especially with a kitchen and usually leased as a dwelling for a minimum period]~~ of thirty (30) days or more *to a person*.
- (e) The local governing body or bodies that have established a commission by joint or separate action shall enact an ordinance for the enforcement of the tax measure enacted pursuant to this section and the collection of the proceeds of this tax measure on a monthly basis.
- (2) All moneys collected pursuant to this section and KRS 91A.400 shall be maintained in an account separate and unique from all other funds and revenues collected, and shall be considered tax revenue for the purposes of KRS 68.100 and KRS 92.330.
- (3) A portion of the money collected from the imposition of this tax, as determined by the tax levying body, upon the advice and consent of the tourist and convention commission, may be used to finance the cost of acquisition, construction, operation, and maintenance of facilities useful in the attraction and promotion of tourist and convention business, including projects described in KRS 154.30-050(2)(a). The balance of the money collected from the imposition of this tax shall be used for the purposes set forth in KRS 91A.350. Proceeds of the tax shall not be used as a subsidy in any form to any hotel, motel, *inn, motor court, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or any other person furnishing accommodations*, or restaurant, except as provided in KRS 154.30-050(2)(a)3.c. Money not expended by the commission during any fiscal year shall be used to make up a part of the commission's budget for its next fiscal year.
- (4) A county with a city of the first class may impose an additional tax, not to exceed one and one-half percent (1.5%) of the ~~room~~ rent. This additional tax, if approved by the local governing body, shall be collected and administered in the same manner as the ~~regular~~ tax *authorized by subsection (1)(b) of this section* and shall be used for the purpose of funding additional promotion of tourist and convention business.
- (5) An urban-county government may impose an additional tax, not to exceed one percent (1%) of the ~~room~~ rents included in this subsection. This additional tax shall be collected and administered in the same manner as the ~~regular~~ tax *authorized by subsection (1)(b) of this section* with the exception that this additional tax shall be used for the purpose of funding the purchase of development rights program provided for under KRS 67A.845.
- (6) Local governing bodies which have formed multicounty tourist and convention commissions as provided by KRS 91A.350(3) may impose an additional tax, not to exceed one percent (1%) of the ~~room~~ rents. This additional tax, if approved by each governing body, shall be collected and administered in the same manner as the ~~regular~~ tax *authorized by subsection (1)(b) of this section*, with the exception that this additional tax



shall be used for the purpose of funding regional efforts relating to the promotion of tourist and convention business and convention centers. In no event shall any revenues collected as provided for under KRS 91A.350(3) be utilized for the construction, renovation, maintenance, or additions to any convention center that is located outside the boundaries of the Commonwealth of Kentucky.

- (7) The commission, with the approval of the tax levying body, may borrow money to pay its obligations that cannot be paid at maturity out of current revenue from the transient room tax, but shall not borrow a sum greater than can be repaid out of the revenue anticipated from the transient room tax during the year the money is borrowed. The commission may pledge its securities for the repayment of any sum borrowed.
- (8) The fiscal court or legislative body of a consolidated local government or city establishing a commission pursuant to KRS 91A.350(1) or (2) and, in its own name, a commission established pursuant to of KRS 91A.350(1) is authorized and empowered to issue revenue bonds pursuant to KRS Chapter 58 for public projects. Bonds issued for the purposes of KRS ~~91A.345 to 91A.394~~~~[91A.350 to 91A.390]~~, may be used to pay any cost for the acquisition of real estate, the construction of buildings and appurtenances, the preparation of plans and specifications, and legal and other services incidental to the project or to the issuance of the bonds. The payment of the bonds, with interest, may be secured by a pledge of and a first lien on all of the receipts and revenue derived, or to be derived, from the rental or operation of the property involved. Bond and interest obligations issued pursuant to this section shall not constitute an indebtedness of the county, consolidated local government, or city. All bonds sold under the authority of this section shall be subject to competitive bidding as provided by law, and shall bear interest at a rate not to exceed that established for bonds issued for public projects under KRS Chapter 58.
- (9) A commission established pursuant to KRS 91A.350(3) is authorized and empowered to issue revenue bonds in its own name, payable solely from its income and revenue, pursuant to KRS Chapter 58 for revenue bonds for public projects. Bonds issued for the purposes of KRS ~~91A.345 to 91A.394~~~~[91A.350 to 91A.390]~~, may be used to pay any cost for the acquisition of real estate, the construction of buildings and appurtenances, the preparation of plans and specifications, and legal and other services incidental to the project or to the issuance of the bonds. The payment of the bonds, with interest, may be secured by a pledge of and a first lien on all of the receipts and revenue derived, or to be derived, from the rental or operation of the property involved. Bond and interest obligations issued pursuant to this section shall not constitute an indebtedness of the county. All bonds sold pursuant to this section shall be subject to competitive bidding as provided by law, and shall not bear interest at rates exceeding those for bonds issued for public projects under KRS Chapter 58.

➔Section 20. KRS 91A.392 is amended to read as follows:

- (1) In addition to the three percent (3%) transient room tax authorized by KRS 91A.390(1)(b), and the one percent (1%) transient room tax authorized by KRS 153.440, a consolidated local government, or the fiscal court in a county containing an authorized city, except those counties that are included in a multicounty tourist and convention commission under KRS 91A.350, may levy an additional transient room tax not to exceed two percent (2%) of the rent for every occupancy of a suite, room, ~~or~~ rooms, *cabin, lodgings, campsites or other accommodations* charged by *any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or other place in which accommodations are regularly furnished to transients for a consideration or by any person that facilitates the rental of the accommodations by brokering, coordinating, or in any other way arranging for the rental of the accommodations for consideration*~~[all persons, companies, corporations, or other similar persons, groups, or organizations doing business as motor courts, motels, hotels, inns, or similar accommodations businesses]~~.
- (2) *The taxes imposed under this section shall not apply to rooms, lodgings, campsites, or accommodations supplied for a continuous period of thirty (30) days or more to a person.*
- (3) (a) Except as otherwise provided in paragraph (b) of this subsection, all money collected from the tax authorized by this section shall be applied toward the retirement of bonds issued pursuant to KRS 91A.390(8) to finance in part the expansion or construction or operation of a governmental or nonprofit convention center or fine arts center useful to the promotion of tourism located in the central business district of the consolidated local government or the authorized city located in the county.
  - (b) 1. This paragraph shall apply to the tax levied pursuant to this section, prior to July 1, 2015, by a fiscal court of a county having a population between seventy-five thousand (75,000) and one hundred thousand (100,000) based on the 2010 federal decennial census.

2. When, in any fiscal year, the money collected from the tax authorized by this section exceeds the amount required to satisfy the annual debt service for the bond for that fiscal year, all or a portion of the excess amount collected for that fiscal year may be used to defray the costs to operate, renovate, or expand the governmental or nonprofit convention center or fine arts center described in paragraph (a) of this subsection, if an amount equal to one (1) year's required debt service is held in reserve to satisfy any future debt service obligations of the bond.

~~(4)(3)~~ After the retirement of the bonds provided for in this section, the additional transient room tax levied pursuant to this section shall be void, and the consolidated local government or fiscal court shall take action to repeal the ordinance which levied the tax.

~~(5)(4)~~ As used in this section, "authorized city" means a city of the first class and a city included on the registry maintained by the Department for Local Government under subsection ~~(6)(5)~~ of this section.

~~(6)(5)~~ On or before January 1, 2015, the Department for Local Government shall create and maintain a registry of cities that, as of August 1, 2014, were classified as cities of the second class. The Department for Local Government shall make the information included on the registry available to the public by publishing it on its Web site.

➔Section 21. KRS 91A.394 is amended to read as follows:

Any resident of the county may bring an action in the Circuit Court to enforce the provisions of KRS **91A.345 to 91A.394**~~[91A.350 to 91A.390]~~. The Circuit Court shall hear the action and, on a finding that the commission has violated the provisions of KRS **91A.345 to 91A.394**~~[91A.350 to 91A.390]~~, shall order the commission to comply with the provisions. The Circuit Court, in its discretion, may allow the prevailing party, other than the commission, court costs, to be paid from the commission's account.

➔Section 22. KRS 91A.400 is amended to read as follows:

- (1) As used in this section, "authorized city" means a city on the registry maintained by the Department for Local Government under subsection (2) of this section.
- (2) On or before January 1, 2015, the Department for Local Government shall create and maintain a registry of cities that, as of January 1, 2014, were classified as cities of the fourth or fifth class. The Department for Local Government shall make the information included on the registry available to the public by publishing it on its Web site.
- (3) In addition to the three percent (3%) transient room tax authorized by KRS 91A.390 **(1)(b)**, the city legislative body in an authorized city may levy an additional restaurant tax not to exceed three percent (3%) of the retail sales by all restaurants doing business in the city. All moneys collected from the tax authorized by this section shall be turned over to the tourist and convention commission established in that city as provided by KRS **91A.345 to 91A.394**~~[91A.350 to 91A.390]~~.

➔Section 23. KRS 153.440 is amended to read as follows:

**(1) As used in this section and Section 24 of this Act:**

**(a) "Person" has the same meaning as in Section 14 of this Act; and**

**(b) "Rent" has the same meaning as in Section 14 of this Act.**

- (2) In addition to the three percent (3%) transient room tax authorized by KRS 91A.390**(1)(b)**, fiscal courts in counties containing cities of the first class or consolidated local governments may levy an additional transient room tax not to exceed one percent (1%) of the rent for every occupancy of a suite, room,~~or~~ rooms, ***cabins, lodgings, campsites or other accommodations*** charged by ***any hotel, motel, inn, tourist camp, tourist cabins, campgrounds, recreational vehicle parks, or other place in which accommodations are regularly furnished to transients for a consideration or by any person that facilitates the rental of the accommodations by brokering, coordinating, or in any other way arranging for the rental of the accommodations for consideration***~~[all persons, companies, corporations, or other like or similar persons, groups, or organizations doing business as motor courts, motels, hotels, inns, or like or similar accommodations' businesses]~~.
- (3) ***The tax imposed under this section shall not apply to rooms, lodgings, campsites, or accommodations supplied for a continuous period of thirty (30) days or more to a person.***
- (4) All moneys collected from the tax authorized by this section shall be turned over to the Kentucky Center for the Arts Corporation and shall be used to defray operating costs of the Kentucky Center for the Arts.

➔Section 24. KRS 153.450 is amended to read as follows:

- (1) In addition to the four percent (4%) transient room tax authorized by KRS 91A.390(1)(b)2., an urban-county government may levy an additional transient room tax not to exceed two percent (2%) of the rent for every occupancy of a suite, room, ~~or~~ rooms, *cabins, lodgings, campsites, or other accommodations* charged by *any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or other place in which accommodations are regularly furnished to transients for a consideration or by any person that facilitates the rental of the accommodations by brokering, coordinating, or in any other way arranging for the rental of the accommodations for consideration*~~[all persons, companies, corporations, or other like or similar persons, groups, or organizations doing business as motor courts, motels, hotels, inns, or like or similar accommodations' businesses].~~
- (2) All additional moneys collected from the tax authorized by subsection (1) of this section shall be applied toward the retirement of bonds used to finance a nonprofit corporation which is created for the funding, construction, and management of a convention center in an urban-county, and to defray the operating costs of the nonprofit corporation.
- (3)
  - (a) As used in this subsection, "project" means the renovation, expansion, or improvement of a convention center on or after July 15, 2016.
  - (b) In addition to the levy authorized by subsection (1) of this section, an urban-county government may levy an additional transient room tax not to exceed two and one-half percent (2.5%) to provide funding for a project.
  - (c) Proceeds from the levy shall be used only for the direct expenditure for, or repayment of debt associated with, the project.
  - (d) The levy shall sunset upon completion of the project and repayment of all associated debt.
- (4) *The taxes imposed under this section shall not apply to rooms, lodgings, campsites, or accommodations supplied for a continuous period of thirty (30) days or more to a person.*

➔Section 25. KRS 142.400 is amended to read as follows:

- (1) *As used in this section:*
  - (a) *"Person" has the same meaning as in Section 14 of this Act; and*
  - (b) *"Rent" has the same meaning as in Section 14 of this Act.*
- (2) A *statewide* transient room tax shall be imposed at a rate of one percent (1%) of the rent for every occupancy of any suite, room, rooms, ~~or~~ cabins, *lodgings, campsites, or other accommodations* charged by *any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or other place in which accommodations are regularly furnished to transients for a consideration or by any person that facilitates the rental of the accommodations for consideration*~~[all persons, companies, corporations, groups, or organizations doing business as motor courts, motels, hotels, inns, tourist camps, or like or similar accommodations' businesses].~~
- (3) As used in this subsection, rent shall not include any other local or state taxes paid by the person or entity renting the accommodations.
- (4)~~(2)~~ The tax imposed by subsection (1) of this section shall not apply *to rooms, lodgings, campsites, or accommodations supplied*~~[to the rental or lease of any room or set of rooms that is equipped with a kitchen, in an apartment building, and that is usually leased as a dwelling]~~ for a *continuous* period of thirty (30) days or more *to a person*~~[by an individual or business that regularly holds itself out as exclusively providing apartments].~~

➔Section 26. KRS 65.060 is amended to read as follows:

As used in KRS 65.008, 65.009, 65.065 and 65.070, the term "district" shall mean and the provisions of KRS 65.008, 65.009, 65.065 and 65.070 shall apply to any board, commission, or special district created pursuant to the following statutes: KRS 39F.020, 39F.160; KRS 65.160, 65.162, 65.210 to 65.300, 65.510 to 65.650; KRS 74.010 to 74.415; KRS 75.010 to 75.260; KRS 76.005 to 76.210, 76.241 to 76.273, 76.274 to 76.279, 76.295 to 76.420, 76.600 to 76.640; KRS 77.005 to 77.305; KRS 80.262 to 80.610; KRS ~~91A.345 to 91A.394~~~~[91A.350 to 91A.390]~~; KRS 96A.010 to 96A.230; KRS 104.450 to 104.680; KRS 107.310 to 107.500; KRS 108.010 to 108.070, 108.080 to

108.180; KRS 109.056, 109.059, 109.115 to 109.190; KRS 147.610 to 147.705; KRS 147A.050 to 147A.120; KRS 154.50-301 to 154.50-346; KRS 164.605 to 164.675; KRS 173.450 to 173.650, 173.710 to 173.800; KRS 179.700 to 179.735; KRS 183.132 to 183.160; KRS 184.010 to 184.300; KRS 210.460 to 210.480; KRS 212.720 to 212.755; KRS 216.310 to 216.360; KRS 220.010 to 220.613; KRS 262.100 to 262.660, 262.700 to 262.990; KRS 266.010 to 266.990; KRS 267.010 to 267.990; KRS 268.010 to 268.990; or KRS 273.405 to 273.453.

→Section 27. KRS 45A.077 is amended to read as follows:

- (1) A public-private partnership delivery method may be utilized as provided in this section and administrative regulations promulgated thereunder. State contracts using this method shall be awarded by competitive negotiation.
- (2) A contracting body utilizing a public-private partnership shall continue to be responsible for oversight of any function that is delegated to or otherwise performed by a private partner.
- (3) On or before December 31, 2016, the secretary of the Finance and Administration Cabinet shall promulgate administrative regulations setting forth criteria to be used in determining when a public-private partnership is to be used for a particular project. The administrative regulations shall reflect the intent of the General Assembly to promote and encourage the use of public-private partnerships in the Commonwealth. The secretary shall consult with design-builders, construction managers, contractors, design professionals including engineers and architects, and other appropriate professionals during the development of these administrative regulations.
- (4) A request for proposal for a project utilizing a public-private partnership shall include at a minimum:
  - (a) The parameters of the proposed public-private partnership agreement;
  - (b) The duties and responsibilities to be performed by the private partner or partners;
  - (c) The methods of oversight to be employed by the contracting body;
  - (d) The duties and responsibilities that are to be performed by the contracting body and any other partners to the contract;
  - (e) The evaluation factors and the relative weight of each to be used in the scoring of awards;
  - (f) Plans for financing and operating the qualifying project and the revenues, service payments, bond financings, and appropriations of public funds needed for the qualifying project;
  - (g) Comprehensive documentation of the experience, capabilities, capitalization and financial condition, and other relevant qualifications of the private entity;
  - (h) The ability of a private partner or partners to quickly respond to the needs presented in the request for proposal, and the importance of economic development opportunities represented by the qualifying project. In evaluating proposals, preference shall be given to a plan that includes the involvement of small businesses as subcontractors, to the extent that small businesses can provide services in a competitive manner, unless any preference interferes with the qualification for federal or other funds; and
  - (i) Other information required by the contracting body or the cabinet to evaluate the proposals submitted by respondents and the overall proposed public-private partnership.
- (5) A private entity desiring to be a private partner shall demonstrate to the satisfaction of the contracting body or the cabinet that it is capable of performing any duty, responsibility, or function it may be authorized or directed to perform as part of the public-private partnership agreement.
- (6) When a request for proposal for a project utilizing a public-private partnership is issued for a capital project, the contracting body shall transmit a copy of the request for proposal to the Capital Projects and Bond Oversight Committee staff, clearly identifying to the staff that a public-private partnership is being utilized. The contracting body shall submit the final contract to the Capital Projects and Bond Oversight Committee under KRS 45.763 before work may be begun on the project.
- (7) A request for proposal or other solicitation may be canceled, or all proposals may be rejected, if it is determined in writing that the action is taken in the best interest of the Commonwealth and approved by the purchasing officer.
- (8) (a) Beginning July 1, ~~2024~~~~2022~~, in the case of any public-private partnership for a capital project with an aggregate value of twenty-five million dollars (\$25,000,000) or more, the project shall be authorized by

the General Assembly, by inclusion in the branch budget bill or by any other means specified by the General Assembly, explicitly identifying and authorizing the utilization of a public-private partnership delivery method for the applicable capital project. The authorization of a capital project required by this subsection is in addition to any other statutorily required authorization for a capital project.

- (b) The provisions of this subsection shall not apply to any public-private partnership project made public through a request for proposal or a public notice of an unsolicited proposal issued prior to July 1, 2024~~{2022}~~.
- (9) Any corporation as described by KRS 45.750(2)(c), or as created under the Kentucky Revised Statutes as a governmental agency and instrumentality of the Commonwealth, that manages its capital construction program shall:
- (a) Adhere to the administrative regulations promulgated under this section when utilizing a public-private partnership for financing capital projects;
  - (b) Report to legislative committees as specified in this section; and
  - (c) Submit public-private partnership agreements issued by it to the General Assembly for authorization as provided in subsection (8) of this section.
- (10) (a) The governing body of a postsecondary institution that manages its capital construction program under KRS 164A.580 shall report to the Capital Projects and Bond Oversight Committee staff as specified in this section.
- (b) Any provision of a public-private partnership agreement issued by a postsecondary institution which provides for a lease by or to the postsecondary institution shall be valid and enforceable if approved by the governing board of the institution.
- (11) (a) A person or business may submit an unsolicited proposal to a governmental body, which may receive the unsolicited proposal.
- (b) Within ninety (90) days of receiving an unsolicited proposal, a governmental body may elect to consider further action on the proposal, at which point the governmental body shall provide public notice of the proposal. Discussion of the project shall not be deemed a solicitation of the project or its concepts after public notice is given. The public notice shall:
    - 1. Provide specific information regarding the proposed nature, timing, and scope of the unsolicited proposal, except that trade secrets, financial records, or other records of the person or business making the proposal shall not be posted unless otherwise agreed to by the governmental body and the person or business; and
    - 2. Provide for a notice period for the submission of competing proposals as follows:
      - a. Unsolicited proposals valued below five million dollars (\$5,000,000) shall be posted for thirty (30) days;
      - b. Unsolicited proposals valued between five million dollars (\$5,000,000) and twenty-five million dollars (\$25,000,000) shall be posted for sixty (60) days; and
      - c. Unsolicited proposals valued over twenty-five million dollars (\$25,000,000) shall be posted for ninety (90) days.
  - (c) Upon the end of the notice period provided under paragraph (b)2. of this subsection, the governmental body may consider the unsolicited proposal and any competing proposals received. If the governmental body determines it is in the best interest of the Commonwealth to implement some or all of the concepts contained within the unsolicited proposal or competing proposals received by it, the governmental body may begin an open, competitive procurement process to do so pursuant to this chapter.
  - (d) An unsolicited proposal shall be deemed rejected if no written response is received from the governmental body within ninety (90) days of submission, during which time the governmental body has not taken any action on the proposal under paragraph (b) of this subsection.

➔Section 28. KRS 131.130 is amended to read as follows:

Without limitation of other duties assigned to it by law, the following powers and duties are vested in the Department of Revenue:

- (1) The department may promulgate administrative regulations, and direct proceedings and actions, for the administration and enforcement of all tax laws of this state. To assist taxpayers in understanding and interpreting the tax laws, the department may, through incorporation by reference, include examples as part of any administrative regulation. The examples may include demonstrative, nonexclusive lists of items if the department determines the lists would be helpful to taxpayers in understanding the application of the tax laws.
- (2) The department, by representatives it appoints in writing, may take testimony or depositions, and may examine hard copy or electronic records, any person's documents, files, and equipment if those records, documents, or equipment will furnish knowledge concerning any taxpayer's tax liability, when it deems this reasonably necessary to the performance of its functions. The department may enforce this right by application to the Circuit Court in the county where the person is domiciled or has his or her principal office, or by application to the Franklin Circuit Court, which courts may compel compliance with the orders of the department.
- (3) The department shall prescribe the style, and determine and enforce the use or manner of keeping, of all assessment and tax forms and records employed by state and county officials, and may prescribe forms necessary for the administration of any revenue law.
- (4) The department shall advise on all questions respecting the construction of state revenue laws and its application to various classes of taxpayers and property.
- (5) Attorneys employed by the Finance and Administration Cabinet and approved by the Attorney General as provided in KRS 15.020 may prosecute all violations of the criminal and penal laws relating to revenue and taxation. If a Finance and Administration Cabinet attorney undertakes any of the actions prescribed in this subsection, that attorney shall be authorized to exercise all powers and perform all duties in respect to the criminal actions or proceedings which the prosecuting attorney would otherwise perform or exercise, including the authority to sign, file, and present any complaints, affidavits, information, presentments, accusations, indictments, subpoenas, and processes of any kind, and to appear before all grand juries, courts, or tribunals.
- (6) In the event of the incapacity of attorneys employed by the Finance and Administration Cabinet or at the request of the secretary of the Finance and Administration Cabinet, the Attorney General or his or her designee shall prosecute all violations of the criminal and penal laws relating to revenue and taxation. If the Attorney General undertakes any of the actions prescribed in this subsection, he or she shall be authorized to exercise all powers and perform all duties in respect to the criminal actions or proceedings which the prosecuting attorney would otherwise perform or exercise, including but not limited to the authority to sign, file, and present any and all complaints, affidavits, information, presentments, accusations, indictments, subpoenas, and processes of any kind, and to appear before all grand juries, courts, or tribunals.
- (7) The department may require the Commonwealth's attorneys and county attorneys to prosecute actions and proceedings and perform other services incident to the enforcement of laws assigned to the department for administration.
- (8) Notwithstanding KRS Chapter 13A, the department may research the fields of taxation, finance, and local government administration, publish its findings, respond to the public's and taxpayers' questions, and publish its responses, as the commissioner may deem wise. To assist taxpayers and the public in understanding and interpreting the tax laws, the department may include examples as part of any response or publication. The examples may include demonstrative, nonexclusive lists of items, if the department determines that the list would be helpful to taxpayers in understanding the application of the tax laws.
- (9) The department may promulgate administrative regulations necessary to establish a system of taxpayer identifying numbers for the purpose of securing proper identification of taxpayers subject to any tax laws or other revenue measure of this state, and may require the taxpayer to place on any return, report, statement, or other document required to be filed, any number assigned pursuant to the administrative regulations.
- (10) The department may, when it is in the best interest of the Commonwealth and helpful to the efficient and effective enforcement, administration, or collection of sales and use tax, motor fuels tax, or the petroleum environmental assurance fee, enter into agreements with out-of-state retailers or other persons for the collection and remittance of sales and use tax, the motor fuels tax, or the petroleum environmental assurance fee.
- (11) The department may enter into annual memoranda of agreement with any state agency, officer, board, commission, corporation, institution, cabinet, department, or other state organization to assume the collection duties for any debts due the state entity, *except for consumer debt owed for health care goods and services*, and may renew that agreement for up to five (5) years. Under such an agreement, the department shall have all

the powers, rights, duties, and authority with respect to the collection, refund, and administration of those liquidated debts as provided under:

- (a) KRS Chapters 131, 134, and 135 for the collection, refund, and administration of delinquent taxes; and
  - (b) Any applicable statutory provisions governing the state agency, officer, board, commission, corporation, institution, cabinet, department, or other state organization for the collection, refund, and administration of any liquidated debts due the state entity.
- (12) *Notwithstanding subsection (11) of this section, KRS 45.237, 45.238, 45.241, or 131.030, or any agreement to the contrary, the department shall not collect or continue collection duties of any consumer debts owed for health care goods and services. For the purpose of this section, "consumer debt" shall be defined as a debt incurred by an individual, as defined in Section 42 of this Act, for a personal or family purpose, regardless of whether an obligation has been reduced to judgment.*
- (13) The department may refuse to accept a personal check in payment of taxes due or collected from any person who has ever tendered a check to the state which, when presented for payment, was not honored. Any check so refused shall be considered as never having been tendered.

➔SECTION 29. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO READ AS FOLLOWS:

(1) *As used in this section:*

- (a) *"Department" means the Department of Revenue;*
- (b) *"Distribute" means the delivery or transfer of electric power into the battery or other energy storage device of an electric vehicle at a location in this state;*
- (c) *"Electric vehicle power" means electrical energy distributed into the battery or other energy storage device of an electric vehicle to be used to power the vehicle;*
- (d) *"Electric vehicle power dealer" means a person who owns or leases an electric vehicle charging station;*
- (e) *"Electric vehicle" has the same meaning as in Section 30 of this Act;*
- (f) *"Electric vehicle charging station" means any place accessible to general public vehicular traffic where electric power may be used to charge a battery or other storage device of a licensed electric vehicle; and*
- (g) *"Person" has the same meaning as in Section 2 of this Act.*

(2) *On or after January 1, 2023:*

- (a) *An excise tax with an initial base rate of three cents (\$0.03) per kilowatt hour is imposed on electric vehicle power distributed in this state by an electric vehicle power dealer for the purpose of charging electric vehicles in this state; and*
- (b) *A surtax with an initial base rate of three cents (\$0.03) per kilowatt hour is imposed on electric vehicle power distributed in this state by an electric vehicle power dealer when the electric vehicle charging station is located on state property.*

(3) (a) *On or before December 1, 2022, and on or before each December 1 thereafter, the department shall compare the most current quarterly National Highway Construction Cost Index 2.0 (NHCCI 2.0) value and determine the percentage change in relation to the NHCCI 2.0 value from the same quarter for the previous year.*

- (b) 1. *The tax rate on January 1, 2024, and on each January 1 thereafter, shall be adjusted by the change in the NHCCI 2.0 determined by paragraph (a) of this subsection, unless the change is:*
  - a. *Greater than a five percent (5%) increase, in which case the taxes shall be one hundred five percent (105%) of the tax rates in effect at the close of the previous calendar year; or*
  - b. *Greater than a five percent (5%) decrease, in which case the taxes shall be ninety-five percent (95%) of the tax rates in effect at the close of the previous calendar year.*

2. *Notwithstanding subparagraph 1. of this paragraph, the tax rate shall not be less than the initial base rate identified in subsection (2) of this section.*
- (c) *Adjustments to the tax rate shall be rounded to the nearest one-tenth of one cent (\$0.001).*
- (4) *At least twenty (20) days in advance of the first day of each calendar year, the department shall provide notification of:*
- (a) *The adjusted electric vehicle power tax rate for the upcoming calendar year to all electric vehicle power dealers; and*
- (b) *The adjusted electric vehicle ownership fee imposed under Section 32 of this Act for the upcoming calendar year to all county clerks.*
- (5) *This tax shall be:*
- (a) *Administered by the department; and*
- (b) *Transferred to the road fund as defined in KRS 48.010.*
- (6) (a) *The tax shall be added to the selling price charged by the electric vehicle power dealer at the electric vehicle charging station on electric vehicle power sold in this state; or*
- (b) *If there is no selling price at the charging station, the electric vehicle power dealer shall be responsible for paying the tax on the electric power distributed by the electric vehicle charging station, except in the case of an electric vehicle charging station installed prior to July 1, 2022.*
- (7) (a) *The tax imposed shall be paid by the electric vehicle power dealer to the State Treasurer.*
- (b) *The electric vehicle power dealer is liable for the electric vehicle power tax.*
- (8) *Every electric vehicle power dealer shall, by the twenty-fifth day of each month, transmit to the department reports, on the forms the department may prescribe, on the total kilowatt hours distributed and the amount of tax collected. Payment of the tax shall be due with the report.*
- (9) *The electric vehicle power dealer shall keep and preserve an accurate record of all receipts of electricity and tax together with invoices or other pertinent records and papers required by the department for five (5) years.*
- (10) (a) *No dealer or other person shall fail or refuse to make the returns and pay the tax prescribed by this section, or refuse to permit the department or its representatives appointed by the commissioner of the department in writing to examine his or her records, papers, files, and equipment pertaining to the taxable business.*
- (b) *No person shall make an incomplete, false, or fraudulent return, or attempt to do anything to avoid a full disclosure of the amount of business done or to avoid the payment of the whole or any part of the tax or penalties due.*
- (c) *No person shall fail to keep and preserve records of electric vehicle power distributed to make reports as required by this section.*
- (11) *Any person who violates any provision of this section shall be subject to the uniform civil penalties imposed pursuant to KRS 131.180 and interest at the tax interest rate as defined in KRS 131.183.*
- (12) (a) *Notwithstanding any other provisions of this chapter to the contrary, the president, vice president, secretary, treasurer, or any other person holding any equivalent corporate office of any corporation subject to the provisions of this chapter shall be personally and individually liable, both jointly and severally, for the taxes imposed under this chapter, and neither the corporate dissolution nor withdrawal of the corporation from the state nor the cessation of holding any corporate office shall discharge the foregoing liability of any person.*
- (b) *The personal and individual liability shall apply to each and every person holding the corporate office at the time the taxes become or became due.*
- (c) *No person will be personally and individually liable pursuant to this section who had no authority in the management of the business or financial affairs of the corporation at the time that the taxes imposed by this chapter become or became due.*



- (13) (a) *Notwithstanding any other provisions of this chapter, KRS 275.150, 362.1-306(3) or predecessor law, or 362.2-404(3) to the contrary, the managers of a limited liability company, the partners of a limited liability partnership, and the general partners of a limited liability limited partnership or any other person holding any equivalent office of a limited liability company, limited liability partnership, or limited liability limited partnership subject to the provisions of this chapter shall be personally and individually liable, both jointly and severally, for the taxes imposed under this chapter.*
- (b) *Dissolution or withdrawal of the limited liability company, limited liability partnership, or limited liability limited partnership from the state, or the cessation of holding any office shall not discharge the liability of any person.*
- (c) *The personal and individual liability shall apply to each and every manager of a limited liability company, partner of a limited liability partnership, and general partner of a limited liability limited partnership at the time the taxes become or became due.*
- (d) *No person shall be personally and individually liable under this subsection who had no authority to collect, truthfully account for, or pay any tax imposed by this chapter at the time that the taxes imposed by this chapter become or became due.*
- (14) *"Taxes" as used in this section shall include interest accrued at the rate provided by KRS 131.183, all applicable penalties imposed under this chapter, and all applicable penalties and fees imposed under KRS 131.180, 131.410 to 131.445, and 131.990.*
- (15) *The department may prescribe forms and promulgate administrative regulations to execute and administer the provisions of this section.*

➔Section 30. KRS 186.010 is amended to read as follows:

As used in this chapter, unless otherwise indicated:

- (1) "Cabinet," as used in KRS 186.400 to 186.640, means the Transportation Cabinet; except as specifically designated, "cabinet," as used in KRS 186.020 to 186.270, means the Transportation Cabinet only with respect to motor vehicles, other than commercial vehicles; "cabinet," as used in KRS 186.020 to 186.270, means the Department of Vehicle Regulation when used with respect to commercial vehicles;
- (2) "Highway" means every way or place of whatever nature when any part of it is open to the use of the public, as a matter of right, license, or privilege, for the purpose of vehicular traffic;
- (3) "Manufacturer" means any person engaged in manufacturing motor vehicles who will, under normal conditions during the year, manufacture or assemble at least ten (10) new motor vehicles;
- (4) "Motor vehicle" means in KRS 186.020 to 186.260, all vehicles, as defined in paragraph (a) of subsection (8) of this section, which are propelled otherwise than by muscular power. As used in KRS 186.400 to 186.640, it means all vehicles, as defined in paragraph (b) of subsection (8) of this section, which are self-propelled. "Motor vehicle" shall not include a moped as defined in this section, but for registration purposes shall include low-speed vehicles and military surplus vehicles as defined in this section and vehicles operating under KRS 189.283;
- (5) "Moped" means either a motorized bicycle whose frame design may include one (1) or more horizontal crossbars supporting a fuel tank so long as it also has pedals, or a motorized bicycle with a step-through type frame which may or may not have pedals rated no more than two (2) brake horsepower, a cylinder capacity not exceeding fifty (50) cubic centimeters, an automatic transmission not requiring clutching or shifting by the operator after the drive system is engaged, and capable of a maximum speed of not more than thirty (30) miles per hour;
- (6) "Operator" means any person in actual control of a motor vehicle upon a highway;
- (7) (a) "Owner" means a person who holds the legal title of a vehicle or a person who pursuant to a bona fide sale has received physical possession of the vehicle subject to any applicable security interest.
- (b) A vehicle is the subject of an agreement for the conditional sale or lease, with the vendee or lessee entitled to possession of the vehicle, upon performance of the contract terms, for a period of three hundred sixty-five (365) days or more and with the right of purchase upon performance of the conditions stated in the agreement and with an immediate right of possession vested in the conditional

vendee or lessee, or if a mortgagor of a vehicle is entitled to possession, the conditional vendee or lessee or mortgagor shall be deemed the owner.

- (c) A licensed motor vehicle dealer who transfers physical possession of a motor vehicle to a purchaser pursuant to a bona fide sale, and complies with the requirements of KRS 186A.220, shall not be deemed the owner of that motor vehicle solely due to an assignment to his dealership or a certificate of title in the dealership's name. Rather, under these circumstances, ownership shall transfer upon delivery of the vehicle to the purchaser, subject to any applicable security interest;
- (8) (a) "Vehicle," as used in KRS 186.020 to 186.260, includes all agencies for the transportation of persons or property over or upon the public highways of this Commonwealth and all vehicles passing over or upon said highways, except electric low-speed scooters, road rollers, road graders, farm tractors, vehicles on which power shovels are mounted, such other construction equipment customarily used only on the site of construction and which is not practical for the transportation of persons or property upon the highways, such vehicles as travel exclusively upon rails, and such vehicles as are propelled by electric power obtained from overhead wires while being operated within any municipality or where said vehicles do not travel more than five (5) miles beyond the city limit of any municipality.  
(b) As used in KRS 186.400 to 186.640, "vehicle" means every device in, upon, or by which any person or property is or may be transported or drawn upon a public highway, except electric low-speed scooters, devices moved by human and animal power or used exclusively upon stationary rails or tracks, or which derives its power from overhead wires;
- (9) KRS 186.020 to 186.270 apply to motor vehicle licenses. KRS 186.400 to 186.640 apply to operator's licenses;
- (10) "Dealer" means any person engaging in the business of buying or selling motor vehicles;
- (11) "Commercial vehicles" means all motor vehicles that are required to be registered under the terms of KRS 186.050, but not including vehicles primarily designed for carrying passengers and having provisions for not more than nine (9) passengers (including driver), motorcycles, sidecar attachments, pickup trucks and passenger vans which are not being used for commercial or business purposes, and motor vehicles registered under KRS 186.060;
- (12) "Resident" means any person who has established Kentucky as his or her state of domicile. Proof of residency shall include but not be limited to a deed or property tax bill, utility agreement or utility bill, or rental housing agreement. The possession by an operator of a vehicle of a valid Kentucky operator's license shall be prima-facie evidence that the operator is a resident of Kentucky;
- (13) "Special status individual" means:
  - (a) "Asylee" means any person lawfully present in the United States who possesses an I-94 card issued by the United States Department of Justice, Immigration and Naturalization Service, on which it states "asylum status granted indefinitely pursuant to Section 208 of the Immigration & Nationality Act";
  - (b) "K-1 status" means the status of any person lawfully present in the United States who has been granted permission by the United States Department of Justice, Immigration and Naturalization Service to enter the United States for the purpose of marrying a United States citizen within ninety (90) days from the date of that entry;
  - (c) "Refugee" means any person lawfully present in the United States who possesses an I-94 card issued by the United States Department of Justice, Immigration and Naturalization Service, on which it states "admitted as a refugee pursuant to Section 207 of the Immigration & Nationality Act"; and
  - (d) "Paroled in the Public Interest" means any person lawfully present in the United States who possesses an I-94 card issued by the United States Department of Justice, Immigration and Naturalization Service, on which it states "paroled pursuant to Section 212 of the Immigration & Nationality Act for an indefinite period of time";
- (14) "Instruction permit" includes both motor vehicle instruction permits and motorcycle instruction permits;
- (15) "Motorcycle" means any motor driven vehicle that has a maximum speed that exceeds fifty (50) miles per hour, has a seat or saddle for the use of the operator, and is designed to travel on not more than three (3) wheels in contact with the ground, including vehicles on which the operator and passengers ride in an enclosed cab. Only for purposes of registration, "motorcycle" shall include a motor scooter, an alternative-speed motorcycle, and an auticycle as defined in this section, but shall not include a tractor or a moped as defined in this section;

- (16) "Low-speed vehicle" means a motor vehicle that:
- (a) Is self-propelled using an electric motor, combustion-driven motor, or a combination thereof;
  - (b) Is four (4) wheeled; and
  - (c) Is designed to operate at a speed not to exceed twenty-five (25) miles per hour as certified by the manufacturer;
- (17) "Alternative-speed motorcycle" means a motorcycle that:
- (a) Is self-propelled using an electric motor;
  - (b) Is three (3) wheeled;
  - (c) Has a fully enclosed cab and includes at least one (1) door for entry;
  - (d) Is designed to operate at a speed not to exceed forty (40) miles per hour as certified by the manufacturer; and
  - (e) Is not an auticycle as defined in this section;
- (18) "Multiple-vehicle driving range" means an enclosed area that is not part of a highway or otherwise open to the public on which a number of motor vehicles may be used simultaneously to provide driver training under the supervision of one (1) or more driver training instructors;
- (19) "Auticycle" means any motor vehicle that:
- (a) Is equipped with a seat that does not require the operator to straddle or sit astride it;
  - (b) Is designed to travel on three (3) wheels in contact with the ground;
  - (c) Is designed to operate at a speed that exceeds forty (40) miles per hour as certified by the manufacturer;
  - (d) Allows the operator and passenger to ride either side-by-side or in tandem in a seating area that may be enclosed with a removable or fixed top;
  - (e) Is equipped with a three (3) point safety belt system;
  - (f) May be equipped with a manufacturer-installed air bags or a roll cage;
  - (g) Is designed to be controlled with a steering wheel and pedals; and
  - (h) Is not an alternative-speed motorcycle as defined in this section;
- (20) "Military surplus vehicle" means a multipurpose wheeled surplus military vehicle that:
- (a) Is not operated using continuous tracks;
  - (b) Was originally manufactured for and sold directly to the Armed Forces of the United States; and
  - (c) Was originally manufactured under the federally mandated requirements set forth in 49 C.F.R. sec. 571.7;
- (21) "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes, and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid species;
- (22) "Identity document" means an instruction permit, operator's license, or personal identification card issued under KRS 186.4102, 186.412, 186.4121, 186.4122, and 186.4123 or a commercial driver's license issued under KRS Chapter 281A;
- (23) "Travel ID," as it refers to an identity document, means a document that complies with Pub. L. No. 109-13, Title II;
- (24) "Motor scooter" means a low-speed motorcycle that is:
- (a) Equipped with wheels greater than sixteen (16) inches in diameter;
  - (b) Equipped with an engine greater than fifty (50) cubic centimeters;
  - (c) Designed to operate at a speed not to exceed fifty (50) miles per hour;
  - (d) Equipped with brake horsepower of two (2) or greater; and

- (e) Equipped with a step-through frame or a platform for the operator's feet;~~and~~
- (25) "Alternative technology," as used in KRS 186.400 to 186.640, means methods used by the cabinet to facilitate the issuance of operator's licenses and personal identification cards outside of the normal in-person application at a cabinet office, including but not limited to a cabinet mobile unit or online services;
- (26) ***"Electric motorcycle" means the same as "motorcycle" or "motor scooter" as defined in this section, that is powered by a:***
  - (a) ***Battery or equivalent energy storage device that can be charged with an electric plug using an external electricity source; or***
  - (b) ***Combination of an internal combustion engine and electric motor;***
- (27) ***"Electric vehicle" means any vehicle that has plug-in charging capability, regardless of whether the vehicle is powered by:***
  - (a) ***An electric motor only; or***
  - (b) ***A combination of an internal combustion engine and electric power; and***
- (28) ***"Hybrid vehicle" means any vehicle that does not have plug-in charging capability and is powered by a combination of an internal combustion engine and an electric motor.***

➔Section 31. KRS 186.050 is amended to read as follows:

- (1) The annual registration fee shall be eleven dollars fifty cents (\$11.50) for:
  - (a) Motor vehicles, including pickup trucks and passenger vans; and
  - (b) Motor carrier vehicles, as defined in KRS 281.010, primarily designed for carrying passengers or passengers for hire and having been designed or constructed to transport not more than fifteen (15) passengers, including the operator.
- (2) Except as provided in KRS 186.041 and 186.162, the annual registration fee for each motorcycle shall be nine dollars (\$9).
- (3)
  - (a) All motor vehicles having a declared gross weight of vehicle and any towed unit of ten thousand (10,000) pounds or less, except those mentioned in subsections (1) and (2) of this section, are classified as commercial vehicles and the annual registration fee, except as provided in subsections (4) to (14) of this section, shall be eleven dollars and fifty cents (\$11.50).
  - (b) All motor vehicles, except those mentioned in subsections (1) and (2) of this section, and those engaged in hauling passengers for hire which are designed or constructed to transport more than fifteen (15) passengers including the operator, whose registration fee shall be one hundred dollars (\$100), are classified as commercial vehicles and the annual registration fee, except as provided in subsections (3)(a) and (4) to (14) of this section, shall be as follows:

Declared Gross Weight of Vehicle and Any Towed Unit	Registration Fee
10,001-14,000	30.00
14,001-18,000	50.00
18,001-22,000	132.00
22,001-26,000	160.00
26,001-32,000	216.00
32,001-38,000	300.00
38,001-44,000	474.00
44,001-55,000	669.00
55,001-62,000	1,007.00
62,001-73,280	1,250.00
73,281-80,000	1,410.00

- (4) (a) 1. Any farmer owning a truck having a gross weight of twenty-six thousand (26,000) pounds or less may have it registered as a farmer's truck and obtain a license for eleven dollars and fifty cents (\$11.50). The applicant's signature upon the certificate of registration and ownership shall constitute a certificate that he is a farmer engaged in the production of crops, livestock, or dairy products, that he owns a truck of the gross weight of twenty-six thousand (26,000) pounds or less, and that during the next twelve (12) months the truck shall not be used in for-hire transportation and may be used in transporting persons, food, provender, feed, machinery, livestock, material, and supplies necessary for his farming operation, and the products grown on his farm.
  2. Any farmer owning a truck having a gross weight of twenty-six thousand one (26,001) pounds to thirty-eight thousand (38,000) pounds may have it registered as a farmer's truck and obtain a license for eleven dollars and fifty cents (\$11.50). The applicant's signature upon the certificate of registration and ownership shall constitute a certificate that he is a farmer engaged in the production of crops, livestock, or dairy products, that he owns a truck of the gross weight between twenty-six thousand one (26,001) pounds and thirty-eight thousand (38,000) pounds, and that during the next twelve (12) months the truck shall not be used in for-hire transportation and may be used in transporting persons, food, provender, feed, machinery, livestock, material, and supplies necessary for his farming operation and the products grown on his farm.
  - (b) Any farmer owning a truck having a declared gross weight in excess of thirty-eight thousand (38,000) pounds shall not be required to pay the fee set out in subsection (3) of this section and, in lieu thereof, shall pay forty percent (40%) of the fee set out in subsection (3) of this section and shall be exempt from any fee charged under the provisions of KRS 281.752. The applicant's signature upon the registration receipt shall be considered to be a certification that he is a farmer engaged solely in the production of crops, livestock, or dairy products, and that during the current registration year the truck will be used only in transporting persons, food, provender, feed, and machinery used in operating his farm and the products grown on his farm.
  - (c) An initial applicant for, or an applicant renewing, his or her registration pursuant to this subsection, may at the time of application make a voluntary contribution to be deposited into the agricultural program trust fund established in KRS 246.247. The recommended voluntary contribution shall be set at ten dollars (\$10) and automatically added to the cost of registration or renewal unless the individual registering or renewing the vehicle opts out of contributing the recommended amount. The county clerk shall collect and forward the voluntary contribution to the cabinet for distribution to the Department of Agriculture.
- (5) Any person owning a truck or bus used solely in transporting school children and school employees may have the truck or bus registered as a school bus and obtain a license for eleven dollars fifty cents (\$11.50) by filing with the county clerk, in addition to other information required, an affidavit stating that the truck or bus is used solely in the transportation of school children and persons employed in the schools of the district, that he has caused to be printed on each side of the truck or bus and on the rear door the words "School Bus" in letters at least six (6) inches high, and of a conspicuous color, and the truck or bus will be used during the next twelve (12) months only for the purpose stated.
  - (6) Any church or religious organization owning a truck or bus used solely in transporting persons to and from a place of worship or for other religious work may have the truck or bus registered as a church bus and obtain a license for eleven dollars and fifty cents (\$11.50) by filing with the county clerk, in addition to other information required, an affidavit stating that the truck or bus will be used only for the transporting of persons to and from a place of worship, or for other religious work, and that there has been printed on the truck or bus in large letters the words "Church Bus," with the name of the church or religious organization owning and using the truck or bus, and that during the next twelve (12) months the truck or bus will be used only for the purpose stated.
  - (7) Any person owning a motor vehicle with a gross weight of fourteen thousand (14,000) pounds or less on which a wrecker crane or other equipment suitable for wrecker service has been permanently mounted may register the vehicle and obtain a license for eleven dollars fifty cents (\$11.50) by filing with the county clerk, in addition to other information required, an affidavit that a wrecker crane or other equipment suitable for wrecker service has been permanently mounted on such vehicle and that during the next twelve (12) months the vehicle will be used only in wrecker service. If the gross weight of the vehicle exceeds fourteen thousand (14,000) pounds, the vehicle shall be registered in accordance with subsection (3) of this section. The gross

weight of a vehicle used in wrecker service shall not include the weight of the vehicle being towed by the wrecker.

- (8) Motor vehicles having a declared gross weight in excess of eighteen thousand (18,000) pounds, which when operated in this state are used exclusively for the transportation of property within the limits of the city named in the affidavit hereinafter required to be filed, or within ten (10) miles of the city limits of the city if it is a city with a population equal to or greater than three thousand (3,000) based upon the most recent federal decennial census, or within five (5) miles of its limits if it is a city with a population of less than three thousand (3,000) based upon the most recent federal decennial census, or anywhere within a county containing an urban-county government, shall not be required to pay the fee as set out in subsection (3) of this section, and in lieu thereof shall pay seventy-five percent (75%) of the fee set forth in subsection (3) of this section and shall be exempt from any fee charged under the provisions of KRS 281.752. Nothing in this section shall be construed to limit any right of nonresidents to exemption from registration under any other provisions of the laws granting reciprocity to nonresidents. Operations outside of this state shall not be considered in determining whether or not the foregoing mileage limitations have been observed. When claiming the right to the reduced fee, the applicant's signature on the certificate of registration and ownership shall constitute a certification or affidavit stating that the motor vehicle when used within this state is used only for the transportation of property within the city to be named in the affidavit and the area above set out and that the vehicle will not be used outside of a city and the area above set out during the current registration period.
- (9) Motor vehicles having a declared gross weight in excess of eighteen thousand (18,000) pounds, which are used exclusively for the transportation of primary forest products from the harvest area to a mill or other processing facility, where such mill or processing facility is located at a point not more than fifty (50) air miles from the harvest area or which are used exclusively for the transportation of concrete blocks or ready-mixed concrete from the point at which such concrete blocks or ready-mixed concrete is produced to a construction site where such concrete blocks or ready-mixed concrete is to be used, where such construction site is located at a point not more than thirty (30) air miles from the point at which such concrete blocks or ready-mixed concrete is produced shall not be required to pay the fee as set out in subsection (3) of this section, and in lieu thereof, shall pay seventy-five percent (75%) of the fee set out in subsection (3) of this section and shall be exempt from any fee charged under the provisions of KRS 281.752. The applicant's signature upon the certificate of registration and ownership shall constitute a certification that the motor vehicle will not be used during the current registration period in any manner other than that for which the reduced fee is provided in this section.
- (10) Any owner of a commercial vehicle registered for a declared gross weight in excess of eighteen thousand (18,000) pounds, intending to transfer same and desiring to take advantage of the refund provisions of KRS 186.056(2), may reregister such vehicle and obtain a "For Sale" certificate of registration and ownership for one dollar (\$1). Title to a vehicle so registered may be transferred, but such registration shall not authorize the operation or use of the vehicle on any public highway. No refund may be made under the provisions of KRS 186.056(2) until such time as the title to such vehicle has been transferred to the purchaser thereof. Provided, however, that nothing herein shall be so construed as to prevent the seller of a commercial vehicle from transferring the registration of such vehicle to any purchaser thereof.
- (11) The annual registration fee for self-propelled vehicles containing sleeping or eating facilities shall be twenty dollars (\$20) and the multiyear license plate issued shall be designated "Recreational vehicle." The foregoing shall not include any motor vehicle primarily designed for commercial or farm use having temporarily attached thereto any sleeping or eating facilities, or any commercial vehicle having sleeping facilities.
- (12) The registration fee on any vehicle registered under this section shall be increased fifty percent (50%) when the vehicle is not equipped wholly with pneumatic tires.
- (13) (a) The Department of Vehicle Regulation is authorized to negotiate and execute an agreement or agreements for the purpose of developing and instituting proportional registration of motor vehicles engaged in interstate commerce, or in a combination of interstate and intrastate commerce, and operating into, through, or within the Commonwealth of Kentucky. The agreement or agreements may be made on a basis commensurate with, and determined by, the miles traveled on, and use made of, the highways of this Commonwealth as compared with the miles traveled on and use made of highways of other states, or upon any other equitable basis of proportional registration. Notwithstanding the provisions of KRS 186.020, the cabinet shall promulgate administrative regulations concerning the registration of motor vehicles under any agreement or agreements made under this section and shall provide for direct issuance by it of evidence of payment of any registration fee required under such agreement or agreements. Any proportional registration fee required to be collected under any

proportional registration agreement or agreements shall be in accordance with the taxes established in this section.

- (b) Any owner of a commercial vehicle who is required to title his motor vehicle under this section shall first title such vehicle with the county clerk pursuant to KRS 186.020 for a state fee of one dollar (\$1). Title to such vehicle may be transferred; however title without proper registration shall not authorize the operation or use of the vehicle on any public highway. Any commercial vehicle properly titled in Kentucky may also be registered in Kentucky, and, upon payment of the required fees, the department may issue an apportioned registration plate to such commercial vehicle.
  - (c) Any commercial vehicle that is properly titled in a foreign jurisdiction, which vehicle is subject to apportioned registration, as provided in paragraph (a) of this subsection, may be registered in Kentucky, and, upon proof of proper title and payment of the required fees, the department may issue an apportioned registration plate to the commercial vehicle. The department shall promulgate administrative regulations in accordance with this section.
- (14) Any person seeking to obtain a special license plate for an automobile that has been provided to him pursuant to an occupation shall meet both of the following requirements:
- (a) The automobile shall be provided for the full-time exclusive use of the applicant; and
  - (b) The applicant shall obtain permission in writing from the vehicle owner or lessee on a form provided by the cabinet to use the vehicle and for the vehicle to bear the special license plate.
- (15) An applicant for any motor vehicle registration issued pursuant to this section shall have the opportunity to make a donation of two dollars (\$2) to promote a hunger relief program through specific wildlife management and conservation efforts by the Department of Fish and Wildlife Resources in accordance with KRS 150.015. If an applicant elects to make a contribution under this subsection, the two dollar (\$2) donation shall be added to the regular fee for any motor vehicle registration issued pursuant to this section. One (1) donation may be made per issuance of each registration. The fee shall be paid to the county clerk and shall be transmitted by the State Treasurer to the Department of Fish and Wildlife Resources to be used exclusively for the purpose of wildlife management and conservation activities in support of hunger relief. The county clerk may retain up to five percent (5%) of the fees collected under this subsection for administrative costs associated with the collection of this donation. Any donation requested under this subsection shall be voluntary and may be refused by the applicant at the time of issuance or renewal of a license plate.
- (16) *In addition to the fees outlined in this section, the county clerk shall collect from the registrants of electric vehicles, electric motorcycles, and hybrid vehicles the electric vehicle ownership fees imposed in Section 32 of this Act.*

➔SECTION 32. A NEW SECTION OF KRS CHAPTER 138 IS CREATED TO READ AS FOLLOWS:

(1) *As used in this section:*

- (a) *"Electric motorcycle" means the same as "motorcycle" or "motor scooter" as defined in KRS 186.010, that is powered by a:*
  - 1. *Battery or equivalent energy storage device that can be charged with an electric plug using an external electricity source; or*
  - 2. *Combination of an internal combustion engine and electric motor;*
- (b) *"Electric vehicle" means any vehicle that has plug-in charging capability, regardless of whether the vehicle is powered by:*
  - 1. *An electric motor only; or*
  - 2. *A combination of an internal combustion engine and electric power; and*
- (c) *"Hybrid vehicle" means any vehicle that does not have plug-in charging capability and is powered by a combination of an internal combustion engine and an electric motor.*

(2) *At the time of initial registration, and each year upon annual vehicle registration renewal, the county clerk shall collect, as required under Section 31 of this Act, from the registrants of electric motorcycles, electric vehicles, and hybrid vehicles the electric vehicle ownership fees established under subsections (3) and (4) of this section.*

- (3) *The electric vehicle ownership fees shall be:*
  - (a) *One hundred twenty dollars (\$120) for electric vehicles; and*
  - (b) *Sixty dollars (\$60) for electric motorcycles or hybrid vehicles.*
- (4) *The Department of Revenue shall adjust the fees established in subsection (3) of this section, on the same schedule and in the same manner as the adjustments to the electric vehicle power taxes under Section 29 of this Act, except that:*
  - (a) *Adjustment to the fees shall be rounded to the nearest dollar; and*
  - (b) *Any adjustment of fees shall not result in a decrease below the base fees established in subsection (3) of this section.*
- (5) *The electric vehicle ownership fees collected under this section shall be transferred:*
  - (a) *Fifty percent (50%) to the general fund; and*
  - (b) *Fifty percent (50%) to the road fund.*

➔Section 33. KRS 131.400 is amended to read as follows:

- (1) KRS 131.410 to 131.445 shall be known as and may be cited as the "Kentucky Tax Amnesty Act."
- (2) ~~The department shall develop and administer tax amnesty programs as provided in KRS 131.410 to 131.445.~~
- (3) ~~As used in KRS 131.410 to 131.445, unless the context requires otherwise:~~
  - (a) *"Account receivable" means an amount of state or federal tax, penalty, fee, or interest which has been recorded as due and entered in the account records of the department, or which the taxpayer should reasonably expect to become due as a direct or indirect result of any pending or completed audit or investigation which the taxpayer knows is being conducted by any federal or state government taxing authority;*
  - (b) *"Amnesty period" means the period of time established pursuant to subsection (3)(a) or (b) of this section during which a taxpayer may apply for tax amnesty;*
  - (c) *"Due and owing" means an assessment which has become final and is owed to the Commonwealth due to either the expiration of the taxpayer's appeal rights pursuant to KRS 131.110 or, if an assessment has been appealed, the issuance of a final order by the board or by any court of this Commonwealth. For the purposes of KRS 131.410 to 131.445, assessments that have been appealed shall be final, due and owing fifteen (15) days after the last unappealed or unappealable order sustaining the assessment or any part thereof has become final;*
  - (d) *"Federal government" means either the United States Department of Treasury or the Internal Revenue Service; and*
  - (e) ~~(b) "Taxpayer" means any individual, partnership, joint venture, association, corporation, receiver, trustee, guardian, executor, administrator, fiduciary, limited liability company, limited liability partnership, or any other entity of any kind subject to any tax set forth in subsection (3)(4) of this section or any person required to collect any such tax under subsection (3)(4) of this section;~~
  - (e) ~~"Account receivable" means an amount of state tax, penalty, fee, or interest which has been recorded as due and entered in the account records of the department, or which the taxpayer should reasonably expect to become due as a direct or indirect result of any pending or completed audit or investigation which the taxpayer knows is being conducted by any federal or state government taxing authority; and~~
  - (d) ~~"Due and owing" means an assessment which has become final and is owed to the Commonwealth due to either the expiration of the taxpayer's appeal rights pursuant to KRS 131.110 or, if an assessment has been appealed, the issuance of a final order by the board or by any court of this Commonwealth. For the purposes of KRS 131.410 to 131.445, assessments that have been appealed shall be final, due and owing fifteen (15) days after the last unappealed or unappealable order sustaining the assessment or any part thereof has become final.~~
- (3)(4)(a) ~~Notwithstanding the provisions of any other law to the contrary, a tax amnesty program shall be conducted by the department during the fiscal year ending June 30, 2003, for a period of not less than sixty (60) days nor more than one hundred and twenty (120) days and shall apply to all taxpayers owing taxes, penalties, fees, or interest subject to the administrative jurisdiction of the department, with the exceptions of ad~~



~~valorem taxes levied on real property pursuant to KRS Chapter 132, ad valorem taxes on motor vehicles and motorboats collected by the county clerks, and ad valorem taxes on personal property levied pursuant to KRS Chapter 132 that are payable to local officials. The program shall apply to tax liabilities for taxable periods ending or transactions occurring after December 1, 1987, but prior to December 1, 2001. Amnesty tax return forms shall be in a form prescribed by the department.~~

~~(b) —~~ Notwithstanding the provisions of any other law to the contrary, a tax amnesty program shall be conducted by the department during the fiscal year ending June 30, 2013, for a period of ~~not less than~~ sixty (60) days, **beginning on October 1, 2022, and ending on November 29, 2022** ~~not more than one hundred twenty (120) days~~. The program shall be available to all taxpayers owing:

(a) Taxes, penalties, fees, or interest subject to the administrative jurisdiction of the department, with the exception of:

1. Ad valorem taxes levied on real property pursuant to KRS Chapter 132;
2. Ad valorem taxes on motor vehicles and motorboats collected by the county clerks;
3. Ad valorem taxes on personal property levied pursuant to KRS Chapter 132 that are payable to local officials; and
4. Any penalties imposed under KRS 131.630 or 138.205; **and**

(b) **Federal taxes, penalties, fees, or interest referred to the department from the federal government for collection purposes.**

(4) **If the department is unable to secure a successful bid for the procurement of services under Section 37 of this Act, the department shall implement a tax amnesty program during a sixty (60) day period similar to the period established in subsection (3) of this section, except that the sixty (60) day period shall be held during the calendar year 2023.**

(5) The program shall apply to tax liabilities for taxable periods ending or transactions occurring **on or after** ~~December 1, 2001, and prior to~~ October 1, 2011, **but prior to December 1, 2021, and any federal tax liability referred to the department** ~~. Amnesty tax forms and submissions shall be in a form prescribed by the department~~.

➔ Section 34. KRS 131.410 is amended to read as follows:

(1) For any taxpayer who meets the requirements of KRS 131.420:

(a) 1. For taxes which are owed as a result of the nonreporting or underreporting of tax liabilities or the nonpayment of any account receivable owed by an eligible taxpayer, the Commonwealth shall waive criminal prosecution and all civil penalties and fees which may be assessed under any KRS chapter subject to the administrative jurisdiction of the department for the taxable years or periods for which tax amnesty is requested.

2. For the amnesty ~~period~~ **periods** described in KRS 131.400(3)~~(4)~~, the Commonwealth shall waive interest as provided in ~~subsection (1) of~~ KRS 131.425(1).

(b) Except when the taxpayer and department enter into an installment payment agreement authorized under ~~subsection (3) of~~ KRS 131.420(3), failure to pay all taxes as shown on the taxpayer's amnesty tax return shall invalidate any amnesty granted ~~under~~ **pursuant to** KRS 131.410 to 131.445.

(2) This section shall not apply to any taxpayer who is on notice, written or otherwise, of a criminal investigation being conducted by an agency of the state or any political subdivision thereof or the United States, nor shall this section apply to any taxpayer who is the subject of any criminal litigation which is pending on the date of the taxpayer's application in any court of this state or the United States for nonpayment, delinquency, evasion or fraud in relation to any federal taxes or to any of the taxes to which this amnesty program is applicable.

(3) No refund or credit shall be granted for any interest, fee, or penalty paid prior to the time the taxpayer requests amnesty pursuant to KRS 131.420.

(4) Unless the department in its own discretion redetermines the amount of taxes due, no refund or credit shall be granted for any taxes paid under the amnesty program. Any administrative or judicial proceeding or claim seeking the refund or recovery of any amount paid under an amnesty program is hereby barred.

➔ Section 35. KRS 131.420 is amended to read as follows:

- (1) The provisions of KRS 131.400 to 131.445 shall apply to any eligible taxpayer who files an application for amnesty within the time prescribed ***under subsection (3) of Section 33 of this Act***~~by the department~~ and does the following:
- (a) Files completed tax returns for all years or tax reporting periods as stated on the application for which returns have not previously been filed and files completed amended tax returns for all years or tax reporting periods as stated on the application for which the tax liability was underreported, except in cases in which the tax liability has been established through audit;
  - (b) Pays in full the taxes due for the periods and taxes applied for at the time the application or amnesty tax returns are filed within the amnesty period and pays the amount of any additional tax owed within thirty (30) days of notification by the department;
  - (c) Pays in full within the amnesty period all taxes previously assessed by the department that are due and owing at the time the application or amnesty tax returns are filed;~~and~~
  - (d) ***Pays in full within the amnesty period all taxes, penalties, fees, and interest assessed by the federal government and referred to the department for collection purposes; and***
  - (e) With regard to the program described in KRS 131.400(3)~~(4)(b)~~, agrees to file all tax returns when due and make all tax payments when due for three (3) years following the date amnesty is granted to the taxpayer.
- (2) An eligible taxpayer may participate in the amnesty program whether or not the taxpayer is under audit, notwithstanding the fact that the amount due is included in a proposed assessment or an assessment, bill, notice, or demand for payment issued by the department, and without regard to whether the amount due is subject to a pending administrative or judicial proceeding. An eligible taxpayer may participate in the amnesty program to the extent of the uncontested portion of any assessed liability. However, participation in the program shall be conditioned upon the taxpayer's agreement that the right to protest or initiate an administrative or judicial proceeding or to claim any refund of moneys paid under the program is barred with respect to the amounts paid under the amnesty programs.
- (3) (a) The department may enter into an installment payment agreement as provided in KRS 131.081(9) in cases of severe hardship in lieu of the complete payment required under subsection (1) of this section.
- (b) Failure of the taxpayer to make timely payments shall void the amnesty granted the taxpayer.
- (c) ~~1. All agreements and payments under the program described in KRS 131.400(4)(a) shall include interest as provided under subsection (2) of KRS 131.425.~~
2. All agreements and payments under the program described in KRS 131.400(3)~~(4)(b)~~ shall include interest as provided under KRS 131.425(3).
- (d) All required payments under an installment payment agreement under the program described in KRS 131.400(3)~~(4)(b)~~ shall be made on or before May 31, **2023**~~2013~~.
- (e) 1. If a taxpayer fails to make all required payments under paragraph (d) of this subsection by May 31, **2023**~~2013~~, the amnesty received by the taxpayer shall be invalidated, and all civil penalties, fees, and interest waived under the amnesty agreement shall:
- a. Be reinstated;
  - b. Be subject to immediate collection by the department; and
  - c. Not be subject to protest under KRS 131.110.
2. The department may utilize any remedy allowed by law to recover the amounts reinstated, and no statute of limitations shall apply.
- (4) If, following the termination of the tax amnesty period, the department issues a deficiency assessment based upon information independent of that shown on a return filed pursuant to subsection (1) of this section, the department shall have the authority to impose penalties and criminal action may be brought where authorized by law only with respect to the difference between the amount shown on the amnesty tax return and the correct amount of tax due. The imposition of penalties or criminal action shall not invalidate any waiver granted under KRS 131.410. With the exception of the cost-of-collection fee imposed under ~~subsection (1) of~~ KRS 131.440(I), all assessments issued by the department under KRS 131.410 to 131.445 may be protested by the taxpayer in the same manner as other assessments pursuant to the terms of this chapter.

➔Section 36. KRS 131.425 is amended to read as follows:

- (1) Notwithstanding the provisions of KRS 131.183(1), all taxes paid under an amnesty program return~~[-~~
  - (a) ~~Filed under the program described in KRS 131.400 (4)(a) shall bear no interest imposed under KRS 131.183(1) or other applicable statutes; and~~
  - (b) ~~]~~ filed under the program described in KRS 131.400(3)(a)~~[(4)(b)]~~ shall bear interest at one-half (1/2) the tax interest rate established by KRS 131.183(1) or other applicable statutes.
- (2) Notwithstanding the provisions of KRS 131.183(2) and 141.235, if any overpayment of tax under KRS 131.410 to 131.445 is refunded or credited within one hundred eighty (180) days after the return is filed, no interest shall be allowed.
- (3) All installment payment agreements entered into pursuant to KRS 131.420 relating to the program described in KRS 131.400(3)~~[(4)(b)]~~ shall bear interest on the outstanding amount of tax due during the installment period at the full rate established by KRS 131.183 or other applicable provisions of the Kentucky Revised Statutes.

➔Section 37. KRS 131.435 is amended to read as follows:

- (1) *The department and the Finance and Administration Cabinet shall begin procurement for services necessary to implement the tax amnesty program under KRS Chapter 45A, except as provided under subsection (2) of this section.*
- (2) (a) *The department shall issue a request for proposal, which complies with KRS 131.081, to solicit sufficient information for evaluating firms submitting statements of interest in providing tax amnesty services according to the following criteria:*
  1. *The qualifications of the firm to:*
    - a. *Provide advertising services prior to the start of the program described in subsection (3) of Section 33 of this Act and a toll-free telephone number for taxpayers to call for assistance;*
    - b. *Provide a customer-service approach and strategy to ensure a positive relationship with each taxpayer;*
    - c. *Contact every amnesty-eligible taxpayer, including by written correspondence and other forms of electronic and nonelectronic communication delivery channels, using contact and account receivable data supplied by the department related to tax amnesty and the tax amnesty period;*
    - d. *Employ the use of contact information correction sources, including data for all undeliverable mail, updated telephone numbers, and electronic mail addresses;*
    - e. *Assist any amnesty-eligible taxpayer by using tax-specific data, billing codes, or other information provided by the department;*
    - f. *Maintain the confidentiality of all data under KRS 131.190 which is supplied by the department or the taxpayer; and*
    - g. *Remit daily to the department all amnesty applications and tax payments received and all data corrections for the department's databases;*
  2. *The ability of all professional personnel employed by the firm that will provide tax amnesty services, including:*
    - a. *The total number of personnel that will provide tax amnesty services to taxpayers leading up to and during the amnesty period;*
    - b. *The title of each specific position type and total number of personnel filling each specific position type; and*
    - c. *The minimum qualifications for each specific position type;*
  3. *The past record and experience of the firm in performing tax amnesty services or other tax-related services;*

4. *Performance data related to past tax amnesty services or other tax-related services performed by the firm;*
  5. *Certification that the firm will meet the time requirements for the tax amnesty program and will conclude all services in a timely manner as required by the department or pay to the department a fee for failure to meet the timeframe;*
  6. *Verification of the location of all employees providing tax amnesty services;*
  7. *An agreement by the firm to provide a report to the department for posting to the department's Web site related to the following items:*
    - a. *A report of the public information campaign performed by the firm, including an itemized cost incurred;*
    - b. *The number of incoming telephone calls answered by week;*
    - c. *The number of mailings sent to taxpayers;*
    - d. *The number of returned mail items received;*
    - e. *The number of amnesty applications received from taxpayers by week;*
    - f. *The number of amnesty applications that were approved by taxpayer type;*
    - g. *The number of amnesty applications that were denied by taxpayer type and the number of denied amnesty applications by reason for denial;*
    - h. *According to the address listed on the amnesty application, information related to the absolute number and percentage of total for:*
      - i. *Amnesty applications received from businesses or individuals and whether the taxpayer was in-state or out-of-state;*
      - ii. *Amounts collected from businesses or individuals and whether the taxpayer was in-state or out-of-state; and*
      - iii. *The total amount collected by county, including the number of applications received by a business, individual, or office or member and the total amount paid for each category;*
    - i. *The number of amnesty applications received by appropriate payment ranges for the population of applications;*
    - j. *The payment amount received by type of tax;*
    - k. *The amount of tax collected by tax year;*
    - l. *The amount of federal tax collected by tax year;*
    - m. *The number of newly registered taxpayers; and*
    - n. *The amount of tax collected on protested audits by tax type and whether the amnesty payment paid the tax protested in full or was a partial payment on the audit; and*
  8. *Any other information required by the department.*
- (b) *When evaluating firms submitting statements of interest in providing tax amnesty services, the department shall use a weighted-evaluation approach to select a firm, including:*
1. *The ability of the firm to:*
    - a. *Provide a customer-service and taxpayer-assistance approach in providing amnesty services, including communication with taxpayers before and during the amnesty period, weighted no more than thirty percent (30%) of the evaluation score; and*
    - b. *Maintain lines of communication with the department related to strategy for and delivery of amnesty services and report to the department regarding the results from the firm delivering amnesty services, weighted no more than twenty-five percent (25%) of the evaluation score;*

2. *The bid of the firm to provide amnesty services, weighted no more than fifteen percent (15%) of the evaluation score; and*
  3. *The past performance of the firm with other states, including how well the firm met goals established by the other states, weighted no more than thirty percent (30%) of the evaluation score.*
- (3) For purposes of accounting for the revenues received pursuant to KRS 131.410 to 131.445, the department shall establish within the general fund a separate and distinct tax amnesty receipt account. All receipts collected as a result of the amnesty program shall be paid into this account, and all transactions involving this account shall be accounted for and reported as such.
- (4) *Following receipt of the report required by subsection (2) of this section and the disposition of moneys as required by subsection (3) of this section, the department shall provide a report summarizing the amnesty program results to the Interim Joint Committee on Appropriations and Revenue no later than July 1, 2023.*

➔ Section 38. KRS 131.440 is amended to read as follows:

- (1) ~~(a)~~ For purposes of the program described in KRS 131.400(4)(a), in addition to all other penalties provided under KRS 131.180, 131.410 to 131.445, and 131.990 and any other law, there is hereby imposed after the expiration of the tax amnesty period the following cost-of-collection fees:
1. ~~A cost-of-collection fee of twenty-five percent (25%) on all taxes which are or become due and owing to the department for any reporting period, regardless of when due. This fee shall be in addition to any other applicable fee provided in this paragraph;~~
  2. ~~Taxes which are assessed and collected after the amnesty period for taxable periods ending or transactions occurring prior to December 1, 2001, shall be charged a cost-of-collection fee of twenty-five percent (25%) at the time of assessment; and~~
  3. ~~For any taxpayer who failed to file a return for any previous tax period for which amnesty is available and fails to file the return during the amnesty period, the cost-of-collection fee shall be fifty percent (50%) of any tax deficiency assessed after the amnesty period.~~
- ~~(b)~~ For purposes of the program described in KRS 131.400(3)~~(4)(b)~~:
- ~~(a)~~ ~~(1)~~ In addition to all other penalties provided under KRS 131.180, 131.410 to 131.445, 131.990 and any other law, there are hereby imposed after the expiration of the tax amnesty period the following cost-of-collection fees:
1. ~~(a)~~ A cost-of-collection fee of twenty-five percent (25%) on all taxes which are or become due and owing to the department for any reporting period, regardless of when due. This fee shall be in addition to any other applicable fee provided in this paragraph;
  2. ~~(b)~~ Taxes which are assessed and collected after the amnesty period for taxable periods ending or transactions occurring prior to **December 1, 2021**~~October 1, 2011~~, shall be charged a cost-of-collection fee of twenty-five percent (25%) at the time of assessment; and
  3. ~~(c)~~ For any taxpayer who failed to file a return for any previous tax period for which amnesty is available and fails to file the return during the amnesty period, the cost-of-collection fee shall be fifty percent (50%) of any tax deficiency assessed after the amnesty period.
- ~~(b)~~ ~~(2)~~ After expiration of the tax amnesty period, an amnesty-eligible tax liability that remains unpaid and that is not covered by an installment agreement as provided in KRS 131.420 shall accrue interest at a rate that is two percent (2%) above the interest rate established by KRS 131.183 or other applicable provisions of the Kentucky Revised Statutes, beginning on the day after the tax amnesty period ends.
- (2) The commissioner shall have the right to waive any penalties or collection fees when it is demonstrated that any deficiency of the taxpayer was due to reasonable cause as defined in KRS 131.010(9). However, any taxes that cannot be paid under the amnesty program because of the exclusions *under*~~in subsection (2) of~~ KRS 131.410(2) shall not be subject to these fees.
- (3) The provisions of subsection (1) of this section shall not relate to any account which has been protested pursuant to KRS 131.110 as of the expiration of the amnesty period and which does not become due and owing, or to any account on which the taxpayer is remitting timely payments under a payment agreement negotiated with the department prior to or during the amnesty period.

- (4) The fee levied under subsection (1) of this section shall not apply to taxes paid pursuant to the terms of the amnesty program nor shall the judgment penalty of twenty percent (20%) levied under KRS 135.060(3) apply in any case in which the fee levied under this section is applicable.

➔Section 39. KRS 131.445 is amended to read as follows:

- (1) After the expiration of the tax amnesty period, the department shall vigorously pursue all civil, administrative, and criminal penalties authorized by state and federal law for all taxes found to be due the Commonwealth.
- (2) In addition to all other penalties provided under KRS 131.180, 131.410 to 131.445, 131.990, and any other law, any taxpayer who willfully fails to make a return or willfully makes a false return, or who willfully fails to pay taxes owing or collected, with intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class D felony.
- (3) (a) Amnesty received by a taxpayer under the program described in KRS 131.400(3)~~(4)(b)~~ shall be invalidated if:
1. The taxpayer fails to timely file any tax return or timely pay any tax and interest due for any period ending *on or* after **October 1, 2011**~~December 31, 2001~~, ~~but~~*and* prior to **December 1, 2021**~~October 1, 2011~~; or
  2. The taxpayer fails to timely file any tax return or timely pay any tax for any period beginning **December 1, 2021**~~October 1, 2011~~, and ending within three (3) years of the date amnesty was granted to the taxpayer.
- (b) Except as provided in paragraph (d) of this subsection, if the provisions of paragraph (a) of this subsection apply, then the civil penalties, fees, and interest waived pursuant to KRS 131.410 shall:
1. Be reinstated;
  2. Be subject to immediate collection by the department; and
  3. Not be subject to protest under KRS 131.110.
- (c) The department may utilize any remedy permitted under the law to collect amounts due under this subsection, and no statute of limitations shall apply.
- (d) If paragraph (a) of this subsection applies to a taxpayer as the result of an audit or other investigation by the department, the amnesty shall not be invalidated until the taxpayer has had the opportunity to protest as provided in KRS 131.110, and has failed to pay the tax within thirty (30) days of the date on which the assessment becomes final, due, and owing as provided in KRS 131.500(1).

➔Section 40. KRS 68.200 is amended to read as follows:

- (1) As used in this section, unless the context clearly indicates otherwise:
- (a) ***"Gross rental charge" has the same meaning as in KRS 138.462;***
- (b) ***"Motor vehicle" has the same meaning as***~~means~~***"vehicle" as defined in KRS 186.010(8)(a);***
- (c) ***"Peer-to-peer car sharing" has the same meaning as in Section 9 of this Act;***
- (d) ***"Peer-to-peer car sharing program" has the same meaning as in Section 9 of this Act;***
- (e) ***"Peer-to-peer car sharing program agreement":***
1. ***Means the terms and conditions applicable to a shared vehicle owner and a shared vehicle driver that govern the use of a shared vehicle through a peer-to-peer car sharing program; and***
  2. ***Does not include rental or lease agreements entered into with persons operating under a U-Drive-It certificate as defined in Section 9 of this Act;***
- (f) ***"Shared vehicle driver" has the same meaning as in Section 9 of this Act;***
- (g) ***"Transportation network company" has the same meaning as in Section 9 of this Act;***
- (h) ***"Transportation network company service" has the same meaning as in Section 9 of this Act; and***
- (i) ***"U-Drive-It" has the same meaning as in Section 9 of this Act***~~;~~
- ~~(b) — Retailer means "retailer" as defined in KRS 139.010; and~~

- ~~(e) — Gross rental charge means "gross rental charge" as defined in KRS 138.462}.~~
- (2) A county containing a designated city, consolidated local government, or urban-county government may levy a license fee on *a*:
- (a) *U-Drive-It*;
  - (b) *Peer-to-peer car sharing program*; and
  - (c) *Transportation network company*.
- (3) ~~The license fee shall [the rental of motor vehicles which shall]~~ not exceed three percent (3%) of the gross rental charges from:
- (a) Rental agreements for periods of thirty (30) days or less *by a*:
    - 1. *U-Drive-It*; or
    - 2. *Peer-to-peer car sharing program*; or
  - (b) *The provision of transportation network company services by a transportation network company*.
- (4) The license fee shall *not* apply to *a U-Drive-It* ~~retailer~~ who *receives less* ~~[receive more]~~ than seventy-five percent (75%) of ~~its~~ ~~their~~ gross revenues generated in the county from gross rental charges.
- (5) Any license fee levied pursuant to this subsection shall be collected by *a*:
- (a) *U-Drive-It* ~~[the retailer]~~ from the renters of the motor vehicles;
  - (b) *Peer-to-peer car sharing program from the shared vehicle driver*; and
  - (c) *Transportation network company from the purchaser of the transportation network company services*.
- ~~(6) [(3)]~~ Revenues from rental of motor vehicles shall not be included in the gross rental charges on which the license fee is based if:
- (a) The declared gross weight of the motor vehicle exceeds eleven thousand (11,000) pounds; or
  - (b) The rental is part of the services provided by a funeral director for a funeral; ~~or~~
  - ~~(c) — The rental is exempted from the state sales and use tax pursuant to KRS 139.470}.~~
- ~~(7) [(4)]~~ A fiscal court or the legislative body of an urban-county government shall provide for collection of the license fee in the ordinance by which the license fee is levied. The revenues shall be deposited in an account to be known as the motor vehicle license fee account. The revenues may be shared among local governments pursuant to KRS 65.210 to 65.300.
- ~~(8) [(5)]~~ The county shall use the proceeds of the license fee for economic development activities. It shall distribute semiannually, by June 30 and December 31, all revenues not shared pursuant to KRS 65.210 to 65.300, to one (1) or more of the following entities if it has established, or contracted with, the entity for the purposes of economic development and is satisfied that the entity is promoting satisfactorily the county's economic development activities:
- (a) A riverport authority established by the county pursuant to KRS 65.520; or
  - (b) An industrial development authority established by the county pursuant to KRS 154.50-316; or
  - (c) A nonprofit corporation as defined in KRS 273.161(4) which has been organized for the purpose of promoting economic development.
- The entity shall make a written request for funds from the motor vehicle license fee account by May 31 and November 30, respectively.
- ~~(9) [(6)]~~ (a) As used in this section, "designated city" means a city on the registry maintained by the Department for Local Government under this subsection.
- (b) On or before January 1, 2015, the Department for Local Government shall create and maintain a registry of cities that, as of August 1, 2014, were classified as cities of the first, second, and third class.

The Department for Local Government shall make the information included on the registry available to the public by publishing it on its Web site.

➔Section 41. KRS 143.022 is amended to read as follows:

- (1) A taxpayer engaged in severing or processing coal within this Commonwealth that has paid the tax imposed under KRS 143.020 may apply for a refund equal to the amount of tax paid under KRS 143.020 if the coal is transported directly to a market outside of North America.
- (2) To apply for the refund allowed under subsection (1) of this section the taxpayer shall file an application for refund with the department and submit all information and documentation necessary to substantiate that the tax was paid upon the coal which was transported directly to a market outside of North America.
- (3) The refund process allowed under subsection (1) of this section is available beginning on or after August 1, 2020, but before July 1, ~~2024~~~~2022~~, and limited during any calendar year to the export of a combined total of ten million (10,000,000) tons of coal subject to the tax imposed under KRS 143.020 and exported through United States coal export terminals to markets outside of North America.

➔Section 42. KRS 141.010 is amended to read as follows:

As used in this chapter, for taxable years beginning on or after January 1, 2018:

- (1) "Adjusted gross income," in the case of taxpayers other than corporations, means the amount calculated in KRS 141.019;
- (2) "Captive real estate investment trust" means a real estate investment trust as defined in Section 856 of the Internal Revenue Code that meets the following requirements:
  - (a)
    1. The shares or other ownership interests of the real estate investment trust are not regularly traded on an established securities market; or
    2. The real estate investment trust does not have enough shareholders or owners to be required to register with the Securities and Exchange Commission;
  - (b)
    1. The maximum amount of stock or other ownership interest that is owned or constructively owned by a corporation equals or exceeds:
      - a. Twenty-five percent (25%), if the corporation does not occupy property owned, constructively owned, or controlled by the real estate investment trust; or
      - b. Ten percent (10%), if the corporation occupies property owned, constructively owned, or controlled by the real estate investment trust.

The total ownership interest of a corporation shall be determined by aggregating all interests owned or constructively owned by a corporation; and
    2. For the purposes of this paragraph:
      - a. "Corporation" means a corporation taxable under KRS 141.040, and includes an affiliated group as defined in KRS 141.200, that is required to file a consolidated return pursuant to KRS 141.200; and
      - b. "Owned or constructively owned" means owning shares or having an ownership interest in the real estate investment trust, or owning an interest in an entity that owns shares or has an ownership interest in the real estate investment trust. Constructive ownership shall be determined by looking across multiple layers of a multilayer pass-through structure; and
  - (c) The real estate investment trust is not owned by another real estate investment trust;
- (3) "Commissioner" means the commissioner of the department;
- (4) "Corporation" has the same meaning as in Section 7701(a)(3) of the Internal Revenue Code;
- (5) "Critical infrastructure" means property and equipment owned or used by communications networks, electric generation, transmission or distribution systems, gas distribution systems, or water or wastewater pipelines that service multiple customers or citizens, including but not limited to real and personal property such as buildings, offices, lines, poles, pipes, structures, or equipment;
- (6) "Declared state disaster or emergency" means a disaster or emergency event for which:



- (a) The Governor has declared a state of emergency pursuant to KRS 39A.100; or
  - (b) A presidential declaration of a federal major disaster or emergency has been issued;
- (7) "Department" means the Department of Revenue;
- (8) "Dependent" means those persons defined as dependents in the Internal Revenue Code;
- (9) "Disaster or emergency-related work" means repairing, renovating, installing, building, or rendering services that are essential to the restoration of critical infrastructure that has been damaged, impaired, or destroyed by a declared state disaster or emergency;
- (10) "Disaster response business" means any entity:
- (a) That has no presence in the state and conducts no business in the state, except for disaster or emergency-related work during a disaster response period;
  - (b) Whose services are requested by a registered business or by a state or local government for purposes of performing disaster or emergency-related work in the state during a disaster response period; and
  - (c) That has no registrations, tax filings, or nexus in this state other than disaster or emergency-related work during the calendar year immediately preceding the declared state disaster or emergency;
- (11) "Disaster response employee" means an employee who does not work or reside in the state, except for disaster or emergency-related work during the disaster response period;
- (12) "Disaster response period" means a period that begins ten (10) days prior to the first day of the Governor's declaration under KRS 39A.100, or the President's declaration of a federal major disaster or emergency, whichever occurs first, and that extends thirty (30) calendar days after the declared state disaster or emergency;
- (13) "Doing business in this state" includes but is not limited to:
- (a) Being organized under the laws of this state;
  - (b) Having a commercial domicile in this state;
  - (c) Owning or leasing property in this state;
  - (d) Having one (1) or more individuals performing services in this state;
  - (e) Maintaining an interest in a pass-through entity doing business in this state;
  - (f) Deriving income from or attributable to sources within this state, including deriving income directly or indirectly from a trust doing business in this state, or deriving income directly or indirectly from a single-member limited liability company that is doing business in this state and is disregarded as an entity separate from its single member for federal income tax purposes; or
  - (g) Directing activities at Kentucky customers for the purpose of selling them goods or services.

Nothing in this subsection shall be interpreted in a manner that goes beyond the limitations imposed and protections provided by the United States Constitution or Pub. L. No. 86-272;

- (14) "Employee" has the same meaning as in Section 3401(c) of the Internal Revenue Code;
- (15) "Employer" has the same meaning as in Section 3401(d) of the Internal Revenue Code;
- (16) "Fiduciary" has the same meaning as in Section 7701(a)(6) of the Internal Revenue Code;
- (17) "Financial institution" means:
- (a) A national bank organized as a body corporate and existing or in the process of organizing as a national bank association pursuant to the provisions of the National Bank Act, 12 U.S.C. secs. 21 et seq., in effect on December 31, 1997, exclusive of any amendments made subsequent to that date;
  - (b) Any bank or trust company incorporated or organized under the laws of any state, except a banker's bank organized under KRS 286.3-135;
  - (c) Any corporation organized under the provisions of 12 U.S.C. secs. 611 to 631, in effect on December 31, 1997, exclusive of any amendments made subsequent to that date, or any corporation organized

- after December 31, 1997, that meets the requirements of 12 U.S.C. secs. 611 to 631, in effect on December 31, 1997; or
- (d) Any agency or branch of a foreign depository as defined in 12 U.S.C. sec. 3101, in effect on December 31, 1997, exclusive of any amendments made subsequent to that date, or any agency or branch of a foreign depository established after December 31, 1997, that meets the requirements of 12 U.S.C. sec. 3101 in effect on December 31, 1997;
- (18) "Fiscal year" has the same meaning as in Section 7701(a)(24) of the Internal Revenue Code;
- (19) "Gross income":
- (a) In the case of taxpayers other than corporations, has the same meaning as in Section 61 of the Internal Revenue Code; and
- (b) In the case of corporations, means the amount calculated in KRS 141.039;
- (20) "Individual" means a natural person;
- (21) "Internal Revenue Code" means ~~{~~
- ~~(a) For taxable years beginning on or after January 1, 2018, but before January 1, 2019, the Internal Revenue Code in effect on December 31, 2017, including the provisions contained in Pub. L. No. 115-97 apply to the same taxable year as the provisions apply for federal purposes, exclusive of any amendments made subsequent to that date, other than amendments that extend provisions in effect on December 31, 2017, that would otherwise terminate; and~~
- ~~(b) }for taxable years beginning on or after January 1, 2022{2019}, the Internal Revenue Code in effect on December 31, 2021{2018}, excluding:~~
- ~~(a) *Pub. L. No. 117-2, sec. 9673, related to the tax treatment of restaurant revitalization grants; and{ exclusive of }*~~
- ~~(b) Any amendments made subsequent to that date{, other than amendments that extend provisions in effect on December 31, 2018, that would otherwise terminate};~~
- (22) "Limited liability pass-through entity" means any pass-through entity that affords any of its partners, members, shareholders, or owners, through function of the laws of this state or laws recognized by this state, protection from general liability for actions of the entity;
- (23) "Modified gross income" means the greater of:
- (a) Adjusted gross income as defined in 26 U.S.C. sec. 62, including any amendments in effect on December 31 of the taxable year, and adjusted as follows:
1. Include interest income derived from obligations of sister states and political subdivisions thereof; and
  2. Include lump-sum pension distributions taxed under the special transition rules of Pub. L. No. 104-188, sec. 1401(c)(2); or
- (b) Adjusted gross income as defined in subsection (1) of this section and adjusted to include lump-sum pension distributions taxed under the special transition rules of Pub. L. No. 104-188, sec. 1401(c)(2);
- (24) "Net income":
- (a) In the case of taxpayers other than corporations, means the amount calculated in KRS 141.019; and
- (b) In the case of corporations, means the amount calculated in KRS 141.039;
- (25) "Nonresident" means any individual not a resident of this state;
- (26) "Number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under KRS 141.325, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero;
- (27) "Part-year resident" means any individual that has established or abandoned Kentucky residency during the calendar year;
- (28) "Pass-through entity" means any partnership, S corporation, limited liability company, limited liability partnership, limited partnership, or similar entity recognized by the laws of this state that is not taxed for

federal purposes at the entity level, but instead passes to each partner, member, shareholder, or owner their proportionate share of income, deductions, gains, losses, credits, and any other similar attributes;

- (29) "Payroll period" has the same meaning as in Section 3401(b) of the Internal Revenue Code;
- (30) "Person" has the same meaning as in Section 7701(a)(1) of the Internal Revenue Code;
- (31) "Registered business" means a business entity that owns or otherwise possesses critical infrastructure and that is registered to do business in the state prior to the declared state disaster or emergency;
- (32) "Resident" means an individual domiciled within this state or an individual who is not domiciled in this state, but maintains a place of abode in this state and spends in the aggregate more than one hundred eighty-three (183) days of the taxable year in this state;
- (33) "S corporation" has the same meaning as in Section 1361(a) of the Internal Revenue Code;
- (34) "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States;
- (35) "Taxable net income":
  - (a) In the case of corporations that are taxable in this state, means "net income" as defined in subsection (24) of this section;
  - (b) In the case of corporations that are taxable in this state and taxable in another state, means "net income" as defined in subsection (24) of this section and as allocated and apportioned under KRS 141.120;
  - (c) For homeowners' associations as defined in Section 528(c) of the Internal Revenue Code, means "taxable income" as defined in Section 528(d) of the Internal Revenue Code. Notwithstanding the provisions of subsection (21) of this section, the Internal Revenue Code sections referred to in this paragraph shall be those code sections in effect for the applicable tax year; and
  - (d) For a corporation that meets the requirements established under Section 856 of the Internal Revenue Code to be a real estate investment trust, means "real estate investment trust taxable income" as defined in Section 857(b)(2) of the Internal Revenue Code, except that a captive real estate investment trust shall not be allowed any deduction for dividends paid;
- (36) "Taxable year" means the calendar year or fiscal year ending during such calendar year, upon the basis of which net income is computed, and in the case of a return made for a fractional part of a year under the provisions of this chapter or under administrative regulations prescribed by the commissioner, "taxable year" means the period for which the return is made; and
- (37) "Wages" has the same meaning as in Section 3401(a) of the Internal Revenue Code and includes other income subject to withholding as provided in Section 3401(f) and Section 3402(k), (o), (p), (q), and (s) of the Internal Revenue Code.

➔Section 43. KRS 139.730 is amended to read as follows:

- (1) In the administration of the sales and use tax, the department may require the filing of reports by any person or class of persons ~~with~~~~having in his or their~~ possession or custody *of* information relating to sales of tangible personal property, digital property, or an extended warranty service, the storage, use, or other consumption of which is subject to the tax.
- (2) *Any event coordinator of a festival or similar event shall provide the department with a list of vendors selling at the event any tangible property, digital property, or services listed in Section 3 of this Act.*
- (3) The report shall be filed at the time specified by the department and shall contain such information as the department may require.

➔SECTION 44. A NEW SECTION OF KRS CHAPTER 136 IS CREATED TO READ AS FOLLOWS:

- (1) *Any company whose tax, as provided in KRS 136.320, 136.330, 136.340, 136.350, 136.370, 342.445, or 304.3-270 was five thousand dollars (\$5,000) or more in the previous year shall file a declaration of estimated tax.*
- (2) *The tax due shall be paid in three (3) installments, one-third (1/3) on or before June 1, one-third (1/3) on or before October 1, and the remainder on or before the following March 1.*

- (3) (a) *Any adjustments may be made on or before October 1.*
- (b) *All adjustments shall be made on or before March 1.*
- (c) *If any taxpayer uses the amount of the tax liability for the previous calendar year as the estimate for the declaration, no penalties or interest shall apply to any subsequent adjustments.*
- (4) *All taxes not paid when due may be subject to:*
  - (a) *A penalty of five percent (5%) per month, but not more than twenty-five percent (25%) penalty shall be assessed on any one (1) report; and*
  - (b) *Interest at the tax interest rate as defined in KRS 131.010(6) from the date the report was due.*

➔Section 45. KRS 139.472 is amended to read as follows:

- (1) Notwithstanding any other provisions of this chapter, the taxes imposed by this chapter shall not apply to the sale or purchase of:
  - (a) A drug purchased for the treatment of a human being for which a prescription is required by state or federal law, whether the drug is dispensed by a licensed pharmacist, administered by a physician or other health care provider, or distributed as a free sample to or from a physician's office;
  - (b) An over-the-counter drug purchased for the treatment of a human being for which a prescription is issued;
  - (c) Medical oxygen and oxygen delivery equipment purchased for home use. Oxygen delivery equipment includes:
    - 1. High pressure cylinders, cryogenic tanks, oxygen concentrators, or similar medical oxygen delivery equipment including repair and replacement parts for the equipment; and
    - 2. Tubes, masks, and similar items required for the delivery of oxygen to the patient;
  - (d) Insulin and diabetic supplies, including hypodermic syringes, needles, and sugar (urine and blood) testing materials purchased by an individual for private use;
  - (e) Colostomy, urostomy, or ileostomy supplies purchased by an individual for private use;
  - (f) Prosthetic devices purchased by any health care provider for use in the treatment of a specific individual or purchased by an individual as prescribed by a person authorized under the laws of the Commonwealth to issue prescriptions;
  - (g) Prosthetic devices that are individually designed or created for an individual regardless of the purchaser;
  - (h) Mobility enhancing equipment for which a prescription is issued; and
  - (i) Durable medical equipment, including hospital beds for which a prescription is issued.
- (2) Except as specifically provided in subsection (1) of this section, supplies or equipment used to deliver a drug to a patient are taxable.
- (3) As used in this section *and Section 46 of this Act:*
  - (a) "Drug" means a compound, substance, or preparation and any component of a compound, substance, or preparation, other than food and food ingredients, dietary supplements, or alcoholic beverages as defined in KRS 139.485, that is recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or a supplement to any of them, or is:
    - 1. Intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease ~~in humans~~; or
    - 2. Intended to affect the structure or any function of the ~~human~~ body;
  - (b) "Grooming and hygiene products" means soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions, regardless of whether the items meet the definition of an over-the-counter drug;

- (c) 1. "Over-the-counter drug" means a drug that contains a label that identifies the product as a drug as required by 21 C.F.R. sec. 201.66. The "over-the-counter drug" label shall include:
  - a. A "Drug Facts" panel; or
  - b. A statement of the active ingredients with a list of those ingredients contained in the compound, substance, or preparation.
- 2. "Over-the-counter drug" shall not include grooming and hygiene products;
- (d) "Prescription" means an order, formula, or recipe issued in any form of oral, written, electronic, or other means of transmission by a person authorized under the laws of the Commonwealth to prescribe a drug;
- (e) 1. "Prosthetic device" means a replacement, corrective, or supportive device, including repair and replacement parts for the device, worn on or in the body to:
  - a. Artificially replace a missing portion of the body;
  - b. Prevent or correct a physical deformity or malfunction; or
  - c. Support a weak or deformed portion of the body.
- 2. "Prosthetic device" shall not include any of the following:
  - a. Corrective eyeglasses;
  - b. Contact lenses; or
  - c. Dental prosthesis;
- (f) 1. "Mobility enhancing equipment" means equipment, including repair and replacements part for same, which:
  - a. Is primarily and customarily used to provide or increase the ability to move from one place to another and which is appropriate for use either in a home or a motor vehicle;
  - b. Is not generally used by persons with normal mobility; and
  - c. Does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.
- 2. "Mobility enhancing equipment" shall not include durable medical equipment; and
- (g) 1. "Durable medical equipment" means equipment, including repair and replacement parts for same, which:
  - a. Can withstand repeated use;
  - b. Is primarily and customarily used to serve a medical purpose;
  - c. Generally is not useful to a person in the absence of illness or injury; and
  - d. Is not worn in or on the body.
- 2. "Durable medical equipment" shall not include mobility enhancing equipment or oxygen delivery equipment that is not worn in or on the body.
- 3. As used in this paragraph, "repair and replacement parts" includes all components or attachments used in connection with durable medical equipment.

➔Section 46. KRS 139.480 is amended to read as follows:

Any other provision of this chapter to the contrary notwithstanding, the terms "sale at retail," "retail sale," "use," "storage," and "consumption," as used in this chapter, shall not include the sale, use, storage, or other consumption of:

- (1) Locomotives or rolling stock, including materials for the construction, repair, or modification thereof, or fuel or supplies for the direct operation of locomotives and trains, used or to be used in interstate commerce;
- (2) Coal for the manufacture of electricity;

- (3) (a) All energy or energy-producing fuels used in the course of manufacturing, processing, mining, or refining and any related distribution, transmission, and transportation services for this energy that are billed to the user, to the extent that the cost of the energy or energy-producing fuels used, and related distribution, transmission, and transportation services for this energy that are billed to the user exceed three percent (3%) of the cost of production.
- (b) Cost of production shall be computed on the basis of a plant facility, which shall include all operations within the continuous, unbroken, integrated manufacturing or industrial processing process that ends with a product packaged and ready for sale.
- (c) A person who performs a manufacturing or industrial processing activity for a fee and does not take ownership of the tangible personal property that is incorporated into, or becomes the product of, the manufacturing or industrial processing activity is a toller. For periods on or after July 1, 2018, the costs of the tangible personal property shall be excluded from the toller's cost of production at a plant facility with tolling operations in place as of July 1, 2018.
- (d) For plant facilities that begin tolling operations after July 1, 2018, the costs of tangible personal property shall be excluded from the toller's cost of production if the toller:
  - 1. Maintains a binding contract for periods after July 1, 2018, that governs the terms, conditions, and responsibilities with a separate legal entity, which holds title to the tangible personal property that is incorporated into, or becomes the product of, the manufacturing or industrial processing activity;
  - 2. Maintains accounting records that show the expenses it incurs to fulfill the binding contract that include but are not limited to energy or energy-producing fuels, materials, labor, procurement, depreciation, maintenance, taxes, administration, and office expenses;
  - 3. Maintains separate payroll, bank accounts, tax returns, and other records that demonstrate its independent operations in the performance of its tolling responsibilities;
  - 4. Demonstrates one (1) or more substantial business purposes for the tolling operations germane to the overall manufacturing, industrial processing activities, or corporate structure at the plant facility. A business purpose is a purpose other than the reduction of sales tax liability for the purchases of energy and energy-producing fuels; and
  - 5. Provides information to the department upon request that documents fulfillment of the requirements in subparagraphs 1. to 4. of this paragraph and gives an overview of its tolling operations with an explanation of how the tolling operations relate and connect with all other manufacturing or industrial processing activities occurring at the plant facility;
- (4) Livestock of a kind the products of which ordinarily constitute food for human consumption, provided the sales are made for breeding or dairy purposes and by or to a person regularly engaged in the business of farming;
- (5) Poultry for use in breeding or egg production;
- (6) Farm work stock for use in farming operations;
- (7) Seeds, the products of which ordinarily constitute food for human consumption or are to be sold in the regular course of business, and commercial fertilizer to be applied on land, the products from which are to be used for food for human consumption or are to be sold in the regular course of business; provided such sales are made to farmers who are regularly engaged in the occupation of tilling and cultivating the soil for the production of crops as a business, or who are regularly engaged in the occupation of raising and feeding livestock or poultry or producing milk for sale; and provided further that tangible personal property so sold is to be used only by those persons designated above who are so purchasing;
- (8) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals to be used in the production of crops as a business, or in the raising and feeding of livestock or poultry, the products of which ordinarily constitute food for human consumption;
- (9) Feed, including pre-mixes and feed additives, for livestock or poultry of a kind the products of which ordinarily constitute food for human consumption;
- (10) Machinery for new and expanded industry;
- (11) Farm machinery. As used in this section, the term "farm machinery":

- (a) Means machinery used exclusively and directly in the occupation of:
  - 1. Tilling the soil for the production of crops as a business;
  - 2. Raising and feeding livestock or poultry for sale; or
  - 3. Producing milk for sale;
- (b) Includes machinery, attachments, and replacements therefor, repair parts, and replacement parts which are used or manufactured for use on, or in the operation of farm machinery and which are necessary to the operation of the machinery, and are customarily so used, including but not limited to combine header wagons, combine header trailers, or any other implements specifically designed and used to move or transport a combine head; and
- (c) Does not include:
  - 1. Automobiles;
  - 2. Trucks;
  - 3. Trailers, except combine header trailers; or
  - 4. Truck-trailer combinations;
- (12) Tombstones and other memorial grave markers;
- (13) On-farm facilities used exclusively for grain or soybean storing, drying, processing, or handling. The exemption applies to the equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities;
- (14) On-farm facilities used exclusively for raising poultry or livestock. The exemption shall apply to the equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities. The exemption shall apply but not be limited to vent board equipment, waterer and feeding systems, brooding systems, ventilation systems, alarm systems, and curtain systems. In addition, the exemption shall apply whether or not the seller is under contract to deliver, assemble, and incorporate into real estate the equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities;
- (15) Gasoline, special fuels, liquefied petroleum gas, and natural gas used exclusively and directly to:
  - (a) Operate farm machinery as defined in subsection (11) of this section;
  - (b) Operate on-farm grain or soybean drying facilities as defined in subsection (13) of this section;
  - (c) Operate on-farm poultry or livestock facilities defined in subsection (14) of this section;
  - (d) Operate on-farm ratite facilities defined in subsection (23) of this section;
  - (e) Operate on-farm llama or alpaca facilities as defined in subsection (25) of this section; or
  - (f) Operate on-farm dairy facilities;
- (16) Textbooks, including related workbooks and other course materials, purchased for use in a course of study conducted by an institution which qualifies as a nonprofit educational institution under KRS 139.495. The term "course materials" means only those items specifically required of all students for a particular course but shall not include notebooks, paper, pencils, calculators, tape recorders, or similar student aids;
- (17) Any property which has been certified as an alcohol production facility as defined in KRS 247.910;
- (18) Aircraft, repair and replacement parts therefor, and supplies, except fuel, for the direct operation of aircraft in interstate commerce and used exclusively for the conveyance of property or passengers for hire. Nominal intrastate use shall not subject the property to the taxes imposed by this chapter;
- (19) Any property which has been certified as a fluidized bed energy production facility as defined in KRS 211.390;
- (20) (a) 1. Any property to be incorporated into the construction, rebuilding, modification, or expansion of a blast furnace or any of its components or appurtenant equipment or structures as part of an approved supplemental project, as defined by KRS 154.26-010; and

2. Materials, supplies, and repair or replacement parts purchased for use in the operation and maintenance of a blast furnace and related carbon steel-making operations as part of an approved supplemental project, as defined by KRS 154.26-010.
- (b) The exemptions provided in this subsection shall be effective for sales made:
1. On and after July 1, 2018; and
  2. During the term of a supplemental project agreement entered into pursuant to KRS 154.26-090;
- (21) Beginning on October 1, 1986, food or food products purchased for human consumption with food coupons issued by the United States Department of Agriculture pursuant to the Food Stamp Act of 1977, as amended, and required to be exempted by the Food Security Act of 1985 in order for the Commonwealth to continue participation in the federal food stamp program;
- (22) Machinery or equipment purchased or leased by a business, industry, or organization in order to collect, source separate, compress, bale, shred, or otherwise handle waste materials if the machinery or equipment is primarily used for recycling purposes;
- (23) Ratite birds and eggs to be used in an agricultural pursuit for the breeding and production of ratite birds, feathers, hides, breeding stock, eggs, meat, and ratite by-products, and the following items used in this agricultural pursuit:
- (a) Feed and feed additives;
  - (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
  - (c) On-farm facilities, including equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities. The exemption shall apply to incubation systems, egg processing equipment, waterer and feeding systems, brooding systems, ventilation systems, alarm systems, and curtain systems. In addition, the exemption shall apply whether or not the seller is under contract to deliver, assemble, and incorporate into real estate the equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities;
- (24) Embryos and semen that are used in the reproduction of livestock, if the products of these embryos and semen ordinarily constitute food for human consumption, and if the sale is made to a person engaged in the business of farming;
- (25) Llamas and alpacas to be used as beasts of burden or in an agricultural pursuit for the breeding and production of hides, breeding stock, fiber and wool products, meat, and llama and alpaca by-products, and the following items used in this pursuit:
- (a) Feed and feed additives;
  - (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals; and
  - (c) On-farm facilities, including equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities. The exemption shall apply to waterer and feeding systems, ventilation systems, and alarm systems. In addition, the exemption shall apply whether or not the seller is under contract to deliver, assemble, and incorporate into real estate the equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities;
- (26) Baling twine and baling wire for the baling of hay and straw;
- (27) Water sold to a person regularly engaged in the business of farming and used in the:
- (a) Production of crops;
  - (b) Production of milk for sale; or
  - (c) Raising and feeding of:
    1. Livestock or poultry, the products of which ordinarily constitute food for human consumption; or
    2. Ratites, llamas, alpacas, buffalo, cervids or aquatic organisms;
- (28) Buffalos to be used as beasts of burden or in an agricultural pursuit for the production of hides, breeding stock, meat, and buffalo by-products, and the following items used in this pursuit:



- (a) Feed and feed additives;
  - (b) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals;
  - (c) On-farm facilities, including equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities. The exemption shall apply to waterer and feeding systems, ventilation systems, and alarm systems. In addition, the exemption shall apply whether or not the seller is under contract to deliver, assemble, and incorporate into real estate the equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities;
- (29) Aquatic organisms sold directly to or raised by a person regularly engaged in the business of producing products of aquaculture, as defined in KRS 260.960, for sale, and the following items used in this pursuit:
- (a) Feed and feed additives;
  - (b) Water;
  - (c) Insecticides, fungicides, herbicides, rodenticides, and other farm chemicals; and
  - (d) On-farm facilities, including equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities and, any gasoline, special fuels, liquefied petroleum gas, or natural gas used to operate the facilities. The exemption shall apply, but not be limited to: waterer and feeding systems; ventilation, aeration, and heating systems; processing and storage systems; production systems such as ponds, tanks, and raceways; harvest and transport equipment and systems; and alarm systems. In addition, the exemption shall apply whether or not the seller is under contract to deliver, assemble, and incorporate into real estate the equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities;
- (30) Members of the genus cervidae permitted by KRS Chapter 150 that are used for the production of hides, breeding stock, meat, and cervid by-products, and the following items used in this pursuit:
- (a) Feed and feed additives;
  - (b) Insecticides, fungicides, herbicides, rodenticides, and other chemicals; and
  - (c) On-site facilities, including equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities. In addition, the exemption shall apply whether or not the seller is under contract to deliver, assemble, and incorporate into real estate the equipment, machinery, attachments, repair and replacement parts, and any materials incorporated into the construction, renovation, or repair of the facilities;
- (31) (a) Repair or replacement parts for the direct operation or maintenance of a motor vehicle, including any towed unit, used exclusively in interstate commerce for the conveyance of property or passengers for hire, provided the motor vehicle is licensed for use on the highway and its declared gross vehicle weight with any towed unit is forty-four thousand and one (44,001) pounds or greater. Nominal intrastate use shall not subject the property to the taxes imposed by this chapter;
- (b) Repair or replacement parts for the direct operation and maintenance of a motor vehicle operating under a charter bus certificate issued by the Transportation Cabinet under KRS Chapter 281, or under similar authority granted by the United States Department of Transportation; and
- (c) For the purposes of this subsection, "repair or replacement parts" means tires, brakes, engines, transmissions, drive trains, chassis, body parts, and their components. "Repair or replacement parts" shall not include fuel, machine oils, hydraulic fluid, brake fluid, grease, supplies, or accessories not essential to the operation of the motor vehicle itself, except when sold as part of the assembled unit, such as cigarette lighters, radios, lighting fixtures not otherwise required by the manufacturer for operation of the vehicle, or tool or utility boxes; ~~and~~
- (32) Food donated by a retail food establishment or any other entity regulated under KRS 217.127 to a nonprofit organization for distribution to the needy; **and**
- (33) ***Drugs and over-the counter drugs, as defined in Section 45 of this Act, that are purchased by a person regularly engaged in the business of farming and used in the treatment of cattle, sheep, goats, swine, poultry, ratite birds, llamas, alpacas, buffalo, aquatic organisms, or cervids.***

➔Section 47. KRS 132.010 is amended to read as follows:

As used in this chapter, unless the context otherwise requires:

- (1) "Department" means the Department of Revenue;
- (2) "Taxpayer" means any person made liable by law to file a return or pay a tax;
- (3) "Real property" includes all lands within this state and improvements thereon;
- (4) "Personal property" includes every species and character of property, tangible and intangible, other than real property;
- (5) "Resident" means any person who has taken up a place of abode within this state with the intention of continuing to abide in this state; any person who has had his or her actual or habitual place of abode in this state for the larger portion of the twelve (12) months next preceding the date as of which an assessment is due to be made shall be deemed to have intended to become a resident of this state;
- (6) "Compensating tax rate" means that rate which, rounded to the next higher one-tenth of one cent (\$0.001) per one hundred dollars (\$100) of assessed value and applied to the current year's assessment of the property subject to taxation by a taxing district, excluding new property and personal property, produces an amount of revenue approximately equal to that produced in the preceding year from real property. However, in no event shall the compensating tax rate be a rate which, when applied to the total current year assessment of all classes of taxable property, produces an amount of revenue less than was produced in the preceding year from all classes of taxable property. For purposes of this subsection, "property subject to taxation" means the total fair cash value of all property subject to full local rates, less the total valuation exempted from taxation by the homestead exemption provision of the Constitution and the difference between the fair cash value and agricultural or horticultural value of agricultural or horticultural land;
- (7) "Net assessment growth" means the difference between:
  - (a) The total valuation of property subject to taxation by the county, city, school district, or special district in the preceding year, less the total valuation exempted from taxation by the homestead exemption provision of the Constitution in the current year over that exempted in the preceding year; and
  - (b) The total valuation of property subject to taxation by the county, city, school district, or special district for the current year;
- (8) "New property" means the net difference in taxable value between real property additions and deletions to the property tax roll for the current year. "Real property additions" shall mean:
  - (a) Property annexed or incorporated by a municipal corporation, or any other taxing jurisdiction; however, this definition shall not apply to property acquired through the merger or consolidation of school districts, or the transfer of property from one (1) school district to another;
  - (b) Property, the ownership of which has been transferred from a tax-exempt entity to a nontax-exempt entity;
  - (c) The value of improvements to existing nonresidential property;
  - (d) The value of new residential improvements to property;
  - (e) The value of improvements to existing residential property when the improvement increases the assessed value of the property by fifty percent (50%) or more;
  - (f) Property created by the subdivision of unimproved property, provided, that when the property is reclassified from farm to subdivision by the property valuation administrator, the value of the property as a farm shall be a deletion from that category;
  - (g) Property exempt from taxation, as an inducement for industrial or business use, at the expiration of its tax exempt status;
  - (h) Property, the tax rate of which will change, according to the provisions of KRS 82.085, to reflect additional urban services to be provided by the taxing jurisdiction, provided, however, that the property shall be considered "real property additions" only in proportion to the additional urban services to be provided to the property over the urban services previously provided; and
  - (i) The value of improvements to real property previously under assessment moratorium.

"Real property deletions" shall be limited to the value of real property removed from, or reduced over the preceding year on, the property tax roll for the current year;

- (9) "Agricultural land" means:
- (a) Any tract of land, including all income-producing improvements, of at least ten (10) contiguous acres in area used for the production of livestock, livestock products, poultry, poultry products and/or the growing of tobacco and/or other crops including timber;
  - (b) Any tract of land, including all income-producing improvements, of at least five (5) contiguous acres in area commercially used for aquaculture; or
  - (c) Any tract of land devoted to and meeting the requirements and qualifications for payments pursuant to agriculture programs under an agreement with the state or federal government;
- (10) "Horticultural land" means any tract of land, including all income-producing improvements, of at least five (5) contiguous acres in area commercially used for the cultivation of a garden, orchard, or the raising of fruits or nuts, vegetables, flowers, or ornamental plants;
- (11) "Agricultural or horticultural value" means the use value of "agricultural or horticultural land" based upon income-producing capability and comparable sales of farmland purchased for farm purposes where the price is indicative of farm use value, excluding sales representing purchases for farm expansion, better accessibility, and other factors which inflate the purchase price beyond farm use value, if any, considering the following factors as they affect a taxable unit:
- (a) Relative percentages of tillable land, pasture land, and woodland;
  - (b) Degree of productivity of the soil;
  - (c) Risk of flooding;
  - (d) Improvements to and on the land that relate to the production of income;
  - (e) Row crop capability including allotted crops other than tobacco;
  - (f) Accessibility to all-weather roads and markets; and
  - (g) Factors which affect the general agricultural or horticultural economy, such as: interest, price of farm products, cost of farm materials and supplies, labor, or any economic factor which would affect net farm income;
- (12) "Deferred tax" means the difference in the tax based on agricultural or horticultural value and the tax based on fair cash value;
- (13) "Homestead" means real property maintained as the permanent residence of the owner with all land and improvements adjoining and contiguous thereto including but not limited to lawns, drives, flower or vegetable gardens, outbuildings, and all other land connected thereto;
- (14) "Residential unit" means all or that part of real property occupied as the permanent residence of the owner;
- (15) "Special benefits" are those which are provided by public works not financed through the general tax levy but through special assessments against the benefited property;
- (16) ***"Manufactured home" means a structure manufactured after June 15, 1976, in accordance with the National Manufactured Housing Construction and Safety Standards Act, transportable in one (1) or more sections, which when erected on site measures eight (8) body feet or more in width and thirty-two (32) body feet or more in length, and which is built on a permanent chassis and designed to be used as a dwelling, with or without a permanent foundation, when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. It may be used as a place of residence, business, profession, or trade by the owner, lessee, or their assignees and may consist of one (1) or more units that can be attached or joined together to comprise an integral unit or condominium structure;***
- (17) "Mobile home" means a structure ***manufactured on or before June 15, 1976, that was not required to be constructed in accordance with the National Manufactured Housing Construction and Safety Standards Act***, transportable in one (1) or more sections, which when erected on site measures eight (8) body feet or more in width and thirty-two (32) body feet or more in length, and which is built on a permanent chassis and

designed to be used as a dwelling, with or without a permanent foundation, when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. It may be used as a place of residence, business, profession, or trade by the owner, lessee, or their assigns and may consist of one (1) or more units that can be attached or joined together to comprise an integral unit or condominium structure;

**(18) "Modular home" means a structure which is certified by its manufacturer as being constructed in accordance with all applicable provisions of the Kentucky Building Code and standards adopted by the local authority which has jurisdiction, transportable in one (1) or more sections, and designed to be used as a dwelling on a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein;**

**(19) "Prefabricated home" means a manufactured home, a mobile home, or a modular home;**

~~(20)(17)~~ "Recreational vehicle" means a vehicular type unit primarily designed as temporary living quarters for recreational, camping, or travel use, which either has its own motive power or is mounted on or drawn by another vehicle. The basic entities are: travel trailer, camping trailer, truck camper, and motor home. As used in this subsection:

(a) "Travel trailer" means a vehicular unit, mounted on wheels, designed to provide temporary living quarters for recreational, camping, or travel use, and of a size or weight that does not require special highway movement permits when drawn by a motorized vehicle, and with a living area of less than two hundred twenty (220) square feet, excluding built-in equipment (such as wardrobes, closets, cabinets, kitchen units or fixtures) and bath and toilet rooms;

(b) "Camping trailer" means a vehicular portable unit mounted on wheels and constructed with collapsible partial side walls which fold for towing by another vehicle and unfold at the camp site to provide temporary living quarters for recreational, camping, or travel use;

(c) "Truck camper" means a portable unit constructed to provide temporary living quarters for recreational, travel, or camping use, consisting of a roof, floor, and sides, designed to be loaded onto and unloaded from the bed of a pick-up truck; and

(d) "Motor home" means a vehicular unit designed to provide temporary living quarters for recreational, camping, or travel use built on or permanently attached to a self-propelled motor vehicle chassis or on a chassis cab or van which is an integral part of the completed vehicle;

~~(21)(18)~~ "Hazardous substances" shall have the meaning provided in KRS 224.1-400;

~~(22)(19)~~ "Pollutant or contaminant" shall have the meaning provided in KRS 224.1-400;

~~(23)(20)~~ "Release" shall have the meaning as provided in either or both KRS 224.1-400 and KRS 224.60-115;

~~(24)(21)~~ "Qualifying voluntary environmental remediation property" means real property subject to the provisions of KRS 224.1-400 and 224.1-405, or 224.60-135 where the Energy and Environment Cabinet has made a determination that:

(a) All releases of hazardous substances, pollutants, contaminants, petroleum, or petroleum products at the property occurred prior to the property owner's acquisition of the property;

(b) The property owner has made all appropriate inquiry into previous ownership and uses of the property in accordance with generally accepted practices prior to the acquisition of the property;

(c) The property owner or a responsible party has provided all legally required notices with respect to hazardous substances, pollutants, contaminants, petroleum, or petroleum products found at the property;

(d) The property owner is in compliance with all land use restrictions and does not impede the effectiveness or integrity of any institutional control;

(e) The property owner complied with any information request or administrative subpoena under KRS Chapter 224; and

(f) The property owner is not affiliated with any person who is potentially liable for the release of hazardous substances, pollutants, contaminants, petroleum, or petroleum products on the property pursuant to KRS 224.1-400, 224.1-405, or 224.60-135, through:

1. Direct or indirect familial relationship;

2. Any contractual, corporate, or financial relationship, excluding relationships created by instruments conveying or financing title or by contracts for sale of goods or services; or
  3. Reorganization of a business entity that was potentially liable;
- (25)~~(22)~~ "Intangible personal property" means stocks, mutual funds, money market funds, bonds, loans, notes, mortgages, accounts receivable, land contracts, cash, credits, patents, trademarks, copyrights, tobacco base, allotments, annuities, deferred compensation, retirement plans, and any other type of personal property that is not tangible personal property;
- (26)~~(23)~~ (a) "County" means any county, consolidated local government, urban-county government, unified local government, or charter county government;
- (b) "Fiscal court" means the legislative body of any county, consolidated local government, urban-county government, unified local government, or charter county government; and
- (c) "County judge/executive" means the chief executive officer of any county, consolidated local government, urban-county government, unified local government, or charter county government;
- (27)~~(24)~~ "Taxing district" means any entity with the authority to levy a local ad valorem tax, including special purpose governmental entities;
- (28)~~(25)~~ "Special purpose governmental entity" shall have the same meaning as in KRS 65A.010, and as used in this chapter shall include only those special purpose governmental entities with the authority to levy ad valorem taxes, and that are not specifically exempt from the provisions of this chapter by another provision of the Kentucky Revised Statutes;
- (29)~~(26)~~ (a) "Broadcast" means the transmission of audio, video, or other signals, through any electronic, radio, light, or similar medium or method now in existence or later devised over the airwaves to the public in general.
- (b) "Broadcast" shall not apply to operations performed by multichannel video programming service providers as defined in KRS 136.602 or any other operations that transmit audio, video, or other signals, exclusively to persons for a fee;
- (30)~~(27)~~ "Livestock" means cattle, sheep, swine, goats, horses, alpacas, llamas, buffaloes, and any other animals of the bovine, ovine, porcine, caprine, equine, or camelid species;
- (31)~~(28)~~ "Heavy equipment rental agreement" means the short-term rental contract under which qualified heavy equipment is rented without an operator for a period:
- (a) Not to exceed three hundred sixty-five (365) days; or
- (b) That is open-ended under the terms of the contract with no specified end date;
- (32)~~(29)~~ "Heavy equipment rental company" means an entity that is primarily engaged in a line of business described in Code 532412 or 532310 of the North American Industry Classification System Manual in effect on January 1, 2019;
- (33)~~(30)~~ "Qualified heavy equipment" means machinery and equipment, including ancillary equipment and any attachments used in conjunction with the machinery and equipment, that is:
- (a) Primarily used and designed for construction, mining, forestry, or industrial purposes, including but not limited to cranes, earthmoving equipment, well-drilling machinery and equipment, lifts, material handling equipment, pumps, generators, and pollution-reducing equipment; and
- (b) Held in a heavy equipment rental company's inventory for:
1. Rental under a heavy equipment rental agreement; or
  2. Sale in the regular course of business; and
- (34)~~(31)~~ "Veteran service organization" means an organization wholly dedicated to advocating on behalf of military veterans and providing charitable programs in honor and on behalf of military veterans.

➔Section 48. KRS 132.200 is amended to read as follows:

All property subject to taxation for state purposes shall also be subject to taxation in the county, city, school, or other taxing district in which it has a taxable situs, except the class of property described in KRS 132.030 and the following classes of property, which shall be subject to taxation for state purposes only:

- (1) Farm implements and farm machinery owned by or leased to a person actually engaged in farming and used in his farm operation;
- (2) Livestock, ratite birds, and domestic fowl;
- (3) Capital stock of savings and loan associations;
- (4) Machinery actually engaged in manufacturing, products in the course of manufacture, and raw material actually on hand at the plant for the purpose of manufacture. The printing, publication, and distribution of a newspaper or operating a job printing plant shall be deemed to be manufacturing;
- (5)
  - (a) Commercial radio and television equipment used to receive, capture, produce, edit, enhance, modify, process, store, convey, or transmit audio or video content or electronic signals which are broadcast over the air to an antenna;
  - (b) Equipment directly used or associated with the equipment identified in paragraph (a) of this subsection, including radio and television towers used to transmit or facilitate the transmission of the signal broadcast, but excluding telephone and cellular communications towers; and
  - (c) Equipment used to gather or transmit weather information;
- (6) Unmanufactured agricultural products. They shall be exempt from taxation for state purposes to the extent of the value, or amount, of any unpaid nonrecourse loans thereon granted by the United States government or any agency thereof, and except that cities and counties may each impose an ad valorem tax of not exceeding one and one-half cents (\$0.015) on each one hundred dollars (\$100) of the fair cash value of all unmanufactured tobacco and not exceeding four and one-half cents (\$0.045) on each one hundred dollars (\$100) of the fair cash value of all other unmanufactured agricultural products, subject to taxation within their limits that are not actually on hand at the plants of manufacturing concerns for the purpose of manufacture, nor in the hands of the producer or any agent of the producer to whom the products have been conveyed or assigned for the purpose of sale;
- (7) All privately owned leasehold interest in industrial buildings, as defined under KRS 103.200, owned and financed by a tax-exempt governmental unit, or tax-exempt statutory authority under the provisions of KRS Chapter 103, except that the rate shall not apply to the proportion of value of the leasehold interest created through any private financing;
- (8) Tangible personal property which has been certified as a pollution control facility as defined in KRS 224.1-300. In the case of tangible personal property certified as a pollution control facility which is incorporated into a landfill facility, the tangible personal property shall be presumed to remain tangible personal property for purposes of this subsection if the tangible personal property is being used for its intended purposes;
- (9) Property which has been certified as an alcohol production facility as defined in KRS 247.910;
- (10) On and after January 1, 1977, the assessed value of unmined coal shall be included in the formula contained in KRS 132.590(9) in determining the amount of county appropriation to the office of the property valuation administrator;
- (11) Tangible personal property located in a foreign trade zone established pursuant to 19 U.S.C. sec. 81, provided that the zone is activated in accordance with the regulations of the United States Customs Service and the Foreign Trade Zones Board;
- (12) Motor vehicles qualifying for permanent registration as historic motor vehicles under the provisions of KRS 186.043. However, nothing herein shall be construed to exempt historical motor vehicles from the usage tax imposed by KRS 138.460;
- (13) Property which has been certified as a fluidized bed energy production facility as defined in KRS 211.390;
- (14) All motor vehicles:
  - (a) Held for sale in the inventory of a licensed motor vehicle dealer, including motor vehicle auction dealers, which are not currently titled and registered in Kentucky and are held on an assignment pursuant to the provisions of KRS 186A.230;

- (b) That are in the possession of a licensed motor vehicle dealer, including licensed motor vehicle auction dealers, for sale, although ownership has not been transferred to the dealer; and
  - (c) With a salvage title held by an insurance company;
- (15) Machinery or equipment owned by a business, industry, or organization in order to collect, source separate, compress, bale, shred, or otherwise handle waste materials if the machinery or equipment is primarily used for recycling purposes as defined in KRS 139.010;
  - (16) New farm machinery and other equipment held in the retailer's inventory for sale under a floor plan financing arrangement by a retailer, as defined under KRS 365.800;
  - (17) New boats and new marine equipment held for retail sale under a floor plan financing arrangement by a dealer registered under KRS 235.220;
  - (18) Aircraft not used in the business of transporting persons or property for compensation or hire if an exemption is approved by the county, city, school, or other taxing district in which the aircraft has its taxable situs;
  - (19) Federally documented vessels not used in the business of transporting persons or property for compensation or hire or for other commercial purposes, if an exemption is approved by the county, city, school, or other taxing district in which the federally documented vessel has its taxable situs;
  - (20) Any nonferrous metal that conforms to the quality, shape, and weight specifications set by the New York Mercantile Exchange's special contract rules for metals, and which is located or stored in a commodity warehouse and held on warrant, or for which a written request has been made to a commodity warehouse to place it on warrant, according to the rules and regulations of a trading facility. In this subsection:
    - (a) "Commodity warehouse" means a warehouse, shipping plant, depository, or other facility that has been designated or approved by a trading facility as a regular delivery point for a commodity on contracts of sale for future delivery; and
    - (b) "Trading facility" means a facility that is designated by or registered with the federal Commodity Futures Trading Commission under 7 U.S.C. secs. 1 et seq. "Trading facility" includes the Board of Trade of the City of Chicago, the Chicago Mercantile Exchange, and the New York Mercantile Exchange;
  - (21) Qualifying voluntary environmental remediation property for a period of three (3) years following the Energy and Environment Cabinet's issuance of a No Further Action Letter or its equivalent, pursuant to the correction of the effect of all known releases of hazardous substances, pollutants, contaminants, petroleum, or petroleum products located on the property consistent with a corrective action plan approved by the Energy and Environment Cabinet pursuant to KRS 224.1-400, 224.1-405, or 224.60-135, and provided the cleanup was not financed through a public grant program of the petroleum storage tank environmental assurance fund;
  - (22) Biotechnology products held in a warehouse for distribution by the manufacturer or by an affiliate of the manufacturer. For the purposes of this section:
    - (a) "Biotechnology products" means those products that are applicable to the prevention, treatment, or cure of a disease or condition of human beings and that are produced using living organisms, materials derived from living organisms, or cellular, subcellular, or molecular components of living organisms. Biotechnology products does not include pharmaceutical products which are produced from chemical compounds;
    - (b) "Warehouse" includes any establishment that is designed to house or store biotechnology products, but does not include blood banks, plasma centers, or other similar establishments;
    - (c) "Affiliate" means an individual, partnership, or corporation that directly or indirectly owns or controls, or is owned or controlled by, or is under common ownership or control with, another individual, partnership, or corporation;
  - (23) Recreational vehicles held for sale in a retailer's inventory;~~and~~
  - (24) A privately owned leasehold interest in residential property described in KRS 132.195(2)(g), if an exemption is approved by the county, city, school, or other taxing district in which the residential property is located; **and**
  - (25) ***Prefabricated homes held for sale in a manufacturer's or retailer's inventory.***

➔Section 49. KRS 171.397 is amended to read as follows:

- (1) (a) For all applications for a preliminary approval received prior to April 30, 2010, there shall be allowed as a credit against the taxes imposed by KRS 141.020, 141.040, 141.0401, or 136.505, an amount equal to:
1. Thirty percent (30%) of the qualified rehabilitation expenses, in the case of owner-occupied residential property; and
  2. Twenty percent (20%) of the qualified rehabilitation expenses, in the case of all other property.
- In the case of an exempt entity that has incurred qualified rehabilitation expenses, the credit provided in this subsection shall be available to transfer or assign as provided under subsection (8) or (9) of this section.
- (b) For applications for preliminary approval received on or after April 30, 2010, the credit shall be refundable if the taxpayer makes an election under subsection (2)(b) of this section.
- (2) (a) A taxpayer seeking the credit provided under subsection (1) of this section shall file an application for a preliminary determination of maximum credit eligibility before April 30 of the year in which the proposed project will begin. The application shall describe the project and shall include documentation supporting the qualification of the project for the credit, the proposed start date, the proposed completion date, the projected qualified rehabilitation expenses, and any other information the council may require. The council shall determine the preliminary maximum credit available for each taxpayer and shall notify the taxpayer of that amount by June 30 of the year in which the application was filed. If total credits applied for in any year exceed the certified rehabilitation credit cap, plus any amounts added to the cap pursuant to paragraph (c) of this subsection, the provisions of subsection (5) of this section shall be applied to reduce the approved credits for all taxpayers with qualifying applications for that year.
- (b) 1. An application for a final determination of credit shall be submitted to the council upon completion of the project.
2. The application shall include an irrevocable election by the taxpayer to:
- a. Use the credit, in which case, the credit shall be refundable; or
  - b. Transfer the credit.
3. The council shall determine the final amount of credit approved for each taxpayer based upon the actual expenditures, preliminary determination of maximum credit, and a determination that the expenditures are qualified rehabilitation expenses.
4. The council shall notify the taxpayer and Department of Revenue of the final approved credit amount within sixty (60) days of the receipt of a completed application from the taxpayer.
- (c) 1. If the total amount of credits finally approved for a taxpayer under paragraph (b) of this subsection are less than the credits initially approved for a taxpayer under paragraph (a) of this subsection, the difference between the two (2) amounts shall be added to the certified rehabilitation credit cap for the next calendar year.
2. If the total amount of credits approved under paragraph (a) of this subsection in any calendar year is less than the certified rehabilitation credit cap, the difference between the credits actually awarded and the certified rehabilitation credit cap shall be added to the certified rehabilitation credit cap for the next calendar year.
- (3) (a) The maximum credit which may be claimed with regard to owner-occupied residential property shall be **one hundred twenty**~~sixty~~ thousand dollars **(\$120,000)**~~(\$60,000)~~ subject to subsection (5) of this section. The credit in this section shall be claimed for the taxable year in which the certified rehabilitation is completed.
- (b) The maximum credit which may be claimed with regard to all other property that is not owner-occupied residential shall be **ten million**~~four hundred thousand~~ dollars **(\$10,000,000)**~~(\$400,000)~~ subject to subsection (5) of this section. The credit in this section shall be claimed for the taxable year in which the certified rehabilitation is completed.
- (4) In the case of a husband and wife filing separate returns or filing separately on a joint return, the credit may be taken by either or divided equally, but the combined credit shall not exceed **one hundred twenty**~~sixty~~ thousand dollars **(\$120,000)**~~(\$60,000)~~ if subject to the limitation in subsection (3)(a) of this section, or **ten**



~~million~~~~[four hundred thousand]~~ dollars (**\$10,000,000**)~~(\$400,000)~~ if subject to the limitation in subsection (3)(b) of this section, subject to the provisions of subsection (5) of this section.

- (5) The credit amount approved for a calendar year for all taxpayers under subsection (2)(a) of this section shall be limited to the certified rehabilitation credit cap. When the total credits applied for and approved in any year under subsection (2)(a) of this section exceed the certified rehabilitation credit cap, the council shall apportion the certified rehabilitation credit cap as follows: The certified rehabilitation credit cap for the year under consideration shall be multiplied by a fraction, the numerator which is the approved credit amount for an individual taxpayer for a calendar year and the denominator which is the total approved credits for all taxpayers for a calendar year.
- (6)
  - (a) For all applications received prior to April 30, 2010, if the credit amount that may be claimed in any tax year as determined under subsections (3) to (5) of this section exceeds the taxpayer's total tax liabilities under KRS 136.505, 141.020, or 141.040 and 141.0401, the taxpayer may carry the excess tax credit forward until the tax credit is used, provided that any tax credits not used within seven (7) years of the taxable year the certified rehabilitation was complete shall be lost.
  - (b) For all applications received on or after April 30, 2010, if the credit amount that may be claimed in any tax year as determined under subsections (3) to (5) of this section exceeds the taxpayer's total tax liabilities under KRS 136.505, 141.020, or 141.040 and 141.0401, the taxpayer may receive a refund, if the taxpayer elected to take the credit as required by subsection (2)(b) of this section.
- (7)
  - (a) The credit shall apply against both the tax imposed by KRS 141.020 or 141.040 and the limited liability entity tax imposed by KRS 141.0401, with the ordering of credits as provided in KRS 141.0205.
  - (b)
    1. For applications received prior to April 30, 2010, if the taxpayer is a pass-through entity not subject to the tax imposed by KRS 141.040, the taxpayer shall apply the credit at the entity level against the limited liability tax entity imposed by KRS 141.0401, and shall also pass the credit through in the same proportion as the distributive share of income or loss is passed through.
    2. For applications received on or after April 30, 2010, if the taxpayer is a pass-through entity not subject to the tax imposed by KRS 141.040, the taxpayer shall apply the credit at the entity level against the limited liability tax entity imposed by KRS 141.0401, and may receive a refund if the taxpayer elected to take the credit as required by subsection (2)(b)2.a. of this section.
- (8) Credits received under this section may be transferred or assigned if an election is made under subsection (2)(b) of this section, for some or no consideration, along with any related benefits, rights, responsibilities, and liabilities to **a financial institution as defined in KRS 141.010**~~[any entity]~~ subject to the ~~taxes~~~~[tax]~~ imposed by KRS 136.505, **141.040, or 141.0401**. Within thirty (30) days of the date of any transfer of credits, the party transferring the credits shall notify the Department of Revenue of:
  - (a) The name, address, employer identification number, and bank routing and transfer number, of the party to which the credits are transferred;
  - (b) The amount of credits transferred; and
  - (c) Any additional information the Department of Revenue deems necessary.The provisions of this subsection shall apply to any credits that pass through to a successor or beneficiary of a taxpayer.
- (9) For purposes of this section, a lessee of a certified historic structure shall be treated as the owner of the structure if the remaining term of the lease is not less than the minimum period promulgated by administrative regulation by the council.
- (10) The taxes imposed in KRS 141.020, 141.040, and 141.0401 shall not apply to any consideration received for the transfer, sale, assignment, or use of a tax credit approved under this section.
- (11) The Department of Revenue shall assess a penalty on any taxpayer or exempt entity that performs disqualifying work, as determined by the Kentucky Heritage Council, on a certified historic structure for which a rehabilitation has been certified under this section in an amount equal to one hundred percent (100%) of the tax credit allowed on the rehabilitation. Any penalties shall be assessed against the property owner who performs the disqualifying work and not against any transferee of the credits.

- (12) The council may impose fees for processing applications for tax credits, not to exceed the actual cost associated with processing the applications.
- (13) The council may authorize a local government to perform an initial review of applications for the credit allowed under this section and forward the applications to the council with its recommendations.
- (14) The council and the Department of Revenue may promulgate administrative regulations in accordance with the provisions of KRS Chapter 13A to establish policies and procedures to implement the provisions of subsections (1) to (13) of this section.
- (15) The tax credit authorized by this section shall apply to tax periods ending on or after December 31, 2005.

➔Section 50. KRS 131.110 is amended to read as follows:

- (1) (a) The department~~of Revenue~~ shall mail to the taxpayer a notice of any tax assessed by it. The assessment shall be due and payable if not protested in writing to the department within:
  - 1. Forty-five (45) days from the date of notice, for assessments issued prior to July 1, 2018; and
  - 2. Sixty (60) days from the date of notice, for assessments issued on or after July 1, 2018.
- (b) Claims for refund of paid assessments may be made under KRS 134.580 and denials appealed under KRS 49.220.
- (c)
  - 1. The protest shall be accompanied by a supporting statement setting forth the grounds upon which the protest is made.
  - 2. Upon written request, the department may extend the time for filing the supporting statement if it appears the delay is necessary and unavoidable.
  - 3. The refusal of the extension may be reviewed in the same manner as a protested assessment.
- (2) After a timely protest has been filed, the taxpayer may request a conference with the department. The request shall be granted in writing stating the date and time set for the conference. The taxpayer may appear in person or by representative. Further conferences may be held by mutual agreement.
- (3) (a) After considering the taxpayer's protest, including any matters presented at the final conference, the department shall issue a final ruling on any matter still in controversy, which shall be mailed to the taxpayer. The ruling shall state that it is a final ruling of the department, generally state the issues in controversy, the department's position thereon and set forth the procedure for prosecuting an appeal to the Board of Tax Appeals.
- (b)~~(4)~~ The taxpayer may request in writing a final ruling at any time after filing a timely protest and supporting statement. When a final ruling is requested, the department shall issue such ruling within thirty (30) days from the date the request is received by the department.
- (c) *If a taxpayer files a timely protest in dispute of a property tax assessment issued under KRS 136.120 to 136.180 and does not receive from the department, within one (1) year from the date on which the protest was filed:*
  - 1. *A fully executed written agreement to settle the protest as authorized under KRS 131.030(3);*
  - 2. *A final ruling in accordance with paragraphs (a) or (b) of this subsection; or*
  - 3. *Resolution and closure of the protest;**the department shall immediately issue a final ruling that accepts the taxpayer's grounds of the protest, including the taxpayer's proposed true value as stated in the protest.*
- (4)~~(5)~~ After a final ruling has been issued, the taxpayer may appeal to the Board of Tax Appeals pursuant to the provisions of KRS 49.220.

➔Section 51. KRS 131.183 is amended to read as follows:

- (1) (a) Except for the addition to tax required when an underpayment of estimated tax occurs under KRS 141.044 and 141.305, all taxes payable to the Commonwealth not paid at the time prescribed by statute shall accrue interest at the tax interest rate.

- (b) 1. a. *Except as provided by subparagraph 2 of this paragraph*, the tax interest rate shall be equal to the adjusted prime rate charged by banks rounded to the nearest full percent as adjusted by subsection (2) of this section.
- b. ~~(c)~~ The commissioner of revenue shall adjust the tax interest rate not later than November 15 of each year if the adjusted prime rate charged by banks during September of that year, rounded to the nearest full percent, is at least one (1) percentage point more or less than the tax interest rate which is then in effect. The adjusted tax interest rate shall become effective on January 1 of the immediately succeeding year.
- 2. *For additional tax billed in accordance with KRS 136.180(2), the tax interest rate shall be equal to the federal short-term rate applicable to each quarter of the period that begins on the date the protest was filed by the taxpayer under Section 50 of this Act and ends on the due date of the tax as stated on the final tax bill. The federal short-term rate for each quarter shall be the federal short-term rate determined by the Secretary of the Treasury under Section 6621(b) of the Internal Revenue Code of 1986 or equivalent section in case of amendment. The two percent (2%) adjustment provided by subsection (2)(a) of this section shall not apply to the interest rate determined under this subparagraph.*
- (2) (a) 1. All taxes payable to the Commonwealth that have not been paid at the time prescribed by statute shall accrue interest at the tax interest rate as determined in accordance with subsection (1) of this section until May 1, 2008.
- 2. Beginning on May 1, 2008, all taxes payable to the Commonwealth that have not been paid at the time prescribed by statute shall accrue interest at the tax interest rate as determined in accordance with subsection (1) of this section plus two percent (2%).
- (b) 1. Interest shall be allowed and paid upon any overpayment as defined in KRS 134.580 in respect of any of the taxes provided for in Chapters 131, 132, 134, 136, 137, 138, 139, 140, 141, 142, 143, 143A, and 243 of the Kentucky Revised Statutes and KRS 160.613 and 160.614 at the rate provided in subsection (1) of this section until May 1, 2008.
- 2. Beginning on May 1, 2008, interest shall be allowed and paid upon any overpayment as defined in KRS 134.580 at the rate provided in subsection (1) of this section minus two percent (2%).
- 3. Effective for refunds issued after April 24, 2008, except for the provisions of KRS 138.351, 141.044(2), 141.235(3), and subsection (3) of this section, interest authorized under this subsection shall begin to accrue sixty (60) days after the latest of:
  - a. The due date of the return;
  - b. The date the return was filed;
  - c. The date the tax was paid;
  - d. The last day prescribed by law for filing the return; or
  - e. The date an amended return claiming a refund is filed.
- (c) In no case shall interest be paid in an amount less than five dollars (\$5).
- (d) No refund shall be made of any estimated tax paid unless a return is filed as required by KRS Chapter 141.
- (3) Effective for refund claims filed on or after July 15, 1992, if any overpayment of the tax imposed under KRS Chapter 141 results from a carryback of a net operating loss or a net capital loss, the overpayment shall be deemed to have been made on the date the claim for refund was filed. Interest authorized under subsection (2) of this section shall begin to accrue ninety (90) days from the date the claim for refund was filed.
- (4) No interest shall be allowed or paid on any sales tax refund as provided by KRS 139.536.
- (5) For purposes of this section, any addition to tax provided in KRS 141.044 and 141.305 shall be considered a penalty.

➔SECTION 52. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO READ AS FOLLOWS:

- (1) *As used in this section:*

- (a) *"Assignee" means the taxpayer to whom the credit allowed under this section is transferred;*
  - (b) *"Exempt entity" means any tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, any political subdivision of the Commonwealth, any state or local agency, board, or commission, or any quasi-governmental entity;*
  - (c) *"Qualifying expenditures" has the same meaning as in Section 53 of this Act;*
  - (d) *"Qualifying decontamination property" has the same meaning as in Section 53 of this Act; and*
  - (e) *"Taxpayer" means any:*
    - 1. *Entity that is subject to the taxes imposed by KRS 141.020 or KRS 141.040 and 141.0401; or*
    - 2. *Exempt entity and may include any individual, corporation, limited liability company, business development corporation, partnership, limited partnership, sole proprietorship, association, joint stock company, receivership, trust, professional service organization, or other legal entity through which business is conducted that claims the credit or transfers the credit under this section.*
- (2) *For taxable years beginning on or after January 1, 2022, but before January 1, 2032, a taxpayer making a qualifying expenditure at a qualifying decontamination property shall be allowed a refundable credit against the taxes imposed by KRS 141.020 or 141.040 and 141.0401, with the ordering of credits as provided in Section 54 of this Act.*
- (3) *The department may promulgate administrative regulations in accordance with the provisions of KRS Chapter 13A to establish policies and procedures to implement the provisions of this section.*
- (4) *Any taxpayer approved for credit under this section shall not also claim or apply for credit related to the remediation or decontamination of the same qualifying property under KRS 141.418.*
- (5) *The taxpayer receiving the credits may assign, sell, or transfer, in whole or in part, the tax credit to any other taxpayer. Within thirty (30) days of credit transfer, the assignor shall provide written notice to the department of its intent to transfer or sell the tax credit along with supporting documentation prescribed by the department which shall include but not be limited to:*
- (a) *Date on which the transfer is effective;*
  - (b) *Assignee's name, taxpayer identification number, address, and bank routing and transfer number; and*
  - (c) *Total amount of credit to be transferred.*
- (6) (a) *The purpose of this credit is to encourage investment in and decontamination or remediation of qualifying decontamination property. In order for the General Assembly to evaluate the fulfillment of the purpose stated in this section, the department shall provide the following information on a cumulative basis for each taxable year to provide a historical impact of the tax credit to the Commonwealth:*
- 1. *The number of tax returns, by the tax type of return filed, claiming the credit for each taxable year;*
  - 2. *The total amount of credit claimed on returns filed for each taxable year;*
  - 3. *The cumulative number of projects by county, as identified by the county in which the qualifying decontamination project is located, for each taxable year;*
  - 4. *The cumulative total of credits claimed by county, as identified by the county in which the qualifying decontamination project is located for each taxable year;*
  - 5.
    - a. *In the case of taxpayers other than corporations, based on ranges of adjusted gross income of no larger than five thousand dollars (\$5,000), the total amount of credits claimed for each adjusted gross income range for each taxable year; and*
    - b. *In the case of corporations, based on ranges of net income of no larger than fifty thousand dollars (\$50,000), the total amount of credits claimed for each net income range for each taxable year; and*
  - 6. *Any other taxpayer information necessary for the General Assembly to evaluate this credit.*

- (b) *The report required by paragraph (a) of this subsection shall be submitted to the Interim Joint Committee on Appropriations and Revenue no later than November 1, 2024, and annually thereafter as long as the decontamination tax credit is claimed on any tax return filed.*

➔SECTION 53. A NEW SECTION OF SUBCHAPTER 1 OF KRS CHAPTER 224 IS CREATED TO READ AS FOLLOWS:

(1) *For purposes of this section:*

- (a) *"Assignor" means the recipient of the tax credit who may assign, sell, or transfer, in whole or in part, the tax credit to any other taxpayer;*
- (b) *"Department" means the Department of Revenue;*
- (c) *"Qualifying expenditures" means up to one hundred percent (100%) of the costs of materials, supplies, equipment, labor, professional engineering, consulting and architectural fees, permitting fees and expenses, demolition, asbestos abatement, and direct utility charges for voluntarily performing activities to decontaminate or remediate any preexisting hazardous substance, pollutant or contaminant, or petroleum and petroleum products as defined in KRS 224.60-115, including but not limited to the costs of performing operation and maintenance of the remediation systems and equipment at the qualifying decontamination property beyond the year in which the systems and equipment are built and installed and the costs of performing the remediation activities following the taxpayer's tax year in which the systems and equipment were first put into use at the qualifying decontamination property; and*
- (d) *"Qualifying decontamination property" includes qualifying voluntary environmental remediation property as defined in KRS 141.418 and shall also include real property under the Brownfield Redevelopment Program as established in KRS 224.1-415, if the guidelines in KRS 141.418(1)(e) are met.*

(2) *There is hereby created a decontamination tax credit.*

- (3) (a) *For taxable years beginning on or after January 1, 2022, but before January 1, 2032, a taxpayer making a qualifying expenditure at a qualifying decontamination property shall be allowed a refundable credit against the taxes imposed by KRS 141.020 or 141.040 and 141.0401, with the ordering of credits as provided in Section 54 of this Act.*
- (b) *The credit shall be equal to the amount of expenditures made by the taxpayer for the decontamination or remediation of the qualifying decontamination property.*
- (c) *The total credit awarded per qualifying decontamination property shall not exceed thirty million dollars (\$30,000,000).*
- (d) *The amount of credit to be taken in a taxable year shall not exceed twenty-five percent (25%) of the total amount of approved credit.*

(4) *The qualifying expenditures:*

- (a) *Shall be in accordance with a corrective action plan approved by the cabinet under KRS 224.1-400, 224.1-405, or 224.60-135; and*
- (b) *May include up to one hundred percent (100%) of the costs of demolition that are not directly part of the decontamination or remediation activities, provided that the demolition is:*
  - 1. a. *On the property where the decontamination or remediation activities are occurring; or*
  - b. *On adjacent property, so long as it is independently qualified as abandoned or underutilized;*
  - 2. *Necessary to accomplish the planned use of the property where the decontamination or remediation activities are occurring; and*
  - 3. *Part of a redevelopment plan approved by the municipal or county government and the cabinet.*

- (5) *The decontamination or remediation shall not be financed through a public grant program or the petroleum storage tank environmental assurance fund under KRS 224.60-115.*

- (6) *The amount of reasonably anticipated total qualifying expenditures associated with the qualifying decontamination property shall equal or exceed ten million dollars (\$10,000,000).*
- (7) (a) *The qualifying decontamination property shall be located:*
  - 1. *Within one-half (1/2) mile of a tax increment financing development area; or*
  - 2. *In a census tract that qualifies for the use of the Kentucky New Markets Development Program tax credit created under KRS 141.434.*
- (b) *The amount of reasonably anticipated capital investment in the qualifying decontamination property shall exceed thirty million dollars (\$30,000,000).*
- (8) (a) *Beginning on or after January 1, 2022, a taxpayer seeking the credit established in this section shall file an application with the cabinet not less than thirty (30) days prior to the date the qualifying expenditures will begin, and on a form as prescribed by the cabinet for determination of eligibility.*
- (b) *The application shall include supporting documentation including:*
  - 1. *The name, address, and taxpayer identification number of the owner of the qualifying decontamination property;*
  - 2. *Detailed description of the property;*
  - 3. *The proposed start and completion dates for the project; and*
  - 4. *The projected amount of total capital investment and qualifying expenditures associated with the property.*
- (c) *Taxpayers awarded a credit under this subsection shall submit receipts annually to the cabinet verifying the qualifying expenditures claimed.*
- (d) *The cabinet shall make a determination of the maximum credit available for the qualifying decontamination property and provide notification of the awarded credit amount to the department and taxpayer within sixty (60) days of the date on which the application was filed.*
- (e) *Any taxpayer approved for credit under this section shall not also claim or apply for any other credit related to the decontamination or remediation of the same qualifying decontamination property.*

➔Section 54. KRS 141.0205 is amended to read as follows:

If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of the credits shall be determined as follows:

- (1) The nonrefundable business incentive credits against the tax imposed by KRS 141.020 shall be taken in the following order:
  - (a) The limited liability entity tax credit permitted by KRS 141.0401;
  - (b) The economic development credits computed under KRS 141.347, 141.381, 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-207, and 154.12-2088;
  - (c) The qualified farming operation credit permitted by KRS 141.412;
  - (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
  - (e) The health insurance credit permitted by KRS 141.062;
  - (f) The tax paid to other states credit permitted by KRS 141.070;
  - (g) The credit for hiring the unemployed permitted by KRS 141.065;
  - (h) The recycling or composting equipment credit permitted by KRS 141.390;
  - (i) The tax credit for cash contributions in investment funds permitted by KRS 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS 154.20-258;
  - (j) The research facilities credit permitted by KRS 141.395;
  - (k) The employer High School Equivalency Diploma program incentive credit permitted under KRS 151B.402;
  - (l) The voluntary environmental remediation credit permitted by KRS 141.418;

- (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
  - (n) The clean coal incentive credit permitted by KRS 141.428;
  - (o) The ethanol credit permitted by KRS 141.4242;
  - (p) The cellulosic ethanol credit permitted by KRS 141.4244;
  - (q) The energy efficiency credits permitted by KRS 141.436;
  - (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
  - (s) The Endow Kentucky credit permitted by KRS 141.438;
  - (t) The New Markets Development Program credit permitted by KRS 141.434;
  - (u) The distilled spirits credit permitted by KRS 141.389;
  - (v) The angel investor credit permitted by KRS 141.396;
  - (w) The film industry credit permitted by KRS 141.383 for applications approved on or after April 27, 2018, but before January 1, 2022;
  - (x) The inventory credit permitted by KRS 141.408; and
  - (y) The renewable chemical production credit permitted by KRS 141.4231.
- (2) After the application of the nonrefundable credits in subsection (1) of this section, the nonrefundable personal tax credits against the tax imposed by KRS 141.020 shall be taken in the following order:
- (a) The individual credits permitted by KRS 141.020(3);
  - (b) The credit permitted by KRS 141.066;
  - (c) The tuition credit permitted by KRS 141.069;
  - (d) The household and dependent care credit permitted by KRS 141.067;
  - (e) The income gap credit permitted by KRS 141.066; and
  - (f) The Education Opportunity Account Program tax credit permitted by KRS 141.522.
- (3) After the application of the nonrefundable credits provided for in subsection (2) of this section, the refundable credits against the tax imposed by KRS 141.020 shall be taken in the following order:
- (a) The individual withholding tax credit permitted by KRS 141.350;
  - (b) The individual estimated tax payment credit permitted by KRS 141.305;
  - (c) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and 171.397(1)(b);
  - (d) The film industry tax credit permitted by KRS 141.383 for applications approved prior to April 27, 2018, or on or after January 1, 2022;~~and~~
  - (e) The development area tax credit permitted by KRS 141.398; *and*
  - (f) *The decontamination tax credit permitted by Section 52 of this Act.*
- (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the tax imposed by KRS 141.040.
- (5) The following nonrefundable credits shall be applied against the sum of the tax imposed by KRS 141.040 after subtracting the credit provided for in subsection (4) of this section, and the tax imposed by KRS 141.0401 in the following order:
- (a) The economic development credits computed under KRS 141.347, 141.381, 141.384, 141.3841, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-207, and 154.12-2088;
  - (b) The qualified farming operation credit permitted by KRS 141.412;
  - (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
  - (d) The health insurance credit permitted by KRS 141.062;

- (e) The unemployment credit permitted by KRS 141.065;
  - (f) The recycling or composting equipment credit permitted by KRS 141.390;
  - (g) The coal conversion credit permitted by KRS 141.041;
  - (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods ending prior to January 1, 2008;
  - (i) The tax credit for cash contributions to investment funds permitted by KRS 154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS 154.20-258;
  - (j) The research facilities credit permitted by KRS 141.395;
  - (k) The employer High School Equivalency Diploma program incentive credit permitted by KRS 151B.402;
  - (l) The voluntary environmental remediation credit permitted by KRS 141.418;
  - (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
  - (n) The clean coal incentive credit permitted by KRS 141.428;
  - (o) The ethanol credit permitted by KRS 141.4242;
  - (p) The cellulosic ethanol credit permitted by KRS 141.4244;
  - (q) The energy efficiency credits permitted by KRS 141.436;
  - (r) The ENERGY STAR home or ENERGY STAR manufactured home credit permitted by KRS 141.437;
  - (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
  - (t) The railroad expansion credit permitted by KRS 141.386;
  - (u) The Endow Kentucky credit permitted by KRS 141.438;
  - (v) The New Markets Development Program credit permitted by KRS 141.434;
  - (w) The distilled spirits credit permitted by KRS 141.389;
  - (x) The film industry credit permitted by KRS 141.383 for applications approved on or after April 27, 2018, but before January 1, 2022;
  - (y) The inventory credit permitted by KRS 141.408;
  - (z) The renewable chemical production tax credit permitted by KRS 141.4231; and
  - (aa) The Education Opportunity Account Program tax credit permitted by KRS 141.522.
- (6) After the application of the nonrefundable credits in subsection (5) of this section, the refundable credits shall be taken in the following order:
- (a) The corporation estimated tax payment credit permitted by KRS 141.044;
  - (b) The certified rehabilitation credit permitted by KRS 171.3961, 171.3963, and 171.397(1)(b);~~and~~
  - (c) The film industry tax credit permitted by KRS 141.383 for applications approved prior to April 27, 2018, or on or after January 1, 2022; *and*
  - (d) ***The decontamination tax credit permitted by Section 52 of this Act.***

➔Section 55. KRS 131.190 is amended to read as follows:

- (1) No present or former commissioner or employee of the department, present or former member of a county board of assessment appeals, present or former property valuation administrator or employee, present or former secretary or employee of the Finance and Administration Cabinet, former secretary or employee of the Revenue Cabinet, or any other person, shall intentionally and without authorization inspect or divulge any information acquired by him or her of the affairs of any person, or information regarding the tax schedules, returns, or reports required to be filed with the department or other proper officer, or any information produced by a hearing or investigation, insofar as the information may have to do with the affairs of the person's business.
- (2) The prohibition established by subsection (1) of this section shall not extend to:



- (a) Information required in prosecutions for making false reports or returns of property for taxation, or any other infraction of the tax laws;
- (b) Any matter properly entered upon any assessment record, or in any way made a matter of public record;
- (c) Furnishing any taxpayer or his or her properly authorized agent with information respecting his or her own return;
- (d) Testimony provided by the commissioner or any employee of the department in any court, or the introduction as evidence of returns or reports filed with the department, in an action for violation of state or federal tax laws or in any action challenging state or federal tax laws;
- (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or energy resources assessed under KRS 132.820, or owners of surface land under which the unmined minerals lie, factual information about the owner's property derived from third-party returns filed for that owner's property, under the provisions of KRS 132.820, that is used to determine the owner's assessment. This information shall be provided to the owner on a confidential basis, and the owner shall be subject to the penalties provided in KRS 131.990(2). The third-party filer shall be given prior notice of any disclosure of information to the owner that was provided by the third-party filer;
- (f) Providing to a third-party purchaser pursuant to an order entered in a foreclosure action filed in a court of competent jurisdiction, factual information related to the owner or lessee of coal, oil, gas reserves, or any other mineral resources assessed under KRS 132.820. The department may promulgate an administrative regulation establishing a fee schedule for the provision of the information described in this paragraph. Any fee imposed shall not exceed the greater of the actual cost of providing the information or ten dollars (\$10);
- (g) Providing information to a licensing agency, the Transportation Cabinet, or the Kentucky Supreme Court under KRS 131.1817;
- (h) Statistics of gasoline and special fuels gallonage reported to the department under KRS 138.210 to 138.448;
- (i) Providing any utility gross receipts license tax return information that is necessary to administer the provisions of KRS 160.613 to 160.617 to applicable school districts on a confidential basis;
- (j) Providing documents, data, or other information to a third party pursuant to an order issued by a court of competent jurisdiction; or
- (k) Providing information to the Legislative Research Commission under:
  1. KRS 139.519 for purposes of the sales and use tax refund on building materials used for disaster recovery;
  2. KRS 141.436 for purposes of the energy efficiency products credits;
  3. KRS 141.437 for purposes of the ENERGY STAR home and the ENERGY STAR manufactured home credits;
  4. KRS 141.383 for purposes of the film industry incentives;
  5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization tax credits and the job assessment fees;
  6. KRS 141.068 for purposes of the Kentucky investment fund;
  7. KRS 141.396 for purposes of the angel investor tax credit;
  8. KRS 141.389 for purposes of the distilled spirits credit;
  9. KRS 141.408 for purposes of the inventory credit;
  10. KRS 141.390 for purposes of the recycling and composting credit;
  11. KRS 141.3841 for purposes of the selling farmer tax credit;
  12. KRS 141.4231 for purposes of the renewable chemical production tax credit;
  13. KRS 141.524 for purposes of the Education Opportunity Account Program tax credit;

14. KRS 141.398 for purposes of the development area tax credit;~~and~~
15. KRS 139.516 for the purposes of the sales and use tax exemption on the commercial mining of cryptocurrency; *and*

**16. Section 52 of this Act for purposes of the decontamination tax credit.**

- (3) The commissioner shall make available any information for official use only and on a confidential basis to the proper officer, agency, board or commission of this state, any Kentucky county, any Kentucky city, any other state, or the federal government, under reciprocal agreements whereby the department shall receive similar or useful information in return.
- (4) Access to and inspection of information received from the Internal Revenue Service is for department use only, and is restricted to tax administration purposes. Information received from the Internal Revenue Service shall not be made available to any other agency of state government, or any county, city, or other state, and shall not be inspected intentionally and without authorization by any present secretary or employee of the Finance and Administration Cabinet, commissioner or employee of the department, or any other person.
- (5) Statistics of crude oil as reported to the department under the crude oil excise tax requirements of KRS Chapter 137 and statistics of natural gas production as reported to the department under the natural resources severance tax requirements of KRS Chapter 143A may be made public by the department by release to the Energy and Environment Cabinet, Department for Natural Resources.
- (6) Notwithstanding any provision of law to the contrary, beginning with mine-map submissions for the 1989 tax year, the department may make public or divulge only those portions of mine maps submitted by taxpayers to the department pursuant to KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-out parcel areas. These electronic maps shall not be relied upon to determine actual boundaries of mined-out parcel areas. Property boundaries contained in mine maps required under KRS Chapters 350 and 352 shall not be construed to constitute land surveying or boundary surveys as defined by KRS 322.010 and any administrative regulations promulgated thereto.

➔Section 56. (1) The Legislative Research Commission shall direct the staff of the Legislative Research Commission to gather information related to electric vehicles and transportation funding, including:

- (a) Other state's statutes, regulations, and policies; and
- (b) Federal government regulations and guidance.

(2) The staff shall gather the information during the 2022 Interim of the General Assembly and report to the Legislative Research Commission the findings on a monthly basis, with reports due on June 30, 2022, July 30, 2022, August 30, 2022, September 30, 2022, October 30, 2022, and a summary of all information gathered submitted no later than December 1, 2022, for referral to the Interim Joint Committee on Appropriations and Revenue and the Interim Joint Committee on Transportation.

➔Section 57. Jailer Canteen Accounts: Notwithstanding KRS 67.0802(6)(a), any compensation resulting from the disposal of real or personal property that was purchased from a canteen account under KRS 441.135 shall be returned to the canteen account from which the real or personal property was originally purchased. All proceeds resulting from the disposal of real or personal property purchased from a canteen account shall be reported to the Interim Joint Committee on Appropriations and Revenue by December 1 of each fiscal year.

➔Section 58. Administrative Fee on Infrastructure for Economic Development Fund Projects: A one-half of one percent administrative fee is authorized to be paid to the Kentucky Infrastructure Authority for the administration of each project funded by the Infrastructure for Economic Development Fund for Coal-Producing Counties and the Infrastructure for Economic Development Fund for Tobacco Counties. These administrative fees shall be paid, upon inception of the project, out of the fund from which the project was allocated.

➔Section 59. Charges for Federal, State, and Local Audits: Any additional expenses incurred by the Auditor of Public Accounts for required audits of Federal Funds shall be charged to the government or agency that is the subject of the audit. The Auditor of Public Accounts receives General Fund appropriations for audits of the statewide systems of personnel and payroll, cash and investments, revenue collection, and the state accounting system. Any expenses incurred by the Auditor of Public Accounts for any other audits shall be charged to the agency that is the subject of such audit. The Auditor of Public Accounts shall maintain a record of all time and expenses for each audit or investigation.

Any expenses incurred by the Auditor of Public Accounts for auditing individual governmental entities when mandated by a legislative committee shall be charged to the agency or entity receiving audit services.

➔Section 60. Personnel Board Operating Assessment: Each Agency of the Executive Branch with employees covered by KRS Chapter 18A shall be assessed each fiscal year the amount required for the operation of the Personnel Board. The agency assessment shall be determined by the Secretary of the Finance and Administration Cabinet based on the authorized full-time positions of each agency on July 1 of each year of the biennium. The Secretary of the Finance and Administration Cabinet shall collect the assessment.

➔Section 61. Water Withdrawal Fees: The water withdrawal fees imposed by the Kentucky River Authority shall not be subject to state and local taxes. Notwithstanding KRS 151.710(10), Tier 1 water withdrawal fees shall be used to support the operations of the Authority and for contractual services for water supply and quality studies.

➔Section 62. Urgent Needs School Assistance: If a school district receives an allotment for an Urgent Needs School authorized in 2014 Ky. Acts ch. 117, Part I, A., 28., (5), 2014 Ky. Acts ch. 117, Part I, C., 1., (19)(b), 2016 Ky. Acts ch. 149, Part I, A., 28., (4) and (5), 2018 Ky. Acts ch. 169, Part I, A., 27., (3), or 2021 Ky. Acts ch. 169, Part I, A., 28., (3), and subsequently, as a result of litigation or insurance, receives funds for the original facility, the school district shall reimburse the Commonwealth an amount equal to that received for such purposes. If the litigation or insurance receipts are less than the amount received, the district shall reimburse the Commonwealth an amount equal to that received as a result of litigation or insurance less the district's costs and legal fees in securing the judgment or payment. Any funds received in this manner shall be deposited in the General Fund.

➔Section 63. Premium and Retaliatory Taxes: Notwithstanding KRS 304.17B-021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the General Fund.

➔Section 64. Monthly Per Employee Health Insurance Benefits Assessment: The Personnel Cabinet shall collect a benefits assessment per month per employee eligible for health insurance coverage in the state group for duly authorized use by the Personnel Cabinet in administering its statutory and administrative responsibilities, including but not limited to administration of the Commonwealth's health insurance program.

➔Section 65. KRS 134.490 is amended to read as follows:

(1) ~~[The following notices shall be sent by a third party purchaser to the delinquent taxpayer by first class mail with proof of mailing, and shall include the information required by subsection (3)(d) of this section:]~~

(a) Within fifty (50) days after the delivery of a certificate of delinquency by the clerk to a third-party purchaser, the third-party purchaser shall send a notice to the delinquent taxpayer informing the delinquent taxpayer that the certificate of delinquency has been purchased by the third-party purchaser. ~~;~~ ~~and~~

(b) At least annually thereafter, until the notice required by subsection (2) of this section is sent, the third-party purchaser shall send a notice to the delinquent taxpayer.

(c) ***The notices included in this subsection shall be sent by certified mail with proof of mailing and include the information required by subsection (3)(d) of this section. A copy of each notice shall be sent to each mortgagee who holds a mortgage on the property that is the subject of the certificate of delinquency.***

(2) Anytime after the expiration of the one (1) year tolling period established by KRS 134.546, the third-party purchaser may institute an action to collect the amount due on a certificate of delinquency. At least forty-five (45) days before instituting a legal action, the third-party purchaser shall send ***a notice*** to the taxpayer ***and a copy of the notice to each mortgagee who holds a mortgage on the property*** by ***certified*** ~~[first class]~~ mail with proof of mailing, ~~[a notice informing the taxpayer that enforcement action will be taken].~~ ***The*** ~~[This]~~ notice shall:

(a) ***Inform the taxpayer that enforcement action will be taken;***

(b) ***Include a statement advising the taxpayer that substantial additional administrative costs and fees associated with collection in addition to the amount due on the certificate of delinquency may be imposed and that collection actions may include foreclosure; and***

(c) ~~[also]~~ Include the information required by subsection (3) of this section.

***The notice*** ~~[, and]~~ shall be in addition to any notice sent under subsection (1) of this section.

(3) (a) 1. For certificates of delinquency for all property except property described in paragraph (b) of this subsection, third-party purchasers or their designees shall obtain from the office of the property

- valuation administrator of the county in which the real property is located the most recent address for the property owner.
2. To obtain information from the office of the property valuation administrator, the third-party purchaser shall, at the option of the property valuation administrator, either:
    - a. Obtain information from an up-to-date public access list or Web site offered by the property valuation administrator; or
    - b. Submit a list of addresses, map identification numbers, or parcel numbers for which updated information is requested to the property valuation administrator, who shall update his or her records with regard to the properties for which information is requested and provide the updated information to the third-party purchaser within ten (10) days.
  3. For this service, the property valuation administrator may charge a fee not to exceed two dollars (\$2) for each address provided or obtained.
  4. Except as provided in paragraph (b) of this subsection, the third-party purchaser shall send the notices required by subsections (1) and (2) of this section to the address provided by the property valuation administrator. Unless the provisions of subparagraph 7. of this paragraph apply, the third-party purchaser shall not be required to send a notice to any party other than the owner of record as provided by the property valuation administrator at the time the notice is sent ***and the mortgage as required by subsections (1) and (2) of this section.***
  5. If, due to insufficient staffing, the property valuation administrator is unable to provide the requested information to the third-party purchaser within ten (10) days of submission, the property valuation administrator shall immediately notify the third-party purchaser, and the third-party purchaser may send the notices required by subsections (1) and (2) of this section to the address reflected in the public records of the property valuation administrator.
  6. Any notices sent pursuant to information obtained under this paragraph that are returned as undeliverable shall be re-sent by ***certified***~~[first class]~~ mail with proof of mailing addressed to the "Occupant" at the address of the property that is the subject of the certificate of delinquency. These notices shall be sent within twenty (20) days of receipt of the returned notice.
  7. If a third-party purchaser becomes aware of a more recent or more accurate address for a delinquent taxpayer that is different from the address reflected in the records of the property valuation administrator, the third-party purchaser shall send notices to the updated address in the manner required by this subsection, and shall notify the property valuation administrator of the updated address.
  8. If a third-party purchaser receives an address from the property valuation administrator during an address check after a first notice is sent and returned as undeliverable, and the address is the same as was originally provided, the third-party purchaser shall send the notice addressed to "Occupant" at the address of the property that is the subject of the certificate of delinquency ***in the manner required by this subsection.***
- (b)
1. For certificates of delinquency relating to unmined coal, oil or gas reserves, or any other mineral or energy resources assessed separately from the surface real property pursuant to KRS 132.820, third-party purchasers or their designees shall obtain from the department the most recent address for the property owner.
  2. To obtain information about a particular property, the third-party purchaser shall submit to the department a list of addresses, map identification numbers, parcel numbers, and any other information the department may require. The department shall:
    - a. Update its records with regard to the properties for which information is requested; and
    - b. Provide the updated information to the third-party purchaser within ten (10) business days.
  3. For this service, the department may charge a fee not to exceed two dollars (\$2) for each address provided.
  4. The third-party purchaser shall send the notices required by subsections (1) and (2) of this section relating to unmined coal, oil or gas reserves, or any other mineral or energy resources

assessed separately from the surface real property pursuant to KRS 132.820 to the address provided by the department. Unless the provisions of subparagraph 5.f. of this paragraph apply, the third-party purchaser shall not be required to send a notice to any party other than the owner of record as provided by the department at the time the notice is sent *and the mortgagee as required by subsections (1) and (2) of this section*.

5.
  - a. Any notice sent pursuant to subsections (1) and (2) of this section based on information obtained pursuant to this paragraph and returned as undeliverable shall be submitted to the department within ten (10) days of receipt of the returned notice.
  - b. The department shall attempt to obtain an updated address for the owner of the property subject to the certificate of delinquency from the individual or entity filing the property tax return for the property.
  - c. The individual or entity filing the property tax return shall provide an address of the property owner upon request of the department.
  - d. The department shall provide any updated address information to the third-party purchaser.
  - e. If updated information is provided, the notices shall be re-sent by *certified*~~[first class]~~ mail with proof of mailing to the updated address of the owner within ten (10) days of the receipt of the updated information from the department.
  - f. If a third-party purchaser becomes aware of a more recent or more accurate address for a delinquent taxpayer that is different from the address reflected in the records of the department, the third-party purchaser shall send notices to the updated address in the manner required by this subsection, and shall notify the department of the updated address.
- (c) The third-party purchaser shall maintain complete and accurate records of all notices sent pursuant to this section.
- (d) The notices required by this section shall include the following information:
  1. A statement that the certificate of delinquency is a lien of record against the property for which delinquent taxes are owed;
  2. A statement that the certificate bears interest at the rate provided in KRS 134.125;
  3. A statement that if the certificate is not paid, it will be subject to collection as provided by law, and that collection actions may include foreclosure. The notice required by subsection (2) of this section shall also include a statement of the intent to institute legal action to collect the amount due;
  4. A complete listing of the amount due, as of the date of the notice, broken down as follows:
    - a. The purchase price of the certificate of delinquency;
    - b. Interest accrued subsequent to the purchase of the certificate of delinquency; and
    - c. Fees imposed by the third-party purchaser;
  5. If the third-party purchaser is required to register with the department as provided in KRS 134.128(3), for certificates of delinquency purchased after June 1, 2012, a statement informing the taxpayer that upon written request and the payment of a processing fee, the third-party purchaser will offer a payment plan; and
  6. Information, in a format and with content as determined by the department, detailing the provisions of the law relating to third-party purchaser fees and charges.
- (e) In addition, the notice shall provide the following information to the taxpayer:
  1. The legal name of the third-party purchaser;
  2. The third-party purchaser's physical address;

3. The third-party purchaser's mailing address for payments, if different from the physical address; and
4. The third-party purchaser's telephone number.

If the information required by this paragraph changes, the third-party purchaser shall, within thirty (30) days of the change becoming effective, send a notice to each taxpayer by ~~certified first-class~~ mail with proof of mailing with the corrected information. The third-party purchaser shall also update contact information included in the records of the county clerk within ten (10) days of the change becoming effective. Failure to send the original notice or any correction notices shall result in the suspension of the accrual of all interest and any fees incurred by the third-party purchaser after that date until proper notice is given as required by this subsection.

- (4) If a person entitled to pay a certificate of delinquency to a third-party purchaser makes payment on the certificate of delinquency to the county clerk under the conditions described in KRS 134.127(3)(d), the payment shall constitute payment in full, and no other amounts may be collected by the third-party purchaser from the person.
- (5)
  - (a) For certificates of delinquency purchased after June 1, 2012, at the written request of a delinquent taxpayer, a third-party purchaser required to register with the department as provided in KRS 134.128(3) shall provide a monthly installment payment plan to a taxpayer.
  - (b) The taxpayer and third-party purchaser shall sign an agreement detailing the terms of the installment payment plan.
  - (c) The third-party purchaser may impose a processing fee, not to exceed eight dollars (\$8) per month to offset the administrative cost of providing the payment plan. No other fees, charges, interest, or other amounts not expressly authorized by this chapter shall be charged, assessed, or collected by the third-party purchaser.
  - (d) The existence of an agreement to provide a payment plan shall not impact the right of the third-party purchaser to pursue legal action if the delinquent taxpayer fails to follow the terms of the installment payment agreement.
  - (e) Upon default of a delinquent taxpayer:
    1. The third-party purchaser shall retain all amounts paid, which shall be applied to the outstanding balance due; and
    2. The third-party purchaser shall not be required to offer the delinquent taxpayer another opportunity for an installment payment plan.
  - (f) If a third-party purchaser who was required to offer payment plans pursuant to paragraph (a) of this subsection, subsequently does not purchase a sufficient number of certificates of delinquency to require registration with the department, the third-party purchaser shall continue to offer payment plans under the conditions established by this subsection for all delinquent taxpayers whose certificates of delinquency were purchased during a period in which the third-party purchaser was required to register with the department.
  - (g) A third-party purchaser who is not required to register with the department as provided in KRS 134.128(3), or who holds certificates of delinquency purchased prior to June 1, 2012, may voluntarily offer installment payment plans to delinquent taxpayers in accordance with the provisions of this subsection.
  - (h) The department may establish additional terms and conditions for installment payment plans in an administrative regulation.
- (6) Any person to whom a third-party purchaser transfers or assigns a certificate of delinquency shall be considered a third-party purchaser under this chapter.

➔Section 66. KRS 134.504 is amended to read as follows:

- (1) The department shall be responsible for the collection of certificates of delinquency and personal property certificates of delinquency. The provisions of this section relating to certificates of delinquency shall also apply to personal property certificates of delinquency unless otherwise specifically noted. The department shall offer the collection duties related to certificates of delinquency and personal property certificates of

delinquency to the county attorney in each county, unless the department determines that a county attorney has previously failed to perform collection duties in a reasonable and acceptable manner.

- (2) Any county attorney desiring to perform the collection duties shall enter into a contract with the department on an annual basis.
- (3) The terms of the contract shall specify the duties to be undertaken by the county attorney, which shall include, at a minimum, the duties set forth in subsection (4) of this section. The terms of the contract shall also provide that, if the county attorney fails to perform the duties required by the contract during the contract period, the department may assume all collection responsibilities.
- (4) The following duties shall be performed by the department or the county attorney, as the case may be, with regard to each certificate of delinquency:
  - (a) Within thirty (30) days after the establishment of a certificate of delinquency, the county attorney or the department shall mail a notice by regular mail to the owner of record on the assessment date at the address on the records of the property valuation administrator, or to the in-care-of address if an in-care-of address is provided as required by subsection (5) of this section. The notice shall:
    1. Include the name, address, and telephone number of a contact person in the county attorney's office or the department, as the case may be;
    2. Advise that:
      - a. The certificate of delinquency is a lien of record against the property on which the taxes are due;
      - b. The amounts due are a personal obligation of the taxpayer on the assessment date; and
      - c. The certificate bears interest at the rate of twelve percent (12%) and, if not paid, will be subject to collection by the county attorney or the department as provided by law;
    3. Include the total amount due as of the date of the notice;
    4. **Include in bold print in at least twelve (12) point font, a statement advising the taxpayer~~advise~~** that anytime after ninety (90) days from the creation of the certificate of delinquency, the certificate of delinquency may be paid by a third-party purchaser and, that if so paid, the certificate of delinquency will be subject to collection by the third-party purchaser as provided by law. The notice shall also advise that a third-party purchaser may impose substantial additional administrative costs and fees associated with collection in addition to the amount due on the certificate of delinquency, and that collection actions may include foreclosure. This provision shall not be included in notices sent for personal property certificates of delinquency; and
    5. Advise that the taxpayer may qualify for a payment plan with the county attorney or the department, if the taxpayer meets the requirements established by the county attorney or the department, and if terms are agreed to prior to the date of the sale;
  - (b) The county attorney or the department shall file in the office of the county clerk a list of the names and addresses to which the thirty (30) day notice was mailed along with a certificate attesting that the notices were mailed in accordance with the requirements of this section;
  - (c)
    1. All thirty (30) day notices returned as undeliverable shall be submitted by the county attorney or department to the property valuation administrator, and a list of the returned notices shall be filed with the county clerk, who shall record the list in the order book of the county.
    2. The property valuation administrator shall attempt to correct inadequate or erroneous addresses and, if property has been transferred, shall determine the new owner, current mailing address, and in-care-of address, if any, as provided in KRS 382.135.
    3. The property valuation administrator shall return the notices with the corrected information to the county attorney or the department within twenty (20) days of receipt.
    4. Upon receipt of the new information from the property valuation administrator, the county attorney or the department shall resend the notice required by paragraph (a) of this subsection using the updated information;

- (d) 1. At least twenty (20) days after the mailing of the thirty (30) day notice required by paragraph (a) of this subsection, but within sixty (60) days of the establishment of a certificate of delinquency, the county attorney or department shall send a second notice, by regular mail, to owners of record whose tax bills remain delinquent, or to the in-care-of addresses or corrected address, if information regarding a new property owner has been received by the county attorney or the department under the provisions of paragraph (c) of this subsection. The notice shall include, at a minimum, the following information:
  - a. The name, address, and telephone number of a contact person in the county attorney's office or the department, as the case may be;
  - b. A statement that a sale of tax claims will be held by the county clerk on the date established by the department for the sale. The text of the statement shall include the actual sale date, as well as a statement noting that the certificate of delinquency may be paid by a third-party purchaser at the sale, and if the certificate of delinquency is paid by a third-party purchaser, it will be subject to collection by the third-party purchaser as provided by law, that significant additional collection fees will be imposed by the third-party purchaser, and that collection actions may include foreclosure. This statement shall not be included in notices sent to owners of property subject to a personal property certificate of delinquency; and
  - c. A statement that the taxpayer may qualify for a payment plan with the county attorney or the department, if the taxpayer meets the requirements established by the county attorney or the department and if terms are agreed to prior to the date of the sale.
- 2. The county attorney or the department shall file in the office of the county clerk a list of the names and addresses to which the sixty (60) day notice was mailed, along with a certificate attesting that the notices were mailed in accordance with the requirements of this section.
- 3. If the notice required by paragraph (c) of this subsection is returned as undeliverable, and the property valuation administrator is not able to provide a corrected or updated address, the county attorney or the department shall address the sixty (60) day notice to "Occupant" and shall mail the notice to the address of the property to which the certificate of delinquency applies;
- (e) The county attorney or the department shall deliver to the property valuation administrator, at the same time the notice required by paragraph (d) of this subsection is sent, a list of the owners whose tax bills remain delinquent. The property valuation administrator shall review this list in accordance with KRS 132.220 to establish that the properties on the list can be identified and physically located; and
- (f) Anytime after the expiration of the one (1) year tolling period established by KRS 134.546, the county attorney or department may institute an action to collect the amount due on a certificate of delinquency owned by the taxing jurisdictions and in the possession of the county clerk. At least forty-five (45) days before instituting a legal action, the county attorney or department shall send, by regular mail, a notice of intent to initiate legal action to enforce the lien. The notice shall be sent to the owner of record of the property or to the in-care-of address or corrected address if either has been provided pursuant to this section.
- (5) If property subject to a certificate of delinquency has been transferred in any year after the assessment date, the property valuation administrator shall determine the in-care-of address supplied in the deed pursuant to KRS 382.135 and shall provide that information to the county attorney or the department.
- (6) (a) Failure of the county attorney or the department to mail the notices required in subsection (4) of this section shall not affect the validity of the claim of the state, county, school district, and taxing district. However, the county attorney or the department shall not receive any compensation, commission, or payment related to any certificate of delinquency for which the notices required by the provisions of subsection (4) of this section are not sent.
  - (b) For each notice mailed, one dollar (\$1) shall be added to the amount of the certificate of delinquency, to offset the cost of mailing, and, upon collection, the county attorney or the department shall be paid such amounts as reimbursement for mailing costs.
- (7) (a) As compensation for the collection duties performed pursuant to a contract with the department, a county attorney shall be paid twenty percent (20%) of the amount due each taxing unit during the contract period, whether the amount is paid voluntarily, through sale, or under court order, and whether



the amount is paid to the county clerk or the county attorney. The fee for the county attorney shall be added to the amount of the certificate of delinquency and shall be paid by the person paying the certificate of delinquency.

- (b) If payment in full is voluntarily made by the taxpayer to the county attorney or county clerk within five (5) days of the filing of the tax claim with the county clerk, the county attorney fee shall be waived.
  - (c) If a county attorney files a court action or files a cross-claim, the county attorney shall be paid an additional fee of thirteen percent (13%) of the amount of the certificate of delinquency and shall be reimbursed for costs incident to the court action. The additional fee and costs incident to the litigation shall be added to the certificate of delinquency and shall be paid by the person paying the certificate of delinquency.
  - (d) If more than one (1) county attorney renders necessary services to collect on a certificate of delinquency, the county attorney serving the last notice or rendering the last substantial service preceding collection shall be entitled to the fee.
- (8) (a) The county attorney shall establish a system to accept installment payments from delinquent taxpayers. The county attorney may, during the contract period, enter into an agreement with a delinquent taxpayer to accept installment payments on the certificates of delinquency. The agreement shall not waive the county attorney's right to initiate court action or other authorized collection activities if the taxpayer does not make payments in accordance with the agreement.
- (b) The county attorney may, upon written request of the taxpayer for good cause and with agreement of the affected taxing jurisdiction or fee recipient, waive or reduce fees and penalties that are part of a certificate of delinquency during settlement or negotiation with a taxpayer in accordance with guidance provided by the department.
- (9) Any action by the county attorney authorized by this chapter shall be filed on relation of the commissioner. A copy of any judgment obtained by the county attorney shall be sent to the department.
- (10) (a) The county attorney shall notify the county clerk and the department of the filing of a suit at the time the suit is filed and of payment agreements at the time such agreements are entered into. The county clerk shall note on the certificate of delinquency the filing of the lawsuit or the existence of the payment agreement, and these certificates of delinquency shall not be available for purchase or payment by a third-party purchaser.
- (b) The county attorney shall provide to the county clerk at least ten (10) days but not more than twenty (20) days prior to the annual sale date for the county established pursuant to KRS 134.128, a protected list of current year certificates of delinquency that are:
- 1. Under a payment plan with the county attorney on which payments are current;
  - 2. Involved in litigation initiated by the county attorney or in which the county attorney responds or files an answer;
  - 3. Involved in bankruptcy litigation in which the county attorney has filed a claim; or
  - 4. Included on a list of protected properties submitted to the county attorney by a vacant property review commission or an alternative government entity as provided in KRS 99.727.
- The list shall include sufficient detail for the county clerk to accurately identify the property.
- (c) The county attorney shall notify the county clerk of the failure of any payment agreement and, upon notification to the clerk, the certificate of delinquency shall be available for purchase.
- (11) The department may make its delinquent tax collection databases and other technical resources, including but not limited to tax refund offsetting, available to the county attorney upon request from the county attorney. The county attorney seeking assistance shall enter into any agreements required by the department to protect taxpayer confidentiality, to ensure database integrity, or to address the concerns of the department.
- (12) (a) If a county attorney chooses not to contract for collection duties, or if a county attorney fails to perform the duties required by the contract, the department shall assume responsibility for all uncollected certificates of delinquency and personal property certificates of delinquency, including, at the option of the department, those with pending court action or for which the county attorney has entered into an installment payment agreement.

- (b) If the department assumes or retains responsibility for the collection of certificates of delinquency and personal property certificates of delinquency, the twenty percent (20%) fee that would have been paid to the county attorney under subsection (7) of this section, and any other fees or costs established by this section for the county attorney shall be paid to the department for deposit in the delinquent tax fund provided for under KRS 134.552.

➔Section 67. Sections 2 to 26, 29 to 32, 45 and 46 of this Act take effect on January 1, 2023.

➔Section 68. Sections 47 and 48 apply to property assessed on or after January 1, 2023.

➔Section 69. Sections 57 to 64 of this Act apply to the fiscal year beginning July 1, 2022, and ending June 30, 2023, and the fiscal year beginning July 1, 2023, and ending June 30, 2024, and shall expire at the end of June 30, 2024.

➔Section 70. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

➔Section 71. Whereas the Department of Revenue and the Finance and Administration Cabinet are required to procure services necessary to implement the tax amnesty program, which begins on October 1, 2022, an emergency is declared to exist, and Sections 32 to 38 of this Act take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

**Veto Overridden and Signed by Secretary of State April 14, 2022.**

## CHAPTER 13

### ( HB 6 )

AN ACT relating to the valuation of motor vehicles for property tax purposes and declaring an emergency.

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

→Section 1. KRS 132.485 is amended to read as follows:

- (1) (a) **1.** ~~{Except as otherwise provided in paragraph (b) of this subsection, }~~The registration of a motor vehicle with a county clerk in order to operate it or permit it to be operated upon the highways of the state shall be deemed consent by the registrant for the motor vehicle to be assessed by the property valuation administrator from a standard manual prescribed by the department for valuing motor vehicles for assessment unless:
    - ~~a. {1-}~~ The registrant appears before the property valuation administrator to assess the vehicle; or
    - ~~b. {2-}~~ The motor vehicle is twenty (20) years old or older, in which case paragraph (b) of this subsection applies regarding its valuation.
  - 2.** The standard value of motor vehicles shall be the average trade-in value, ***not the rough or clean trade-in values***, prescribed by the valuation manual~~{ unless information is available that warrants any deviation from the standard value. }~~
  - 3.** ***The property valuation administrator may adjust the value of a motor vehicle when the registrant has provided evidence that the standard value does not reflect the motor vehicle's condition, options, mileage, or certificate of title issued.***
- (b) In the case of motor vehicles that are twenty (20) years old or older:
1. It shall not be presumed that a vehicle has been maintained in, or restored to, the original factory or otherwise classic condition or that its value has increased over the previous year;
  2. In assessing motor vehicles under this paragraph and calculating the taxes due thereon, through the AVIS or otherwise, if the registrant does not appear before the property valuation administrator to assess the vehicle, the standard value shall be as follows:
    - a. The actual valuation of the vehicle as was assessed in the vehicle's nineteenth year, if the vehicle was assessed for taxation in the Commonwealth in that year; or
    - b. The average trade-in value prescribed by the applicable edition of the valuation manual for the vehicle in its nineteenth year, if the vehicle was not assessed for taxation in the Commonwealth in that year;reduced by ten percent (10%) annually for each year beyond nineteen (19) years; and
  3. In the case of any motor vehicle for which the assessment procedure provided in subparagraph 2.b. of this paragraph would apply but cannot be carried out because the applicable edition of the valuation manual is unavailable, the property valuation administrator shall conduct an assessment of the vehicle to determine the value thereof for the given taxable year. The assessment under this subparagraph may be done in person if the vehicle's owner presents the vehicle at the property valuation administrator's office, or the assessment may be done through a review of photographs and other documentary evidence. In subsequent years, that valuation shall be reduced by ten percent (10%) annually.
- (2) The registration of a recreational vehicle with the county clerk in order to operate it or permit it to be operated upon the highways shall be deemed consent by the registrant thereof for the recreational vehicle to be assessed by the property valuation administrator at a valuation determined from a standard manual prescribed by the department for valuing recreational vehicles for assessment unless the registrant appears in person before the property valuation administrator to assess the vehicle.
  - (3) The registration of a motor vehicle on or before the date that the registration of the vehicle is required is prima facie evidence of ownership on January 1.

- (4) When a motor vehicle is purchased in one (1) year, but registration takes place after January 1 of the following year through no fault of the owner, the department shall assess the motor vehicle and shall send notice of the assessment to the January 1 owner in accordance with KRS 186A.035. If the month of registration has passed for the current year, the assessment shall be due and payable if not protested to the department within sixty (60) days from the date of the notice. Payments made after the due date shall carry the normal penalty and interest for motor vehicles.
- (5) This section does not apply to motor vehicles or recreational vehicles owned and operated by public service companies, common carriers, or agencies of the state and federal governments.

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 132 IS CREATED TO READ AS FOLLOWS:

- (1) *For the January 1, 2022, and January 1, 2023, assessment dates, when a motor vehicle is assessed under Section 1 of this Act, the portion of property taxes computed on any increase in the motor vehicle's valuation from January 1, 2021, shall be exempt from state and local ad valorem taxes, including the county, city, school, or other taxing district in which the motor vehicle has taxable situs.*
- (2) *Taxpayers who paid motor vehicle property taxes for the January 1, 2022, assessment date on any increase in their motor vehicle's valuation from January 1, 2021, shall be entitled to a refund of the overpayment of taxes under the exemption provided in this section. Notwithstanding KRS 134.590, the department and county clerks shall work together to establish procedures that enable taxpayers to receive refunds without making a written request. Refunds issued under this subsection shall be issued within ninety (90) days of the effective date of this Act.*

➔Section 3. Section 1 of this Act shall apply to motor vehicles assessed on or after January 1, 2024.

➔Section 4. Section 2 of this Act shall apply to motor vehicles assessed on or after January 1, 2022.

➔Section 5. Whereas the valuation of motor vehicles is essential for assessing property taxes and affects citizens throughout the Commonwealth, an emergency is declared to exist, and this Act takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

**Signed by Governor March 10, 2022.**

## CHAPTER 124

( HB 607 )

AN ACT relating to pari-mutuel wagering and making an appropriation therefor.

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

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 68 IS CREATED TO READ AS FOLLOWS:

- (1) *Occupational license fees levied under KRS 67.083, 68.180, and 68.197 by the fiscal court of a county, consolidated local government, urban-county government, charter county government, or unified local government may apply to racetrack extensions.*
- (2) *As used in this section:*
  - (a) *"Historical horse race" has the same meaning as in KRS 138.511; and*
  - (b) *1. "Racetrack extension" means any facility:*
    - a. *Owned, leased, or purchased by an association licensed by the Kentucky Horse Racing Commission under KRS 230.300;*
    - b. *That meets the definition of "track" under KRS 230.210(24)(c); and*
    - c. *Where pari-mutuel wagering on historical horse races is conducted on terminals approved by the Kentucky Horse Racing Commission.*
  2. *"Racetrack extension" does not include a facility or real property used for training horses or at which live horse races are run for stakes, purses, or prizes under the jurisdiction of the Kentucky Horse Racing Commission.*

➔SECTION 2. A NEW SECTION OF KRS CHAPTER 91 IS CREATED TO READ AS FOLLOWS:

- (1) *Occupational license fees levied under KRS 91.200 by the legislative body of a city of the first class may apply to racetrack extensions.*
- (2) *As used in this section:*
  - (a) *"Historical horse race" has the same meaning as in KRS 138.511; and*
  - (b) *1. "Racetrack extension" means any facility:*
    - a. *Owned, leased, or purchased by an association licensed by the Kentucky Horse Racing Commission under KRS 230.300;*
    - b. *That meets the definition of "track" under KRS 230.210(24)(c); and*
    - c. *Where pari-mutuel wagering on historical horse races is conducted on terminals approved by the Kentucky Horse Racing Commission.*
  2. *"Racetrack extension" does not include a facility or real property used for training horses or at which live horse races are run for stakes, purses, or prizes under the jurisdiction of the Kentucky Horse Racing Commission.*

➔SECTION 3. A NEW SECTION OF KRS CHAPTER 92 IS CREATED TO READ AS FOLLOWS:

- (1) *Occupational license fees levied under KRS 92.281 by the legislative body of a city may apply to racetrack extensions.*
- (2) *As used in this section:*
  - (a) *"Historical horse race" has the same meaning as in KRS 138.511; and*
  - (b) *1. "Racetrack extension" means any facility:*
    - a. *Owned, leased, or purchased by an association licensed by the Kentucky Horse Racing Commission under KRS 230.300;*
    - b. *That meets the definition of "track" under KRS 230.210(24)(c); and*

- c. *Where pari-mutuel wagering on historical horse races is conducted on terminals approved by the Kentucky Horse Racing Commission.*
- 2. *"Racetrack extension" does not include a facility or real property used for training horses or at which live horse races are run for stakes, purses, or prizes under the jurisdiction of the Kentucky Horse Racing Commission.*

➔Section 4. KRS 138.510 is amended to read as follows:

- (1) (a) *Before August 1, 2022*, except as provided in paragraph ~~(e)~~~~(d)~~ of this subsection and subsection (3) of this section, an excise tax is imposed on all tracks conducting pari-mutuel wagering on live racing under the jurisdiction of the commission as follows:
  - 1. For each track with a daily average live handle of one million two hundred thousand dollars (\$1,200,000) or above, the tax shall be in the amount of three and one-half percent (3.5%) of all money wagered on live races at the track during the fiscal year; and
  - 2. For each track with a daily average live handle under one million two hundred thousand dollars (\$1,200,000), the tax shall be one and one-half percent (1.5%) of all money wagered on live races at the track during the fiscal year.
- (b) *Beginning August 1, 2022, the excise tax imposed on all tracks conducting pari-mutuel wagering on live racing under jurisdiction of the commission shall be one and one-half percent (1.5%) of all money wagered on live races at the track during the fiscal year.*
- (c) Beginning on April 1, 2014, an excise tax is imposed on all tracks conducting pari-mutuel wagering on historical horse races under the jurisdiction of the commission at a rate of one and one-half percent (1.5%) of all money wagered on historical horse races at the track during the fiscal year.
- ~~(d)~~~~(e)~~ Money shall be deducted from the tax paid under paragraphs (a), ~~and~~ (b), *and* (c) of this subsection and deposited as follows:
  - 1. a. *Before August 1, 2022*, an amount equal to three-quarters of one percent (0.75%) of all money wagered on live races and historical horse races at the track for Thoroughbred racing shall be deposited in the Thoroughbred development fund established in KRS 230.400; *and*
  - b. *Beginning August 1, 2022, an amount equal to three-quarters of one percent (0.75%) of all money wagered on live races and historical horse races at the track for Thoroughbred racing shall be deposited in the Thoroughbred development fund established in KRS 230.400 until forty-five million dollars (\$45,000,000) has been deposited during a fiscal year, at which point the amount deposited in the fund shall decrease to four-tenths of one percent (0.4%) of all money wagered on live and historical horse races at the track for Thoroughbred racing for the remainder of the fiscal year;*
  - 2. a. *Before August 1, 2022*, an amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for harness racing shall be deposited in the Kentucky standardbred development fund established in KRS 230.770. *Beginning August 1, 2022, an amount equal to one percent (1%) of all money wagered on live races at the track for harness racing shall be deposited in the Kentucky standardbred development fund until a total of twenty million dollars (\$20,000,000) has been deposited during a fiscal year from this subparagraph, at which point the amount deposited shall decrease to four-tenths of one percent (0.4%) of all money wagered for the remainder of the fiscal year; and*
  - b. *Beginning August 1, 2022, an amount equal to one percent (1%) of all money wagered on historical horse races at the track for harness racing shall be distributed in the exact amounts based upon contracts between the parties that have been filed with the commission, but at least one-half (1/2) of the funds shall be deposited into the Kentucky standardbred development fund established in KRS 230.770 until a total of twenty million dollars (\$20,000,000) has been deposited into the Kentucky standardbred development fund during a fiscal year from this subparagraph, at which point the amount deposited in this subdivision shall decrease to four-tenths of one percent (0.4%) of all money wagered for the remainder of the fiscal year. The commission shall provide*

*the department all information necessary from the contracts in order for the funds in this subparagraph to be distributed;*

3. An amount equal to one percent (1%) of all money wagered on live races and historical horse races at the track for quarter horse, paint horse, Appaloosa, and Arabian horse racing shall be deposited in the Kentucky quarter horse, paint horse, Appaloosa, and Arabian development fund established by KRS 230.445;
4. An amount equal to two-tenths of one percent (0.2%) of all money wagered on live races and historical horse races at the track shall be *paid out in equal amounts as follows*~~deposited in the~~:
  - a. *To the equine industry program trust and revolving fund established by KRS 230.550 to support the Equine Industry Program at the University of Louisville, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed **eight hundred fifty thousand dollars (\$850,000)**; ~~six hundred fifty thousand dollars (\$650,000)~~*
  - b. *To the University of Kentucky for equine industry programs at the university, except that the amount paid from money wagered on historical horse races in any fiscal year shall not exceed four hundred thousand dollars (\$400,000);*
  - c. *To the Bluegrass Community and Technical College for the provision of equine industry programs by the system, except that the amount paid from money wagered on historical horse races in any fiscal year shall not exceed two hundred fifty thousand dollars (\$250,000);*
  - d. *Amounts remaining from money wagered on historical horse races in a fiscal year after payments are made in accordance with subdivisions a., b., and c. of this subparagraph shall be distributed in equal amounts to:*
    - i. *The Kentucky Thoroughbred breeders incentive fund established in KRS 230.800, in an amount not to exceed four hundred thousand dollars (\$400,000); and*
    - ii. *The Kentucky standardbred breeders incentive fund established in KRS 230.802, in an amount not to exceed one hundred thousand dollars (\$100,000); and*
  - e. *Any amounts remaining from money wagered on historical horse races in a fiscal year after payments are made in accordance with subdivisions a., b., c., and d. of this subparagraph shall be paid to the general fund;*
5.
  - a. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races at the track shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities, except that the amount deposited from money wagered on historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars (\$320,000).
  - b. These funds shall not be used for salaries or for operating funds for teaching, research, or administration. Funds allocated under this subparagraph shall not replace other funds for capital purposes or operation of equine programs at state universities.
  - c. The Kentucky Council on Postsecondary Education shall serve as the administrative agent and shall establish an advisory committee of interested parties, including all universities with established equine programs, to evaluate proposals and make recommendations for the awarding of funds.
  - d. The Kentucky Council on Postsecondary Education may promulgate administrative regulations to establish procedures for administering the program and criteria for evaluating and awarding grants; and
6. An amount equal to one-tenth of one percent (0.1%) of all money wagered on live races and historical horse races shall be distributed to the commission to support equine drug testing as provided in KRS 230.265(3), except that the amount deposited from money wagered on

historical horse races in any fiscal year shall not exceed three hundred twenty thousand dollars (\$320,000).

~~(e)(d)~~ The excise tax imposed by ~~paragraphs~~~~[paragraph]~~ (a) **and** (b) of this subsection shall not apply to pari-mutuel wagering on live harness racing at a county fair.

~~[(e) The excise tax imposed by paragraph (a) of this subsection, and the distributions provided for in paragraph (c) of this subsection, shall apply to money wagered on historical horse races beginning September 1, 2011, through March 31, 2014, and historical horse races shall be considered live racing for purposes of determining the daily average live handle. Beginning April 1, 2014, the tax imposed by paragraph (b) of this subsection shall apply to money wagered on historical horse races.]~~

(2) (a) Except as provided in paragraph (c) of this subsection, an excise tax is imposed on:

1. All tracks conducting telephone account wagering;
2. All tracks participating as receiving tracks in intertrack wagering under the jurisdiction of the commission; and
3. All tracks participating as receiving tracks displaying simulcasts and conducting interstate wagering thereon.

(b) 1. ***Before August 1, 2022***, the tax shall be three percent (3%) of all money wagered on races as provided in paragraph (a) of this subsection during the fiscal year.

2. ***Beginning August 1, 2022, the tax shall be one and one-half percent (1.5%) of all money wagered on races as provided in paragraph (a) of this subsection during the fiscal year.***

(c) A noncontiguous track facility approved by the commission on or after January 1, 1999, shall be exempt from the tax imposed under this subsection, if the facility is established and operated by a licensed track which has a total annual handle on live racing of two hundred fifty thousand dollars (\$250,000) or less. The amount of money exempted under this paragraph shall be retained by the noncontiguous track facility, KRS 230.3771 and 230.378 notwithstanding.

(d) Money shall be deducted from the tax paid under paragraphs (a) and (b) of this subsection as follows:

1. An amount equal to ***one percent (1%)***~~[two percent (2%)]~~ of the amount wagered shall be deposited as follows:

- a. In the Thoroughbred development fund established in KRS 230.400 if the host track is conducting a Thoroughbred race meeting or the interstate wagering is conducted on a Thoroughbred race meeting;
- b. In the Kentucky standardbred development fund established in KRS 230.770, if the host track is conducting a harness race meeting or the interstate wagering is conducted on a harness race meeting; or
- c. In the Kentucky quarter horse, paint horse, Appaloosa, and Arabian development fund established by KRS 230.445, if the host track is conducting a quarter horse, paint horse, Appaloosa, or Arabian horse race meeting or the interstate wagering is conducted on a quarter horse, paint horse, Appaloosa, or Arabian horse race meeting;

2. An amount equal to ***twenty-five thousandths of one percent (0.025%)***~~[one twentieth of one percent (0.05%)]~~ of the amount wagered shall be allocated to the equine industry program trust and revolving fund established by KRS 230.550 to be used to support the Equine Industry Program at the University of Louisville;

3. An amount equal to ***one-twentieth of one percent (0.05%)***~~[one tenth of one percent (0.1%)]~~ of the amount wagered shall be deposited in a trust and revolving fund to be used for the construction, expansion, or renovation of facilities or the purchase of equipment for equine programs at state universities, as detailed in subsection (1)~~(d)~~~~[(e)]~~5. of this section; and

4. An amount equal to ***one-twentieth of one percent (0.05%)***~~[one tenth of one percent (0.1%)]~~ of the amount wagered shall be distributed to the commission to support equine drug testing as provided in KRS 230.265(3).

(3) If a host track in this state is the location for the conduct of a two (2) day international horse racing event that distributes in excess of a total of twenty million dollars (\$20,000,000) in purses and awards:



- (a) The excise tax imposed by subsection (1)(a) *and* (b) of this section shall not apply to money wagered at the track on live races conducted at the track during the two (2) day international horse racing event; and
  - (b) Amounts wagered at the track on live races conducted at the track during the two (2) day international horse racing event shall not be included in calculating the daily average live handle for purposes of subsection (1) of this section.
- (4) The taxes imposed by this section shall be paid, collected, and administered as provided in KRS 138.530.

➔Section 5. KRS 138.513 is amended to read as follows:

- (1) (a) Beginning August 1, 2014, *but before August 1, 2022*, an excise tax is imposed on all advance deposit account wagering licensees licensed under KRS 230.260 at a rate of one-half of one percent (0.5%) of all amounts wagered through the licensee by Kentucky residents; *and*
  - (b) *Beginning August 1, 2022, an excise tax is imposed on all advance deposit account wagering licensees licensed under Section 13 of this Act at a rate of one and one-half percent (1.5%) of all amounts wagered through the licensee by Kentucky residents.*
- (2) The tax imposed by this section shall be paid, collected, administered, and distributed as provided in KRS 138.530.

➔Section 6. KRS 139.200 is amended to read as follows:

A tax is hereby imposed upon all retailers at the rate of six percent (6%) of the gross receipts derived from:

- (1) Retail sales of:
  - (a) Tangible personal property, regardless of the method of delivery, made within this Commonwealth; and
  - (b) Digital property regardless of whether:
    - 1. The purchaser has the right to permanently use the property;
    - 2. The purchaser's right to access or retain the property is not permanent; or
    - 3. The purchaser's right of use is conditioned upon continued payment; and
- (2) The furnishing of the following:
  - (a) The rental of any room or rooms, lodgings, campsites, or accommodations furnished by any hotel, motel, inn, tourist camp, tourist cabin, campgrounds, recreational vehicle parks, or any other place in which rooms, lodgings, campsites, or accommodations are regularly furnished to transients for a consideration. The tax shall not apply to rooms, lodgings, campsites, or accommodations supplied for a continuous period of thirty (30) days or more to a person;
  - (b) Sewer services;
  - (c) The sale of admissions, except:
    - 1. Admissions to *enter the grounds or enclosure of any track licensed under KRS Chapter 230 at which live horse racing or historical horse racing is being conducted under the jurisdiction of the Kentucky Horse Racing Commission* ~~racetracks taxed under KRS 138.480~~;
    - 2. Admissions to historical sites exempt under KRS 139.482;
    - 3. Admissions taxed under KRS 229.031;
    - 4. Admissions that are charged by nonprofit educational, charitable, or religious institutions and for which an exemption is provided under KRS 139.495; and
    - 5. Admissions that are charged by nonprofit civic, governmental, or other nonprofit organizations and for which an exemption is provided under KRS 139.498;
  - (d) Prepaid calling service and prepaid wireless calling service;
  - (e) Intrastate, interstate, and international communications services as defined in KRS 139.195, except the furnishing of pay telephone service as defined in KRS 139.195;

- (f) Distribution, transmission, or transportation services for natural gas that is for storage, use, or other consumption in this state, excluding those services furnished:
  - 1. For natural gas that is classified as residential use as provided in KRS 139.470(7); or
  - 2. To a seller or reseller of natural gas;
- (g) Landscaping services, including but not limited to:
  - 1. Lawn care and maintenance services;
  - 2. Tree trimming, pruning, or removal services;
  - 3. Landscape design and installation services;
  - 4. Landscape care and maintenance services; and
  - 5. Snow plowing or removal services;
- (h) Janitorial services, including but not limited to residential and commercial cleaning services, and carpet, upholstery, and window cleaning services;
- (i) Small animal veterinary services, excluding veterinary services for equine, cattle, poultry, swine, sheep, goats, llamas, alpacas, ratite birds, buffalo, and cervids;
- (j) Pet care services, including but not limited to grooming and boarding services, pet sitting services, and pet obedience training services;
- (k) Industrial laundry services, including but not limited to industrial uniform supply services, protective apparel supply services, and industrial mat and rug supply services;
- (l) Non-coin-operated laundry and dry cleaning services;
- (m) Linen supply services, including but not limited to table and bed linen supply services and nonindustrial uniform supply services;
- (n) Indoor skin tanning services, including but not limited to tanning booth or tanning bed services and spray tanning services;
- (o) Non-medical diet and weight reducing services;
- (p) Limousine services, if a driver is provided; and
- (q) Extended warranty services.

➔Section 7. KRS 137.190 is amended to read as follows:

- (1) The license tax imposed by KRS 137.170, ***the license taxes permitted by Sections 1, 2, and 3 of this Act***~~the admission tax imposed by KRS 138.480~~, and the state taxes and contributions imposed by KRS 138.510 to 138.550 and KRS 230.380 on pari-mutuel systems of betting shall be in lieu of all other license, excise, special, or franchise taxes to the state or any county, city, or other political subdivision.
- (2) ***Except for the license taxes permitted by Sections 1, 2, and 3 of this Act***, no county, city, or other political subdivision may levy any license, income, excise, special, or franchise tax on any such person or corporation engaged in the business of conducting a race track at which races are conducted for stakes, purses or prizes, or operating as a receiving track or simulcast facility, or on the operation or maintenance of any pari-mutuel machine or similar device, or on the money or amount of money handled by or through any pari-mutuel machine or similar device or on the sale of any merchandise during the conducting of races thereon by any such person or corporation.

➔Section 8. KRS 138.224 is amended to read as follows:

It shall be presumed that all untaxed motor fuels are subject to the tax levied under KRS 138.220 unless the contrary is established pursuant to KRS 138.210 to ~~138.448~~~~138.490~~ or administrative regulations promulgated thereunder by the department. The tax shall be paid by the licensed dealer to the department. The burden of proving that any motor fuel is not subject to tax shall be upon the dealer or any person who imports, causes to be imported, receives, uses, sells, stores, or possesses untaxed motor fuel in this state. Any dealer or other person who imports, causes to be imported, receives, uses, sells, stores, or possesses untaxed motor fuels but fails to comply with all statutory and regulatory restrictions applicable to the fuel shall be jointly and severally liable for payment of the tax due on the fuel. A person's liability shall not be extinguished until the tax due has been paid to the department.

➔Section 9. KRS 138.226 is amended to read as follows:

- (1) The department shall administer the taxes provided under KRS 138.210 to ***138.448 and 138.450 to 138.470***~~[138.490]~~, except KRS 138.463 and 138.4631, and may prescribe, adopt, and enforce administrative regulations relating to the administration and enforcement thereof.
- (2) The department shall, upon the request of the officials to whom are entrusted the enforcement of the motor fuels tax law of any other state, the United States, the provinces of the Dominion of Canada, forward to such officials any information which it may have relative to the manufacture, receipt, sale, use, transportation, shipment or delivery by any person of motor fuels, provided such other state or states provide for the furnishing of like information to this state.

➔Section 10. KRS 138.270 is amended to read as follows:

- (1)
  - (a) From the total number of gallons of gasoline and special fuel received by the dealer within this state during the next preceding calendar month, deductions shall be made for the total number of gallons received by the dealer within this state that were sold or otherwise disposed of during the next preceding calendar month as set forth in subsection (2) of KRS 138.240.
  - (b) To cover evaporation, shrinkage, unaccountable losses, collection costs, bad debts, and handling and reporting the tax, each dealer shall be allowed compensation equal to two and one-fourth percent (2.25%) of the net tax due the Commonwealth pursuant to KRS 138.210 to ***138.448***~~[138.490]~~ before all allowable tax credits, except the credit authorized pursuant to KRS 138.358. No compensation shall be allowed if the completed tax return and payment are not submitted to the department within the time prescribed by KRS 138.210 to ***138.448***~~[138.490]~~.
- (2) The tax imposed by KRS 138.220(1) and (2) shall be computed on the number of gallons remaining after the deductions set forth in subsection (1) of this section have been made, and shall constitute the amount of tax payable for the next preceding calendar month.
- (3) Notwithstanding any other provision of this chapter to the contrary, any person who shall remit to the department, by the twenty-fifth day of the next month, an estimated tax due amount equal to not less than ninety-five percent (95%) of his tax liability, as finally determined for the report month, shall not be required to file the monthly reports required by this chapter until the last day of the month following the report month, and shall be permitted to claim as a credit against the tax liability shown due on the report the estimated tax due amount so paid.

➔Section 11. KRS 138.344 is amended to read as follows:

- (1) Except as otherwise provided in KRS 138.220 to ***138.448***~~[138.490]~~, any person who shall purchase gasoline or special fuel, on which the tax as imposed by KRS 138.220 has been paid, for the purpose of operating or propelling stationary engines or tractors for agricultural purposes, or who shall purchase special fuels, on which the tax as imposed by KRS 138.220 has been paid, for consumption in unlicensed vehicles or equipment for nonhighway purposes shall be reimbursed for the tax so paid on the gasoline or special fuel. No refund shall be authorized unless applications and all necessary information are filed with the department on a calendar quarter or calendar year basis on forms and in the manner prescribed by it for refund of the tax paid on the fuel. In lieu of the tax refund procedure, the tax on special fuels and the tax on gasoline used for the purpose of operating or propelling stationary engines or tractors for agricultural purposes may be credited by the dealer to the purchaser as provided in KRS 138.358. The dealer and the purchases shall be subject to the same rules, conditions, and responsibilities as provided in KRS 138.344 to 138.355. The tax shall be refunded with interest at the tax interest rate as defined in KRS 131.010(6).
- (2) The information to be required from the permit holder, by the department, in order that the refund may be allowed, shall be as follows:
  - (a) Name and address of permit holder .... permit number .....
  - (b) Total number of gallons purchased .... and total purchase price ..... (Invoices to be attached to refund application.)
  - (c) Total number of gallons used on highways .....
  - (d) Total number of gallons on which refund is claimed ..... (Line b minus line c.)

- (e) Other information as the department may require to reasonably protect the revenues of the Commonwealth.

➔Section 12. KRS 138.655 is amended to read as follows:

As used in KRS 138.660 to 138.7291 and KRS 138.990(13) **and** (14) ~~and (15)~~, unless the context requires otherwise:

- (1) "Cabinet" means the Transportation Cabinet;
- (2) "Person" includes every natural person, fiduciary, association, state or political subdivision, or corporation. Whenever used in any clause describing and imposing imprisonment the term "person" as applied to an association means and includes the partners or members thereof, and as applied to a corporation the officers thereof;
- (3) "Public highway" means every way or place generally open to the use of the public as a matter of right for the purpose of vehicular travel notwithstanding that it may be temporarily closed or travel thereon restricted for the purpose of construction, maintenance, repair, or reconstruction; also including all city streets, alleys, and any way or place on which a toll is charged for using such way or place;
- (4) "Motor vehicle" means any vehicle, machine, or mechanical contrivance propelled by an internal combustion engine and licensed for operation and operated upon the public highways and any trailer or semitrailer attached to or having its front end supported by such motor vehicle;
- (5) "Motor carrier" means every person who operates or causes to be operated on any highway in this state, any bus engaged in hauling passengers for hire operating under a certificate of convenience and necessity and any commercial truck or commercial tractor-trailer combination having a total of two (2) or more axles and a declared gross weight above twenty-six thousand (26,000) pounds. The number of axles shall include not only those axles on the power unit but if a tractor-trailer combination is involved, also those axles on the trailer or semitrailer:
  - (a) "Axle" means any two (2) or more load-carrying wheels mounted in a single transverse vertical plane;
  - (b) "Trailers and semitrailers" are those as defined in subsections (1) and (2) of KRS 186.650, except that it does not include those trailers defined in subsections (3) and (4) of KRS 186.650 and those exempted from regulation under KRS 186.675. The term "motor carrier" shall not mean or shall not include any person operating or causing to be operated a city bus;
  - (c) "Commercial" refers to any activity for business purposes;
  - (d) For the purposes of KRS 138.660(3) motor carriers, trailers, and semitrailers shall not mean a farm vehicle as defined in KRS 186.050(4) or under another jurisdiction's law as a farm vehicle;
- (6) "City bus" means any motor vehicle used for the transportation of persons for hire exclusively within the limits of any city or within ten (10) miles of its limits over a regular route and exclusively within the boundaries of this state;
- (7) "Heavy equipment motor carrier" means any person who operates on the public highways of this state as a "motor carrier" as defined in subsection (5) of this section, except that it shall not include motor vehicles used to transport persons for hire;
- (8) "Trip permit" means a permit for the operating during a ten (10) consecutive day period of any motor vehicle of any "heavy equipment motor carrier" not licensed under KRS 138.665;
- (9) "Licensee" means for purposes of KRS 138.660 to 138.7291 any person who has been granted a license as a "motor carrier" or a "heavy equipment motor carrier," or any motor vehicle in which a valid trip permit is carried;
- (10) "Use" means the consumption of gasoline and special fuels in propelling motor vehicles on the public highways;
- (11) "Gasoline" has the same meaning as in KRS 138.210;
- (12) "Special fuels" means and includes all combustible gases and liquids used for the generation of power in an internal combustion engine to propel vehicles of any kind upon the public highways, except that it does not include gasoline;
- (13) "Quarterly" for the purposes of KRS 138.660 to 138.7291 means a calendar quarter;

- (14) "Combined licensed weight" shall mean the greater of:
- (a) The declared combined maximum gross weight of the vehicle and any towed unit for registration purposes for the current registration period; or
  - (b) The highest actual combined gross weight of the vehicle and any towed unit when operated on the public highways of the state during the current registration period.

➔Section 13. KRS 138.675 is amended to read as follows:

- (1) If a licensee at any time files a false quarterly report of the information required or fails or refuses to file the quarterly report or to pay the full amount of the tax or violates any other provisions of KRS 138.655 to 138.725, inclusive, without a showing that such failure was due to reasonable cause, the cabinet may cancel his license.
- (2) Upon voluntary surrender of the license certificate or upon receipt of a written request by a licensee, the cabinet may cancel his license, effective sixty (60) days from the date of the request, but no such license shall be canceled upon surrender or request unless the licensee has, prior to the date of cancellation, paid to this state all taxes, penalties, interest and fines that are due or have accrued, and unless the licensee has surrendered to the cabinet his license certificate.
- (3) If upon investigation the cabinet ascertains that any motor carrier or heavy equipment motor carrier to whom a license has been issued is no longer engaged as such and has not been so engaged for a period of six (6) months, the cabinet may cancel such license by giving the motor carrier or heavy equipment motor carrier sixty (60) days' notice of cancellation mailed to his last known address in which event the license certificate shall be surrendered to the cabinet.
- (4) Whenever a licensee ceases to engage in business within this state, he shall notify the cabinet in writing within fifteen (15) days after discontinuance. All taxes that have accrued under KRS 138.655 to 138.725, inclusive, whether or not then due, shall become due and payable concurrently with such discontinuance. The licensee shall make a report and pay all such taxes and any interest and penalties thereon, and shall surrender to the cabinet his license certificate.
- (5) If the license of a motor carrier or heavy equipment motor carrier is canceled by the cabinet as provided in this section and if the licensee has paid to this state all of the taxes, interest and penalties due under KRS 138.655 to 138.725 and 138.990 ~~(13) and (14) and (15)~~, the cabinet shall cancel the bond filed by the licensee.

➔Section 14. KRS 138.990 is amended to read as follows:

- (1) Any person who violates any provision of KRS 138.140, 138.146, or 138.195 for which a specific penalty is not provided shall be guilty of a violation for the first offense; for each such subsequent offense, he shall be guilty of a Class A misdemeanor. These penalties shall be in addition to the civil penalties provided by KRS 138.165, 138.185, and 138.205.
- (2) Any person who fails to supply the information required by subsection (8) of KRS 138.195 shall be guilty of a violation; for each subsequent offense, he shall be guilty of a Class B misdemeanor. These penalties shall be in addition to any civil penalty provided by KRS 138.165, 138.185, and 138.205.
- (3) Any person violating subsection (10) of KRS 138.195 or any regulations adopted thereunder shall be guilty of a Class A misdemeanor. This penalty shall be in addition to any civil penalty provided by KRS 138.165, 138.185, and 138.205.
- (4) Any person who makes a false entry upon any invoices or any record relating to the purchase, possession, transportation, or sale of cigarettes, and presents any such false entry to the department or any of its agents with the intent to avoid any tax imposed by KRS 138.130 to 138.205, shall be guilty of a Class D felony.
- (5) Any person who shall counterfeit any cigarette tax evidence shall be guilty of a Class D felony.
- (6) Any person who sells, offers to sell, or uses counterfeit cigarette tax evidence, affixed or unaffixed, with the intention of evading any tax imposed by KRS 138.130 to 138.205 shall be guilty of a Class D felony.
- (7) Any person who fails to remit gasoline or special fuel tax money to the state as provided in KRS 138.280 is guilty of embezzlement of state funds. Embezzlement of state funds, for the first offense, shall be a Class A misdemeanor, and for the second offense, shall be a Class D felony.

- (8) Any person who violates any of the provisions of KRS 138.300 shall be guilty of a Class A misdemeanor. This penalty shall be in addition to the penalty provided in subsection (7) of this section.
- (9) Any person who violates KRS 138.310 shall be guilty of a Class A misdemeanor. Each day or part of a day of doing business as a dealer without an uncanceled license shall be a separate offense.
- (10) (a) Any person who willfully and fraudulently gives a false statement as to the total and actual consideration paid for a motor vehicle under KRS 138.450 shall be guilty of a Class D felony and shall be fined not less than two thousand dollars (\$2,000) per offense.
- (b) Any person who violates any of the other provisions of KRS 138.460 to 138.470 shall be fined not less than twenty-five dollars (\$25) nor more than one thousand dollars (\$1,000) and if the offender is an individual, he shall be guilty of a Class A misdemeanor.
- ~~(11) Any person who violates any of the provisions of KRS 138.480 or 138.490 shall be guilty of a Class B misdemeanor.~~
- ~~(12)~~ If any offender under the provisions of subsections (1) to (9)~~, (11)~~ or ~~(15)~~~~(16)~~ of this section is a corporation, the principal officer or the officer directly responsible for the violation, or both, may be imprisoned as provided in those subsections.
- ~~(12)~~~~(13)~~ Any person who violates any provision of subsection (1) of KRS 138.354, whether or not his permit has been revoked, shall be guilty of a Class A misdemeanor.
- ~~(13)~~~~(14)~~ Any person violating any provision of KRS 138.655 to 138.725 is guilty of a Class A misdemeanor.
- ~~(14)~~~~(15)~~ In addition to the penalties provided in *subsection (13) of this section*~~[ KRS 138.990(14)]~~, the motor vehicle or vehicles of any person violating any provision of KRS 138.720 shall be subject to seizure by any officer duly authorized to enforce the provisions of KRS 138.655 to 138.725.
- ~~(15)~~~~(16)~~ Any person violating KRS 138.175 shall be guilty of a Class D felony.
- ~~(16)~~~~(17)~~ Any person who intentionally evades payment of the tax imposed by KRS 138.460 or 138.463 shall be liable for the taxes evaded, with applicable interest and penalties, and in addition shall be guilty of:
  - (a) A Class B misdemeanor if the amount of tax evaded is two hundred fifty dollars (\$250) or less; and
  - (b) A Class A misdemeanor if the amount of tax evaded is greater than two hundred fifty dollars (\$250).

➔Section 15. KRS 230.240 is amended to read as follows:

- (1) In addition to the employees referred to in KRS 230.230, the executive director of the racing commission may employ, dismiss, or take other personnel action and determine the reasonable compensation of stewards, supervisors of mutuels, veterinarians, inspectors, accountants, security officers, and other employees deemed by the executive director to be essential at or in connection with any horse race meeting and in the best interest of racing. Three (3) Thoroughbred stewards shall be employed at each Thoroughbred race meeting. Two (2) stewards shall be employed and compensated by the Commonwealth, subject to reimbursement by the racing associations pursuant to subsection (3) of this section. One (1) Thoroughbred steward shall be employed and compensated by the racing association hosting the race meeting. Three (3) standardbred judges shall be employed at each standardbred race meeting. Two (2) standardbred judges shall be employed and compensated by the Commonwealth, subject to reimbursement by the racing associations pursuant to subsection (3) of this section. One (1) standardbred judge shall be employed and compensated by the racing association hosting the race meeting. The security officers shall be peace officers and conservators of the peace on racing commission property and at all race tracks and grounds in the Commonwealth and shall possess all the common law and statutory powers and privileges now available or hereafter made available to sheriffs, constables, and police officers for the purpose of enforcing all laws relating directly or indirectly to the conduct of horse racing and pari-mutuel wagering thereon, or the enforcement of laws relating to the protection of persons or property on premises licensed by the racing commission. The racing commission, for the purpose of maintaining integrity and honesty in racing, shall prescribe by administrative regulation the powers and duties of the persons employed under this section and qualifications necessary to competently perform their duties. In addition, the racing commission shall be responsible for seeing that racing officials employed under the provisions of this section have adequate training to perform their duties in a competent manner.
- (2) The racing commission shall promulgate administrative regulations for effectively preventing the use of improper devices, and restricting or prohibiting the use and administration of drugs or stimulants or other

improper acts to horses prior to the horse participating in a race. The racing commission may acquire, operate, and maintain, or contract for the maintenance and operation of, a testing laboratory and related facilities, for the purpose of saliva, urine, or other tests, and to purchase supplies and equipment for and in connection with the laboratory or testing processes. The expense of the laboratory or other testing processes, whether furnished by contract or otherwise, together with all supplies and equipment used in connection therewith, shall be paid by the various associations licensed under this chapter in the manner and in proportions as the racing commission shall by administrative regulation provide.

- (3) The *expenses of the commission and the* compensation of ~~all the~~ employees referred to in this section shall be paid by the licensee conducting ~~a the~~ horse race meeting *or pari-mutuel wagering on live or historic horse racing* ~~[in connection with which the employees are utilized or employed]~~. The salary of the executive director to the racing commission shall be prorated among and paid by the various associations licensed under this chapter in the manner as the racing commission shall, by administrative regulation, provide. Except for the Thoroughbred steward and the standardbred judge authorized in subsection (1) of this section, the employees referred to in this section shall be deemed employees of the racing commission, and are paid by the licensee or association ~~[for convenience only]~~.
- (4) Each person, as a condition precedent to the privilege of receiving a license under this chapter to conduct a horse race meeting, shall be deemed to have agreed to pay expenses and compensation as provided in this section and as may be actually and reasonably incurred.

➔Section 16. KRS 230.260 is amended to read as follows:

The racing commission, in the interest of breeding or the improvement of breeds of horses, shall have all powers necessary and proper to carry out fully and effectually the provisions of this chapter including but without limitation the following:

- (1) The racing commission is vested with jurisdiction and supervision over all horse race meetings in this Commonwealth and over all associations and all persons on association grounds and may eject or exclude therefrom or any part thereof, any person, licensed or unlicensed, whose conduct or reputation is such that his presence on association grounds may, in the opinion of the racing commission, reflect on the honesty and integrity of horse racing or interfere with the orderly conduct of horse racing or racing at horse race meetings; provided, however, no persons shall be excluded or ejected from association grounds solely on the ground of race, color, creed, national origin, ancestry, or sex;
- (2) The racing commission is vested with jurisdiction over any person or entity that offers advance deposit account wagering to Kentucky residents. Any such person or entity under the jurisdiction of the racing commission shall be licensed by the racing commission, and the racing commission may impose a license fee not to exceed ten thousand dollars (\$10,000) annually. The racing commission shall, by administrative regulation promulgated in accordance with KRS Chapter 13A, establish conditions and procedures for the licensing of advance deposit account wagering providers to include but not be limited to:
  - (a) A fee schedule for applications for licensure; and
  - (b) Reporting requirements to include quarterly reporting on:
    1. The amount wagered on Kentucky races; and
    2. The total amount wagered by Kentuckians;
- (3) The racing commission is vested with jurisdiction over any totalisator company that provides totalisator services to a racing association located in the Commonwealth. A totalisator company under the jurisdiction of the racing commission shall be licensed by the racing commission, regardless of whether a totalisator company is located in the Commonwealth or operates from a location or locations outside of the Commonwealth, and the racing commission may impose a license fee on a totalisator company. The racing commission shall, by administrative regulation promulgated in accordance with KRS Chapter 13A, establish conditions and procedures for the licensing of totalisator companies, and a fee schedule for applications for licensure;
- (4) The racing commission is vested with jurisdiction over any manufacturer, wholesaler, distributor, or vendor of any equine drug, medication, therapeutic substance, or metabolic derivative which is purchased by or delivered to a licensee or other person participating in Kentucky horse racing by means of the Internet, mail delivery, in-person delivery, or other means;

- (5) The racing commission is vested with jurisdiction over any horse training center or facility in the Commonwealth that records official timed workouts for publication;
- (6) The racing commission may require an applicant for a license under subsections (2) and (3) of this section to submit to a background check of the applicant, or of any individual or organization associated with the applicant. An applicant shall be required to reimburse the racing commission for the cost of any background check conducted;
- (7) The racing commission, its representatives and employees, may visit, investigate and have free access to the office, track, facilities, or other places of business of any licensee, or any person owning a horse or performing services regulated by this chapter on a horse registered to participate in a breeders incentive fund under the jurisdiction of the racing commission;
- (8) The racing commission shall have full authority to prescribe necessary and reasonable administrative regulations and conditions under which horse racing at a horse race meeting shall be conducted in this state and to fix and regulate the minimum amount of purses, stakes, or awards to be offered for the conduct of any horse race meeting;
- (9) Applications for licenses shall be made in the form, in the manner, and contain information as the racing commission may, by administrative regulation, require. Fees for all licenses issued under KRS 230.310 shall be prescribed by and paid to the racing commission;
- (10) The racing commission shall establish by administrative regulation minimum fees for jockeys to be effective in the absence of a contract between an employing owner or trainer and a jockey. The minimum fees shall be no less than those of July 1, 1985;
- (11) The racing commission may refuse to issue or renew a license, revoke or suspend a license, impose probationary conditions on a license, issue a written reprimand or admonishment, impose fines or penalties, deny purse money, require the forfeiture of purse money, or any combination thereof with regard to a licensee or other person participating in Kentucky horse racing for violation of any federal or state statute, regulation, or steward's or racing commission's directive, ruling, or order to preserve the integrity of Kentucky horse racing or to protect the racing public. The racing commission shall, by administrative regulation, establish the criteria for taking the actions described in this subsection;
- (12) The racing commission may issue subpoenas for the attendance of witnesses before it and for the production of documents, records, papers, books, supplies, devices, equipment, and all other instrumentalities related to pari-mutuel horse racing within the Commonwealth. The racing commission may administer oaths to witnesses and require witnesses to testify under oath whenever, in the judgment of the racing commission, it is necessary to do so for the effectual discharge of its duties;
- (13) The racing commission shall have authority to compel any racing association licensed under this chapter to file with the racing commission at the end of its fiscal year, a balance sheet, showing assets and liabilities, and an earnings statement, together with a list of its stockholders or other persons holding a beneficial interest in the association; and
- (14) The racing commission shall promulgate administrative regulations establishing safety standards for jockeys, which shall include the use of rib protection equipment. Rib protection equipment shall not be included in a jockey's weight.
- (15)
  - (a) ***The racing commission shall promulgate administrative regulations establishing a self-exclusion list for individuals who self-identify as being problem or compulsive gamblers.***
  - (b) ***Each racing association shall display a notice to the public of the self-exclusion list and the method or methods individuals may use to self-identify at the track, online, or by phone.***
  - (c) ***Self-exclusion information collected by each racing association shall be forwarded to the racing commission, and the information from the racing associations shall be compiled into a comprehensive list that shall be provided to all racing associations.***
  - (d) ***Pursuant to KRS 61.878(1)(a), information collected under this subsection shall be excluded from the application of KRS 61.870 to 61.884.***

➔Section 17. KRS 230.360 is amended to read as follows:



- (1) The provisions of this chapter are intended to be statewide and exclusive in their effect and no city, county, or other political subdivision of state government shall have the power or authority to make or enforce any local laws, ordinances, or regulations on the subject of horse race meetings.
- (2) Any person licensed under KRS 230.300 shall continue to pay, or be responsible for the payment of, all:
  - (a) State taxes presently imposed by law, including but without limitation, license taxes imposed under KRS 137.170 to 137.190~~[,]~~ and ~~[KRS 137.990 together with admission taxes imposed by KRS 138.480, and]~~ the pari-mutuel taxes imposed by KRS 138.510 to 138.550, and all state *ad valorem* taxes; and
  - (b) ~~[, as well as ]~~Local~~[,]~~ ad valorem taxes *and the license taxes when levied as permitted by Sections 1, 2, and 3 of this Act.*
- (3) ~~[, provided, however, ]~~No tax shall be imposed by the state or any subdivision thereof upon, or measured by, that portion of the excise tax imposed upon pari-mutuel betting at running and trotting horse race tracks which is collected and retained by the operators thereof under the provisions of KRS 138.510 to 138.550, both inclusive.

➔Section 18. KRS 230.3615 is amended to read as follows:

- (1) The commission, including the tax levied in KRS 138.510, deducted from the gross amount wagered by the association which operates a race track under the jurisdiction of the Kentucky Horse Racing Commission and conducts the Thoroughbred racing at which betting is conducted through a pari-mutuel or other similar system, in races where the patron is required to select one (1) horse, and the breaks, which breaks shall be made and calculated to the *penny*, *except on races previously run in which the breaks shall be made and calculated to the penny or retained in the pari-mutuel pools*,~~[ dime, shall not be more than sixteen percent (16%) at the discretion of those tracks averaging over one million two hundred thousand dollars (\$1,200,000) in on track pari mutuel handle per day of live racing conducted by the association. The commission at those tracks averaging one million two hundred thousand dollars (\$1,200,000) or less in on track pari mutuel handle per day of live racing conducted by the association, at the discretion of such track,]~~ shall not be more than seventeen and one-half percent (17.5%)~~[ in races where the patron is required to select one (1) horse, and the breaks, which breaks shall be made and calculated to the dime].~~
- (2) The commission~~[ at those tracks averaging over one million two hundred thousand dollars (\$1,200,000) in on track pari mutuel handle per day of live racing conducted by the association]~~, including the tax levied in KRS 138.510, deducted from the gross amount wagered by the person, corporation, or association which operates a race track under the jurisdiction of the Kentucky Horse Racing Commission and conducts Thoroughbred racing at which betting is conducted through a pari-mutuel or other similar system shall not exceed~~[ nineteen percent (19%) of the gross handle in races where the patron is required to select two (2) or more horses, and the breaks, which breaks shall be made and calculated to the dime. The commission, at those tracks averaging one million two hundred thousand dollars (\$1,200,000) or less in on track pari mutuel handle per day of live racing conducted by the association, including the tax levied in KRS 138.510, deducted from the gross amount wagered by the association which operates a race track under the jurisdiction of the Kentucky Horse Racing Commission and conducts Thoroughbred racing at which betting is conducted through a pari mutuel or other similar system shall not exceed]~~ twenty-two percent (22%) of the gross handle in races where the patron is required to select two (2) or more horses, and the breaks, which breaks shall be made and calculated to the *penny*, *except on races previously run in which the breaks shall be made and calculated to the penny or retained in the pari-mutuel pools*~~[ dime].~~
- (3) The minimum wager to be accepted by any licensed association shall be ten cents (\$0.10). The minimum pay-off on a one dollar (\$1) wager shall be one dollar and ten cents (\$1.10); but, in the event of a minus pool, the minimum pay-off for a one dollar (\$1) wager shall be one dollar and five cents (\$1.05).
- (4) Each association conducting Thoroughbred racing~~[ and averaging one million two hundred thousand dollars (\$1,200,000) or less in on track pari mutuel handle per day of live racing conducted by the association]~~ shall pay to the racing commission all moneys allocated to the backside improvement fund in an amount equal to one-half of one percent (0.5%) of its on-track pari-mutuel wagers.

➔Section 19. KRS 230.378 is amended to read as follows:

- (1) A receiving track may accept wagers only at the track where it is licensed to conduct its race meeting or conduct intertrack wagering. A receiving track may accept wagers through a telephone account wagering

system. Wagers at a receiving track, simulcast facility, or on telephone account wagering shall form a common pool with wagers at a host track. This common pool requirement shall not apply to wagers made in connection with interstate simulcasting pursuant to KRS 230.3771; however, common pools shall be encouraged.

- (2) Except as provided in KRS 230.3771(2), the commission of a receiving track, simulcast facility, or on telephone account wagering shall be the same as the commission of the host track as determined in KRS 230.3615 or 230.750.
- (3) In the absence of a valid contract with a horsemen's organization, the commission of a receiving track, after deduction of applicable taxes and other applicable deductions, shall be split as follows: twenty-two percent (22%) to the host track, twenty-two percent (22%) to the purse program at the host track, twenty-two percent (22%) to the receiving track and twenty-two percent (22%) to the purse program at the receiving track. Twelve percent (12%) of the commission shall be allocated evenly between the host track and the receiving track to cover the cost of simulcasting, unless otherwise agreed to by contract.
- (4) The deduction for the backside improvement fund, as provided for in KRS 230.3615(4) shall not apply to the commission or pari-mutuel tax of a receiving track or telephone account wagering.
- (5) A receiving track shall be exempt from ~~the admissions tax levied in KRS 138.480 and from~~ any license fee imposed by statute or regulation by the racing commission.

➔Section 20. KRS 230.380 is amended to read as follows:

- (1) Any track licensed by the racing commission to conduct horse racing and desiring to establish a simulcast facility shall apply for and may receive approval from the racing commission for each simulcast facility. Prior to considering an application for approval of a simulcast facility, the racing commission shall notify by regular mail, each state senator, state representative, county judge/executive, and mayor in the jurisdiction in which the proposed simulcast facility is located, at least ten (10) days in advance of the racing commission meeting at which the application is to be considered or voted upon. Consideration of an application shall be based on criteria contained in administrative regulations promulgated under KRS 230.300. Approval, if granted, shall be granted for a term of one (1) calendar year.
- (2) A track or tracks may proceed with the establishment of a simulcast facility unless, within sixty (60) days of the date on which the racing commission approved the facility, the governing body of the local government jurisdiction in which the facility is to be located votes, by simple majority of those voting, to disapprove the establishment of the simulcast facility. For the purposes of this section, "governing body" means, in an incorporated area, the board of aldermen, city council or board of commissioners; in a county, the fiscal court; in an urban-county government, the urban-county council, or in a charter county, the legislative body created in accordance with KRS 67.825 to 67.875.
- (3) The racing commission shall not approve the establishment of any simulcast facility within a radius of fifty (50) miles of a licensed track. The racing commission may approve the establishment of one (1) simulcast facility within a radius of greater than fifty (50) miles but less than seventy-five (75) miles of a licensed track, but the facility shall not be approved to operate without the prior written consent of the licensed track within whose seventy-five (75) mile radius the facility is located.
- (4) The racing commission may promulgate administrative regulations as it deems appropriate to protect the integrity of pari-mutuel wagering at any simulcast facility.
- (5) Licensed tracks conducting horse racing may enter into joint agreements to establish or operate one (1) or more simulcast facilities, on terms and conditions as the participating tracks may determine. Any agreements respecting these arrangements shall be filed with the racing commission, and applications for simulcast facilities shall be filed by and licenses may be issued to, these licensed tracks by the racing commission.
- (6) A simulcast facility may be established and operated on property that is owned or leased and which is not used solely for the operation of a simulcast facility; provided however, that a simulcast facility may not be established on the premises of a lottery vendor.
- (7) A simulcast facility shall not be subject to and shall not pay any excise tax imposed pursuant to KRS 138.510, **or** any license tax imposed under KRS 137.170 ~~or any admission tax imposed under KRS 138.480~~.
- (8) One percent (1%) of all moneys wagered at a simulcast facility shall be dedicated for local economic development and shall be allocated as follows:

- (a) If a simulcast facility is located in an incorporated area, seventy-five percent (75%) shall be allocated to the governing body of the city in which the facility is located, and twenty-five percent (25%) to the governing body of the county in which the facility is located.
  - (b) If a simulcast facility is located in an unincorporated area, all moneys shall be allocated to the governing body of the county or charter county in which the facility is located.
- (9) (a) After the deduction of moneys under subsection (8), simulcast facility shall deduct a commission allowed under KRS 230.3615 with respect to all wagers made at the simulcast facility. The commission, less moneys allocated in subsection (8) of this section, shall be split as follows:
- 1. Thirty percent (30%) shall be allocated to the host track;
  - 2. Forty-six and one-half percent (46.5%) to the purse program at the host track;
  - 3. Thirteen and one-half percent (13.5%) to be retained by the track or tracks owning the simulcast facility for the purpose of application to expenses incurred in connection therewith;
  - 4. Six percent (6%) to be allocated to the Kentucky Thoroughbred Owners and Breeders, Inc., to be expended as follows:
    - a. Up to three percent (3%) for capital improvements and promotion of off-track betting; and
    - b. The remainder for marketing and promoting the Kentucky Thoroughbred industry; and
  - 5. Four percent (4%) to be allocated to the racing commission to be used for purses at county fairs in Kentucky licensed and approved by the racing commission, and for the standardbred sires stakes program established under KRS 230.770.
- (b) The commission of a simulcast facility derived from interstate wagering shall be reduced by any amounts required to be paid by contract to the host track or track conducting the live race before it is divided as set forth in this section. No simulcast facility may receive any interstate simulcast except with the approval of the live Kentucky host track.
- (c) The Kentucky Thoroughbred Owners and Breeders, Inc., shall annually report to the racing commission on all money expended in accordance with subsection (9)(a)4. of this section. The report shall be in the form required, and provide all information required by the racing commission.
- (10) Subsections (1) and (2) of this section shall also apply to the establishment by a track of a noncontiguous facility in a county in which pari-mutuel racing and wagering is not being conducted. Subsection (8) of this section shall also apply to a noncontiguous race track facility referenced in this subsection, unless there is a written agreement to the contrary between the track establishing the facility and the governing body of the local government jurisdiction in which the facility is to be established.

➔Section 21. KRS 230.400 is amended to read as follows:

- (1) There is hereby created a trust and revolving fund for the Kentucky Horse Racing Commission, designated as the Kentucky Thoroughbred development fund, consisting of money allocated to the fund under the provisions of KRS 138.510, together with other money contributed to or allocated to the fund from all other sources. Money to the credit of the Kentucky Thoroughbred development fund shall be distributed by the Treasurer for the purposes of this section upon authorization of the Kentucky Horse Racing Commission and upon approval of the secretary of the Finance and Administration Cabinet. Money from the Kentucky Thoroughbred development fund shall be allocated to each licensed association in an amount equal to the amount the association contributed to the fund. Money to the credit of the Kentucky Thoroughbred development fund at the end of each fiscal year shall not lapse, but shall be carried forward in such fund to the succeeding fiscal year.
- (2) There is hereby established, under the general jurisdiction of the Kentucky Horse Racing Commission, a Kentucky Thoroughbred Development Fund Advisory Committee. The advisory committee shall consist of five (5) members, all of whom shall be residents of Kentucky, to be appointed by the chairman of the Kentucky Horse Racing Commission by July 1 of each year. The committee shall consist of two (2) Thoroughbred breeders recommended by the Kentucky Thoroughbred Owners and Breeders, Inc.; one (1) Thoroughbred owner recommended by the Kentucky division of the Horsemen's Benevolent and Protective Association; one (1) officer or director of a licensed association conducting Thoroughbred racing in Kentucky, recommended by action of all of the licensed associations conducting Thoroughbred racing in Kentucky; and

one (1) member of the Kentucky Horse Racing Commission. If any member other than the racing commission member has not been recommended for appointment by July 1 of each year, the chairman of the Kentucky Horse Racing Commission shall make an appointment for the organization or organizations failing to recommend a member of the committee. The members of the advisory committee shall serve without compensation, but shall be entitled to reimbursement for all expenses incurred in the discharge of official business. The advisory committee shall select from its membership annually a chairman and a vice chairman.

- (3) (a) The Kentucky Thoroughbred Development Fund Committee shall advise and assist the Kentucky Horse Racing Commission in the development of the supplemental purse program provided herein for Kentucky-bred Thoroughbreds, shall make recommendations to the racing commission from time to time with respect to the establishment of guidelines, administrative regulations for the provision of supplemental purses, the amount thereof, the races for which the purses are to be provided and the conditions thereof, manner and method of payment of supplemental purses, registry of Thoroughbred stallions standing within the Commonwealth of Kentucky, registry of Kentucky-bred Thoroughbreds for purposes of this section, nature and type of forms and reports to be employed and required in connection with the establishment, provision for, award and payment of supplemental purses, and with respect to all other matters necessary in connection with the carrying out of the intent and purposes of this section.
- (b) The Kentucky Horse Racing Commission shall employ qualified personnel as may be required to assist the racing commission and the advisory committee in carrying out the provisions of this section. These persons shall serve at the pleasure of the racing commission and compensation for these personnel shall be fixed by the racing commission. The compensation of these personnel and the necessary expenses incurred by the racing commission or by the committee in carrying out the provisions of this section shall be paid out of the Kentucky Thoroughbred development fund.
- (4) The Kentucky Horse Racing Commission, with the advice and assistance of the Kentucky Thoroughbred Development Fund Advisory Committee, shall use the Kentucky Thoroughbred development fund to promote, enhance, improve, and encourage the further and continued development of the Thoroughbred breeding industry in Kentucky by providing, out of the Kentucky Thoroughbred development fund, supplemental purses for designated stakes, handicap, allowance, nonclaiming maiden races, and ~~allowance optional~~ claiming races ~~for a claiming price of not less than twenty five thousand dollars (\$25,000)~~ contested at licensed Thoroughbred race meetings in Kentucky. The Kentucky Horse Racing Commission shall, by administrative regulation promulgated in accordance with KRS Chapter 13A, establish the requirements, conditions, and procedures for awarding and payment of supplemental purses in designated races by Kentucky-bred Thoroughbred horses. That portion of the supplemental purse provided for any designated race shall be awarded and paid to the owner of the horse only if the horse is a Kentucky-bred Thoroughbred duly registered with the official registrar. Any portion of the supplemental purse which is not awarded and paid over shall be returned to the Kentucky Thoroughbred development fund.
- (5) (a) For purposes of this section, the term "Kentucky Thoroughbred stallion" shall mean and include only a Thoroughbred stallion standing the entire breeding season in Kentucky and registered as a Kentucky Thoroughbred stallion with the official registrar of the Kentucky Thoroughbred development fund.
- (b) Except for Thoroughbred horses foaled prior to January 1, 1980, the term "Kentucky-bred Thoroughbreds," for purposes of this section, shall mean and include only Thoroughbred horses sired by Kentucky Thoroughbred stallions foaled in Kentucky and registered as a Kentucky-bred Thoroughbred with the official registrar of the Kentucky Thoroughbred development fund.
- (c) Any Thoroughbred horse foaled prior to January 1, 1980, may qualify as a Kentucky-bred Thoroughbred for purposes of this section if the horse was foaled in Kentucky and if the sire of the Thoroughbred was standing at stud within Kentucky at the time of conception of such Thoroughbred, provided the Thoroughbred is duly registered as a Kentucky-bred Thoroughbred with the official registrar of the Kentucky Thoroughbred development fund.
- (d) In order for an owner of a Kentucky-sired Thoroughbred to be eligible to demand, claim, and receive a portion of a supplemental purse provided by the Kentucky Thoroughbred development fund, the Thoroughbred horse in a designated race for which a supplemental purse has been provided by the Kentucky Thoroughbred development fund must have been duly registered as a Kentucky-bred Thoroughbred with the official registrar of the Kentucky Thoroughbred development fund prior to entry in the race.

- (6) (a) Kentucky Thoroughbred Owners and Breeders, Inc., is hereby recognized and designated as the sole official registrar of the Kentucky Thoroughbred development fund for the purposes of registering Kentucky Thoroughbred stallions and Kentucky-bred Thoroughbreds in accordance with the terms of this section and any administrative regulations promulgated by the Kentucky Horse Racing Commission. When a Kentucky-bred Thoroughbred is registered with the official registrar, the registrar shall be authorized to stamp the Jockey Club certificate issued for the Thoroughbred with the seal of the registrar, certifying that the Thoroughbred is a duly qualified and registered Kentucky-bred Thoroughbred for purposes of this section. The registrar may establish and charge, with the approval of the racing commission, reasonable registration fees for its services in the registration of Kentucky Thoroughbred stallions and in the registration of Kentucky-bred Thoroughbreds. Registration records of the registrar shall be public records and open to public inspection at all normal business hours and times.
- (b) Any interested party aggrieved by the failure or refusal of the official registrar to register a stallion or Thoroughbred as a Kentucky stallion or as a Kentucky-bred Thoroughbred shall have the right to file with the racing commission, within thirty (30) days of such failure or refusal of the registrar, a petition seeking registration of the Thoroughbred. The racing commission shall promptly hear the matter de novo and issue its order directing the official registrar to register or not to register as it may be determined by the racing commission.
- (7) The Kentucky Horse Racing Commission shall promulgate administrative regulations as may be necessary to carry out the provisions and purposes of this section, including the promulgation of administrative regulations and forms as may be appropriate for the proper registration of Kentucky stallions and Kentucky-bred Thoroughbreds with the official registrar, and shall administer the Kentucky-bred Thoroughbred program created hereby in a manner best designed to promote and aid in the further development of the Thoroughbred breeding industry in Kentucky, to upgrade the quality of Thoroughbred racing in Kentucky, and to improve the quality of Thoroughbred horses bred in Kentucky.

➔Section 22. KRS 230.550 is amended to read as follows:

- (1) There is hereby established an Equine Industry Program at the University of Louisville, under the general control and direction of the university. The purpose of the Equine Industry Program is to provide training and educational opportunities in the horse racing industry relating to, but not limited to, finance, management, marketing, regulation and administration aspects of the horse racing industry, in accordance with the industry needs as determined by the university.
- (2) There is hereby created a trust and revolving fund for ~~the~~ equine industry *programs at the University of Louisville, the University of Kentucky, and the Bluegrass Community and Technical College* ~~Program~~, consisting of money allocated to the fund together with money as may be contributed to the fund from all other sources. Money to the credit of the ~~Equine Industry Program~~ fund at the end of each fiscal year shall not lapse but shall be carried forward to the succeeding fiscal year. ~~Money from the Equine Industry Program fund shall be administered by the University of Louisville and shall be allocated for the funding of the Equine Industry Program.~~
- (3) The University of Louisville shall utilize personnel and facilities of the University of Kentucky *and the Bluegrass Community and Technical College* when appropriate for assistance in any cooperative undertakings the University of Louisville may wish to enter into with the University of Kentucky *or the Bluegrass Community and Technical College* relating to the Equine Industry Program.

➔Section 23. KRS 230.750 is amended to read as follows:

The commission, including the tax levied in KRS 138.510, deducted from the gross amount wagered by the person, corporation, or association which operates a harness horse track under the jurisdiction of the racing commission at which betting is conducted through a pari-mutuel or other similar system shall not exceed eighteen percent (18%) of the gross amount handled on straight wagering pools and twenty-five percent (25%) of the gross amount handled on multiple wagering pools, plus the breaks, which shall be made and calculated to the *penny, except on races previously run in which the breaks shall be made and calculated to the penny or retained in the pari-mutuel pools* ~~time~~. Multiple wagering pools shall include daily double, perfecta, double perfecta, quinella, double quinella, trifecta, and other types of exotic betting. An amount equal to three percent (3%) of the total amount wagered and included in the commission of a harness host track shall be allocated by the harness host track in the following manner. Two percent (2%) shall be allocated to the host for capital improvements, promotions, including advertising, or purses, as the host track shall elect. Three-quarters of one percent (3/4 of 1%) shall be allocated to overnight

purses. One-quarter of one percent (1/4 of 1%) shall be allocated to the Kentucky standardbred development fund. This allocation shall be made after deduction from the commission of the pari-mutuel tax but prior to any other deduction, allocation or division of the commission.

➔Section 24. KRS 230.781 is amended to read as follows:

Except as otherwise provided in KRS 230.779(7), the operator of a hub shall not be subject to any fee or tax imposed on racetracks or simulcast facilities under KRS 137.170~~, 138.480~~, 138.510, or Chapter 230 for the hub operator's wagering and simulcast operations established under KRS 230.775 to 230.785.

➔Section 25. KRS 230.783 is amended to read as follows:

- (1) Any wager that is made for an account maintained with the hub operator shall be considered to have been made in the Commonwealth of Kentucky.
- (2) Account holders may communicate instructions concerning account wagers to the hub only by telephonic or other electronic means.
- (3) None of the following wagers shall be processed through a hub:
  - (a) A wager on live racing accepted by a track;
  - (b) A telephone account wager accepted by a track;
  - (c) An intertrack wager accepted by a receiving track or simulcast facility; or
  - (d) An interstate wager accepted by a receiving track or simulcast facility.
- (4) Any hub that processes any of the wagers delineated in subsection (3) of this section from a track, receiving track, or simulcast facility shall be subject to revocation of its hub license.
- (5) Except as provided in KRS 230.752, nothing in KRS 230.775 to 230.785 shall exempt racetracks or simulcast facilities from any taxes imposed under KRS 137.170~~, 138.480~~, 138.510, or Chapter 230.

➔Section 26. The following KRS sections are repealed:

138.480 State tax on race track admissions.

138.490 Report and payment of tax -- Civil penalty.

230.555 Equine Industry Advisory Commission.

**Signed by Governor April 8, 2022.**